

**TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE
OF NORTHERN IRELAND ENERGY HOLDINGS LIMITED**

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Introduction

1. In order to satisfy itself that the Company complies with good practice in corporate governance, the Board (minus the Executive Directors) will meet as Remuneration Committee. The Board should satisfy itself that at least one member of the Remuneration Committee has sufficient recent and relevant remuneration experience.
2. The main roles and responsibilities of the Remuneration Committee are:
 - To monitor the remuneration of the Executive Directors of the Company and its subsidiaries (the “Group”);
 - To review the Group’s Remuneration of the Executive Directors of the Company and its subsidiaries annually;
 - To benchmark the remuneration of the Executive Directors against remuneration of similar persons in similarly sized companies;
 - To make recommendations to the Board, for it to put to the AGM for their approval in general meeting, in relation to the remuneration of the Executive Directors;

Proceedings of the Remuneration Committee

3. The Remuneration Committee shall meet at least twice in each financial year in such place and at times as the Chairman of the Remuneration Committee (the "**Chairman**") may determine. The Chairman of the Remuneration Committee shall be the Chairman of Northern Ireland Energy Holdings Ltd. The Committee shall consist the Chairman and all the non Executive Directors of Northern Ireland Energy Holdings Ltd.
4. A meeting of the Remuneration Committee may be convened by the Chairman or by the Secretary. Subject to paragraph 5 below, the quorum for any meeting of the Remuneration Committee shall be two members of the committee, provided that this shall include the Chairman.
5. In the event that the number of members of the Remuneration Committee shall fall below two, the quorum for transaction of business by the committee shall be such number of members of the committee as there are from time to time.
6. In the case of an equality of votes at a meeting of the Remuneration Committee, the Chairman shall be entitled to an additional or casting vote.

7. The business to be conducted at any meeting of the Remuneration Committee shall be fixed by the Chairman.
8. Meetings of the Remuneration Committee may be held in person, by a telephone conference of the members of the Remuneration Committee or otherwise in such manner and by such means as the Chairman shall determine.
9. The Secretary shall maintain a written record of the proceedings and decisions of the Remuneration Committee in respect of matters relating to the Company.
10. The Chairman shall (if required by the Board) attend the annual general meeting of the Company and any meeting of the membership of the Company to answer questions on the Remuneration Policy.
11. The Chairman may direct the Secretary to employ the services of such external legal or other professional advisors, or otherwise commission such reports or surveys, as is deemed necessary to fulfil the responsibilities of the Remuneration Committee. This shall be funded from within an annual budget approved by the Board for the general administration of the affairs of the Remuneration Committee in relation to the Company and its subsidiaries.
12. The reasonable expenses of the Chairman and the Remuneration Committee in connection with discharging their role shall be reimbursed by the Company.