***In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, all SSE plc subsidiary companies that meet certain qualifying conditions must include a S.172 statement in their strategic report that explains how directors have had regard to the matters set out in S.172 Companies Act 2006, during the past financial year. These statements must be made available on a website as soon as reasonably practicable. The latest relevant disclosures for SSE plc’s in-scope companies are set out below.***

**SSE Thermal Energy Operations Limited**

**Section 172 (1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard, amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by the directors on the Board which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Board.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on pages 2 to 4 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below is an example of how the directors have had regard to the matters set out in section 172 (I) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Executive Committee of SSE Thermal continues to explore options to decarbonise energy generation. SSE Thermal is committed to progressing opportunities for future developments with clear low-carbon pathways, in accordance with SSE's own interim Science-Based Targets, its Net Zero Transition Plan and the UK Government's legislated net zero targets.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

SSE Thermal Energy Operations Limited sits within the SSE Thermal business unit and is represented on the dedicated Executive Committee of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with suppliers, customers and other relevant parties representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**SSE Thermal Generation (Scotland) Limited**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by the directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on page 2 to 4 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG (environmental, social and governance) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below is an example of how the directors have had regard to the matters set out in section 172 (I) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

During the current financial year, the Company and its directors worked to ensure that the Peterhead Power Station was available to respond to customer demand, market conditions and meet its contractual obligations. The Company and its directors also ensured that the company complied fully with all safety standards and environmental requirements.

SSE Thermal is committed to progressing future developments with clear low-carbon pathways, in accordance with SSE's own interim Science-Based Targets, its Net Zero Transition Plan and UK and Scottish Governments' legislated Net Zero targets.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its directors, to ensure that as a whole they are more robust and sustainable.

SSE Thermal Generation (Scotland) Limited sits within the SSE Them1al business unit and is represented on a dedicated Executive Committee of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**Keadby Generation Limited**

## **Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, being the responsibility of the directors.

The Company is represented by the directors on a business unit Executive committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on pages 2 to 6 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG (environmental, social and governance) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the directors have had regard to the matters set out in section 172 ( l) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Executive Committee of SSE Thermal entered into a partnership with Equinor to jointly develop two first-of-a-kind, low-carbon power stations in the UK's Humber region, comprising one of the UK's first power stations with CCS technology, and the world's first major 100% hydrogen-fueled power station.

The plans, underpinned by a cooperation agreement between the two companies, would support the UK's transition to net zero and accelerate the decarbonization of the Humber, the UK's largest and most carbon-intensive industrial cluster. The projects have the potential to create thousands of skilled, green jobs and revitalize a key industrial heartland.

The two decarbonized power stations, which would form a 'clean power hub' near Scunthorpe, North Lincolnshire, would be among the first in the world to utilize CCS and hydrogen technologies. Keadby CCGT CCS and Keadby Hydrogen would replace older, carbon-intensive generation on the electricity grid, providing flexible and efficient power to support intermittent renewable generation and maintain security of supply through the net zero transition.

Partnering with credible, respected organizations like Equinor ensures that high standards of conduct will be maintained, with both partners working together to deliver a low carbon future for thermal assets, working closely with our suppliers and communities to meet the future needs of the power market in the UK in a sustainable way.

## **Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its directors, to ensure that as a whole they are more robust and sustainable.

Keadby Generation Limited sits within the SSE Thermal business unit and is represented on a dedicated Executive Conm1ittee of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

In order to ensure that there has been adequate engagement in fostering the Company's business relationships with suppliers, customers and other relevant parties, representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**SSEPG (Operations) Limited**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the;

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by the directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on page 2 to 4 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG (environmental, social and governance) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its directors, to ensure that as a whole they are more robust and sustainable.

SSEPG (Operations) Limited sits within the SSE Thermal business unit and is represented on a dedicated Executive Committee of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**Medway Power Limited**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by the directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on page 2 to 5 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below is an example of how the directors have had regard to the matters set out in section 172 (I) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Executive Committee of SSE Thermal made the decision to explore options to decarbonise the energy generation at Medway by introducing low carbon solutions to ensure the site can continue to provide essential flexible power in a net-zero world. SSE Thern1al is committed to progressing opportunities for future development with clear low-carbon pathways, in accordance with SSE's own interim Science-Based Targets, its Net Zero Transition Plan and the UK Government's legislated net zero targets. With respect to Medway Power Station, SSE Thermal is working with other companies in the region in Project Cavendish.

SSE Thermal engages with the UK Government through participation in expert working groups focused on developing policy frameworks to bring forward investment in CCS and hydrogen technologies, as well as engaging directly with government and sitting on the Hydrogen Advisory Council. In addition, SSE Thermal is a member of a number of related industry groups, such as the Carbon Capture and Storage Association and Hydrogen UK - Hydrogen UK was established as the UK's hydrogen trade association in 2021 and SSE Thermal has sat on the Executive Committee since the trade association was established. Through SSE plc, SSE Thermal is also a member of Energy UK. As such, SSE Thermal has frequent engagement with potential suppliers and a range of stakeholders.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its directors, to ensure that as a whole they are more robust and sustainable.

Medway Power Limited sits within the SSE Thermal business unit and is represented on a dedicated Executive Committee of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**SSE Hornsea Limited**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, health and safety factors relating to the operation of Company's assets and to the overall financial health of the Company.

The directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the directors.

The Company is represented by the directors on the Board which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Board.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the director's in understanding relevant views are set on pages 2 to 5 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below is an example of how the directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Board is committed to a net-zero future and has decided to explore opportunities to convert the gas storage facilities or build new facilities owned by SSE Hornsea Limited to be suitable to store low-carbon fuels. This supports SSE Thermal's decision to join a consortium focused on using emerging carbon capture and storage (CCS) and hydrogen technologies to decarbonise energy and industry in the Humber region. The plan has the potential to contribute to the future prosperity of the UK's largest industrial hub and to safeguard jobs across the region.

### **Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

SSE Hornsea Limited sits within the SSE Thermal business unit and is represented on a dedicated Board of which all of the directors are part.

While there are cases where the directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with suppliers, customers and other relevant parties representations are made on a quarterly basis at business unit level by business partners which represent the areas of Procurement and Corporate Affairs within SSE Thermal. Such representations are designed to inform the directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

For further details of the effect that the regard of such engagement has had on the principal decisions of the Company, please see the examples set out in the directors Section 172 statement.

**Scottish Hydro Electric Transmission PLC**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company's employees;
* need to foster the Company's business relationships with suppliers, customers and others;
* impact of the Company's operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made, for example, the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders.

However, by considering the Company's purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances. Details of the mechanisms which are in place to assist the Directors in understanding relevant views, including how these have been considered during the year, are set out on pages 10 to 14.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies remaining the responsibility of the Directors. The Company's statement on its corporate governance arrangements on page 17 sets out further details of how this is governed within the SSE Group and the Company.

The Company is represented by the Directors on the Transmission Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; and governance, compliance and legal matters.

This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Transmission Executive Committee. Some decisions are reserved matters for the Group Board of Directors as stipulated within the governance framework for the Company.

Set out below are examples of how the directors have had regards to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

Under the Net Zero Acceleration Programme (NZAP) Plus, the Board approved a doubling of investment from £10bn to £20bn in the Company. This investment in the growth of the transmission network is critical for the Scottish and UK Government to reach their 2030 renewable energy targets and is reflective of the ASTI projects identified by Ofgem. These projects and the existing RIIO-T2 Business Plan impact many stakeholders, from communities to society at large, and it is therefore essential the Company continues to engage widely and share stakeholder feedback with the Board.

The Board reviewed the approach to workforce planning and recruitment, focusing on critical talent and targeted programmes for diversity, pipelines and training. As a result, it provided views on the continued development and the importance of SSE's safety culture to support the pace of required network growth.

The Board considered the requirement to secure supply chain capacity to deliver the identified growth opportunities within the Company, which saw a number of businesses and contractors committing to a new ASTI Delivery Charter. This commits all those working on ASTI projects to a series of key working principles, including leaving a legacy and positive impact in the communities where infrastructure will be hosted.

