



## Notice of Annual General Meeting 2018

Dear Shareholder

I am pleased to invite you to our Annual General Meeting (AGM) which will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 19 July 2018 at 12.30pm.

The AGM is an important event and it is the Board's opportunity to present the Company's performance and strategy to our shareholders and to listen and respond to your questions. This Notice of Meeting for the 2018 AGM sets out in full the resolutions to be voted on, together with explanatory notes on all the business to be considered. It is recommended that you take time to consider the 2018 Annual Report before voting on the resolutions at the AGM.

### **Voting arrangements**

Voting at the AGM will be conducted by way of a poll, and I would encourage all shareholders to vote on the resolutions being proposed at the AGM by either:

- attending the AGM in person;
- appointing a proxy online at [sse.com](http://sse.com);
- completing and returning the Form of Proxy; or
- using the CREST electronic proxy appointment service (CREST members only).

All voting instructions should be made as soon as possible and by no later than 12.30pm on Tuesday, 17 July 2018. Full details of voting procedures are set out on pages 9 and 10 of the Notice of Annual General Meeting 2018.

Shareholders who wish to change their communication preference can do so by contacting the Company's Share Registrar, Link Asset Services, whose contact details are available at Note 5 on page 9 and on the SSE website.

### **Recommendation**

The Board believes that Resolutions 1 to 19 contained in the Notice of Annual General Meeting 2018 are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Yours faithfully

**Richard Gillingwater CBE**

Chairman

#### **SSE plc**

Registered in Scotland No.: 117119

Registered Office: Inveralmond House, 200 Dunkeld Road, Perth PH1 3AQ

This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you should seek your own advice from an independent professional adviser.

If you have sold or otherwise transferred all your shares in SSE plc, you should pass this Notice and any documents that came with it to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the TWENTY-NINTH ANNUAL GENERAL MEETING of SSE plc (the 'Company') will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 19 July 2018 at 12.30pm for the purpose of transacting the following business:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 15 and 18 will be proposed as Ordinary Resolutions and Resolutions 16, 17 and 19 will be proposed as Special Resolutions:

### Report and Accounts

**Resolution 1:** to receive the Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 March 2018.

### Remuneration Report

**Resolution 2:** to approve the 2018 Remuneration Report.

### Dividend

**Resolution 3:** to declare a final dividend for the year ended 31 March 2018 of 66.3 pence per Ordinary Share payable on 21 September 2018.

### Directors

**Resolution 4:** to re-appoint Gregor Alexander as a Director of the Company.

**Resolution 5:** to re-appoint Sue Bruce as a Director of the Company.

**Resolution 6:** to appoint Tony Cocker as a Director of the Company.

**Resolution 7:** to re-appoint Crawford Gillies as a Director of the Company.

**Resolution 8:** to re-appoint Richard Gillingwater as a Director of the Company.

**Resolution 9:** to re-appoint Peter Lynas as a Director of the Company.

**Resolution 10:** to re-appoint Helen Mahy as a Director of the Company.

**Resolution 11:** to re-appoint Alistair Phillips-Davies as a Director of the Company.

**Resolution 12:** to appoint Martin Pibworth as a Director of the Company.

### Auditor

**Resolution 13:** that KPMG LLP be re-appointed Auditor of the Company, to hold office until the conclusion of the next general meeting at which Financial Statements are laid before the Company.

**Resolution 14:** that the Audit Committee of the Board be authorised to determine the Auditor's remuneration.

### Authority to allot shares

**Resolution 15:** that the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount equal to £169,196,064.50, such authority to apply until the earlier of the conclusion of the 2019 Annual General Meeting and close of business on 30 September 2019, except that the Company may pursuant to the authority granted make offers and enter into agreements before such expiry which would, or might, require shares to be allotted or rights to subscribe for, or convert securities into, shares to be granted after the authority ends, and the Directors may allot shares or grant rights to subscribe for, or convert securities into, shares under any such offer or agreement as if the authority had not expired.

### Authority to disapply pre-emption rights

**Resolution 16:** that, subject to the passing of Resolution 15, the Directors be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

- (a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities to or in favour of: (i) Ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and (ii) holders of other equity securities, as required by the rights of those securities or as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £25,379,409.50,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 30 September 2019, but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

### Authority to purchase own shares

**Resolution 17:** that the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares of 50 pence each in the Company provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 101,517,639;
- (b) the minimum price which may be paid for such shares is 50 pence per share which amount shall be exclusive of expenses;
- (c) the maximum price, exclusive of expenses, which may be paid for each such Ordinary Share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System in each case at the time the purchase is agreed; and
- (d) this authority shall expire at the earlier of the conclusion of the 2019 Annual General Meeting and close of business on 30 September 2019 (except in relation to a purchase of such shares, the contract for which was concluded before such time and which will or may be executed wholly or partly after such time and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended).

## Explanatory notes to the proposed resolutions

### Renewal of Scrip Dividend Scheme

**Resolution 18:** that:

- (a) the Directors be and are hereby authorised to offer holders of its Ordinary Shares (excluding members holding any shares as treasury shares) the right to elect to receive Ordinary Shares, credited as fully paid, instead of a cash dividend from time to time or for such period as the Directors may determine, all pursuant to the provisions of Article 90 of the Company's Articles of Association, as in force from time to time, and on such other terms and conditions as the Directors may from time to time determine, provided that the authority conferred by this Resolution shall expire at the end of the third Annual General Meeting of the Company after the date on which this Resolution is passed; and
- (b) for the purposes of any offer made pursuant to paragraph (a) of this Resolution, the Directors be and are hereby authorised, in accordance with the Company's Articles of Association, as in force from time to time, to capitalise such amount standing to the credit of any reserve or account of the Company as may be necessary and apply the same in paying up and allotting and issuing new Ordinary Shares in the Company to the ordinary shareholders who have, or are deemed to have, validly accepted such an offer in accordance with their respective entitlements.

### Notice of general meetings

**Resolution 19:** that a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Sally Fairbairn  
Company Secretary  
24 May 2018

### Ordinary and Special Resolutions

Resolutions 1 to 15 and 18 will be proposed as Ordinary Resolutions which require a simple majority of votes to be cast in favour to be passed. Resolutions 16, 17 and 19 will be proposed as Special Resolutions which require a 75% majority of the votes to be cast in favour to be passed.

### Resolution 1: Receipt of the 2018 Annual Report and Accounts

The Directors of the Company must present their Annual Report and the Accounts to the Meeting and shareholders may raise any questions on the Annual Report and Accounts under this resolution.

