



TERMS OF REFERENCE OF THE HSE COMMITTEE

Approved by the Board on 29th May 2008

1 Membership

- 1.1 The Committee will be chaired by the CEO and comprise at least two additional directors (one of whom should be a non-executive director) to be appointed by the Board. At least one appointed director shall have recent and relevant experience of health and safety in the oil and gas industry. The Committee will have the right to co-opt additional members onto it as the Committee so decides.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.
- 1.4 The Board shall appoint the Committee Chairman who should be the CEO. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
- 1.5 The Chairman of the Board shall not be a member of the Committee.

2 Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be two members, one of whom must be a non-executive director. 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 in or exercisable by the Committee.

4 Frequency of Meetings

The Committee shall meet at such times as the Chairman of the Committee shall require (being at least twice a year).

5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 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, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6 Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 6.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

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

8 Duties

- 8.1 The Committee shall:
 - 8.1.1 develop a framework of the policies and guidelines for the management of health, safety and environment issues within the Group;
 - 8.1.2 evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety and environmental risks within the Group's operation;
 - 8.1.3 assess the policies and systems within the Group for ensuring compliance with health, safety and environmental regulatory requirements;
 - 8.1.4 assess the performance of the Group with regard to the impact of health, safety, environmental and community relations decisions and actions upon employees, communities and other third parties and also assess the impact of such decisions and actions on the reputation of the Group and make recommendations to the Board on areas for improvement;
 - 8.1.5 on behalf of the Board, receive reports from management concerning all fatalities and serious accidents within the Group and actions taken by management as a result of such fatalities or serious accidents;
 - 8.1.6 evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning health, safety, environmental and community relations issues;
 - 8.1.7 where it deems it appropriate to do so, appoint an independent auditor to review performance in regard to health, safety, environmental and community relations matters and review any strategies and action plans developed by management in response to issues raised and, where appropriate, make recommendations to the Board concerning the same.

9 Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10 Other

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11 Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and to call any member of staff to be present at a meeting of the Committee as, and when, required.
- 11.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 11.3 The Committee is authorised to appoint a consultant to review the health, safety and environmental issues of the Group.
- 11.4 The Committee is authorised to delegate any of its powers to a sub-committee or an individual director if it considers this appropriate.