

# SSE plc

## TERMS OF REFERENCE FOR NOMINATION COMMITTEE

The Nomination Committee is a Committee of the SSE Plc Board. It reviews and monitors the leadership needs of the Board and senior management, and supports SSE's continued ability to recruit and develop the level and balance of skills, experience and knowledge required to ensure the Company's long-term success. The Committee's work is carried out in consideration of SSE's Board Inclusion and Diversity Policy and SSE's Group-wide inclusion and diversity strategy.

References to **"the Board"** shall mean the Board of the Company

References to **"the Committee"** shall mean the Nomination Committee

References to **"the Committee Chair"** shall mean the Chair of the Committee

References to **"the Company"** shall mean SSE Plc

References to **"the Company Chair"** shall mean the Chair of the Company

References to **"the Company Secretary"** shall mean the Secretary of the Company

References to **"the Directors"** shall mean the Directors of the Company

References to **"the Group"** shall mean SSE Plc and any of its subsidiary companies

### 1. PURPOSE

- 1.1. The Committee shall keep under review the structure, size and composition of the Board and senior management, having regard to the following principles and objectives:
  - 1.1.1. To consider alignment with the Company's vision, purpose, culture and values.
  - 1.1.2. To develop succession plans which support the Company's strategy and any agreed changes to this.
  - 1.1.3. To make appointments based on merit, against objective criteria, and with due regard to the benefits of diversity and the promotion of inclusion and equal opportunity.
  - 1.1.4. To ensure an appropriate balance of skills, knowledge and experience on the Board and in senior management.
  - 1.1.5. To refresh the membership of the Board progressively, taking into account the length of service of the Board as a whole so that it is effective and able to operate in the best interests of shareholders. To oversee (using the same principles and objectives) the executive pipeline and talent development.

### 2. MEMBERSHIP

- 2.1. The Committee shall be appointed by the Board, upon the recommendation of the Nomination Committee, and shall comprise the Company Chair, and at least three non-Executive Directors.
- 2.2. A majority of members of the Committee shall be independent non-Executive Directors.
- 2.3. Appointments to the Committee shall be for a period of up to three years, which may be extended by up to two further three-year periods provided that the majority of the Committee members remain independent.
- 2.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meetings, as and when appropriate.
- 2.5. The Committee Chair shall be the Company Chair. In the absence of the Committee Chair

and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting who shall be an independent non-Executive Director. The Company Chair shall not chair the Committee when it is dealing with the matter of succession of the Company Chair.

- 2.6. If a Committee member is unable to act due to absence, illness or any other cause, the Committee Chair may appoint another Director of the Company to serve as an alternate having due regard to maintaining a majority of independent non-Executive Directors.
- 2.7. The Company Secretary or their nominee shall act as the Secretary of the Committee. The Secretary of the Committee shall provide the necessary support to the Committee in the form of recording Committee minutes, and ensuring the Committee receives relevant information and papers in a timely manner to enable full discussion and consideration of relevant Committee matters.

### 3. MEETINGS

#### 3.1. Quorum

The quorum necessary for any meeting of the Committee shall be three members, of whom at least two must be independent non-Executive Directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

#### 3.2. Frequency of Meetings

The Committee shall meet not less than twice a year and at such other times as the Committee Chair shall require.

#### 3.3. Notice of Meetings

- 3.3.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chair or any of its members.
- 3.3.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting documents, shall be forwarded to each member of the Committee and any other person authorised to attend, no fewer than five working days prior to the date of the meeting.

#### 3.4. Minutes of Meetings

- 3.4.1. The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 3.4.2. Minutes of the Committee meetings shall be distributed promptly to all members of the Committee and, once agreed, the Committee Chair will report to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

#### 3.5. Conflicts of Interest

- 3.5.1. The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

### 4. ENGAGEMENT WITH SHAREHOLDERS

- 4.1. The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair and Committee should take account of relevant views arising from shareholder engagement where they relate to the Committee's areas of responsibility.

## 5. DUTIES

The Committee shall:

- 5.1. Identify and nominate for approval by the Board, candidates to fill any vacancy as and when they arise on the Board and for certain members of the senior management team.
- 5.2. Regularly review the structure, size and balance (including the skills, knowledge, diversity, independence and experience) of the Board and make recommendations to the Board as appropriate.
- 5.3. Ensure plans are in place for orderly succession to the Board and senior management positions and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
- 5.4. Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- 5.5. Keep up-to-date and fully informed with strategic issues and commercial changes affecting the Company and the market in which it operates.
- 5.6. Keep under review SSE's Board Inclusion and Diversity Policy, and work with Group HR in monitoring progress against Group-wide inclusion and diversity objectives and strategies and the impact of inclusion and diversity initiatives.
- 5.7. Before making a Board appointment, the Committee shall evaluate the balance of skills, knowledge, diversity and experience on the Board and the potential future challenges affecting the Company, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the committee shall:
  - 5.7.1. Use open advertising or the services of external advisers to facilitate the search, where appropriate, ensuring the selected process promotes inclusion and equal opportunity.
  - 5.7.2. Consider candidates from a wide range of backgrounds.
  - 5.7.3. Consider any potential conflicts of interest.
  - 5.7.4. Have reference to a description of the capabilities and time commitment required for a particular appointment.
  - 5.7.5. Consider candidates on merit and against objective criteria with due regard to the benefits of diversity on the Board, including gender, social and ethnic backgrounds and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position.
- 5.8. Ensure that on an appointment to the Board, non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service, involvement outside Board meetings and the induction process.
- 5.9. Work with the Company Chair and Group General Counsel and Company Secretary to ensure that newly appointed Directors receive a full, formal and tailored induction programme on joining the Board, including, but not limited to:
  - 5.9.1. The Company's operations, strategy, culture and governance.
  - 5.9.2. The regulatory environment in which the Company operates.
  - 5.9.3. The Company's Business Units, including their commercial and operational positions, and the regulatory and governance environment in which each operates.

