



**Chapter
Zero**

The Directors' Climate Forum

FIDELIO

BUILDING BETTER BOARDS

Lessons From The Chair

A Decade Of Climate Risk & Opportunity

With Richard Gillingwater,
Chair of SSE plc

31st March 2021

Lessons from the Chair: A Decade of Climate Risk & Opportunity

The Role of the Chair

CHAIR PRIORITIES*:

BOARD COMPOSITION

- Do we have the skills in the Boardroom?
 - Understanding of climate change & its implications for the business
 - Experience in addressing climate change through the Board Agenda
 - Willingness to learn (see [Chapter Zero](#))
- Does the Company have the skills?
 - A committed CEO
 - A knowledgeable Executive Committee
 - An effective Sustainability Officer

BOARD EFFECTIVENESS

- How is climate change addressed through the Board Agenda?
- Is the Board alert to the opportunities, as well as the risks, of climate change?
- How effective is the Board in monitoring progress towards Net Zero?
- How are the Committees addressing decarbonisation?

“The chair leads the board and is responsible for its overall effectiveness in directing the company.”

Principle F, The UK Corporate Governance Code 2018

*Source: Fidelio Search and Evaluation assignments

Julie Baddeley

Chair of Chapter Zero



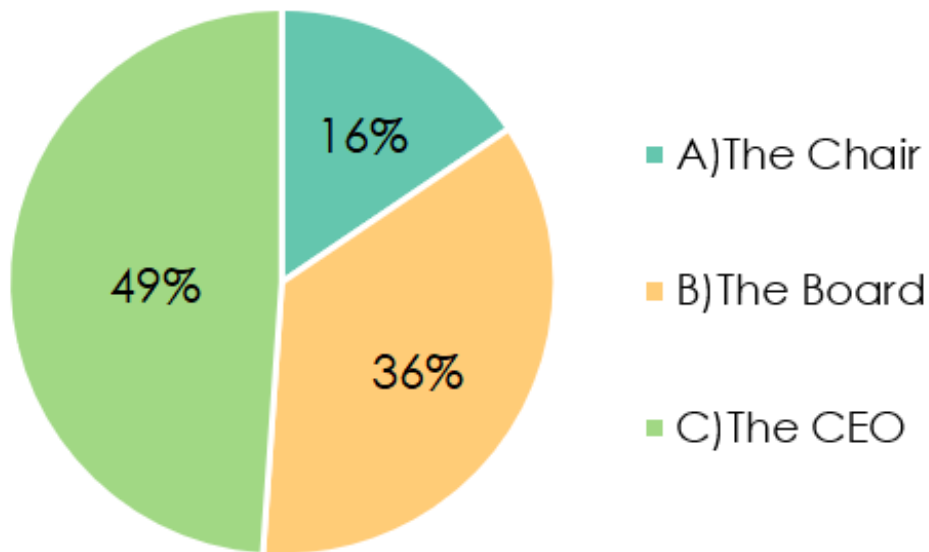
Julie Baddeley has served on the boards of major organisations in the public and private sectors for more than 20 years. She is Remuneration Committee Chair at Ebiquity plc, Senior Independent Director of Marshall of Cambridge, and was Chair of global recruitment company Harvey Nash plc. She is also Director of the Hughes Hall Centre for Climate Change Engagement, at Cambridge, where she spearheads the work to bring the insights from the University to the non-executive community.

Before embarking on a portfolio career she was executive director at Woolwich plc, and has been on the boards of Greggs plc, The BOC Group, Yorkshire Building Society, lottery operator Camelot, Chrysalis VCT plc and the Department of Health. Her background was in change management consulting with Accenture, and she sees delivering a zero carbon economy as the biggest change challenge for business in her lifetime. Julie is Chair of the Chapter Zero Steering Committee, helping its network of non-executive directors to discuss the risks and opportunities of climate change in the boardroom.

Lessons from the Chair: A Decade of Climate Risk & Opportunity

Poll Question

Who has the greatest influence on a company's credibility and effectiveness in addressing climate change?



Lessons from the Chair: A Decade of Climate Risk & Opportunity

SSE – Net Zero Commitment

SSE has set four fundamental goals for 2030:

1. Cut our carbon intensity by 60%
2. Treble renewable energy output
3. Help accommodate 10m electric vehicles
4. Champion Fair Tax and a real Living Wage

- Source: [SSE 2030 Goals](#)

SSE COMMITS TO 'NET ZERO' CARBON EMISSIONS BY 2050 AT THE LATEST

11 Nov 2020



Lessons from the Chair: A Decade of Climate Risk & Opportunity

SSE Seeks Shareholder Approval For Climate Action Plan

"Providing solutions to climate change through the investment in low carbon electricity infrastructure is the core of SSE's business strategy. It is therefore, wholly appropriate that shareholders should engage directly with the company on our plans. An annual shareholder vote on SSE's net zero transition report represents a significant step forward in terms of the role of our owners in endorsing our investments for net zero.