### Resolution 2: Approval of the 2018 Remuneration Report

The Remuneration Report in the Company's Annual Report and Accounts for the year ended 31 March 2018 comprises: (1) the statement by the Remuneration Committee Chairman; and (2) the Annual Report on Remuneration, which sets out the remuneration paid to the Company's Directors during the year ended 31 March 2018. The statement by the Remuneration Committee Chairman and the Annual Report on Remuneration is put to shareholders for approval by Ordinary Resolution, and is the subject of resolution 2. The resolution is advisory and does not affect the remuneration already paid to any Director.

### Resolution 3: Declaration of the final dividend for 2018

A final dividend can be paid only after it has been approved by shareholders. A final dividend of 66.3 pence per Ordinary Share is recommended by the Directors for payment in cash on 21 September 2018 to shareholders on the Register of Members as at close of business on 27 July 2018, but excluding such of the shareholders in respect of whom a valid election to participate in the Company's Scrip Dividend Scheme shall have been received by the Company by 4.30pm on 23 August 2018. Shareholders for whom valid elections have been received by 4.30pm on 23 August 2018 will receive the final dividend in the form of new Ordinary Shares in the Company. Full details of the Company's Scrip Dividend Scheme, which shareholders are being asked to renew in accordance with Resolution 18, are set out on pages 11 to 14.

### Resolutions 4 to 12: Re-appointment of Directors

In accordance with the UK Corporate Governance Code, all Directors of FTSE 350 companies should be subject to election or re-election by their shareholders every year. The Company continues this practice for this year's AGM. Separate resolutions are proposed for each Director's appointment or re-appointment.

The Board, its Committees and the individual Directors participate in an annual performance evaluation. Further details of the performance evaluation process are set out on pages 102 and 103 of the 2018 Annual Report. The performance evaluation process confirmed the continuing independent and objective judgement of all the non-Executive Directors. The process also confirmed that the performance of all the current Directors standing for re-appointment continued to be effective and that they continue to demonstrate commitment in their respective roles. The Board recommends to shareholders the proposed appointment and re-appointment of all Directors set out in Resolutions 4 to 12. Full biographical details of each Director are set out in this Notice of Meeting. The Executive Directors' service contracts and non-Executive Directors' letters of appointment are available for inspection as specified in Note 13 of this Notice of Meeting.

### Resolution 13: Re-appointment of Auditor

The Company is required to appoint an Auditor at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. This resolution, on the Audit Committee's recommendation, proposes the re-appointment of KPMG LLP as Auditor of the Company.

### Resolution 14: Authority for the Audit Committee to agree the Auditor's remuneration

This resolution authorises the Audit Committee, in accordance with standard practice, to agree the remuneration of the Auditor.

## Explanatory notes to the proposed resolutions

### Resolution 15: Authority to allot shares

This resolution gives the Directors authority to allot shares, or grant rights over shares, limited to an aggregate nominal amount equal to £169,196,064.50 (representing 338,392,129 Ordinary Shares of 50 pence each excluding treasury shares) which, as at 24 May 2018, being the latest practicable date prior to the publication of this Notice, represented one third of the issued share capital of the Company.

The authority will expire at the earlier of the conclusion of the 2019 AGM and close of business on 30 September 2019 (the last date by which the Company must hold an AGM in 2019).

The Directors have no present intention of issuing any shares, or of granting rights to subscribe for or to convert any security into shares, except in relation to, or in connection with, the operation and management of the Company's Scrip Dividend Scheme and the exercise of options under the Company's share plans. However, the Directors may consider issuing shares if they believe it would be appropriate to do so in respect of business opportunities that may arise consistent with the Company's strategic objectives.

As at 24 May 2018 (being the last practicable day prior to the printing of this Notice) the issued share capital of the Company consisted of 1,023,008,915 Ordinary Shares, with a nominal value of 50p each and carrying one vote each. This figure includes 7,832,528 Ordinary Shares which are held in treasury. The voting rights on treasury shares are automatically suspended. Therefore, the total number of voting rights in the Company was 1,015,176,387 as at 24 May 2018.

### Resolution 16: Disapplication of pre-emption rights

The Companies Act 2006 provides that if the Directors wish to allot new shares or other equity securities, or sell treasury shares, for cash (other than in connection with any employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings (a pre-emptive offer). This resolution seeks shareholder's approval to allot a limited number of Ordinary Shares or other equity securities, or sell treasury shares, for cash without offering them to existing shareholders in proportion to their existing shareholding first.

There may be occasions when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares without a pre-emptive offer to existing shareholders. The Directors have no present intention of exercising this authority in the year ending 31 March 2019. However, in any event, the Directors would seek to adhere to the current institutional shareholder guidelines not to allot more than 7.5% of the issued share capital, cumulatively, in any three-year rolling period without prior consultation with shareholders. Accordingly, the resolution seeks approval for the allotment of up to an aggregate nominal amount of £25,379,409.50 (representing 50,758,819 Ordinary Shares of 50 pence each), representing 5% of the issued share capital (excluding treasury shares) of the Company as at 24 May 2018. This limit also applies to shares issued from treasury.

Subject to shareholder approval, the authority under this Resolution will expire at the earlier of the conclusion of the 2019 AGM and close of business on 30 September 2019. A renewal of this authority will be proposed at each subsequent AGM.

### Resolution 17: Purchase of own shares

In some circumstances, the Company may find it advantageous to have the authority to purchase its own shares in the market. The Directors believe that it is an important part of the financial management of the Company to have the flexibility to repurchase issued shares in order to manage its capital base. This resolution renews the authority that was

given at last year's AGM, authorising the Company to purchase its own Ordinary Shares in the market and will if approved, renew the Company's authority from shareholders to make such purchases until the earlier of the conclusion of the 2019 AGM and close of business on 30 September 2019. This resolution complies with investor guidelines, which limit share purchases to 10% of the issued share capital (excluding treasury shares) per annum.

The Company will seek to purchase shares where the Directors believe this would be in the best interests of shareholders generally, for example, to manage any excess share dilution created by take-up of the Scrip dividend option that is above the level required to maintain appropriate balance sheet strength. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment and financing opportunities, appropriate gearing levels and the overall financial position of the Company. Any shares purchased in this way will either be cancelled (and the number of shares in issue reduced accordingly) or held in treasury. Shares held in treasury may subsequently be sold for cash (within the limit of the shareholder pre-emption disapplication contained in Resolution 16), cancelled, or used for the purposes of employee share schemes, either immediately or at some point in the future. Treasury shares transferred for the purposes of the Company's employee share schemes will count towards the limits in those schemes on the number of New Shares which may be issued.

The Resolution specifies the maximum number of shares which may be acquired (10% of the Company's issued share capital as at 24 May 2018) and minimum and maximum prices at which they may be bought.