The Board will continue to monitor the delivery of a price control business plan that protects customers' interests and supports the building of national critical infrastructure, including development with stakeholders, of the business plan for the next price control period under RIIO-T3.

National Grid ESO's Beyond 2030 plan confirms the need for a number of additional projects to proceed now, for delivery by 2035, which combined represent a potential estimated investment of over £5bn for the Company. The Board will review the stakeholder engagement required to ensure an appropriate regulatory framework, secure planning and the required regulatory approvals.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations, and actions, and who may be affected by them. This includes: communities and civil society, shareholders and debt providers; employees; government and regulators; NGOs (non- governmental organisations); suppliers; contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

There is increasing recognition of the role that business can and should be playing in addressing customer, societal, environ mental, and economic issues. As a stakeholder-led business, the Company strives to meet the needs of stakeholders through collaboration, advocacy, and engagement as part of the pathway to Net Zero.

While its first priority is to safely deliver a robust, efficient and reliable network to customers in the north of Scotland, the Company also has a responsibility to customers, employees, communities and shareholders to ensure this essential service is met in the most responsible way possible.

The Company continues to adapt and seek improved opportunities with stakeholders. The Company has achieved another year of top-tier rating of "Advanced" in Accountability’s Stakeholder Engagement Maturity Ladder demonstrating the continuous commitment and improvement to stakeholder engagement practice.

The Company continues to adapt and seek improved engagement opportunities with customers, suppliers and other key stakeholders. In doing so, the Company also adheres to the Group's wider stakeholder engagement strategy. For more information regarding the Group's approach to stakeholder engagement, please see the 2023/24 Annual Report available at [www.sse.com.](http://www.sse.com/)

**Employees**

The Group and the Company works hard embedding its healthy workplace culture where all employees are treated with fairness and respect. The Group and the Company's strategy includes being a great place to work providing an inclusive, fulfilling and high­ performing workplace. This means maintaining a healthy business culture, adopting a responsible approach to employee relations, providing attractive employee benefits and enabling people to develop their careers.

Safety and wellbeing remain at the heart of the Group and the Company's culture and is ingrained in the way business is conducted. Safety is the Group and the Company's number one value with the objective that 'everyone gets home safe'. The Group and Company continue to prioritise safety and health through immersive safety training programmes combined with the Health Hub programme.

The Group and Company has emphasised the importance of an equal focus between mental and physical health, with initiatives including mental health and wellbeing programmes and training of Mental Health First Aiders.

The innovative solutions required to deliver net zero need a workforce with diverse perspectives, different experiences, and new skills. The Group and the Company continue to place emphasis on inclusion and diversity, recognising that this is an essential I driver in delivering strategic growth in a way that is fair and affordable.

The Group and the Company have a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies were in place for the duration of the year, and are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruiting process on through their career. This includes access to appropriate training, development opportunities and job progression. Further details of this approach can be found on pages 38 to 45 of the 2023/24 SSE plc Annual Report available at [www.sse.com.](http://www.sse.com/)

**Rewarding employee contribution**

Employees at all levels within the Group and the Company are measured against the Performance Edge framework. This is designed to equip employees to focus on the delivery of the Group and the Company's strategic priorities through agile conversations and continuous learning, feedback, and coaching. Employees also receive formal bi-annual performance reviews designed to provide feedback to employees as well as provide structured career conversations around opportunities for personal and professional development. The Group's well-established approach to performance management has a structured framework which assesses employee performance against individual agreed objectives as well as alignment to the core values of Safety, Service, Efficiency, Sustainability, Excellence and Teamwork (SSE SET).

The Group and Company offer a wide range of employee benefits. As well as contractual benefits determined by factors such as contribution and length of service, including a company car/allowance and private medical insurance, the Group and the Company offers a comprehensive suite of non-contractual voluntary benefits to all employees. The Company also offers all-employee flexible working arrangements, share plans, 21 weeks of fully paid maternity leave, health benefits, gym membership, childcare vouchers, a holiday purchase scheme, cycle-to-work schemes, salary sacrifice, low emissions car scheme, and technology loans.

**Employee participation**

The Group and the Company's long-established teamwork value has been an enduring value that guides employees in their day­ to-day working lives. A key way to measure how healthy a business culture is, is through listening to employee feedback. Through this, the Group and the Company can take appropriate action to improve employee experience where possible.

The Group undertakes an in-depth all employee survey every two years and a shorter 'pulse' survey on alternate years. The annual all-employee survey ran by the Group returned an engagement score of 85% (2023: 84%). The Company had a 98% response rate for the 2024 survey and an engagement score of 89% (2023: 88%) in the pulse survey. Three core themes were identified from the 2024 survey: Strategic engagement, Cultural engagement and Ways of working. The Group and the Company continues to develop action plans to prioritise enhanced engagement across these areas.

The Group and the Company has continued to use virtual engagement platforms to connect with a larger audience and this has remained a key part of the engagement strategy providing simultaneous access to a diverse audience of roles and locations.

The adoption of a diverse range of listening channels continues to support the principle that everyone in the Group and the Company should have a voice and is consistent with employee feedback surrounding the benefit of multiple platforms through which to raise areas of interest or concern. In turn, it supports the Board in gathering a fair and representative view of the issues which are important to employees and builds an appreciation of how these may differ by geography, business area, role, and individual circumstances.

Exit surveys aligned to the Group and the Company's overall approach to gathering employee engagement insights through its employee engagement survey, allows a comparison of top/bottom scoring answers for ex-employee sentiment. The results enable the Group and the Company to gather meaningful and robust insights into why employees leave, and to inform actions which aim to improve the employee experience.

The views of Company employees, as gathered through the Group survey, are reviewed at business unit level by the Transmission Executive Committee. This data is supplemented by monthly KPls, tailored business unit led engagement and the work of the Group's dedicated non-Executive Director for Employee Engagement, who provides feedback to the Managing Director of each business unit following relevant engagement. People strategies and action plans to address employee views are developed and overseen by the Transmission Executive Committee and the Directors in response to feedback received.

**Customers**

The Company has a well-established customer engagement channel to ensure the perspectives of all customers are considered. A significant part of the Company's engagement with the government and the regulator relates to the maintenance and development of reliable and sustainable electricity networks for the benefit of customers, whilst also delivering value for money. Material considerations include adaptation to industry change, ensuring affordability and accessibility of energy as well as providing a quality customer service.

The Company's comprehensive engagement approach to strategic planning is demonstrated by the positive influence this had on the careful balancing of consumer interests to the creation of local flexible electricity grids that engage all users. The Directors continue to monitor overall business direction and customer performance to ensure delivery of an appropriate level of service and investment.

**Suppliers, contractors and partners**

Fostering healthy reciprocal relationships helps the Company to make sure it achieves the greatest all-round value from its investments and activities. The Company continues to work closely with suppliers to ensure its values on issues such as environmental protection, safety and modern slavery are upheld throughout its supply chain. As the Company integrates climate action alongside its core business strategy and operations, the Company recognises that a key stakeholder in reaching its objectives are its suppliers.

The Company considers the principles of sustainable procurement as a vital tool in managing risks, maximising opportunities, assessing value and monitoring performance, while enabling stronger relationships with its supply partners. During the year, the Company launched its new Delivery Charter to encourage collaborative work with supply chain partners to achieve joint sustainability ambitions and continues to adopt an approach through effective leadership to collaborate with stakeholders along the supply chain to accelerate ambitions towards its sustainability goals and values.

To ensure that there has been adequate engagement in fostering the Company's business relationships with suppliers, customers and other relevant parties', representations are made on a regular basis at business unit level by business partners which represent the areas of Procurement, Corporate Affairs and Legal within the Company.

Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the delivering transmission network growth and the prospects or issues associated with the continued fostering of the relationship.

To ensure high operational standards, onsite training is held for contractors and quality, and health and safety audits are undertaken by the Group. Given the rise in contractor hours worked associated with the Company's increase and growth in capital investment, focus was made on contractor safety on large capital projects to improve and reduce the severity of incidents. Contractor safety remains an area of key focus as the Group and the Company works to ensure it gets everyone home safe as it embarks on an increased level and pace of project activity.

