

SCHEDULE OF MATTERS RESERVED FOR THE BOARD

The Board of the Company has a formal schedule of matters specifically reserved to it for determination or delegation:-

1. STRATEGY AND MANAGEMENT

- 1.1 Responsibility for the overall management of the Group.
- 1.2 Approval and regular review of the Group's general commercial strategy, business development initiatives and long term strategic options.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Group's operations ensuring:
 - 1.4.1 competent and prudent management
 - 1.4.2 sound planning
 - 1.4.3 an adequate system of internal control
 - 1.4.4 compliance with statutory and regulatory obligations.
 - 1.4.5 adequate accounting and other records.
- 1.5 Review of performance in light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.6 Extension of the Group's activities into new business or geographic areas.
- 1.7 Any decision to cease to operate all or any material part of the Group's business.

2. FINANCIAL REPORTING AND CONTROLS

- 2.1 Approval of the preliminary announcements of interim and final results and the interim management statements following recommendations from the Audit Committee.
- 2.2 Approval of the Annual Report and Accounts including the remuneration report, directors' report and corporate governance report; Summary Financial Statement and any interim financial statement following recommendations from the Audit Committee.
- 2.3 Approval of the dividend policy.
- 2.4 Declaration of the interim dividend and recommendation of the final dividend.
- 2.5 Approval of any significant changes in accounting policies or practices following recommendations from the Audit Committee.

3. COMMUNICATIONS

- 3.1 Approval of all resolutions and related documentation to be put forward to shareholders at a general meeting.
- 3.2 Approval of all circulars (including listing particulars) to shareholders.

4. INTERNAL CONTROLS

- 4.1 Ensuring maintenance of a sound system of internal control and risk management, following recommendation from the Audit Committee, including approving an appropriate statement for inclusion in the annual report

5. STRUCTURE AND CAPITAL

- 5.1 Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans) and share buybacks (including the use of treasury shares).

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- 5.2 Major changes to the Group's corporate structure including the making or receiving of any take-over bid or similar corporate transaction and the entering into of material joint venture agreements.
- 5.3 Changes to the Group's management and control structure.
- 5.4 Any changes to the company's listing or its status as a plc.

6. BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- 6.1 Changes to the structure, size and composition of the board, following recommendations from the Nomination Committee.
- 6.2 Approval of the terms of reference, membership of board committees, including the four existing committees – the Audit Committee, the Remuneration Committee, the Nomination Committee and the Safety Health and Environment Advisory Committee.
- 6.3 Appointment and removal of the Directors of the Company and changes to their executive positions all on the recommendation of the Nomination Committee.
- 6.4 Approval of the terms of reference of the Chairman, Senior Independent Director, Chief Executive and Executive Directors.
- 6.5 Selection and appointment of the Chairman and Senior Independent Director following recommendations from the Nomination Committee.
- 6.6 Ensuring adequate succession planning for the board and senior management.
- 6.7 The scope and extent of delegations to Directors or Board Committees.
- 6.8 Appointment and removal of the Company Secretary.
- 6.9 Appointment, reappointment or removal of the external auditor to be put to shareholders for the approval, following recommendations from the Audit Committee.
- 6.10 Approval of the remuneration of the auditors and terms of engagement, following recommendations from the Audit Committee.

7. REMUNERATION

- 7.1 Determining the remuneration policy, level of remuneration and terms of appointment for the Executive Directors and the Company Chairman to be delegated to the Remuneration Committee.
- 7.2 Approval of the policy level of remuneration and terms of appointment of non-Executive Directors on the recommendation of the Executive Directors and the Company Chairman.

8. CORPORATE GOVERNANCE MATTERS

- 8.1 Performance evaluation of the Board and that of its committees and individual directors at least once each year and reporting to shareholders on whether such performance evaluation had taken place and how it had been conducted.
- 8.2 Determination of the independence of any Non-Executive Director or proposed Non Executive Director.
- 8.3 Review of the Group's overall corporate governance arrangements.

9. REGULATORY

- 9.1 Approval of tariffs and other related matters as required by the appropriate legislation.
- 9.2 Approval of the electricity distribution and transmission price control reviews proposed by Ofgem.

10. POLICIES

- 10.1 Approval of the Group's policies and standards, including:

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- Key Financial and Non-Financial Risk and Control Policies
- Guide of Ethical Business Practice (and related policies)
- Parent Company Guarantee Policy

11. MAJOR TRANSACTIONS

- 11.1 The acquisition or disposal of interests in the shareholding of a Group company or the acquisition of businesses as going concern in excess of £20 million or otherwise material to the interests of the Group.
- 11.2 Capital expenditure of a Group company in excess of:
- | | |
|----------------------------|-------------|
| Approved in Budget | £50 million |
| In Budget Not Approved | £50 million |
| Not Approved Not in Budget | £50 million |
- 11.3 Revenue expenditure of a Group company in excess of:
- | | |
|----------------------------|-------------|
| Approved in Budget | £50 million |
| In Budget Not Approved | £50 million |
| Not Approved Not in Budget | £20 million |
- 11.4 Prosecution, defence or settlement of litigation involving a value in excess of £30 million or being otherwise material to the interests of the Group.

12. EMPLOYEE SHARES AND PENSION SCHEMES

- 12.1 Material changes to the rules of the Company pension schemes or (when this is subject to the approval by the Company) material changes in the fund management arrangements.
- 12.2 Establishing employee and other incentive schemes and any material changes to them.

13. DONATIONS

- 13.1 The formulation of policy regarding charitable donations.
- 13.2 The making of any political donations.

14. SCHEDULE OF RESERVED MATTERS

- 14.1 Approval of this schedule of reserved matters.

PROCEDURE FOR DECISIONS BY THE BOARD REQUIRED BETWEEN BOARD MEETINGS.

For the purpose of decisions on all matters arising from the above Schedule of Reserved Matters. Where a decision is required prior to the next scheduled Board Meeting, approval will be by a majority of the Directors, which must include one Executive Director, in writing or by phone or video conference or email and recorded by the Company Secretary or their nominee.—There shall also be a report to the next Board Meeting on the reserved matter.