As at 24 May 2018, options were outstanding over 7m Ordinary Shares, representing approximately 0.71% of the issued share capital (excluding treasury shares). If the proposed market purchase authority were used in full, shares over which these options were outstanding would represent approximately 0.79% of the adjusted share capital (excluding treasury shares) on that date.

The Company announced at its Half Year Results on 9 November 2016 that it would commence a discretionary programme to purchase up to £500m of its own shares for cancellation or to be held in treasury, during the period commencing on 11 November 2016 and ending no later than 31 December 2017. This programme was completed on 7 December 2017, with the Company purchasing 34,768,893 Ordinary Shares at a total cost of £499,706,200 at an average market price of 1,437.22p per share. During the period between 11 November 2016 and 7 December 2017, 25,593,972 of the shares purchased were cancelled and the remaining 9,174,921 were initially held in treasury.

### Resolution 18: Renewal of Scrip Dividend Scheme

The Directors are proposing that the Company renew the authority (originally granted at the 2010 AGM) to operate an optional Scrip Dividend Scheme to commence with the proposed final dividend for the year ended 31 March 2018 which is payable in September 2018. The Scrip Dividend Scheme gives shareholders the right to elect to receive new Ordinary Shares in the capital of the Company (credited as fully paid) instead of cash.

The Directors believe that the offer of the Scrip Dividend Scheme is advantageous and allows shareholders to increase their shareholding in the Company in a simple manner without paying dealing costs or stamp duty. The Scrip Dividend Scheme also gives the Company greater flexibility in managing its capital resources by retaining cash within the business. The Scrip Dividend Scheme is subject to shareholder approval. In line with relevant investor protection guidelines, the authority

contained in Resolution 18 is sought for three years, and will therefore expire on the day of the Annual General Meeting to be held in 2021. Unless circumstances change, the Directors would expect to seek an extension of this authority before it expires.

Details of how the Scrip Dividend Scheme operates are explained in the Terms and Conditions which forms part of this document, and can also be found on sse.com. If renewed, the Scrip Dividend Scheme will continue to allow existing participants to receive Ordinary Shares for every cash dividend entitlement where the Scrip alternative is offered, unless and until they notify the Company otherwise. Shareholders who wish to participate in the Scrip Dividend Scheme will need to complete a Scrip Dividend Mandate Form in accordance with the Terms and Conditions. Shareholders who hold their Ordinary Shares in CREST can only participate in the Scrip Dividend Scheme by use of the CREST Dividend Election Input Message. Evergreen instructions are not permitted and shareholders must complete a Dividend Election Input Message on each occasion otherwise any dividend entitlement will be paid in cash.

The number of New Shares that shareholders will be entitled to receive under the Scrip Dividend Scheme will be calculated by reference to the amount of the cash dividend, the number of shares held and the Scrip Reference Share Price. The Scrip Reference Share Price is the average closing middle market quotations for the Company's shares over five dealing days commencing on the ex-dividend date for each dividend. In accordance with the Articles of Association of the Company, approval is sought to capitalise sums standing to the credit of the reserves of the Company, including the share premium account. This would enable the Directors to apply such sums in paying up in full the nominal amounts of New Shares allotted to shareholders pursuant to the elections under the Scrip Dividend Scheme.

If renewed by shareholders, the Scrip Dividend Scheme will operate for the final dividend of 66.3 pence per share for the year ended 31 March 2018, payable on 21 September 2018, and for future dividends during

the period when the Scrip Dividend Scheme is in effect. An expected timetable of events in relation to the final dividend for the year ended 31 March 2018 is set out below. The timetable for future Scrip dividends will be made available on the Company's website: sse.com.

If every shareholder elects to participate in the Scrip Dividend Scheme for their entire holding, based on the proposed final dividend of 66.3 pence per share and an indicative share price of £14.155 (closing price as at 24 May 2018), the maximum number of shares that could be awarded would be 47,549,413 representing approximately 4.68% of the issued share capital (excluding treasury shares) of the Company as at 24 May 2018. If no elections for the Scrip Dividend Scheme are received, based on the proposed final dividend of 66.3 pence per share and the issued share capital as at 24 May 2018, being the last practical date before the publication of this Notice, the total cash dividend payable to shareholders will be £673.1m.

#### **Resolution 19: Notice period for general meetings**

Resolution 19 will be proposed as a Special Resolution and would allow the Company to hold general meetings (other than annual general meetings) on 14 days' notice.

Annual general meetings must always be called with at least 21 days' notice but other general meetings of the Company may be called on less notice if shareholders agree to a shorter period. At the AGM in 2017, a resolution was passed which allowed the Company to hold general meetings (other than annual general meetings) on 14 days' notice. The Board is proposing a similar resolution to renew the authority granted last year. The approval will be effective until the Company's next AGM, when it is intended that the approval will be renewed.

This shorter notice period would not be used as a matter of routine. Instead, the Board will consider on a case by case basis whether the flexibility offered by the shorter notice period would be in the best interests of shareholders generally, taking into account the circumstances and business of the meeting.

#### **Scrip Dividend timetable for the final dividend for the year ended 31 March 2018**

26 July 2018	Ex-dividend date
27 July 2018	Record date
26 July to 1 August 2018	Scrip Reference Share Price calculation period
2 August 2018	Scrip Reference Share Price announced
23 August 2018	Last date for receipt of Scrip elections
21 September 2018	Dividend payment/issue of New Shares

## Board of Directors



### Richard Gillingwater CBE

#### Chairman

Richard has extensive and diverse leadership experience, having held the position of Chairman, Senior Independent Director and non-Executive Director across a number of private and public sector organisations including Janus Henderson, the Shareholder Executive and CDC Group plc. Through these roles he brings expert knowledge of governance, including a sound understanding of the role of the Board. Through a career in the City which spanned more than 20 years, involving senior roles in investment banking and corporate finance, he also has a depth of knowledge surrounding financial matters, and of the trends and factors which impact upon the external environment in which SSE operates. This experience provides valuable insight in respect of strategic development and the long-term direction of the Company. Richard is committed to engaging with the business to observe how agreed strategy is delivered and to understand employee views, the feedback from which is instrumental in Board decision-making. Richard has a law degree and an MBA.

#### Date of appointment

Non-Executive Director since May 2007.

Appointed Deputy Chairman in January 2015 and has been Chairman since July 2015.

#### Committee membership as at 24 May 2018

Chairman of the Nomination Committee.

Member of the Remuneration Committee.

#### Key current appointments

Chairman of Henderson Group plc.

Senior Independent Director of Helical Bar plc (stepping down on 12 July 2018).

Pro-Chancellor of Open University.

Senior Independent Director of Whitbread plc (with effect from 27 June 2018).