The Company does not have any energy supply contracts with Russian counterparties, nor will the Company seek Russian counterparty agreements in light of the Ukraine conflict.

**Government and regulators**

During 2023/24, the Company continued to extensively liaise with government and regulatory officials, responding to all material regulatory consultations. The Company continues to take an active role in the development of regulations and policies which impact upon the Company and its customers.

At a time of widespread political consensus on the need to speed up deployment of large-scale clean energy infrastructure, the Group regularly engages with the UK and Irish governments on delivering its NZAP Plus investment programme. In the UK, the Company has continued to engage stakeholders across the political spectrum on the steps needed to bolster energy security, create green jobs and meet climate goals. The Group have published a set of policy proposals in a document titled, From Ambition to Action: A delivery plan for cleaner, homegrown energy, which provided the foundation for the Group's political advocacy over the past year. The Group has established a reputation as a clean energy champion and a trusted voice amongst political stakeholders.

As part of RIIO-T2, which sets out the price control for 5 years starting from April 2021, the Company engaged extensively with stakeholders following the co-creation of the business plan: A Network for Net Zero. The Directors continue to monitor engagement activity and responses to regulators to ensure that strategic, financial, investment and operating frameworks remain aligned to the external landscape. The Company will continue to engage with stakeholders as part of the RIIO-T3 business plan.

**Communities**

The Company places safe delivery of an efficient and reliable network at the core of its priorities. However, it is vital to recognise the importance of effective engagement with communities as the Company's transformational infrastructure roll-out progresses. The Company is working closely with impacted communities and other local stakeholders to ensure their views are heard and factored into decision making.

The Company's Pathway to 2030 programme represents the largest investment programme in the north of Scotland grid since the 1950s and is critical to meet UK and Scottish climate targets. The Company aims to ensure this scale of investment creates lasting, meaningful benefits for the local communities in the region.

As part of this work, the Company announced in December 2023, that it will create long-term, skilled, green employment opportunities across the region with the recruitment of 400 new employees over 2024. It also announced plans to develop a housing strategy, with a commitment to deliver 200 new homes across the north of Scotland which, following completion of the projects, will support local housing requirements. Further benefits will include the establishment of a Community Benefit Fund for communities in the north of Scotland, which is expected to be worth in excess of £100m over its lifetime subject to UK Government guidance, and money off bills for those located closest to new infrastructure.

These initiatives, alongside placing multi-million-pound contracts with local supply chain partners, will create billions of economic value for Scotland.

**Environment**

The Group and the Company continue to step up their efforts in supporting the UK and Scottish Government in achieving global climate goals. With renewable energy being a key aspect in driving a low carbon economy, the Company seeks opportunities in improved engagement with third parties that have similar goals in sustainability. The nature of the Company's activities means it has significant interactions with some of the richest and remote environments in the north of Scotland.

Biodiversity net gain efforts are constantly incorporated throughout the Company's operations. The Company conducts full environmental impact assessments and engages with species protection plans and voluntary work to ensure optimal development of projects that consider the environment and all other stakeholders. To ensure a positive environmental legacy is left in the communities that host transmission infrastructure, and support delivery of the Scottish Government's Biodiversity Strategy, the Company has an ongoing commitment to continually monitor and develop best practice to ensure ambitions best reflect the gravity of the escalating nature challenge.

The Company's key focus is to efficiently deliver additional connections to renewable energy generation, primarily through the implementation of the RIIO-T2 plan to deliver a Network for Net Zero. Understanding the evolution and emergence of new technologies that significantly impact changes in generation, alongside monitoring developments in the electrification of heat and transport is imperative in the process of providing customers excellent service through a reliable network whilst meeting climate targets. These measures, alongside working with robust policies, prove that the Company remains resilient in achieving net zero carbon emissions. The environmental impact has also been considered for RIIO-T3 and other investment programmes such ASTI and LOTI.

Moving forward with the Group's strengthened 2030 business goals, the Company believes that its efforts in contributing towards the Group's goals of cutting carbon intensity by 80%, increasing renewable energy output by five times, enabling low-carbon generation and demand as well as championing a fair and just energy transition will benefit its stakeholders, society, the environment and the economy in the long run whilst accelerating Net Zero targets. More information on the Group's approach to managing environmental impact can be found in the 2023/24 Annual Report, available at [www.sse.com.](http://www.sse.com/)

The Company's Streamlined Energy and Carbon Reporting ('SECR') requirements is assessed within the consolidated disclosures of the Group which is available on pages 49 and 106 of the Group's 2023/24 Annual Report.

**SSE Renewables Holdings (UK) Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Group's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Renewables business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**SSE Generation Limited**

**Section 172 (1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole·. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Renewables business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPls, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**People**

A programme of activity to support the Group's people strategy is discussed and agreed by the Renewables executive committee. This is informed, in part, by the output of the annual all-employee great place to work survey results. The approach to reward, recognition and incentive schemes are considered by the executive committee.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them.· This includes:· shareholders; employees; government and regulators; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable:

SSE Generation Limited sits within the SSE Renewables business unit and the Company is represented on a dedicated Executive Committee of which a number of the Directors are part.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation. •

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPls, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the business unit Executive Committees in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties representations are made at business unit level by business partners which represent the areas of Procurement, Corporate Affairs, and Legal within SSE Renewables. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

**Slough Heat & Power Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in the way they consider good faith and would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a Director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore the Company’s, purpose vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and internal and external customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the SSE Group, in which the Company sits, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc’s dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

**Slough Electricity Contracts Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in the way they consider good faith and would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a Director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* need to foster the Company's business relationships with suppliers, customers and others;
* impact of the Company's operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore the Company's, purpose vision and values, together with its strategic priorities, and having agreed processes in place for decision­ making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPls, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and internal and external customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, in which the Company sits, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

**Fibre Power (Slough) Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in the way they consider good faith and would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a Director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore the Company’s, purpose vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and internal and external customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the SSE Group, in which the Company sits, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

**Engagement with employees**

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc’s dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

**SSE Energy Markets Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a Director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company’s employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s and the Company’s purpose, vision and values, together with its strategic priorities, and through having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a Business Unit Executive Committee which reviews health and safety, financial and operational performance, governance, risk, and legal and regulatory compliance at every meeting. This is in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance and compliance. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Business Unit Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist the Director’s in understanding relevant views are set on page 7 of the Strategic Report. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance ("ESG") matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**People**

An iterative programme of activity to support the Company’s wider people strategy was subject to discussion and agreement by the Business Unit Executive Committee. This was informed, in part, by the output of the annual all-employee survey results. Inclusion and diversity priorities were also agreed, with additional focus provided to enhance opportunities for people development, brand, culture and ways of working.

**Stakeholder engagement**

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who may be affected by them. For the SSE Group this includes: employees; shareholders and debt providers; energy customers; government and regulators; Non-government organisations, communities and civil society; and suppliers, contractors and partners. The perspectives, insights and opinions of the Company's stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, Business Unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024. Details of those specific to the Company are set out below.

The views of Company employees are gathered at Business Unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc’s dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each Business Unit following relevant engagements. People strategies and action plans to address employee views are developed and overseen by the Business Unit Executive Committee in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company’s business relationships with suppliers, customers and other relevant parties the Directors take representations from relevant corporate and customer business partners in order to ensure they are informed as to the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

To enhance understanding of the views of the Companies customers within the SSE Group, a customer-led business partner is appointed to the Business Unit Executive Committee. This role provides a mechanism by which the needs of customers directly influence the services the Company provides and helps inform strategic priorities and business objectives in the longer term. It also enhances the rate, frequency and depth of feedback that the Business Unit Executive Committee receives on material issues and customer satisfaction.

