

Schedule of Matters Reserved for the Board

The Board has delegated the day to day management of the company to the Chief Executive and the executive management. This Schedule sets out the list of matters which are required to be or, in the interests of the company, should only be decided by the Board of directors as a whole.

Matters in the Schedule which the Board considers suitable for delegation to its committees are contained in the terms of reference of its committees.

This table sets out the Board's Responsibilities for:-

1. Strategy and Management

- 1.1 Responsibility for the overall leadership of the company and setting the company's values and standards.
- 1.2 Approval of the company's long term strategic aims and objectives.
- 1.3 Approval of the annual and medium term (3 year) Business Plan(s) (including operating and capital expenditure budgets and key performance indicators), subject to any required approval by the shareholder..
- 1.4 Approval of major business strategies, plans or proposals in support of the approved Business Plan, including any changes to the operating and capital expenditure budgets in the approved Business Plan beyond the authorities delegated to the executive.
- 1.5 Approval of proposed annual operating costs levy budget.
- 1.6 Decisions relating to the supplier obligation interim levy rate, the total reserve amount and in period adjustments to both are delegated to the Chief Executive, with the process for decision-making by the Chief Executive and reporting to the Board to be in accordance with the governance process agreed by the Board.
- 1.7 Review of forecasts for the shareholder¹ of the shareholder's balance sheet liability under CFDs.
- 1.8 Approval of the cost recharge agreement between Low Carbon Contracts Company Limited and Electricity Settlements Company Limited.
- 1.9 Oversight of the company's operations ensuring:-
 - competent and prudent management
 - sound planning
 - maintenance of sound management and internal control systems;
 - adequate accounting and other records²
 - compliance with statutory and regulatory obligations
 - risk management.
- 1.10 Review of performance in the light of the company's strategic aims, objectives, business plans, key performance indicators and budgets and ensuring that any necessary corrective action is taken.
- 1.11 Extension of the company's activities into new business or geographic areas additional to those contemplated in the relevant annual Business Plan.
- 1.12 Any decision to cease to operate all or any material part of the company's business or areas of business.

2. Structure and funding:-

- 2.1 Changes relating to the company's capital structure, including reduction of capital, share issues to third parties and share buy backs.
- 2.2 Major changes to the company's corporate structure, including, but not limited to, acquisitions and disposals of shares.
- 2.3 Major changes to the company's management and control structure.

¹ The shareholder is the Secretary of State for Business, Energy and Industrial Strategy

² Oversight of matters relating to internal control and accounting records has been delegated to the Audit, Risk & Assurance Committee under its terms of reference.

<p>3. Board membership and other appointments:-</p> <p>3.1 Subject to and following approval or nomination of a new member by the shareholder³, approve changes to the structure, size and composition of the Board.</p> <p>3.2 Ensuring adequate succession planning for the Board and senior executive management so as to maintain an appropriate balance of skills and experience within the Board (subject to the role of and consents required from the shareholder in accordance with the Articles of Association and the Framework Document)⁴.</p> <p>3.3 Making appointments to the Board, following approval by the shareholder.</p> <p>3.4 Selection of the Chief Executive.</p> <p>3.5 Membership and chair of Board committees, subject to any rights of the shareholder set out in the Articles of Association or Framework Document to appoint any such members and chair⁵.</p> <p>3.6 Appointment or removal of the company secretary⁶.</p> <p>3.7 Appointment, reappointment or removal of the external auditor, subject to the relevant shareholder consent rights set out in the Framework Document, following the recommendation of the Audit, Risk & Assurance Committee.</p>
<p>4. Remuneration:-</p> <p>4.1 Determining the remuneration policy for the executive directors, company secretary and other senior executives, including any performance related remuneration⁷. The Board notes the shareholder's rights in relation to remuneration matters as set out in the Articles of Association and the Framework Document.</p> <p>4.2 Determining the remuneration of the executive and non-executive directors, subject to the Articles of Association and shareholder consent rights set out in the Framework Document⁸.</p>
<p>5. Financial reporting and controls:-</p> <p>5.1 Approval of the annual report and accounts, including the director's report, strategic report, corporate governance statement and remuneration report.</p> <p>5.2 Approval of accounting policies and practices and any significant changes thereto⁹.</p> <p>5.3 Approval of major changes to the Delegated Financial & Signing Authorities.¹⁰</p> <p>5.4 Approval of material unbudgeted capital or operating expenditures (outside any pre-determined tolerances set out in the approved budget and/or business plan).</p>

³ Article 20 of the Articles of Association states that the shareholder must consent to the appointment or removal from office of any director of the company and to any material amendment to the remuneration or terms of appointment applicable to directors. The Framework Document states that the consent of the Secretary of State is required in respect of any directors to be appointed by the Board.

⁴ Delegated to the Nomination Committee.