- 5.9.4.** Opportunities to meet with the Company's external advisors and visit key sites.
- 5.9.5.** Directors' rights, duties and responsibilities.
- 5.10.** Keep under review any conflict or potential conflict of interest situations authorised by the Board in accordance with the Company's Articles of Association and determine whether it is appropriate for such matter to remain so authorised.
- 5.11.** Ensure the Board, its Committees, the Chair and individual Director performance reviews are carried out at least on an annual basis, and consider the results of the Board performance review that relate to the composition of the Board and succession planning.
- 5.12.** Keep under review the time required of Directors and the continued ability to meet what is expected, this should include an assessment of the number of external appointments held by each Director, ensuring any new appointments are approved in advance by the Board.
- 5.13.** Keep under review membership of the Audit Committee; Remuneration Committee; Energy Markets Risk Committee; Safety, Sustainability, Health and Environment Advisory Committee and any other Board Committee as appropriate, in consultation with the Chair of those Committees, and make recommendations to the Board as required.
- 5.14.** Liaise as necessary with other Board Committees, ensuring the interaction between Committees and the Board is reviewed regularly.

## **6. RECOMMENDATIONS TO THE BOARD**

The Committee shall also make recommendations to the Board concerning:

- 6.1.** Plans for succession for both Executive and non-Executive Directors, in particular for the key roles of the Company Chair and the Chief Executive and also as regards senior management, including the Group General Counsel and Company Secretary.
- 6.2.** The appointment of suitable candidates to the role of Director where the position is deemed as new and not in succession to an existing position on the Board.
- 6.3.** Suitable candidates for the role of Senior Independent Director.
- 6.4.** Suitable candidates for the role of non- Executive Director of Employee Engagement.
- 6.5.** The re-appointment of any non-Executive Director at the conclusion of their specified term of office having due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.
- 6.6.** The re-election by shareholders of Directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the Company's Articles of Association (Article 24), having due regard to their performance and ability, and why their contribution is important to the Company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual Directors, the Chair and the Board as whole
- 6.7.** Any matters relating to the continuation in office of any Director, including the Company Chair and Chief Executive, the recommendation for which will be considered at a meeting of:
  - 6.7.1.** All the non-Executive Directors regarding the position of Chief Executive; and
  - 6.7.2.** All the Directors regarding the position of the Company Chair.

## **7. REPORTING RESPONSIBILITIES**

- 7.1.** The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2.** The Committee shall make whatever recommendations to the Board it deems appropriate on any areas within its remit where action or improvement is needed, and adequate time

should be made available for Board discussion when necessary.

- 7.3.** The Committee shall make a statement in the Annual Report, to include any matters required by the Disclosure Guidance and Transparency Rules and describing its work, including:
- 7.3.1.** the membership of the Committee, number of Committee meetings and attendance of members over the course of the year;
  - 7.3.2.** the process used to make appointments, explaining if external advice or open advertising has not been used, and its approach to succession planning and how both support the development of a diverse pipeline
  - 7.3.3.** identifying in the Annual Report any external search agency that has been engaged, together with a statement on any other connection it has with the Company or any individual Directors;
  - 7.3.4.** a description of the Board's policy on inclusion and diversity, the Group-wide inclusion and diversity strategy, and any other inclusion and diversity initiatives, including any measurable objectives and linkage to Company strategy, how they have been implemented and the progress made in achieving these objectives;
  - 7.3.5.** the gender balance and ethnic minority representation of those in senior management and their direct reports;
  - 7.3.6.** how the Board performance review has been conducted, the nature and extent of the external reviewer's contact with the Board and individual Directors, the outcomes and actions taken and its influence on Board composition; and
  - 7.3.7.** identifying in the annual report any external performance reviewer along with a statement of any other connections they may have with the Company.

## 8. AUTHORITY

- 8.1.** The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 8.2.** The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference.
- 8.3.** The Committee has the power to employ the services of such independent professional advisers as it deems necessary to fulfil its responsibilities, at the expense of the Company. The Committee shall advise the Chief Financial Officer of any such action.

## 9. OTHER

The Committee shall:

- 9.1.** Review at least once a year its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 9.2.** Be provided with appropriate and timely training and briefings, both in the form of an induction programme for new members and an on-going basis for all members.
- 9.3.** Give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance, the requirements of the FCA's Listings Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules as appropriate.
- 9.4.** Make publicly available its Terms of Reference clearly explaining its role and the authority delegated to it by the Board.