**SSE Utility Solutions Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

*  likely consequences of any decisions in the long term;  interests of the company's employees;
*  need to foster the company's business relationships with suppliers, customers and others;  impact of the company's operations on the community and environment;
*  desirability of the company maintaining a reputation for high standards of business conduct; and  need to act fairly as between members of the company;

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision- making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the SSE Enterprise (formally known as SSE Distributed Energy) business unit Executive Committees which review health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Executive Committees.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**Engagement with employees**

A programme of activity to support the Group's people strategy is discussed and agreed by the SSE Enterprise executive committees. This is informed, in part, by the output of the annual all-employee great place to work survey results. The approach to reward, recognition and incentive schemes are considered by the executive committees.

**Engagement with suppliers, customers and other relationships**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes shareholders; employees; government and regulators; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

SSE Utility Solutions Limited sits within SSE Enterprise business unit. The Company is represented on dedicated Executive Committees of which a number of the Directors are part.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc  dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the business unit Executive Committees in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company’s business relationships with supplier, customers and other relevant parties’ representations are made at business unit level by business partners which represent the areas of Procurement, Corporate Affairs, and Legal within SSE Enterprise. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business, and the prospects or issues associated with the continued fostering of the relationship.

**SSE Services plc**

**Section 172 (1) statement**

Section 172 of the Companies Act 2006 requires the Directors of the Company to act in the way they consider good faith and would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a Director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term; • interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore the Company’s, purpose vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies the responsibility of the Directors.

The Company is at the centre of the SSE Group, and so while there is no divisional Executive Committee with delegated authority over the Company, both of the Company Directors are members of the Group Executive Committee, where matters relevant to the Company are discussed. The Group Executive Committee reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Group’s (and therefore the Company's) strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**Stakeholder engagement**

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and internal and external customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the SSE Group, in which the Company sits, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc’s dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received. John Stewart, Director of the Company, is also the Group's Director of HR, aligning the decisions of the Group to the Company.

**SSE Energy Supply Limited**

**Section 172 Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company's employees;
* need to foster the Company's business relationships with suppliers, customers and others;
* impact of the Company's operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations which are set out in various licences, codes, and EU and UK legislation, including The Gas Act 1986 and The Electricity Act 1989.

By considering the SSE Group's, and therefore the Company's, purpose, vision and values, together with its strategic priorities, and by having agreed processes in place for decision-making, the Directors aim to ensure that decisions are consistent and appropriate in all circumstances - accepting, however, that it may not always be possible to meet the needs of all stakeholders all of the time.

Authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Energy Customer Solutions Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility and governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the SSE Group Executive Committee.

SSE Energy Supply Limited has a trust arrangement with SSE Energy Markets Limited whereby SSE Energy Supply Limited enters into trades on behalf of Energy Markets but the economic impact of these trades is borne by Energy Markets Trust.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. The mechanisms which are in place to assist Directors in understanding relevant views are set out on page 8. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

The Executive Committee took decisions throughout the year in the following broad areas:

**Strategy**

The Executive Committee reviews the Company's agreed strategic priorities against its established principal activity (see page 4). During the 2024 financial year, this review considered amongst other matters; customer needs, customer engagement on debt, products and contract terms, Marketing/Brand, IT Systems and digital development, data and analytics, people and culture. Resourcing to manage the Energy Bill Relief Scheme (EBRS) and Energy Bills Discount Scheme (EBDS), to ensure eligible customers received discounted bills.

**Budget**

Each year financial allocation and expenditure is discussed and approved by the Energy Customer Solutions Executive Committee through the agreed budget. This is supported by regular review of performance and consideration of agreed longer term strategic objectives. The budget review for the financial year 2024 considered how best to support customers, which included a customer support fund, longer contracts and reduced tariff offerings. Delivery of the new billing system, improving data and analytics, resourcing and overhead costs were also reviewed. Decisions were made considering the impact on customers and staff, benefits to the business and costs.

**Risk**

A full description of the Company's approach to risk management and the identified impact of the market volatility is disclosed on pages 5 & 6. Areas of focus in year included reductions to out of contract tariffs, contract availability, commodity hedging, non-commodity price forecasts, significant IT system transformations, sales performance, debt, and regulatory compliance.

**People**

A continued programme to support the Company's wider people strategy was agreed by the Executive Committee, formed, in part, by the output of the all-employee Great Place To Work survey results. The Executive Committee has supported and led the direction of the Group's Flexible First working arrangements, delivered upon a new Pay Progression structure for Jointly Negotiated Contract staff, and implemented reward, recognition and incentive schemes to drive performance and behaviours.

**Customers**

The Energy Customer Solutions Executive Committee considered how best to support customers throughout the year in respect to the launch of new products and services, satisfaction levels and improvements to customer service. The Company continued to connect customers with SSE Renewables assets with additional corporate customers taking CPPA products during the year. Enabling customers to optimise their energy consumption remains a key focus with the development of data tools and a 26% increase in smart meter installations year on year. The business has also invested considerably to improve customer experience and to meet future needs by upgrading its legacy billing platform and implementing further digital technologies, making it easy and simple for customers to complete more core account management activities online.

In the 2023 financial year the Company implemented the Government's Energy Bill Relief Scheme (EBRS) which was replaced by the Energy Bills Discount Scheme (EBDS) in April 2023. Both schemes assisted eligible customers with the financial impact of high and volatile energy prices.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and energy customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 14 to 15 of the SSE plc Annual Report 2024. Details of those specific to the Company are set out below:

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey, employee townhall meetings and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Energy Customer Solutions Executive Committee in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties, representations are made on a monthly basis at business unit level by business partners which represent the areas of procurement, corporate affairs and legal within SSE Energy Customer Solutions. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business, and the prospects or issues associated with the continued fostering of the relationship.

**SSE Airtricity Energy Supply (NI) Ltd**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term; • interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable legal obligations.

By considering the SSE Group's, and therefore the Company's, purpose, vision and values, together with its strategic priorities, and by having agreed processes in place for decision-making, the Directors aim to ensure that decisions are consistent and appropriate in all circumstances - accepting, however, that it may not always be possible to meet the needs of all stakeholders all of the time.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is part of the SSE Group, and the Group Executive Committee discusses matters relevant to the Company. The Group Executive Committee reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Group’s (and therefore the Company's): strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**Stakeholder engagement**

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation. Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 -134 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc’s dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

**SSE Airtricity Gas Supply (NI) Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company's employees;
* need to foster the Company's business relationships with suppliers, customers and others;
* impact of the Company's operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable legal obligations.

By considering the SSE Group's, and therefore the Company's, purpose, vision and values, together with its strategic priorities, and by having agreed processes in place for decision-making, the Directors aim to ensure that decisions are consistent and appropriate in all circumstances - accepting, however, that it may not always be possible to meet the needs of all stakeholders all of the time.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is part of the SSE Group, and the Group Executive Committee discusses matters relevant to the Company. The Group Executive Committee reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Group's (and therefore the Company's): strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

Set out below are examples of how the Directors have had regard to the matters set out in section 172 (1) (a)-(f) when discharging their section 172 duty and the effect of that on principal decisions taken.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: employees; communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation. Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 and 134 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPIs, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the Directors in response to feedback received.

**Scottish Hydro Electric Power Distribution plc**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations.

The Directors acknowledge that every decision will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the Company’s purpose and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances. Details of the mechanisms which are in place to assist the Directors in understanding relevant views, including how these have been considered during the year, are set out below.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies remaining the responsibility of the Directors. The Company’s statement on its corporate governance arrangements sets out further details of how this is governed within the SSE Group and the Company.

The Company is represented by the Directors on the Distribution Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including:

* the Company’s business strategy;
* key risks;
* stakeholder-related matters;
* diversity and inclusion;
* environmental matters;
* corporate responsibility; and
* governance, compliance and legal matters.

This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Distribution Executive Committee. In accordance with the Company’s governance framework, the Board of Directors review the health and safety, financial and operational performance, and legal and regulatory compliance throughout the financial year. Some decisions are reserved matters for the Group Board of Directors as stipulated within the governance framework for the Company.