⁵ Note that Article 23(2) states that the shareholder has the right to appoint up to two directors to be members of each Board committee. The Framework Document provides that one director on the Remuneration Committee and one director on the Audit, risk & Assurance Committee must be a director who is a shareholder representative.

⁶ Oversight in relation to the appointment and removal of the head of the internal audit function is with the Audit, Risk & Assurance Committee.

⁷ Delegated to the Remuneration Committee. The Terms of Reference of the Remuneration Committee reflect the rights of the shareholder as set out in the Article 20 of the Articles of Association and paragraph 6.7 of the Framework Document. The terms of reference state that - *in setting the remuneration policy the Committee shall take into account the fact that the Articles of Association and the Framework Document both state that the prior written consent of the Secretary of State is required to:-*

- the approval of or agreement to (or material variation or amendment to) (i) the remuneration, (ii) the terms and conditions on which such remuneration is to be paid or granted, or (iii) the terms of employment or engagement of any director, or (iv) the remuneration of any executive officer or other employee that is equal to or higher than the threshold outline in the cabinet office guidance for approval of senior pay (or equivalent prorata amount). This consent applies to any new appointment or re-appointment to a role, regardless of whether this is at the same level as has been previously consented to by the shareholder; and
- any pay material pay rise for any director or employee of the company whose fees or salary have been approved under the above bullet point. A material pay rise is that which is above the then current rate of the Consumer Price Index (CPI).

⁸ The Remuneration Committee has responsibility for setting the remuneration of the Chief Executive's direct reports and for approving any proposed employee base salary over the level specified in the Remuneration Committee's terms of reference.

⁹ Delegated to Audit, Risk & Assurance Committee by its terms of reference.

¹⁰ Delegated to Audit, Risk & Assurance Committee by its terms of reference.

6. Internal controls:-¹¹

6.1 Ensuring the maintenance of a sound system of internal control and risk management including:

- approving the company’s risk appetite statements;
- receiving reports on, and reviewing the effectiveness of, the company’s risk and control processes to support its strategy and objectives;
- approving procedures for the detection of fraud and the prevention of bribery;
- undertaking an annual assessment of the company’s internal control processes; and
- approving an appropriate statement for inclusion in the annual report.

6.2 Ensuring that the company maintains appropriate policies relevant to internal controls including:-

- share dealing;
- bribery and fraud prevention;
- whistleblowing;
- data protection;
- health and safety; and
- human resources.

7. Financial commitments:-

- 7.1 Approving contracts and commitments relating to the ordinary course of business of the company where such contracts or commitments exceed £1m.
- 7.2 Approval of contracts which are not in the ordinary course of business – e.g. bank borrowings and loans.
- 7.3 Subject to and in accordance with any approvals required from the shareholder under the Framework Document between the shareholder and the company, *or* the waiver or abandonment of claims relating to the supplier obligation or supplier payments.
- 7.4 Approval of the acquisition, disposal or transfer of assets or investments (other than acquisitions in the approved budget or Business Plan, such as the acquisition of IT systems).

8. Contracts for Difference

8.1 *The table below sets out the matters and decisions reserved to the Board in relation to CFDs:*

Significant Issue	Executive (Head of Commercial & Head of Legal)	Delegated to Exco (Chief Executive, Head of Commercial & Head of Legal)	Board
Discretionary extensions to Milestone Delivery Date (“MDD”)	No	Yes, limited delegation to grant extensions – delegated where the extension is fairly minimal of up to 30 days (and excluding any subsequent extension if the aggregate period extended (including the first extension) would exceed 30 days in relation to the same or a related fact situation). No delegation - refusals to extend the MDD are matters for the Board.	Yes – except as delegated
Discretionary extensions to Target Commissioning Window (“TCW”)	No	Yes, limited delegation to grant extension – delegated where the extension is fairly minimal of up to 30 days (and excluding any subsequent extension if the aggregate period extended (including the first extension) would exceed 30 days in relation to the same or a related fact situation). Yes, refusals to extend refusals to extend the	Yes – except as delegated

¹¹ Various responsibilities have been delegated to the Audit, Risk & Assurance Committee in its terms of reference.

