

Executive Committee - Terms of Reference

Membership and constitution

Membership:	Senior members of the management team as designated by the Chief Executive
Chairman:	Chief Executive
Secretary:	Head of Secretariat (or his/her nominee)
Quorum:	Three members, one of whom must be the Chief Executive or his nominee
Attendees:	As determined by the Chief Executive
Frequency of meetings:	When required, normally monthly
Reporting Procedure:	Minutes to be circulated to Committee members and the Board

CEC Sub-Committees

There are four sub-committees of the Executive Committee:

- Investment Committee;
- Group Risk Management Committee;
- Group Financial Risk Management Committee; and
- Health, Safety and Environment Committee.

The membership of these committees is drawn from among the executive directors and senior management.

Executive Committee Reserved Matters

The following must be reviewed by the Executive Committee:

- i Any matters to be referred to the Board;
- ii Monthly and quarterly financial performance of actual against forecast performance for the year for each Business Unit; and
- iii Risk areas set out in the Group Risk Register.

The following must be approved by the Executive Committee

- iv All matters which exceed the authority delegated to the Chief Executive.

Mergers and Acquisitions Project Matters

- v All acquisitions or disposals of companies, branches or a significant part of a principal business of the Group where the total amount involved exceeds the

amount in respect of which the relevant Business Unit Managing Director has the authority to approve.

- vi The formation or restructuring of any external joint venture or partnership including any associated expenditure or a proposal for a new joint venture partner.

Other Matters

- vii Any material matters of principle in connection with the operation of one or more of the Group's pension schemes and proposed changes to the arrangements. (Such issues must also be referred to the Board of Directors and the Trustees of the Schemes, as required.)
- viii Launches of products with a materially different risk profile (in magnitude or in nature) from the existing product portfolio.
- ix Off-shoring and outsourcing arrangements which have a significant impact on Group employees.
- x Initiatives which are likely to have a material adverse impact on regulatory or competition authorities or Group reputation.
- xi The formation of policy in respect of the granting of parent company guarantees.
- xii The fees of Non-Executive Directors.
- xiii The setting up of volumetric targets and profit at risk limits for UK gas and power hedging.
- xiv Approval of the M&A Guidelines and any changes thereto.
- xv All Group commodity and financial risk policies and procedures that are not otherwise approved by the Group Financial Risk Management Committee.
- xvi Any matter requiring the approval of shareholders of any joint venture of which the Group is a shareholder or interest holder on which the Group must vote to the extent such vote relates to a matter outside of the agreed Business Plan approved or considered by the Executive Committee pursuant to (xvii) below.

The following must be considered and, as appropriate and permitted, approved by the Executive Committee:

- xvii Business Plans of any joint venture of which the Group is a shareholder or interest holder to the extent not included in the Group's Strategic Plan or Operating Plan.