The strategic and operational priorities of the Company are compared to its long-term targets and obligations to shareholders, the regulatory framework for which it is governed by, and the contribution to society and other key stakeholders. The nature of the Company’s principal activity is to invest, maintain and operate the electricity network in the north of Scotland which means it actively engages and promotes societal welfare. The investment in electricity distribution assets is to improve network resilience, reduce faults, and improve network reliability for the benefit of society. Additionally, there has been significant investment in the distribution network infrastructure to facilitate the continued drive towards the electrification of transport and heat. This supports the governments net zero emissions targets which benefits society as a whole. The Company continues to advocate for investment in line with the RIIO-ED2 business plan.

In line with the above, the Distribution Executive Committee, during the financial year, approved several capital investment projects to proceed to full construction as set out in the Company’s Financial Authorisation Policy. This included specific projects that required further financial approval by the Company’s Board of Directors as well as those that required financial approval by SSE Group Board of Directors. This ultimately included the required investment to ready the network for net zero, considerate of stakeholder requirements whilst ensuring reliability and efficiency of delivery.

**Stakeholder engagement**

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs (non-governmental organisations), communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at Group level, business unit level, Company level and operational level. This holistic approach avoids operating in isolation and allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters.

If the UK is to fully decarbonise the economy by 2050, this will require both a significant increase in electricity demand and a fundamental shift in the way it is consumed as millions more electric vehicles, hundreds of thousands of heat pumps and embedded generation and storage come onto the system in the coming years. That means the Company’s distribution network has a critical role to play in the RIIO-ED2 price control period and will remain key to unlocking the strategic, anticipatory investment required to deliver the resilience, flexibility and responsiveness required.

The Company has consulted extensively with all stakeholders to build a robust and compelling business plan and there is excitement about the role the Company can play in the transformation journey that lies ahead.

The Company continues to adapt and seek improved engagement opportunities with customers, suppliers and other key stakeholders. In doing so, the Company also adheres to the Group’s wider stakeholder engagement strategy. For more information regarding the Group’s approach to stakeholder engagement, please see the 2023/24 Annual Report available at [www.sse.com](http://www.sse.com).

***Employees***

The Group and the Company’s strategy includes being a great place to work, providing an inclusive, fulfilling and high-performing workplace. This means maintaining a healthy business culture; adopting a responsible approach to employee relations; providing good employee benefits; and enabling people to develop their careers.

Safety remains as the Group and the Company’s first priority with the objective that ‘everyone gets home safe’. The Group and Company continue to prioritise safety and health through immersive safety training programmes, together with the ongoing provision of a Health Hub available to all employees. Through this free of charge service, employees and their immediate families can access 24/7 GP consultations and other health related advice. A programme in partnership with the British Heart Foundation on cardiovascular assessments was also introduced and will continue into 2024/25.

The Group and Company has emphasised the importance of parity of focus between mental and physical health, with initiatives including mental health and wellbeing programmes, and trained a number of employees as Mental Health First Aiders. Initiatives to support employees’ physical and mental health continue to be provided through Nuffield, SSE’s Employee Assistance Programme and Thrive.

The innovative solutions required to deliver net zero need a workforce with diverse perspectives, different experiences, and new skills. Over 2023/24, the Group and the Company has placed an emphasis on inclusion and diversity, recognising that this is an essential driver to deliver net zero in a way that is fair and affordable.

The Group and the Company have a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies were in place for the duration of the year, and are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruiting process on through their career. This includes access to appropriate training, development opportunities and job progression. Further details of this approach can be found on the 2023/24 Annual Report, available at www.sse.com.

***Rewarding employee contribution***

Employees at all levels within the Group are measured against the same framework, and the formal bi-annual performance review sessions are designed to feedback to employees on their performance as well as provide structured career conversations which encourage employees to think about their opportunities for personal and professional development. The Group’s well-established approach to performance management has a structured framework which assesses employee performance against individual agreed objectives as well as alignment to the core values of Safety, Service, Efficiency, Sustainability, Excellence and Teamwork.

The Group and Company offer a wide range of employee benefits. As well as contractual benefits determined by factors such as seniority and length of service, including a Company car/allowance and private medical insurance, the Group offers a comprehensive suite of non-contractual voluntary benefits to all employees. The Company also offers all-employee flexible working arrangements, share plans, 21 weeks of fully paid maternity leave, health benefits, gym membership, childcare vouchers, a holiday purchase scheme, cycle-to-work schemes, salary sacrifice low emissions car scheme and technology loans.

***Employee participation***

The Group’s long-established teamwork value has been an enduring value that guides employees in their day-to-day working lives. The Group ran the annual All-employee survey which had an engagement score of 85% for 23/24 period (2023: 84%). The results are viewed as representative of the majority of employee voices and shape the cultural agenda, ensuring that employee sentiment is considered in all key decision making.

The Group and Company engages with all employees through a combination of engagement methods which encourage two-way dialogue between the Board and employees. These include face-to-face discussions at meetings, site visits, and attendance at employee events.

The Group and Company has continued to use virtual engagement platforms to connect with a larger audience and this has remained a key part of the engagement strategy providing simultaneous access to a diverse audience of roles and locations. The adoption of a diverse range of listening channels continues to support the principle that everyone in the Group should have a voice and is consistent with employee feedback surrounding the benefit of multiple platforms through which to raise areas of interest or concern. In turn, it supports the Board in gathering a fair and representative view of the issues which are important to employees and builds an appreciation of how these may differ by geography, business area, role, and individual circumstances.

Exit surveys aligned to the Group and the Company’s overall approach to gathering employee engagement insights through its employee engagement survey, allows a comparison of top/bottom scoring answers for ex-employee sentiment. The results are enabling the Group and the Company to gather meaningful and robust insights into why people leave, informing actions which aim to improve the employee experience.

The views of Company employees, as gathered through the Group survey, are reviewed at business unit level by the Distribution Executive Committee. This data is supplemented by monthly KPIs, tailored business unit led engagement and the work of the Group’s dedicated non-Executive Director for Employee Engagement, who provides feedback to the Managing Director of each business unit following relevant engagement. The Company also undertakes a standalone engagement survey for employees which performed well and for which there is a clear time-bound action plan to delivery improvements in employee engagement. People strategies and action plans to address employee views are developed and overseen by the business unit Executive Committee/the Directors in response to feedback received.

***Customers***

The Company has a well-established customer engagement channel to ensure the perspectives of all customers are considered. A significant part of the Company’s engagement with the government and the regulator relates to the maintenance and development of reliable and sustainable electricity networks for the benefit of customers, whilst also delivering value for money.

The Company also continuously considers assurances over affordable and accessible energy, providing a quality customer service as well as the responsiveness to vulnerable customers in need. One of the Company’s primary aims during the RIIO-ED2 price control period (2023-2028), is to maintain its commitments to providing a first-class service at a fair price to its customers whilst meeting its key objective in providing a reliable supply of electricity throughout the network.

The Company supports vulnerable customers through encouraging customers in need to sign up to its Priority Services Register (PSR), aiming to provide priority customer service to those on the register during unplanned power outages. It is therefore critical that the Register is comprehensive, accurate and captures all those in need. The PSR initiative also collaborates with emergency services and local authorities to provide extra support to those who are on the register. In 2023/24, the number of customers on the PSR was 184,272.

The Company is at the forefront of enabling net zero at a local level, operating the electricity distribution network that will facilitate new forms of heating, battery storage and many more electric vehicles. Together with sister company SEPD, the Company works to enable the net zero transition at a local level, at the same time as ensuring customers have secure and reliable energy.

The Directors continue to monitor overall business direction and customer performance to ensure delivery of an appropriate level of service and investment.

***Suppliers, contractors and partners***

The Company continues to work closely with suppliers to ensure its values on issues such as environmental protection, safety and modern slavery are upheld throughout its supply chain. As the Company integrates climate action alongside its core business strategy and operations, the Company recognises that a key stakeholder in reaching its objectives are its suppliers.

As such, the Company is adopting an approach through effective leadership to collaborate with stakeholders along the supply chain to accelerate ambitions towards its sustainability goals and values. Material considerations include assurances that social and environmental impacts are managed and mitigated, as well as ensuring innovation relating to the project design and delivery supports the Company in the drive to net-zero transition.