		TCW are delegated ¹² .	
Discretionary extension to Longstop Date	No	<p>Yes, limited delegation to grant extension – delegated where the extension is fairly minimal of up to 30 days (and excluding any subsequent extension if the aggregate period extended (including the first extension) would exceed 30 days in respect of the same or a related fact situation).</p> <p>Yes, limited delegation for refusal to extend¹³ – authority is delegated to refuse extensions of the Longstop Date where:-</p> <ul style="list-style-type: none"> • (1) the project is pre-financial close, pre-commencement of construction or pre-material progress on construction of the Facility; and • (2) such extension would result in the Longstop Date being extended beyond the “delivery period” applicable to the relevant Allocation Round. 	Yes – except as delegated
Force Majeure (“FM”) decisions	No (but the Executive can agree the quantum of delay relating to an accepted FM claim. This does not limit the ability of the Executive to refer the delay quantum to Exco in particular cases)	<p>Yes, delegation to accept FM – if it is a decision on legal advice that there is a strong case that the FM claim is valid and there is no material significant expected impact on the company (e.g. in terms of financial, operations, strategic, precedent or reputational impact) (“Significant Impact”).</p> <p>No delegation of decision to reject FM – a decision to reject a force majeure claim is a matter for the Board.</p>	Yes - except as delegated
Grid connection delay decisions	Yes (acceptance or rejection) – if it is a decision on legal advice that there is a strong case that the grid delay claim is valid/invalid and there is no Significant Impact relating to the decision.	Yes (acceptance or rejection) – if referred by the Executive for decision.	No
Qualifying Change in Law decisions	No	<p>Validity - Yes, limited delegation of decision on validity. The decision on validity is delegated, but only where it is a decision on legal advice that there is a strong case that the QCiL claim is valid (i.e. that LCCC is liable) and there is no Significant Impact. All other cases are referred to the Board</p> <p>Quantum - Yes, limited delegation of decision on quantum of compensation. The decision is delegated, but only if the quantum is within the Chief Executive’s delegated financial authority. In all other cases the matter is referred to the Board.</p>	Yes - except as delegated

¹² The Board at its meeting on 7 June 2017 delegated this authority to Exco. The Board noted that it would be kept regularly informed in Board meetings as to the progress of each CFD project.

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		Rejection of QCIL – there is no delegation of decisions to reject a QCIL claim. These decisions are referred to the Board.	
Amendments to CFDs not requiring “Shareholder Material Change” consent	Yes – “technical changes” (as defined by CFD) or minor changes.	Yes – more material changes but not those involving very significant contractual rights, a likelihood of dispute a Significant Impact or other matters that the Exco considers are appropriate for Board decision.	Yes
Amendments to CFDs requiring Shareholder Material Change” consent	Rejection – Yes, can reject a Generator request, except where there is a likelihood of significant issues. Accept - No.	Rejection – Yes, unless there is a likelihood of Significant Impact or other matters that Exco considers are appropriate for Board decision. Accept – No.	Reject –Yes Accept – subject to shareholder consent
Waivers of CFD non-compliances or of LCCC’s rights under the CFD	Yes – for fairly minor matters or minor timing extensions	Yes – more material matters but not those involving very significant contractual rights, Significant Impact, the waiver or abandonment of material claims and other matters that the Exco consider are appropriate for Board decision.	Yes - If the matter involves a very significant contractual rights and/or Significant Impact) and the waiver or abandonment of material claims.
Decisions that are likely to result in a material dispute being brought by a Generator	No	No	Yes
Decision to bring material legal proceedings against Generators, defend material legal proceedings brought by Generators and settlement of legal proceedings with Generators.	No	No	Yes
Termination of a CFD	No	No	Yes

9. Communication:

- 9.1 Approval of press releases are delegated to management, except for very significant matters in respect of which the Board has expressly stated that a requirement for approval of particular releases.
- 9.2 Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives
- 9.3 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting

10. Delegation of Authority:-

- 10.1 Approval of the division of responsibilities between the Chair and the Chief Executive (which should be in writing) and any changes thereto.
- 10.2 Approval of the delegated levels of authority, including the Chief Executive’s authority limits (which must be in writing).
- 10.3 Establishing Board committees and approving their terms of reference and any material changes thereto. The Board notes the rights of the shareholder in relation to the appointment of up to two members of the Audit, Risk & Assurance Committee and the Remuneration Committee as set out in the Articles of Association and the Framework Document.
- 10.4 Receiving reports from Board committees on their activities.

11. Corporate governance matters:-

- 11.1 Undertaking a formal and rigorous annual review of its own performance, that of its committees and individual directors and

the division of responsibilities.

- 11.2 Determining the independence of non-executive directors in light of their character, judgment and relationships.
- 11.3 Considering the balance of interests between the shareholder, employees, customers, industry stakeholders and the community.
- 11.4 Reviewing the company's overall corporate governance arrangements.
- 11.5 Receiving reports on the views of the company's shareholder to ensure that they are communicated to the Board as a whole.
- 11.6 Authorising conflicts of interest where permitted by the company's Articles of Association.
- 11.7 Receiving the register of interests declared by members of the Board.

12. Other:-

- 12.1 Prosecution, commencement, defence or settlement of material litigation or alternative dispute resolution.
- 12.2 Approval of the overall levels of insurance for the company including Directors & Officers liability insurance and indemnification of directors.
- 12.3 Reviewing matters of public interest which could affect the company's reputation including health and safety, environmental, communications and fraud.
- 12.4 Making any decision likely to have a material impact on the company from any perspective (including, but not limited to financial, operational, strategic or reputational matters), otherwise than as delegated to the Chief Executive and management.