

Board Inclusion & Diversity Policy

1. Purpose

- 1.1 The purpose of the Board Inclusion & Diversity Policy is to support the achievement of an inclusive and diverse membership of the ESB board. By adopting its own policy, the Board can be a vector for change and be measured on progress achieved.

Valuing inclusion and diversity is a core principle of ESB's Human Rights Policy. This Board Policy sits alongside the Board's Code of Business Conduct and associated company policies, which encompass ESB's broader commitment to inclusion and diversity.

2. Policy Statement

The goal is an inclusive and diverse Board which values difference such as of ethnicity, culture, sexual orientation and gender expression.

The Board believes that:

- (i) an inclusive and diverse Board and Board Committees includes a combination of diverse skills, professional and industry backgrounds, geographical experience and expertise, gender, tenure, ethnicity and diversity of thought;
- (ii) a diverse Board with a range of views, insights, perspectives and opinions will improve decision-making, help to avoid risk of groupthink and be of benefit to the company's shareholders and other stakeholders; and
- (iii) a culture of inclusion and diversity is cultivated through clear tone from the top, with the Board and Executive Director Team championing inclusion and diversity in support of ESB's values.

3. Diversity & Inclusion Objectives

The Board: -

- (i) aspires to achieve a diverse balance in terms of race, ethnicity, culture, sexual orientation and gender expression;
- (ii) is committed, subject to the shareholders support, to have no less than 40% female representation on the Board as set out in the Code of Practice for the Governance of State Bodies as the near term objective;
- (iii) recognises that periods of change in Board composition may result in temporary imbalance but that every effort will be made to rebalance at the earliest opportunity through ongoing succession planning;
- (iv) supports the recommendations set out in the Hampton-Alexander Review on gender diversity and the Parker Review on ethnic diversity. The Board will continue to support and monitor management's actions to increase the proportion of senior leadership roles held by women, people from ethnic minority backgrounds and other under-represented groups across ESB.

- (v) will ensure that training and development opportunities on a broad range of inclusion and diversity topics are included in the Board's annual training programme;
- (vi) will engage with external nominating bodies and awareness raising among eligible groups of women and men; and
- (vii) will cover inclusion and diversity in regular updates on the agenda of the relevant Board Committee and at the Board.

4. Monitoring and Reporting

The Chairman is responsible for:

- (i) 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, shall regularly review Board composition, succession planning, talent development and the broader aspects of diversity;
- (ii) working with the Public Appointment Service (PAS) to:
 - a. give a clear understanding of ESB's values and approach to inclusion and diversity, including this Board Inclusion & Diversity Policy, and seeking their assistance in adhering to those values and approaches 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;
- (iii) report annually in the corporate governance section of the Annual Report on the implementation of the Board Inclusion & Diversity Policy and other related matters as required by the UK Corporate Governance Code and other regulatory and statutory requirements; and
- (iv) regular review the Board Inclusion & Diversity Policy and recommending any revisions to the Board.

Approved November 2021