In order to ensure that there has been adequate engagement in fostering the Company’s business relationships with suppliers, customers and other relevant parties’ representations are made on a regular basis at business unit level by business partners which represent the areas of Procurement, Corporate Affairs and Legal within the Company. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

The Company facilitates value-adding conversations on subjects like innovation and future growth whilst ensuring relationships are maintained at all levels, from project teams on the front line through to senior management and Directors. To ensure high operational standards, onsite training is held for contractors and quality and health and safety audits are undertaken by the Group. Given the rise in contractor hours worked in SSE’s current growth phase, there is a need for a strategy that builds stronger, more collaborative relationships with supply chain partners to keep everyone safe. The Group formed a new central Contractor Safety Team in early 2023, supported by dedicated Contractor Managers and Assurance Auditors to improve contractor safety performance.

Over the course of 2023/24, a core focus of the Contractor Safety Team was on large capital projects, which is an area where most of SSE’s capital and construction activity is taking place. This focus has brought about continued improvement across large capital projects with a reduction in severity of incidents recorded. In November 2023, SSE also held its first Safer Together contractor event, attended by over 130 contractor partners, to talk about how it can collaborate more with contractors on safety.

A joined-up, collaborative approach between government, industry and society is required in 2024/25 and beyond to build sustainable homegrown supply chains to service growth in demand and unlock economic opportunity in all regions.

The Company does not have any energy supply contracts with Russian counterparties, nor will the Company seek Russian counterparty agreements in light of the ongoing Ukraine conflict.

***Government and regulators***

During 2023/24, the Company continued to extensively liaise with regulatory officials and responded to all material regulatory consultations, with dedicated teams working to communicate business strategy and investment decisions. The Company continues to take an active role in the development of regulations and policies which impact upon the Company and its customers. The Directors continue to monitor engagement activity and responses to regulators to ensure that strategic, financial, investment and operating frameworks remain aligned to the external landscape.

***Communities***

One of the Company’s sustainability ambitions, guided by the pillars of the United Nations Sustainable Development Goals (SDGs), is to serve public interest through several key commitments, thus positively impacting local communities. The commitments that relate strongly to communities include:

* Maintaining a safe, reliable and resilient network evidently through investing in upgrades throughout the RIIO- ED2 price control period; and
* Contributing to reputable work and economic growth through creating skilled and sustainable jobs, thus significantly working towards the SDG involving “Decent Work and Economic Growth” by fair and just means, in the hope of providing opportunities for local communities.

The Company also provided enhanced restoration support to customers and worked hard to deliver thousands of hot meals and supported hundreds of referrals for its Priority Service Register customers in its storm response.

The Company secured funding in collaboration with local authorities in the north east of Scotland who worked with the Company to create a comprehensive community-led resilience programme, outlining the projects and initiatives that would most benefit from financial support. While the focus was on community, household and personal resilience projects, specific emphasis was placed on supporting the most vulnerable across each community.

***Environment***

The Group and the Company continue to step up their efforts in supporting the UK and Scottish Government in achieving global climate goals by working towards a refreshed set of Group business goals for 2030 where sustainability lies at the core of its business. The Company strives to lead an evolving system to support renewable energy generated locally through its flexible electricity networks. This shift provides a plethora of exciting opportunities that involve diverse communities and stakeholders at the heart of the net zero transition through decarbonisation.

The Company is committed to delivering Biodiversity Net Gain by 2025 on all onshore large capital projects in the UK and this target is part of the RIIO-ED2 business plan.

The Company’s key environmental sustainability milestone is being the first UK DNO to set science-based targets to decarbonisation in-line with the Paris Agreement by limiting global warming to 1.5 degrees Celsius above pre-industrial levels. The Company also delivers projects that aim to contribute positively towards biodiversity and prevent negative environmental impact.

The Company aims to create a fair and just decarbonised electricity network in the long run, evidently through collaborative work across other networks to support decarbonisation of Scottish transport by producing guidance and supporting information on how fleet operators can switch to electric, in efforts to transition to net zero.

Moving forward with the Group’s strengthened 2030 business goals, the Company believes that its efforts in contributing towards the Group’s goals of cutting carbon intensity by 80%, increasing renewable energy output by five times, enabling low-carbon generation and demand as well as championing a fair and just energy transition will benefit its stakeholders, society, the environment and the economy in the long run whilst accelerating Net Zero targets. More information on the Group’s approach to managing our environmental impact can be found in the 2023/24 Annual Report, available at [www.sse.com](http://www.sse.com).

As part of the climate metric in relation to the Greenhouse Gas (GHG) emissions the Company is exempt from making disclosures in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements as it is a wholly owned subsidiary of SSE plc. The consolidated disclosures can be found in the 2023/24 Annual Report, available at www.sse.com.

**Southern Electric Power Distribution plc**

**Section 172(1) Statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Company’s employees;
* need to foster the Company’s business relationships with suppliers, customers and others;
* impact of the Company’s operations on the community and environment;
* desirability of the Company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the Company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations.

The Directors acknowledge that every decision will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the Company’s purpose and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances. Details of the mechanisms which are in place to assist the Directors in understanding relevant views, including how these have been considered during the year, are set out below.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies remaining the responsibility of the Directors. The Company’s statement on its corporate governance arrangements sets out further details of how this is governed within the SSE Group and the Company.

The Company is represented by the Directors on the Distribution Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including:

* the Company’s business strategy;
* key risks;
* stakeholder-related matters;
* diversity and inclusion;
* environmental matters;
* corporate responsibility; and
* governance, compliance and legal matters.

This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to the Distribution Executive Committee. In accordance with the Company’s governance framework, the Board of Directors review the health and safety, financial and operational performance, and legal and regulatory compliance throughout the financial year. Some decisions are reserved matters for the Group Board of Directors as stipulated within the governance framework for the Company.

The strategic and operational priorities of the Company are compared to its long-term targets and obligations to shareholders, the regulatory framework for which it is governed by, and the contribution to society and other key stakeholders. The nature of the Company’s principal activity is to invest, maintain and operate the electricity network in the south of England which means it actively engages and promotes societal welfare. The investment in electricity distribution assets is to improve network resilience, reduce faults, and improve network reliability for the benefit of society. Additionally, there has been significant investment in the distribution network infrastructure to facilitate the continued drive towards the electrification of transport and heat. This supports the governments net zero emissions targets which benefits society as a whole. The Company continues to advocate for investment in line with the RIIO-ED2 business plan.

In line with the above, the Distribution Executive Committee, during the financial year, approved several capital investment projects to proceed to full construction as set out in the Company’s Financial Authorisation Policy. This included specific projects that required further financial approval by the Company’s Board of Directors as well as those that required financial approval by the Group Board of Directors. This included the required investment to ready the network for net zero, considerate of stakeholder requirements whilst ensuring reliability and efficiency of delivery.

**Stakeholder engagement**

The Company’s stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs (non-governmental organisations), communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company’s stakeholders and those of the Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at Group level, business unit level, company level and operational level. This holistic approach avoids operating in isolation and allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters.

If the UK is to fully decarbonise the economy by 2050, this will require both a significant increase in electricity demand and a fundamental shift in the way it is consumed as millions more electric vehicles, hundreds of thousands of heat pumps and embedded generation and storage come onto the system in the coming years. That means the Company’s distribution network has a critical role to play and RIIO-ED2 price control period and will remain key to unlocking the strategic, anticipatory investment required to deliver the resilience, flexibility and responsiveness required.

The Company has consulted extensively with all stakeholders to build a robust and compelling business plan and there is excitement about the role the Company can play in the transformation journey that lies ahead.

The Company continues to adapt and seek improved engagement opportunities with customers, suppliers and other key stakeholders. In doing so, the Company also adheres to the Group’s wider stakeholder engagement strategy. For more information regarding the Group’s approach to stakeholder engagement, please see the 2023/24 Annual Report available at [www.sse.com](http://www.sse.com).

***Employees***

The Group and the Company’s strategy includes being a great place to work, providing an inclusive, fulfilling and high-performing workplace. This means maintaining a healthy business culture; adopting a responsible approach to employee relations; providing good employee benefits; and enabling people to develop their careers.