### Alistair Phillips-Davies

#### Chief Executive

Alistair has been with SSE since 1997, and possesses a detailed knowledge of the operations of each business area having held a number of senior roles throughout the Company. Prior to joining the Board in 2002 as Energy Supply Director, Alistair was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before Deputy Chief Executive in 2012, then Chief Executive in 2013. Alistair's career progression has supported the development of sound leadership skills and a detailed understanding of the energy markets in Great Britain and Ireland, including the implications of EU membership and the increasingly global context in which they operate. Through his role, Alistair has initiated significant focus on people development and efficient operations in order to develop SSE's capabilities for future growth. Alistair is a Chartered Accountant and prior to 1997 worked for HSBC and National Westminster Bank.

#### Date of appointment

Executive Director since January 2002 and Chief Executive from July 2013.

#### Committee membership as at 24 May 2018

N/A

#### Key current appointments

Vice President of Eurelectric.

Member of Scottish Energy Advisory Board.

Member of the Accenture Global Energy Board.



### Crawford Gillies

#### Senior Independent Director

Crawford has substantial international and cross-sector business experience which has been gained through a career of over 30 years. Through roles in both the private and public sector, including the areas of management consultancy, finance, risk, and trade and industry, he brings strong commercial and governance knowledge to the Board. This experience provides the Board and SSE's businesses with the benefit of extensive external insight and a breadth of outlook. Having served on the Board and Board Committees in a number of organisations, including in the position of Chair, Crawford has the oversight and understanding required of the Senior Independent Director and supports the Board and engages with SSE's stakeholders as required.

#### Date of appointment

Non-Executive Director since August 2015.

#### Committee membership as at 24 May 2018

Member of the Nomination, Audit, and Remuneration Committees.

#### Key current appointments

Senior Independent Director of Barclays plc.

Chairman of The Edrington Group Ltd.



### Dame Sue Bruce DBE

#### Non-Executive Director

Sue's extensive career in the public sector enhances the diversity of the Board; she held a variety of roles in local government in a career which spanned almost 40 years, including the position of Chief Executive at East Dunbartonshire Council, Aberdeen City Council, and latterly the City of Edinburgh Council. Her strategic and operational experience of leading organisations, with large numbers of employees, significant assets, construction projects and an important place in the community they serve, make her an excellent source of knowledge on these matters for the Board. Sue has also held a number of Board and Board Committee positions in organisations across the arts, education and charitable sectors.

#### Date of appointment

Non-Executive Director since September 2013.

#### Committee membership as at 24 May 2018

Chairman of the Remuneration Committee (appointed a member on 1 December 2017 and became Chair as of 1 May 2018).

Member of the Nomination, Audit and Safety, Health and Environment Advisory Committees.

#### Key current appointments

Convenor of Court of the University of Strathclyde.

Trustee of the Prince's Foundation.

Chair of the Royal Scottish National Orchestra.

Court Member of The Merchant Company of Edinburgh.

Electoral Commissioner, The Electoral Commission.

Governor of Erskine Stewart Melville School

Chair of Nominations Committee for National Trust Scotland.



**Gregor Alexander**  
**Finance Director**

Gregor is a Chartered Accountant. He joined SSE in 1990 and since this time has worked in various finance roles within the Company, including Treasury and Tax, prior to joining the Board as Finance Director in 2002. During his career Gregor has been instrumental in a number of the major transactions and investments which define the Group. His extensive and long-standing knowledge of financial markets and experience of shareholder views, has supported the development of SSE's financial strategy and purpose to create value for shareholders and society, including through debt financing with the issuance of SSE's Green Bond, and the commitment to Fair Tax and the Living Wage. The Board also benefit from Gregor's regulatory insight through his role as Chair of the Scottish and Southern Energy Power Distribution Board and of Scotia Gas Networks; and his experience of operating within an evolving energy sector, including an understanding of the risks and opportunities which this can present, is highly valued. Prior to 1990 Gregor worked for Arthur Andersen.

**Date of appointment**

Finance Director since October 2002.

**Committee membership as at 24 May 2018**

N/A

**Key current appointments**

Chairman of Scotia Gas Networks Ltd.

Non-Executive Director of Stagecoach Group plc.



**Martin Pibworth**  
**Wholesale Director**

Martin joined SSE in 1998 as an energy trader and undertook a series of commercial roles in the Company, becoming Managing Director, Energy Portfolio Management, and a member of SSE's then Management Board, in 2012. In 2014, he was appointed Managing Director, Wholesale, and a member of SSE's Group Executive Committee, taking on responsibility for SSE's electricity generation portfolio and associated capital investment programme. During this time, Martin has overseen the development of SSE's diverse and flexible generation portfolio including its growing renewable fleet. In 2017 he was appointed to the Board as Wholesale Director, where he also has responsibility for the supply of energy and related services to industrial and commercial customers and SSE's businesses in Ireland. Martin brings significant knowledge of energy markets and experience of commercial, technical and operational matters to the Board, and his innovative approach to strategy, in seeking opportunities to create future value, is also important to his role. Prior to 1998 Martin worked for Eastern Power and Energy Trading, and Total Gas Marketing.

**Date of appointment**

Executive Director since September 2017.

**Committee membership as at 24 May 2018**

N/A

**Key current appointments**

N/A



**Peter Lynch**  
**Non-Executive Director**

Peter has over 30 years business experience spanning all areas of finance. As a Fellow of the Chartered Association of Certified Accountants and through his current role as Finance Director BAE Systems plc he brings recent and relevant financial experience to the Board. Peter was appointed BAE's Group Financial Director in 2011, prior to which he served as Director, Financial Control, Reporting and Treasury for a number of years. His early career involved roles within GEC Marconi, where in 1998 he was appointed Finance Director of Marconi Electronic Systems prior to the completion of the British Aerospace/Marconi merger. He also has been Chairman of the trustee Board of a major pension scheme.

**Date of appointment**

Non-Executive Director since July 2014.

**Committee membership as at 24 May 2018**

Chairman of the Audit Committee.

Member of the Nomination Committee.

**Key current appointments**

Group Finance Director of BAE Systems plc.

Member of the BAE Systems Inc Board in the US.



**Helen Mahy CBE**  
**Non-Executive Director**

Helen's depth of knowledge in relation to the energy sector brings a valuable external perspective to the Board. Through her previous role of Company Secretary and General Counsel at National Grid plc, she has a comprehensive understanding of the legal, compliance, governance and risk considerations relevant to SSE, and of the regulatory environment in which its businesses operate. She has significant public company board experience in a number of sectors in the UK and abroad, and brings a detailed knowledge of, and interest in, the areas of inclusion and diversity. Helen qualified as a Barrister and was an Associate of the Chartered Insurance Institute.

**Date of appointment**

Non-Executive Director since March 2016.

