

ESB Board Inclusion & Diversity Policy

1. Purpose

A foundational capability of the Board's *Driven to Make a Difference: Net Zero by 2040* strategy is a strong values-based and inclusive culture.

The purpose of the Board's Inclusion & Diversity Policy (the "Policy") is to provide leadership on inclusion and diversity, valuing difference and sustaining a culture of belonging right across the business.

By adopting its own Policy, the Board can be a vector for change and be measured on progress.

2. Related Policies

This Policy incorporates the requirements of the Code of Practice for the Governance of State Bodies¹ (Gender Balance Diversity & Inclusion Annex) and the UK Corporate Governance Code 2018. It fully aligns with ESB's Human Rights Policy and sits alongside the Board's Code of Business Conduct and associated company policies, which encompass ESB's broader commitment to inclusion and diversity.

3. Policy Statement

Diversity and inclusiveness, together with the well-being of colleagues, fosters greater engagement among staff and stakeholders, leading in turn to better outcomes for citizens and communities and improved business performance.

The Board believes that:

- (a) inclusive and diverse Boards and Board Committees value difference in terms of:
 - (i) skill sets, personalities, learning styles, professional and industry backgrounds, geographical experience and expertise; and
 - (ii) as regards age, disability, family status, gender, marital status, sexual orientation, race, religion, membership of the Traveller community, gender expression and identity;
- (b) a diverse Board with a range of views, insights, perspectives and opinions will enhance decision-making, help to avoid the risk of groupthink and ultimately benefit the company's shareholders and other stakeholders through better business performance;
- (c) a strong values-based and inclusive culture is cultivated through clear tone from the top, with the Board and Executive Team championing inclusion and diversity;
- (d) an inclusive culture in the boardroom demonstrates a commitment to high performance and public service values;
- (e) balanced and diverse Boards provide more effective governance and bring about inclusive behaviours in the boardroom.

¹ Including the Annex on Gender Balance, Diversity and Inclusion

4. Inclusion & Diversity Objectives

The Board: -

- (i) aspires to achieve diversity and inclusiveness in terms of the requirements set out in section 3 (a);
- (ii) is committed, subject to the shareholders support, to have 40% representation of women and of men on the Board and on the boards of large subsidiary companies as set out in the Code of Practice for the Governance of State Bodies¹, as the near term objective;
- (iii) will take steps to ensure that senior Board positions (e.g., Chair, Committee Chairs, Senior Independent Director, Chief Executive) shall be gender balanced;
- (iv) recognises that periods of change in Board composition may result in temporary imbalance and will make every effort to rebalance at the earliest opportunity subject to the shareholder's support;
- (v) via the Remuneration & Management Development Committee will support management's actions to increase the proportion of senior leadership roles held by women, through proactive succession planning and pipeline development for Executive Director roles to achieve and maintain diversity at executive levels;
- (vi) will identify training and development opportunities in support of the Board's inclusion and diversity objectives;
- (vii) will challenge and support ESB's progress on inclusion and diversity through the relevant Board Committee and at the Board working towards representative workforce participation.

4. Responsibilities

4.1 Chairman

The Chairman is responsible for:

- (i) leading the Board's inclusion and diversity agenda and setting measurable objectives to support continuous improvement and track progress;
- (ii) advising the Minister on the right balance of skills, experience and knowledge required on the Board and, in accordance with the Board's terms of reference, regularly reviewing Board composition, succession planning, talent development and the broader aspects of diversity;
- (iii) building and sustaining an inclusive culture by ensuring board members feel empowered to question and are given the support and training they require to fully participate in board discussions and decision making; and
- (iv) working with the Public Appointment Service (PAS) to:

- a. give a clear understanding of ESB's values and commitment to inclusion and diversity, including this Board Inclusion & Diversity Policy, and seeking their assistance in adhering to those values and commitments when identifying and proposing suitable candidates for appointment to the Board;
 - b. identify suitable candidates for appointment to the Board on merit against objective criteria having regard to the benefits of inclusion and diversity in promoting the success of ESB for the benefit of our shareholders as a whole;
- (v) Engage proactively with external nominating bodies.

4.2 Company Secretary

The Company Secretary is responsible for: -

- (i) reporting on the implementation of the Board Inclusion & Diversity Policy in the Annual Report and other related matters as required by the Code of Practice for the Governance of State Bodies, the UK Corporate Governance Code and other regulatory and statutory requirements; and
- (ii) regularly reviewing the Board Inclusion & Diversity Policy in conjunction with the Executive Director, Group People & Organisation Development and recommending any revisions to the Board; and
- (iii) reporting to the Board on progress against implementation of this Policy.

Approved November 2022