

Northern Ireland Energy Holdings
RISK COMMITTEE
TERMS OF REFERENCE

Reference to the “Company” shall mean Northern Ireland Energy Holdings
Reference to the “Committee” shall mean Risk Committee
Reference to the “Board” shall mean the full Board of Directors of the Company

1. Membership

1.1 The Committee shall be appointed by the Board and shall comprise a minimum of three members, of whom at least one shall be a Non executive Director.

1.2 The person or persons with management responsibility for operation and maintenance shall be in attendance.

1.3 The Board shall appoint the Committee Chairman.

1.4. The Operations Manager shall act as Secretary.

2. Quorum

2.1 The quorum necessary for the transaction of business shall be 2, one of whom should be a non executive. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

3 Frequency of Meetings

3.1 The Committee shall meet 2 times per annum to coincide with the Board meetings of the Company and as determined by the Chairman of the Committee.

4 Notice of Meetings

4.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee.

4. 2 Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and any other person required to attend no fewer than 4 working days prior to the date of the Meeting.

5 Minutes of Meetings

5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

5.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

5.3 Minutes of Committee meeting shall be circulated promptly to all members of the Committee and to the Chairman and all members of the Board.

6. Annual General Meeting

6.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any stakeholder questions on the Committee's activities.

7. Duties

7.1 In the context of the requirement for to manage their nonfinancial risks, the duties of the Committee are proactively to review the strategies, policies, management, initiatives, targets and performance of the Company, and where appropriate its suppliers and contractors, in the following areas:

7.1.1 Health and Safety

7.1.2 Operational safety, including asset engineering fitness for purpose

7.1.3 Environment.

7.1.4 Security

7.1.5 Emergency response

7.2 In relation to the areas covered in Sections 7.1.1 to 7.1.5, the Committee shall receive and consider the following:

7.2.1 Prior to each financial year

Plan for safety and environmental audits

7.2.2 At each meeting

A review of safety and environmental audits

A review of safety and environmental performance

7.2.3 At least annually

A review of Health and Safety matters

A review of security matters

7.2.5 At the end of each financial year

A draft of relevant elements of the Annual Report and Accounts

A draft annual report on the Company's performance in areas covered.

7.3 The Committee shall report to the Board after each meeting. All fatal incidents, potential criminal prosecutions, potentially serious near misses and any other matters of appropriate significance will be reported to the first available Board meeting, with details of follow up action.

7.4 The Committee should, on a regular basis but no less than annually, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness. The Board should also review the Committee's effectiveness annually.

8. Committee Interface with Other Committees

8.1 The Committee will advise the Audit Committee on nonfinancial risks.

9. Authority

- 9.1 Subject to any restrictions imposed by law, the Committee is authorised to seek any information it requires from any employee of the Company and its subsidiaries in order to perform its duties.
- 10.2 The Committee shall be entitled to call any member of staff to be present at a meeting of the Committee and when required.
- 10.3 The Committee is authorised to obtain, at the Company's expense and after consultation with the Chairman, outside legal or other professional advice on any matters within its terms of reference.
- 10.4 The Committee shall be entitled to sub delegate all or any of the powers and authorities delegated to it as they feel fit.