**Committee membership as at 24 May 2018**

Member of the Nomination, Audit, and Safety, Health and Environment Advisory Committees.

(Helen will assume the role of Chair of the Safety, Health and Environment Advisory Committee following conclusion of the AGM on 19 July 2018).

**Key current appointments**

Chairman of The Renewables Infrastructure Group Limited.

Non-Executive Director of Bonheur ASA.

Chairman of MedicX Fund Limited.

## Board of Directors continued



### **Tony Cocker** Non-Executive Director

Tony possesses extensive knowledge of the sector gained through a 20 year career with E.ON. He brings wide-ranging experience to the Board, including insight into technical and operational matters, and a comprehensive understanding of commodity markets, energy trading and risk. Latterly, as CEO and Chairman of E.ON UK plc, which comprised E.ON's main businesses in the UK, Tony oversaw the supply of energy to household customers, businesses and communities. This long-standing industry experience in combination with his current external appointments, enhances the Board's knowledge of trends relevant to SSE's operations and of utilities regulation. Tony has experience in strategic planning and development through early consultancy roles and has an MBA from IMD, Lausanne.

### **Date of appointment**

Non-Executive Director since 1 May 2018.

### **Committee membership as at 24 May 2018**

N/A

### **Key current appointments**

Chairman of Affinity Water Ltd.

Chairman of Infinis Energy Management Ltd.

Deputy Chairman and Governor of Warwick Independent Schools Foundation.

### **Compliance with the UK Corporate Governance Code (the Code)**

As announced on 24 May 2018 and outlined within the Annual Report, Jeremy Beeton will be stepping down from the Board, and his respective Board Committee membership positions, at the conclusion of the AGM on 19 July 2018 after seven years of service. Work to ensure continued compliance with the Code and other relevant guidance, in respect of Board Committee membership, is therefore currently ongoing. Full details of the agreed changes to ensure continued compliance will be provided at the AGM on 19 July 2018.

## Important notes

The following notes explain your general rights as a shareholder and your right to attend and vote at the meeting or to appoint someone else to vote on your behalf.

### 1. Issued share capital and total voting rights

As at 24 May 2018 (being the last practicable day prior to the printing of this Notice) the issued share capital of the Company consisted of 1,023,008,915 Ordinary Shares, with a nominal value of 50p each and carrying one vote each. This figure includes 7,832,528 ordinary shares which are held in treasury. The voting rights on treasury shares are automatically suspended. Therefore, the total number of voting rights in the Company was 1,015,176,837 as at 24 May 2018.

### 2. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, and section 360B(2) of the Companies Act 2006, the Company specifies that only shareholders registered in the Register of Members of the Company at close of business on 17 July 2018 or, in the event that the AGM is adjourned, registered in the Register of Members of the Company 48 hours before the time of the adjourned meeting(s), shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Save in relation to any adjourned meeting(s), changes to entries on the Register of Members of the Company after close of business on 17 July 2018 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

### 3. Voting at the AGM

Voting on each of the resolutions to be put to the AGM will be taken on a poll, rather than a show of hands, to reflect the number of shares held by a shareholder, whether or not the shareholder is able to attend the meeting. At the registration desk, shareholders will be provided with an electronic voting device and guidance note. As soon as practicable following the AGM, the results of the voting will be announced via a Regulatory Information Service and also placed on the Company's website [sse.com](http://sse.com).

### 4. Proxies

A shareholder entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote at the AGM on their behalf provided that (if more than one) each proxy is appointed to exercise the rights attached to different shares held by the shareholder. A proxy need not be a shareholder of the Company. In the case of joint shareholders, the vote of the first named in the Register of Members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting (although voting in person at the meeting will terminate the proxy appointment).

### 5. Appointment of proxy using the hard-copy Form of Proxy

A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice for shareholders who have elected to receive a hard copy of the Annual Report.

To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Registrar, Link Asset Services, 34 Beckenham Road, Beckenham BR3 4TU no later than 12.30pm on 17 July 2018 (or, if the meeting is adjourned, 48 hours before the time fixed for holding the adjourned meeting). If you appoint more than one proxy, additional Form(s) of Proxy can be obtained by contacting Link Asset Services on 0345 143 4005. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. We are open between 9.00am – 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

### 6. Electronic appointment of proxy

You can appoint a proxy electronically by accessing [sse.com](http://sse.com) and clicking on the AGM 2018 link on the homepage. You will be asked to enter your Investor Code (IVC) printed on the Form of Proxy and agree

to certain terms and conditions. On submission of your vote you will be issued with a reference number. For an electronic proxy appointment to be valid, it must be received by the Registrar no later than 12.30pm on 17 July 2018. Should you complete your Form of Proxy electronically and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or postal. Please refer to the terms and conditions of the service on the website.

### 7. Appointment of proxies through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12.30pm on 17 July 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Therefore, normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### 8. Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

### 9. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement with the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may under such an agreement, have a right to give instructions to the shareholders as to the exercise of voting rights. The statement of the rights of shareholders in relation to appointment of proxies in paragraph 4 of these notes does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.

## Important notes continued

## 10. Right to ask questions

Any shareholder or appointed proxy/proxies attending the AGM has the right to ask questions. Shareholders may also submit questions in writing in advance of the AGM to the Company Secretary at the Company's registered office. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

#### **11. Publication of audit concerns on the Company's website**

Under section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Accounts were laid in accordance with section 437 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

## **12. Information available on the Company's website**

Copies of the Notice of Annual General Meeting 2018, the Annual Report 2018 and other information required by section 311A of the Companies Act 2006 can be found at [sse.com](http://sse.com).

### 13. Documents available for inspection

Copies of Directors' service contracts and non-Executive Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the AGM and thereafter at the place of the AGM from 12 noon until the conclusion of the AGM.

## 14. Communication

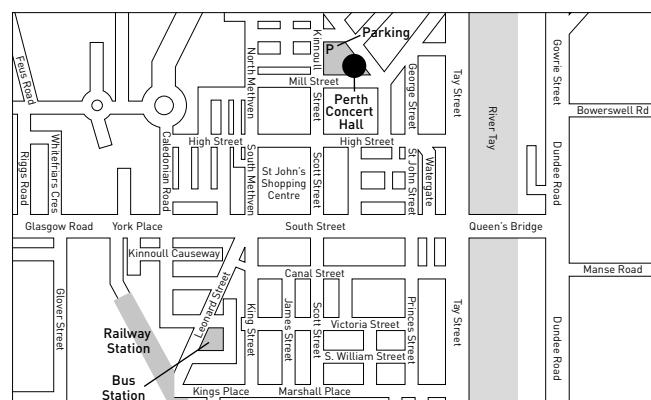
**11. Communication.** You may not use any electronic address provided in either this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## Location map

**Perth Concert Hall, Mill Street, Perth PH1 5HZ**

Perth Concert Hall is situated close to the River Tay and is within walking distance of both the Railway Station and Bus Station.