We're a proud partner to the UK Government on COP26 and believe the financial and business communities can play a crucial role in helping to secure global agreement on a clear trajectory to keep warming well below 2°C."

- Rachel McEwen, Chief Sustainability Officer

Source: 30th March 2020



Richard Gillingwater

Chair of SSE plc



Richard is Chairman of SSE plc and Janus Henderson Group plc. He is also Senior Independent Director of Whitbread plc and a Governor of the Wellcome Trust.

Richard has extensive board experience and served as the Chairman of CDC Group, and until recently, Chairman of the Council of the Open University.

Executive career

Richard qualified as a lawyer in London. For nearly 25 years he worked in Corporate Finance and investment banking, in due course becoming Chairman of European Investment Banking at CSFB. He served as founder Chief Executive and Chairman of the Shareholder Executive in the UK Government (the UK Government's arm responsible for all state-owned businesses), and latterly was Dean of Cass Business School, London.

Richard holds an MA from Oxford University in Jurisprudence; and MBA from IMD; and an honorary doctorate of science from City University.

Rachel McEwen

Chief Sustainability Officer at SSE plc



Rachel joined SSE in 2007 and, as Chief Sustainability Officer, is responsible for its sustainability strategy, climate change policy, community funds and corporate heritage. She is a non-Executive Director of Scottish and Southern Electricity Networks, the SSE subsidiary that owns and operates the electricity distribution and transmission networks in the north of Scotland.

External to SSE, Rachel was Chair of the Leadership Group of Living Wage Scotland between 2014 and 2018, is a member of the Scottish Government's Just Transition Commission and a member of the Fair Tax Mark Board. Prior to working for SSE she was Senior Special Adviser to Scotland's First Minister from 2001 to 2007.

She has a first degree in Applied Economics and a Masters in International Political Thought.

Lessons from the Chair: A Decade of Climate Risk & Opportunity

Questions for Richard Gillingwater

1. During your time as Chair, can you walk us through SSE's climate journey?



Lessons from the Chair: A Decade of Climate Risk & Opportunity

Questions for Richard Gillingwater

2. What were the challenges that you and SSE faced on this climate journey?



Lessons from the Chair: A Decade of Climate Risk & Opportunity

Questions for Richard Gillingwater

3. What are your key recommendations for any Chair who is keen to prepare the company for climate change?



Lessons from the Chair: A Decade of Climate Risk & Opportunity

Questions?

Q & A



Lessons from the Chair: A Decade of Climate Risk & Opportunity

Conclusion

The Chair has a fundamental role to play in ensuring the company is contributing to decarbonisation and creating a credible pathway to Net Zero, including:

1. Providing Board oversight, challenge, guidance and direction on the route to Net Zero
2. Ensuring the Board has the understanding and experience it needs to provide that guidance on climate change; also ensuring climate change competency and commitment at Executive level.
3. Contributing to stakeholder engagement that will be critical to achieving Net Zero



Contact Fidelio

Building Better Boards

GILLIAN KARRAN-CUMBERLEGE

HEAD OF CHAIR ADVISORY

T: +44 (0)20 7759 2200

M:+44 (0)7766 084638

E: gkarrancumberlege@fideliopartners.com

FIDELIO PARTNERS

13 REGENT STREET

LONDON

SW1Y 4LR

+44 (0)20 7759 2200

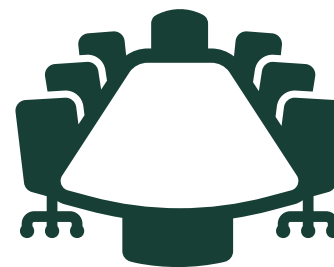
www.fideliopartners.com



Further Reading

Key Themes

- [SSE Seeks Shareholder Approval For Climate Action Plan](#), March 2021
- [Our 2030 Goals](#), SSE
- [Directors' Climate Journey](#), Chapter Zero
- [A NED's quick guide to COP26](#), Chapter Zero
- [The Role of the Remuneration Committee: Defining KPIs for the 'E' in ESG](#), Fidelio Overture, September 2020
- [Climate Change Competence in the Boardroom](#), Fidelio Overture, February 2021
- [Climate Change Certainty and Ambiguity for the Board](#), Fidelio Overture, July 2019
- [The Search For ESG](#), Fidelio Table Talk, August 2020
- [ESG – Expectations for the Chair](#), Fidelio Overture, March 2020



Lessons from the Chair: A Decade of Climate Risk & Opportunity

Fidelio – Building Better Boards

STRATEGY & PURPOSE

Defining a purpose & strategy that deliver long-term, sustainable value for shareholders & stakeholders

Embedding & Benchmarking ESG



COMPOSITION

Building a Board & leadership team aligned to strategy, delivering sustainable value with diversity of perspective & understanding

Board & Executive Search / Diversity

EFFECTIVENESS

Ensuring the Board & Executive are well prepared to deliver strategy, drive sustainable growth & win the trust of shareholders & stakeholders

Board Evaluation & Development