

# Risk Committee - Terms of Reference

## 1 Purpose

1.1 The Risk Committee shall be constituted by the Board to assist the business in safeguarding the reputation that is built through the delivery of excellent customer service. To do this it will:

- (a) review and monitor aggregate risk levels in the business and the quality of risk mitigation and control for all areas of risk to the business
- (b) make recommendations to the Management on areas for improvement
- (c) appraise the Board of progress in implementing improvements re (b)

## 2 Membership

2.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Risk Committee. The Committee shall be made up of at least three members.

2.2 All members of the Committee shall be independent non-executive directors at least one of whom shall have recent and relevant experience of risk in the oil and gas industry. The Chairman of the Board shall not be a member of the Committee.

2.3 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2.4 For the time being the make up of the Committee shall be as follows:

- (a) Stefano Cao - Chairman
- (b) Roxanne Decyk
- (c) Rijnhard Van Tets

2.5 Only members of the Committee have the right to attend. Other individuals such as the Chairman of the Board, Chief Executive, Finance Director, other directors, the Head of Risk, Head of Internal Audit and representatives from the finance function may be invited to attend all or part of any meeting as and when appropriate.

2.6 Additional attendees, external and internal, may be invited as deemed necessary to facilitate Committee business.

2.7 Appointments to the Committee shall be for a period of up to 3 years, which may be extended for 2 further 3-year periods, provided the director remains independent.

### **3 Secretary**

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

### **4 Notice and Minutes of Meetings**

4.1 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.

4.2 The Secretary shall:

- (a) minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance
- (b) ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly
- (c) circulate the Minutes of Committee meetings promptly to all members of the Committee and, once agreed, to all members of the Board

### **5 Quorum**

5.1 The quorum necessary for the transaction of business shall be 2 members. 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.

### **6 Frequency of Meetings**

6.1 The Committee shall meet at least three times a year at appropriate times in the reporting cycle and otherwise as required.

6.2 Additional Committee meetings may be convened at the request of any Executive or Non-Executive Director of the company or by the Group Head of Risk.

### **7 Duties**

7.1 Within the context of the purpose of this Committee, it will carry out the following duties for the parent company, its Divisions, major subsidiary undertakings and the Group as a whole.

7.2 The Committee shall monitor the execution of the Board's risk strategy for different business Divisions and geographic markets of operation.

7.3 In support of the Board's risk strategy the Committee shall:

- (a) monitor the effectiveness of the risk management organisational structure
- (b) advise management on the adoption and Implementation of an appropriate risk management policy
- (c) keep under review the status and application of risk management responsibilities and accountabilities

- (d) review and monitor any requirement for Group-wide reporting on risk management to the Board

7.4 The Committee shall request information on risk management sufficient to assure the Committee that risks are being addressed by management in line with the Board's risk strategy and at least:

- (a) at each scheduled meeting (at least 3 per annum) an update on Divisional and Group risk management activity
- (b) once per annum a summary report on risk management across the Group, outlining the key risks to Divisional and Group strategies and the mitigating controls
- (c) once per annum a summary report on the strategy and objectives for improving risk management across the company

7.5 In reviewing risk management information and in executing its duties the Committee shall keep under review in particular:

- (a) alignment of the risk profile of the company to the risk strategy and policy of the Board
- (b) the quality of the Group policy structure as a mitigation and key control to Group-wide risks
- (c) alignment of the risk-transfer (insurance) programme for the company to the company risk profile
- (d) the extent to which risk assessment is in line with industry and general business best practice

7.6 The Committee shall provide input to the Audit Committee on any statutory disclosures on the risk management systems of the company.

## **8 Reporting Responsibilities**

8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and provide assurance to the Board and to the Audit Committee on the management of specific risks and the scope and quality of risk management processes

8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **9 Modus Operandi**

9.1 The Committee shall:

- (a) ensure that it delivers effective monitoring of risk and control across the company by working closely at all times with the Executive Risk Management Committee, the Group Head of Risk and the Audit Committee
- (b) ensure that it has access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- (c) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (d) oversee any investigation of activities which are within its terms of reference; and

- (e) at least once every two years review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.

## **10 Authority**

10.1 The Committee is authorised:

- (a) to seek any information it requires from any employee of the company in order to perform its duties;
- (b) to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- (c) to call any employee to be questioned at a meeting of the Committee as and when required.