Safety remains as the Group and the Company’s first priority with the objective that ‘everyone gets home safe’. The Group and Company continue to prioritise safety and health through immersive safety training programmes, together with the ongoing provision of a Health Hub available to all employees. Through this free of charge service, employees and their immediate families can access 24/7 GP consultations and other health related advice. A programme in partnership with the British Heart Foundation on cardiovascular assessments was also introduced and will continue into 2024/25.

The Group and Company has emphasised the importance of parity of focus between mental and physical health, with initiatives including mental health and wellbeing programmes, and trained a number of employees as Mental Health First Aiders. Initiatives to support employees’ physical and mental health continue to be provided through Nuffield, SSE’s Employee Assistance Programme and Thrive.

The innovative solutions required to deliver net zero need a workforce with diverse perspectives, different experiences, and new skills. Over 2023/24, the Group and the Company has placed an emphasis on inclusion and diversity, recognising that this is an essential driver to deliver net zero in a way that is fair and affordable.

The Group and the Company have a range of employment policies which clearly detail the standards, processes, expectations and responsibilities of its people and the organisation. These policies were in place for the duration of the year, and are designed to ensure that everyone, including those with existing or new disabilities and people of all backgrounds, are dealt with in an inclusive and fair way from the recruiting process on through their career. This includes access to appropriate training, development opportunities and job progression. Further details of this approach can be found on the 2023/24 Annual Report, available at [www.sse.com](http://www.sse.com).

***Rewarding employee contribution***

Employees at all levels within the Group are measured against the same framework, and the formal bi-annual performance review sessions are designed to feedback to employees on their performance as well as provide structured career conversations which encourage employees to think about their opportunities for personal and professional development. The Group’s well-established approach to performance management has a structured framework which assesses employee performance against individual agreed objectives as well as alignment to the core values of Safety, Service, Efficiency, Sustainability, Excellence and Teamwork.

The Group and Company offer a wide range of employee benefits. As well as contractual benefits determined by factors such as seniority and length of service, including a company car/allowance and private medical insurance, the Group offers a comprehensive suite of non-contractual voluntary benefits to all employees. The Company also offers all-employee flexible working arrangements, share plans, 21 weeks of fully paid maternity leave, health benefits, gym membership, childcare vouchers, a holiday purchase scheme, cycle-to-work schemes, salary sacrifice low emissions car scheme and technology loans.

***Employee participation***

The Group’s long-established teamwork value has been an enduring value that guides employees in their day-to-day working lives. The Group ran the annual All-employee survey which had an engagement score of 85% for 23/24 period (2023: 84%). The results are viewed as representative of the majority of employee voices and shape the cultural agenda, ensuring that employee sentiment is considered in all key decision making.

The Group and Company engages with all employees through a combination of engagement methods which encourage two-way dialogue between the Board and employees. These include face-to-face discussions at meetings, site visits, and attendance at employee events.

The Group and Company has continued to use virtual engagement platforms to connect with a larger audience and this has remained a key part of the engagement strategy providing simultaneous access to a diverse audience of roles and locations. The adoption of a diverse range of listening channels continues to support the principle that everyone in the Group should have a voice and is consistent with employee feedback surrounding the benefit of multiple platforms through which to raise areas of interest or concern. In turn, it supports the Board in gathering a fair and representative view of the issues which are important to employees and builds an appreciation of how these may differ by geography, business area, role, and individual circumstances.

Exit surveys aligned to the Group and the Company’s overall approach to gathering employee engagement insights through its employee engagement survey, allows a comparison of top/bottom scoring answers for ex-employee sentiment. The results are enabling the Group and the Company to gather meaningful and robust insights into why people leave, informing actions which aim to improve the employee experience.

The views of Company employees, as gathered through the Group survey, are reviewed at business unit level by the Distribution Executive Committee. This data is supplemented by monthly KPIs, tailored business unit led engagement and the work of the Group’s dedicated non-Executive Director for Employee Engagement, who provides feedback to the Managing Director of each business unit following relevant engagement. The Company also undertakes a standalone engagement survey for employees which performed well and for which there is a clear time-bound action plan to delivery improvements in employee engagement. People strategies and action plans to address employee views are developed and overseen by the Distribution Executive Committee in response to feedback received.

***Customers***

The Company has a well-established customer engagement channel to ensure the perspectives of all customers are considered. A significant part of the Company’s engagement with the government and the regulator relates to the maintenance and development of reliable and sustainable electricity networks for the benefit of customers, whilst also delivering value for money.

The Company also continuously considers assurances over affordable and accessible energy, providing a quality customer service as well as the responsiveness to vulnerable customers in need. One of the Company’s primary aims during the RIIO-ED2 price control period (2023-2028), is to maintain its commitments to providing a first-class service at a fair price to its customers whilst meeting its key objective in providing a reliable supply of electricity throughout the network.

The Company supports vulnerable customers through encouraging customers in need to sign up to its Priority Services Register (PSR), aiming to provide priority customer service to those on the register during unplanned power outages. It is therefore critical that the Register is comprehensive, accurate and captures all those in need. The PSR initiative also collaborates with emergency services and local authorities to provide extra support to those who are on the register. In 2023/24, the number of customers on the PSR was 740,203.

The Company is at the forefront of enabling net zero at a local level, operating the electricity distribution network that will facilitate new forms of heating, battery storage and many more electric vehicles. Together with sister company SHEPD, the Company works to enable the net zero transition at a local level, at the same time as ensuring customers have secure and reliable energy.

The Directors continue to monitor overall business direction and customer performance to ensure delivery of an appropriate level of service and investment.

***Suppliers, contractors and partners***

The Company continues to work closely with suppliers to ensure its values on issues such as environmental protection, safety and modern slavery are upheld throughout its supply chain. As the Company integrates climate action alongside its core business strategy and operations, the Company recognises that a key stakeholder in reaching its objectives are its suppliers.

As such, the Company is adopting an approach through effective leadership to collaborate with stakeholders along the supply chain to accelerate ambitions towards its sustainability goals and values. Material considerations include assurances that social and environmental impacts are managed and mitigated, as well as ensuring innovation relating to the project design and delivery supports the Company in the drive to net-zero transition.

In order to ensure that there has been adequate engagement in fostering the Company’s business relationships with suppliers, customers and other relevant parties’, representations are made on a regular basis at business unit level by business partners which represent the areas of Procurement, Corporate Affairs and Legal within the Company. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

The Company facilitates value-adding conversations on subjects like innovation and future growth whilst ensuring relationships are maintained at all levels, from project teams on the front line through to senior management and Directors. To ensure high operational standards, onsite training is held for contractors and quality and health and safety audits are undertaken by the Group. Given the rise in contractor hours worked in SSE’s current growth phase, there is a need for a strategy that builds stronger, more collaborative relationships with supply chain partners to keep everyone safe. The Group formed a new central Contractor Safety Team in early 2023, supported by dedicated Contractor Managers and Assurance Auditors to improve contractor safety performance.

Over the course of 2023/24, a core focus of the Contractor Safety Team was on large capital projects, which is an area where most of SSE’s capital and construction activity is taking place. This focus has brought about continued improvement across large capital projects with a reduction in severity of incidents recorded. In November 2023, SSE also held its first Safer Together contractor event, attended by over 130 contractor partners, to talk about how it can collaborate more with contractors on safety.

A joined-up, collaborative approach between government, industry and society is required in 2024/25 and beyond to build sustainable homegrown supply chains to service growth in demand and unlock economic opportunity in all regions.

The Company does not have any energy supply contracts with Russian counterparties, nor will the Company seek Russian counterparty agreements in light of the ongoing Ukraine conflict.

***Government and regulators***

During 2023/24, the Company continued to extensively liaise with regulatory officials and responded to all material regulatory consultations, with dedicated teams working to communicate business strategy and investment decisions. The Company continues to take an active role in the development of regulations and policies which impact upon the Company and its customers. The Directors continue to monitor engagement activity and responses to regulators to ensure that strategic, financial, investment and operating frameworks remain aligned to the external landscape.