- If travelling by car, follow signs for the city centre. There is a car park at the rear of the Concert Hall. This is accessed from Kinnoull Street. This 550-space multi-storey car park is open from 7am-midnight Monday to Saturday, and charges are made for parking.
- A Park+Ride facility for 250 vehicles is available at the Broxden roundabout. This is situated at the junction of the M90/A9 bypass with the A9 Stirling Road.
- A second Park+Ride operates from a car park adjacent to the A94 at the north end of Scone.



# Terms and Conditions of the SSE plc Scrip Dividend Scheme continued

**This document is important. If you are in any doubt as to the action you should take, you should seek your own advice from an independent professional adviser.**

## 1. What is The SSE plc Scrip Dividend Scheme?

The SSE plc Scrip Dividend Scheme (the Scrip Dividend Scheme) is a scheme designed to enable Shareholders of SSE plc to receive New Shares instead of cash dividends. This enables Shareholders to increase their shareholdings in SSE plc without incurring dealing costs or stamp duty.

Shareholder approval to offer the Scrip Dividend Scheme was first granted at the Company's Annual General Meeting (the AGM) on 22 July 2010. The renewal of the Scrip Dividend Scheme is subject to shareholder approval, which is sought for a period of three years, after which the authority requires to be renewed.

## Conditions to the Scrip Dividend Scheme

The allotment and issue of New Shares pursuant to the Scrip Dividend Scheme is, at all times, conditional upon:

- all authorities in respect thereof being in full force and effect, including the passing of any resolution of the Company required by law, regulations or the Company's Articles of Association; and
- the admission to the Official List of the United Kingdom Listing Authority and to trading on the Main Market of the London Stock Exchange of such New Shares.

If, for any reason, these conditions are not satisfied such that the Company cannot allot and issue New Shares pursuant to the Scrip Dividend Scheme in respect of any dividend, participants will receive cash (as opposed to New Shares) in respect of that dividend.

## 2. Who can join the Scrip Dividend Scheme?

All UK shareholders can join the Scrip Dividend Scheme. Overseas Shareholders may be eligible to participate – please refer to Question 14.

## 3. How do I join the Scrip Dividend Scheme?

You can join the Scrip Dividend Scheme by completing an online Scrip Dividend Mandate (which may be amended from time to time) via [www.sse-shares.com](http://www.sse-shares.com).

Scrip Dividend Mandates must be received by Link Asset Services no later than 4.30pm on such date that is at least 20 business days before the dividend payment date for the relevant dividend to be eligible to receive New Shares instead of cash for that, and subsequent, dividends. Mandates received after that time will be applied in time for the next dividend. Please note that no acknowledgement of receipt of Scrip Dividend Mandate will be issued.

Scrip Dividend Mandates, once completed, remain in force for all future dividends until cancelled. For further details see Question 17.

Shareholders who hold their Ordinary Shares in CREST can only elect to receive dividends in the form of New Shares by use of the CREST Dividend Election Input Message. Any Scrip Dividend Mandate or other forms of instruction received from CREST holders will not be accepted and ignored. For further details please refer to Question 4.

## 4. What if my Ordinary Shares are held in CREST?

If your shareholding is in uncertificated form in CREST (and was in uncertificated form as at the relevant record date), you can only elect to receive your dividend in the form of New Shares by means of the CREST procedure to effect such an election. No other method of election will be permitted under the Scrip Dividend Scheme and will be rejected. CREST shareholders, by effecting their elections by means of the CREST procedure, will be taken to have confirmed their election to participate in the Scrip Dividend Scheme and to have confirmed their acceptance of these terms and conditions, as amended from time to time.

If you are a CREST sponsored member, you should consult your CREST sponsor, who will be able to take appropriate action on your behalf. All elections made via the CREST system should be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual.

The Dividend Election Input Message submitted must contain the number of shares on which the election is being made. If the relevant field is left blank or completed with zero, the election will be rejected. If you enter a number of shares greater than the holding in CREST on the relevant record date, the election will be applied to your total holding as at the relevant record date for the dividend. Evergreen elections will not be permitted. If you wish to receive New Shares instead of cash in respect of future dividends for which a scrip dividend alternative is offered, you must complete a Dividend Election Input Message on each occasion otherwise you will receive your dividend in cash. Elections via CREST should be received by CREST no later than 4.30pm on such date that is at least 20 business days before the dividend payment date for the relevant dividend in respect of which you wish to make an election.

Once an election is made using the CREST Dividend Election Input Message it cannot be amended. Therefore, if a CREST shareholder wishes to change their election, the previous election would have to be cancelled.

## 5. How many New Shares will I receive under the Scrip Dividend Scheme?

Your entitlement to New Shares will be calculated by taking the amount of cash dividend to which you are entitled (plus any residual cash brought forward from a previous scrip dividend) and dividing it by the Scrip Reference Share Price. The Scrip Reference Share Price is the average of the closing middle market quotations for the Company's Ordinary Shares, as derived from the London Stock Exchange Daily Official List, for the five dealing days commencing on the relevant ex-dividend date. Details of the Scrip Reference Share Price will be announced on the London Stock Exchange and posted on the Company's website [sse.com](http://sse.com)

The formula which will be used is as follows:

Number of Ordinary Shares held at relevant dividend record date  
**multiplied by**  
 the cash dividend rate  
**added to**  
 any fractional cash entitlement carried forward from last dividend  
**divided by**  
 the Scrip Reference Share Price

See example below:

### Example

Number of Ordinary Shares held	1,000
Dividend paid per Ordinary Share	66.3p (£0.663)
Scrip Reference Share Price <sup>1</sup>	£14.155

### Step 1 – calculate maximum cash available

Cash dividend payable:	
1,000 x £0.663	£663

### Step 2 – calculate number of New Shares to be issued

Maximum cash available (Step 1) divided by the Scrip Reference Share Price: £663 ÷ £14.155	46.83 shares
Number of whole New Shares acquired	46 shares
Value of New Shares acquired (number of shares multiplied by the Scrip Reference Share Price): 46 x £14.155	£651.13

### Step 3 – calculate residual cash balance carries forward

Maximum cash available (Step 1) less value of New Shares (Step 2)	£11.87
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<sup>1</sup> This Scrip Reference Share Price used in this example is the closing price as at 24 May 2018, the date of the Notice of Meeting. This price is indicative for illustrative purposes only. The Scrip Reference Share Price will be calculated according to the Terms and Conditions of the Scrip Dividend Scheme.

