

ScottishPower Executive Committee

Terms of Reference

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1. Nature and purpose

- 1.1. The ScottishPower Executive Committee (the “**Committee**”) is a permanent committee of the Board of Directors (the “**Board**”) of Scottish Power Limited (the “**Company**”).
- 1.2. These Terms of Reference, which form part of the Company’s Governance and Sustainability System as a set of regulations that define the scope of activity, powers and operational functions of the Committee. The Committee shall be governed by these Terms of Reference.
- 1.3. These Terms of Reference, together with the permanent delegation of powers to the Committee are approved, and may be modified, by resolution of the Board.
- 1.4. The provisions of the Articles of Association of the Company, and the Terms of Reference of the Board shall apply to the Committee and its members to the extent that these Terms of Reference do not otherwise make any express provision for the Committee and its members as to the Committee’s composition, function and purpose, meetings, quorum, attendance, documentation, and as to compliance and conduct.

2. Composition

- 2.1. The Committee shall be composed of the number of directors decided by the Board, with a minimum of four and a maximum of eight directors, of which at least two shall be non-executive, and at least one of which must be an external director.
- 2.2. The appointment of the members of the Committee shall be made by resolution of the Board.
- 2.3. The Chairman of the Board and its Chief Executive Officer shall form part of the Committee.
- 2.4. A director of the Board who is appointed as a member of the Committee shall serve for the unexpired portion of such director’s term of office, without prejudice to the Board’s power to revoke any appointment at any time.
- 2.5. The Secretary to the Board or, in the absence thereof, any deputy secretary, shall serve as secretary to the Committee.

3. Function and Powers

- 3.1. The Committee shall have all of the powers of the Board, including (without limitation) those that are defined in the Terms of Reference of the Board, but except for those powers that may not be delegated pursuant to legal or constitutional restrictions. However, when there are urgent and duly justified circumstances, and the law so permits, the Committee may make any decision it deems appropriate for the corporate interest of the Company, which decision(s) must then be ratified at the first meeting of the Board held after the making thereof.

4. Meetings

- 4.1. Meetings of the Committee shall be chaired by the Chairman of the Board, and in the absence thereof, by the Vice-Chair of the Board (who is a member of the Committee), and failing which, by a director who is a member of the Committee.
- 4.2. The meetings of the Committee shall take place in the United Kingdom, and in person or else be held by telephone or video conference call, telepresence call or similar secure electronic means.
- 4.3. The Chairman of the Committee, or the secretary to the Committee on behalf of the former, may call a meeting of the Committee by any means, addressed to each of its members, indicating the place (or medium), date and time of the meeting, and proposed agenda.
- 4.4. The directors shall receive a copy of the minutes of the meetings of the Committee.

5. Quorum, attendance and documentation

- 5.1 The Committee shall be quorate when at least the Chairman and two (2) of its members are present or duly represented.
- 5.2 Meetings of the Committee shall be presided over by the Chairman of the Committee, who shall be assisted by the secretary to the Committee, who shall cause minutes of meetings of the Committee to be stored in a secure electronic shared drive.
- 5.3 The Chairman of the Committee, to assist in the fulfilment of its functions, may also request, through the secretary to the Committee as required, the attendance at a meeting of the Committee of any director, manager or employee of the Company or of a Company subsidiary, or any other person, provided that there is no legal impediment thereto. Such attendance may be recurring or otherwise as the Chairman to the Committee shall at his discretion require.

6. Compliance

- 6.1. The members of the Committee have the obligation to be aware of and comply with these Terms of Reference, for which purpose the secretary to the Committee shall provide all of them with a copy or an extract thereof.
- 6.2. The Committee (and, in particular, the Chairman of the Committee) shall have the obligation to oversee compliance with these Terms of Reference, adopting any measures necessary for such purpose.
- 6.3. In the performance of its duties, the Committee, and each attendee, shall (i) ensure the protection of commercially-sensitive or legally-protected information, and (ii) fully comply with the applicable rules governing the segregation of regulated activities, as well as the applicable legal requirements in the various markets and regions in which ScottishPower carries out its activities (including, but not limited to, the ScottishPower Business Separation Policy, and the terms of any licence held by a Company subsidiary as may apply).
- 6.4. The Committee shall only carry out its functions in relation to the Company and shall not purport to make any decision for or on behalf of any affiliates or third parties outwith the Company.
- 6.5. The Committee shall carry out its functions without prejudice to the powers vested in the corporate governance and management decision-making bodies of the subsidiary companies of the Company (or any third party).