***Communities***

One of the Company’s sustainability ambitions, guided by the pillars of the United Nations Sustainable Development Goals (SDGs), is to serve public interest through several key commitments, thus positively impacting local communities. The commitments that relate strongly to communities include:

* Maintaining a safe, reliable and resilient network evidently through investing in upgrades throughout the RIIO-ED2 price control period; and
* Contributing to reputable work and economic growth through creating skilled and sustainable jobs, thus significantly working towards the SDG involving “Decent Work and Economic Growth” by fair and just means, in hope of providing opportunities for local communities.

The Company also provided enhanced restoration support to customers and worked hard to deliver thousands of hot meals and supported hundreds of referrals for its Priority Service Register customers in its storm response.

 ***Environment***

The Group and the Company continue to step up their efforts in supporting the UK and Scottish Government in achieving global climate goals by working towards a refreshed set of Group business goals for 2030 where sustainability lies at the core of its business. The Company strives to lead an evolving system to support renewable energy generated locally through its flexible electricity networks. This shift provides a plethora of exciting opportunities that involve diverse communities and stakeholders at the heart of the net zero transition through decarbonisation.

The Company is committed to delivering Biodiversity Net Gain by 2025 on all onshore large capital projects in the UK and this target is part of the RIIO-ED2 business plan.

The Company’s key environmental sustainability milestone is being the first UK DNO to set science-based targets to decarbonisation in-line with the Paris Agreement by limiting global warming to 1.5 degrees Celsius above pre-industrial levels. The Company also delivers projects that aim to contribute positively towards biodiversity and prevent negative environmental impact.

Moving forward with the Group’s strengthened 2030 business goals, the Company believes that its efforts in contributing towards the Group’s goals of cutting carbon intensity by 80%, increasing renewable energy output by five times, enabling low-carbon generation and demand as well as championing a fair and just energy transition will benefit its stakeholders, society, the environment and the economy in the long run whilst accelerating Net Zero targets. More information on the Group’s approach to managing our environmental impact can be found in the 2024/25 Annual Report, available at [www.sse.com](http://www.sse.com).

As part of the climate metric in relation to the Greenhouse Gas (GHG) emissions the Company is exempt from making disclosures in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements as it is a wholly owned subsidiary of SSE plc. The consolidated disclosures can be found in the 2023/24 Annual Report, available at www.sse.com.

**SSE Renewables Onshore Windfarm Holdings Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Group’s employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Renewables business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Griffin Wind Farm Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the group's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPls, risk and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in tum, may be affected by them. This includes: shareholders and debt providers; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The Company does not have any employees and the wind farm is operated by SSE Generation Limited under the terms of a management services agreement. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders means that stakeholder engagement takes place at many different levels. This includes at company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

**SSE Renewables Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Group's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Renewables business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**SSE Renewables Offshore Windfarm Holdings Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Group’s employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, Environmental, Social and Governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Principal risks and uncertainties**

The principal risk facing the Company is that group companies would be unable to repay loans or the Company would be unable to realise investments carried in the Company's balance sheet. To mitigate this risk, the directors ensure careful selection of investments and monitor the performance and financial status of those group companies on an ongoing basis.

**SSE Beatrice Offshore Windfarm Holdings Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company’s employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations in the operation of a wind farm. The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances. As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**SSE Renewables International Holdings Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the Group's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on the Renewables business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Information is generally provided in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: shareholders; employees; government and regulators; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

SSE Renewables International Holdings Limited sits within the SSE Renewables business unit and the Company is represented on a dedicated Executive Committee of which a number of the Directors are part.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation. Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 132 to 135 of the SSE plc Annual Report 2024.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPls, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the business unit Executive Committees in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties representations are made at business unit level by business partners which represent the areas of Procurement, Corporate Affairs, and Legal within SSE Renewables. Such representations are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

**SSE Renewables Services (UK) Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the company's employees;
* need to foster the company's business relationships with suppliers, customers and others;
* impact of the company's operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company's applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company's stakeholders. However, by considering the SSE Group's, and therefore Company's, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for

decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company's stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Stakeholder engagement**

The Company's stakeholders are people, communities and organisations with an interest or concern in its purpose, strategy, operations and actions, and who in turn, may be affected by them. This includes: shareholders and debt providers; employees; government and regulators; NGOs, communities and civil society; suppliers, contractors and partners; and customers. The perspectives, insights and opinions of stakeholders are recognised as a key factor in the relevant operational, investment and business decisions taken by the Company and its Directors, to ensure that as a whole they are more robust and sustainable.

The Company sits with the SSE Renewables business unit and is represented on a dedicated Executive Committee of which contains all of the Directors.

While there are cases where the Directors may judge it appropriate to engage directly with certain stakeholder groups, the size and spread of both the Company's stakeholders and those of the SSE Group, of which the Company sits within, means that stakeholder engagement takes place at many different levels. This includes at SSE Group level, business unit level, company level and operational level. This holistic approach allows a broader representation and deeper understanding of all stakeholder views and contributes towards a greater outcome for business, environmental, social and governance matters than by working in isolation.

Details of the mechanisms which are used to engage with stakeholders across the SSE Group, in order to gain understanding of the issues which they deem material are set out on pages 12 to 13 of the SSE plc Annual Report 2023.

The views of Company employees are gathered at business unit level, where mechanisms include monthly KPls, an annual employee engagement survey and tailored business unit led engagement. This is supplemented by SSE plc's dedicated non-Executive Director for Employee Engagement who reports directly to the SSE plc Board and provides feedback to the Managing Director of each business unit. People strategies and action plans to address employee views are developed and overseen by the business unit Executive Committee in response to feedback received.

Similarly, in order to ensure that there has been adequate engagement in fostering the Company's business relationships with supplier, customers and other relevant parties business updates are provided on a monthly basis at business unit level covering areas of Procurement, Corporate Affairs and Legal within SSE Renewables. Such discussions are designed to inform the Directors of the current nature of the relationship, the strategic significance that the relationship offers to support the objectives of the business and the prospects or issues associated with the continued fostering of the relationship.

**Strathy Wind Farm Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the group's employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**SSE Renewables Wind Farms (UK) Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term; - interests of the group's employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**SSE Renewables UK Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the group's employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.

**Keadby Wind Farm Limited**

**Section 172(1) statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In furtherance of this, section 172 requires a director to have regard amongst other matters, to the:

* likely consequences of any decisions in the long term;
* interests of the group's employees;
* need to foster the company’s business relationships with suppliers, customers and others;
* impact of the company’s operations on the community and environment;
* desirability of the company maintaining a reputation for high standards of business conduct; and
* need to act fairly as between members of the company.

In discharging their section 172 duties, the Directors of the Company, have regard to the factors set out above. They also have regard to other factors which they consider relevant to the decision being made. Those factors, for example, include the Company’s applicable regulatory and legal obligations in the operation of a wind farm.

The Directors acknowledge that every decision taken will not necessarily result in a positive outcome for all of the Company’s stakeholders. However, by considering the SSE Group’s, and therefore Company’s, purpose, vision and values, together with its strategic priorities, and having agreed processes in place for decision-making, they do aim to ensure that decisions are consistent and appropriate in all circumstances.

As is normal for large companies, authority for day-to-day management of the Company is delegated to senior management, with the setting and oversight of business strategy and related policies, the responsibility of the Directors.

The Company is represented by the Directors on a business unit Executive Committee which reviews health and safety, financial and operational performance and legal and regulatory compliance at every meeting, in addition to other pertinent areas over the course of the financial year, including: the Company’s business strategy; key risks; stakeholder-related matters; diversity and inclusion; environmental matters; corporate responsibility; governance, compliance and legal matters. This is done through the consideration and discussion of reports which are sent in advance of each meeting and through presentations to Executive Committee.

The views of the Company’s stakeholders are always considered where appropriate in decision making across the SSE Group. Directors are provided with information in a range of different formats including specific reports and presentations on financial and operational performance, non-financial KPIs, risk, environmental, social and governance (ESG) matters and the outcomes of specific pieces of engagement, with the intended outcome being a rounded understanding of stakeholder issues and concerns.