## Terms and Conditions of the SSE plc Scrip Dividend Scheme continued

### 6. What will happen with any Scrip Dividend Scheme cash balance?

No fraction of a New Share will be allotted and calculation of entitlement to New Shares will always be rounded down to the nearest whole share. Any residual cash balance will be carried forward to be included in the calculation of the next dividend. For shareholdings in CREST, residual cash balances of £3.00 or more will be paid to CREST shareholders in cash (by cheque) on or as soon as practicable to dividend payment date. Any residual amount of £2.99 or less will be paid to a charity of the Company's choice. No interest will be paid on any residual cash balances.

If you withdraw from the Scrip Dividend Scheme or sell or transfer your entire holding of Ordinary Shares, or if the Company terminates the Scrip Dividend Scheme, any cash balance of £3.00 or more will be paid to any such Shareholder in cash (by cheque) on or as soon as practicable after the cancellation. Where any such residual amount is £2.99 or less such sums will be paid to a charity of the Company's choice.

### 7. How will I know how many New Shares I have received?

You will receive a statement, along with your new share certificate, showing the number of New Shares allotted, the relevant Scrip Reference Share Price and the total cash equivalent of the New Shares for tax purposes. If your cash dividend entitlement, together with any residual cash entitlement brought forward, is insufficient to acquire at least one New Share, your statement will explain that no New Shares have been issued and will show the total amount of cash to be carried forward.

CREST holders will have their member accounts credited directly with the New Shares on the dividend payment date or as soon as practicable thereafter and will separately receive a statement showing the number of New Shares allotted, the relevant Scrip Reference Share Price and the total cash equivalent of the New Shares for tax purposes.

### 8. Will I have to apply again for the Scrip Dividend Scheme for the next dividend?

No. Your completed Scrip Dividend Mandate will apply for all future dividends for which a Scrip Dividend is offered. For the avoidance of doubt, existing Scrip Mandates executed by shareholders previously will remain effective and will apply to future dividends for which a Scrip alternative is offered unless the mandate is cancelled in accordance with these terms and conditions.

Shareholders holding via CREST will, however, need to elect for each dividend by means of the Dividend Election Input Message.

### 9. Are my new Scrip Dividend Shares included in the next Scrip Dividend?

Provided you continue to hold them at the relevant dividend record date, all New Shares will automatically increase your shareholding on which the next entitlement to a Scrip Dividend alternative will be calculated. Where your cash dividend is insufficient to acquire New Shares, funds representing your fractional cash entitlement will be accumulated for your benefit. These funds will be added to the cash amount of any subsequent dividends (in respect of which a Scrip Dividend alternative is offered) and applied in calculating your entitlement under that offer. Please note that there will be no accumulation of fractional cash entitlement for shareholdings in CREST.

All accumulated fractional cash entitlements of a value of £2.99 or less will, if you cancel your mandate or dispose of your entire shareholding, be paid to a charity of the Company's choice.

### 10. Will my New Shares under the Scrip Dividend Scheme have the same voting rights as my existing Ordinary Shares?

Yes. New Shares will carry the same voting rights as your existing Ordinary Shares.

### 11. When will I receive my share certificate?

Subject to the New Shares being admitted to the Official List of the United Kingdom Listing Authority, and to trading on the London Stock Exchange, your New Share certificate will be posted to you, at your own risk, on the same date as the cash dividend is paid.

### 12. Does the Scrip Dividend Scheme apply to Ordinary Shares held in joint names?

Yes. The Scrip Dividend Scheme will apply to shareholding accounts in joint names.

### 13. Can I complete a Scrip Dividend Mandate for part of my holding?

No. Scrip Dividend Mandates will only be accepted in relation to your entire shareholding. However see Question 16 for details of separate shareholding accounts.

### 14. Can Overseas shareholders join the Scrip Dividend Scheme?

Yes. If you are a resident outside the UK you may treat this as an invitation to receive New Shares unless such an invitation could not lawfully be made to you without any further obligation on the part of the Company or in compliance with any registration or other legal requirements. It is the responsibility of any person resident outside the UK wishing to elect to receive New Shares to be satisfied as to full observance of the laws of the relevant territory, including obtaining any government or other consents which may be required and observing any other formalities in such territories.

### 15. What happens if I sell/buy shares after I complete a Scrip Dividend Mandate?

If you sell some of your Ordinary Shares before a record date for a dividend, the Scrip Dividend Scheme will apply to the remainder of your Ordinary Shares.

If you buy any additional Ordinary Shares after a record date, these additional shares will not be eligible to receive the cash dividend or New Shares, but will be eligible for future dividends without a new Scrip Dividend Mandate being completed so long as they are registered in the same way as your existing shareholding. If your Ordinary Shares are not registered in the same way, you may request your shareholding accounts to be amalgamated and/or you may complete a new Scrip Dividend Mandate in respect of your new shareholding.

### 16. What happens if I have more than one holding?

Holding shares in different accounts is a means by which you may select different preferences for dividend payments. For example, if for any reason shares are registered in more than one shareholder account, then unless such multiple accounts are consolidated, they will be treated as separate. As a result separate Scrip Dividend Mandates will need to be completed (and received by Link Asset Services as set out at Question 3) for each shareholder account in order to participate in the Scrip Dividend Scheme. For the avoidance of doubt, dividends will be paid in cash for any shareholder accounts in which a Scrip Dividend Mandate Form has not been validly received by Link Asset Services.

### 17. Can I cancel my instructions?

Yes, you may cancel your mandate at any time. However notice of cancellation must be given in writing or online via [www.sse-shares.com](http://www.sse-shares.com) to Link Asset Services no later than 4.30pm on such date that is at least 20 business days before the relevant dividend payment date for it to be effective for that dividend. Shareholders holding through the CREST system can only cancel their mandate via the CREST system. In such circumstances Shareholders would receive cash for that dividend and subsequent dividends. A notice of cancellation will take effect upon its receipt and process by Link Asset Services in respect of all dividends payable after the date of receipt of such notice.

Your mandate will be deemed to be cancelled if you sell or otherwise transfer your Ordinary Shares to another person but only with effect from the registration of the relevant transfer. Your mandate will also terminate immediately on receipt of notice of your death, notice of your insolvency or your inability to maintain your financial affairs due to mental incapacity. If a joint Shareholder dies, the mandate will continue in favour of the surviving joint Shareholder(s) (unless and until cancelled by the surviving joint Shareholder(s)). Funds representing fractional cash entitlements accumulated on your behalf of £2.99 or less will, on cancellation of your mandate, be paid to a charity of the Company's choice.

