



# PETROPAVLOVSK PLC

(the 'Company')

## Health, Safety and Environmental Committee

### TERMS OF REFERENCE

Approved by the Board of Directors of the Company (the 'Board') on 22 June 2017.

#### **1 Purpose**

The role of the Committee is to assist the Board in obtaining assurance that appropriate systems are in place to deal with the management of health, safety, environment and community relations risks and in so doing to:

- 1.1 establish and review the Group's health, safety, environment and community relations strategy ;
- 1.2 monitor and review on behalf of the Board the performance of the Group in relation to health, safety, environment, social and community relations issues and the Group's compliance with legal and regulatory bodies in relation to these issues;
- 1.3 advise the Board on the best industry practices, requirements of the London Stock Exchange or other regulatory bodies on the state of the health, safety, environment, social and community relations issues within the Company and risks associated with these issues;
- 1.4 monitor the quality of reporting of health, safety, environment, social and community relations issues to the Company's shareholders and stakeholders.

#### **2 Membership**

- 2.1 The Committee shall be appointed by the Board on the recommendation of the Nomination Committee and shall be made up of a Chairman and at least two other members.
- 2.2 The Board shall appoint the Committee Chairman who shall be a Non-Executive Director. In the absence of the Committee Chairman to chair a meeting, the remaining members present shall elect one of their members to chair that meeting.



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- 2.3 If a member of the Committee is unable to attend a meeting for any reason he may, with the agreement of the Committee Chairman, appoint another director of the Company to attend as an alternate.
- 2.4 Only members of the Committee have the right to attend committee meetings. However, other individuals including the Chairman of the Company, or any Director, employee or external adviser may be invited by the Committee Chairman to attend for all or any part of any meeting of the Committee.
- 2.5 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 the director remains independent.

### **3 Secretary**

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

### **4 Quorum**

The quorum necessary for the transaction of business shall be the Committee Chairman and at least one other 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 and powers granted by these Terms of Reference.

### **5 Meetings**

The Committee shall meet at least four times a year and at such times as the Chairman of the Committee shall require.

### **6 Notice of Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of the members.
- 6.2 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 the independent Non Executive Director(s), no later than 10 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.

### **7 Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including those present and in attendance.



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- 7.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

### **8 Annual General Meeting**

- 8.1 The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

### **9 Duties**

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate

- 9.1 The Committee shall evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety and environmental risks within the Group's operations.
- 9.2 The Committee shall assess the policies and systems within the Group for ensuring compliance with health, safety and environmental regulatory requirements.
- 9.3 The Committee shall 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. It shall also assess the impact of such decisions and actions on the reputation of the Group.
- 9.4 The Committee shall, 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. Such reports shall also be reviewed by the Board.
- 9.5 The Committee shall 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.
- 9.6 The Committee shall review the results of independent audits of the Group's performance in regard to health, safety, environmental and community relations matters, 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.
- 9.7 The Committee shall ensure that the Board is aware of all recent regulations introduced by LSE, EU and other bodies and shall provide relevant recommendations. The Committee can use an outside consultant where appropriate.



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- 9.8 The Committee shall ensure that the Company complies with Global Reporting Initiative and IFC guidelines in relation to the environment.

### **10 Reporting Responsibilities**

- 10.1 The Committee shall report formally to the Board on its proceedings after each meeting within its duties and responsibilities.
- 10.2 The Committee shall prepare a report to the Board at least twice a year which shall include whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall make a statement in the annual report about health, safety, environment and community relations issues.

### **11 Other**

- 11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to independent professional technical expertise in the areas within its remit and the assistance of the Company Secretary as required.
- 11.2 The Committee shall receive a copy of all reports to the Board by management relating to health, safety and the environment.
- 11.3 The Committee shall receive information which is in compliance with IFC Performance Standards guidelines.
- 11.4 The Committee shall receive a summary report from the Group's Technical Director at every meeting detailing the health, safety and environmental performance of all the Group's operations, including details of any accidents or permit violations.

### **12 Authority**

The Committee is authorised to:

- 12.1 seek any information it requires from any employee of the Company in order to perform its duties and all employees shall be directed to cooperate with any request made at the Committee..
- 12.2 call any employee to be questioned at a meeting of the Committee as and when required.
- 12.3 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.
- 12.4 The Committee is authorised to appoint a consultant to review the health, safety and environmental issues of the Company.



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12.5 The Committee is authorised to delegate any of its powers to a sub-committee or an individual director if it considers this appropriate.

### **13 Performance Evaluation**

13.1 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.

13.2 The Board should also review the Committee's effectiveness annually.