## **18. Can the Company change or cancel the Scrip Dividend Scheme?**

Yes. The Scrip Dividend Scheme may be modified, suspended, terminated or cancelled at any time at the discretion of the Directors without notice to Shareholders individually. In the case of any modification, existing mandates (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until Link Asset Services receive a cancellation in writing from you. The operation of the Scrip Dividend Scheme is always subject to the Directors' decision to make an offer of New Shares in respect of any particular dividend. The Directors also have the power, after such an offer is made, to revoke the offer generally at any time prior to the allotment of the New Shares under the Scrip Dividend Scheme. This may, in particular, be exercised if 20 business days prior to the dividend payment date, the price of an Ordinary Share of the Company has fallen 15% or more below the Scrip Reference Share Price used to calculate Shareholders' entitlements. If the Directors revoke an offer, Shareholders will receive their dividends in cash on or as soon as possible after the dividend payment date. An announcement of any cancellation or modification to the terms and conditions of participation in the Scrip Dividend Scheme will be made on our website at [sse.com](http://sse.com)

## **19. Governing Law**

The Scrip Dividend Scheme is subject to the Company's Articles of Association and is governed by and its terms are to be construed in accordance with Scots law. By electing to receive New Shares the Shareholder agrees to submit to the exclusive jurisdiction of the Scottish courts in relation to the Scrip Dividend Scheme.

## **20. What do I do if I have any questions?**

If you have any questions about the procedure for election or on how to complete the Scrip Dividend Mandate Form, please contact Link Asset Services between 9.00am and 5.30pm (London time) Monday to Friday (except UK public holidays) on 0345 143 4005 (calls cost 10p per minute plus network extras) from within the UK. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Scrip Dividend Scheme nor give any personal financial, legal or tax advice.

## **21. Taxation**

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on your individual circumstances. If you are not sure how you will be affected from a tax perspective, you should consult your solicitor, accountant or other professional adviser before taking any action. UK resident trustees, corporate, pension funds and other Shareholders, including overseas Shareholders, are advised to contact their professional advisors regarding their own tax circumstances in relation to the Scrip Dividend Scheme. Summary information on the Company's understanding of the consequences of electing to receive New Shares, as this process applies under United Kingdom legislation and Her Majesty's Revenue and Customs is outlined, in broad terms, under Taxation separately. This summary is not exhaustive.

**If you wish to receive dividends in cash in the usual way you need take no further action and should not complete or return a Scrip Dividend Mandate.**

**Definitions**

**Articles of Association** means the Articles of Association of the Company as amended from time to time.

**Link Asset Services** means the Company's Registrar, and is a trading name of Link Market Services Limited.

**CREST** means the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator.

**Directors** means the Directors of SSE plc.

**London Stock Exchange** means the London Stock Exchange plc.

**New Shares** means new fully paid Ordinary Shares issued under the Scrip Dividend Scheme.

**Ordinary Shares** means Ordinary Shares of 50 pence each in the capital of the Company.

**SSE plc or Company** means SSE plc.

**The SSE plc Scrip Dividend Scheme or the Scrip Dividend Scheme** means The SSE plc Scrip Dividend Scheme as comprised under and subject to the terms and conditions contained in this document as amended from time to time.

**Scrip Dividend Mandate or mandate** means a mandate in a form provided by the Company from a Shareholder to the Directors to allot New Shares under the terms of the Scrip Dividend Scheme in lieu of a cash dividend to which they may become entitled from time to time.

**Scrip Reference Share Price** means the price of New Shares, calculated by reference to the average of the closing middle market quotations for the Company's Ordinary Shares, as derived from the London Stock Exchange Daily Official List, for the five dealing days commencing on the relevant ex-dividend date.

**Shareholder** means a holder of Ordinary Shares in the Company.

**UKLA** means the United Kingdom Listing Authority.

**UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland and its dependent territories.

**Taxation**

The tax consequences of electing to receive New Shares in place of a cash dividend will depend on Shareholders' individual circumstances. If Shareholders are not sure how they will be affected from a tax perspective, they should consult their solicitor, accountant or other professional adviser before taking any action.

**United Kingdom taxation**

The following information is provided as a general guide to current UK tax law and to the current practice of Her Majesty's Revenue and Customs, both of which are subject to change at any time, possibly with retrospective effect. It is not advice. Except where specifically stated, the information is intended to apply only to Shareholders who are resident (or in the case of an individual, domiciled and resident or ordinarily resident) in the UK for UK tax purposes, who hold Ordinary Shares as investments and who are the absolute beneficial owners of Ordinary Shares. The information may not apply to certain classes of Shareholders, such as dealers in securities, broker-dealers, insurance companies, collective investment schemes, and persons who have acquired (or are deemed for tax purposes to have acquired) their shares by reason of office or employment.

Shareholders who are in any doubt as to their tax position or who are resident or domiciled in or subject to tax in a jurisdiction other than the UK should consider their tax position and consult their own professional advisers as appropriate before participating in the Scrip Dividend Scheme.

**Income tax**

Generally, individuals receive a tax free dividend allowance of £5,000 per year. No liability to income tax arises in respect of New Shares received under the Scrip Dividend Scheme, where the individual's total dividend income for the year, including the amount that is deemed to have been received under the Scrip Dividend Scheme, is less than £5,000. Individuals in receipt of dividends in excess of £5,000 will be taxable on the amount that exceeds the tax free dividend allowance. Dividends received no longer carry a notional tax credit.

Individuals who are subject to income tax at the basic rate will be liable to pay income tax at the rate of 7.5% on the dividend income they are treated as having received.

Individuals who are subject to income tax at the rate of 40% will be liable to pay income tax at the rate of 32.5% on the dividend income they are treated as having received.

Individuals who are subject to income tax at the rate of 45% will be liable to pay income tax at the rate of 38.1% on the dividend income they are treated as having received.

**Capital gains tax**

A Shareholder who is an individual resident (for tax purposes) in the United Kingdom and who elects to receive New Shares instead of a cash dividend will be treated as having acquired those New Shares for an amount equal to the cash equivalent, cash equivalent defined as the amount of the cash dividend which the Shareholder would have received, had they not elected to take New Shares, unless the market value of the New Shares on the first day of dealings on the London Stock Exchange differs substantially from the cash dividend foregone (ie differs by 15% or more of such market value), in which case the market value will be treated as the cash equivalent of the New Shares for taxation purposes.

**Corporation tax**

To the extent that a company which is resident (for tax purposes) in the United Kingdom elects to receive New Shares instead of a cash dividend, the issue of the New Shares should not give rise to a charge to corporation tax. No acquisition cost should be obtained for the New Shares and, consequently, the calculation of any chargeable gain or allowable loss on a future disposal of, or of part of, that company's enlarged holding should fall to be made by reference to the base cost of the original holding.

**Stamp duty**

No stamp duty or stamp duty reserve tax will be payable on receipt of New Shares under the Scrip Dividend Scheme.





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