

**TERMS OF REFERENCE FOR THE
RESERVES & HEALTH, SAFETY, SECURITY, ENVIRONMENT AND COMMUNITY
RELATIONS COMMITTEE**

I. PURPOSE

- A.** The main purposes of the Reserves & Health, Safety, Security, Environment and Community Relations Committee (the "Committee") are:
- i) to provide the Board with a mechanism to review oil and gas reserves;
 - ii) to assist the Board in carrying out its responsibilities by having responsible persons to ensure that the Corporation's activities are conducted in an environmentally and socially responsible manner and in a manner that respects the communities in which we work; and
 - iii) to ensure the Corporation maintains the integrity of its health, safety, security, environment and community relations policies.

II. COMPOSITION AND OPERATIONS

- A.** The Committee shall be composed of not fewer than two directors and not more than five directors, a majority of whom shall be independent¹ directors.
- B.** The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in Tab 7 of the Board Manual.
- C.** The Committee shall meet at least two times per year.
- D.** The Committee, through its Chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee on a confidential basis any matter involving the reserves or health, safety, security, environmental or community relations practices of the Corporation.

III. RESERVES DUTIES AND RESPONSIBILITIES

The Committee shall:

- A.** Review the selection and qualifications of the independent engineering firm responsible for estimation of reserve quantities ("the independent engineering firm"), the scope of its work and ensure the consistency of its practices, standards and definitions.
- B.** Review directly with the independent engineering firm, the evaluation report and corporate summary of the reserves and future cash flows of the oil and gas properties owned by the Corporation. This review should include, but not be restricted to, the following items:
- i) Does the independent engineering firm understand the significance of the reserves on the public and financial reporting of the Corporation?

¹ Independence requirements are described in the Appendix to Tab 5, Board Operating Guidelines.

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- ii) Ensure the independent engineering firm's independence.
 - iii) Was a contract for the evaluation made and adhered to?
 - iv) Did the independent engineering firm meet best practice and industry guidelines?
 - v) What data was available for review, and were there any restrictions of data?
 - vi) Did the independent engineering firm answer, in written form, the questions prepared by the committee in their annual review of oil and gas reserves?
 - vii) Reasons for reserve revisions.
 - viii) Examine the source and methodology for major assumptions (price forecasts, op costs, capital expenditure estimates).
 - ix) How were risk factors incorporated into reserve determinations?
 - x) Were there any areas of disagreement between the independent engineering firm and the Corporation? If yes, was there a satisfactory resolution to any disagreement?
 - xi) Has any significant information come to light since the latest report was done?
- C.** Review externally disclosed oil and gas reserve and resource estimates and ensure they meet the requirements of applicable securities legislation.
- D.** Prepare a set of questions concerning the annual oil and gas reserves estimates to be answered in written form by the engineering firm.
- E.** Review the Corporation's practices against the Petroleum Society and Petroleum Evaluation Engineers' *Definitions and Guidelines of Estimating and Classifying Oil and Gas Reserves* and any relevant "best practice" guidelines and make recommendations to the Board as required.
- F.** Periodically review the Corporation's relationship with the independent engineering firm.
- G.** Maintain direct communication with the independent engineering firm and the Corporation's senior reserve personnel.
- H.** Assist the Board in respect of matters related to evaluations of petroleum and natural gas reserves.

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**IV. HEALTH, SAFETY, SECURITY, ENVIRONMENT AND COMMUNITY RELATIONS
DUTIES AND RESPONSIBILITIES**

- A.** Annually, review the Corporation's Health, Safety, Security, Environment and Community Relations Policy Statement and, if appropriate, make recommendations to the Board.]
- B.** Review management's assessment and advise the Board of the principal health, safety, security, environment and community relations risks to the Corporation (including its personnel and properties) and evaluate:
- i) whether existing policies, procedures and precautions are appropriate to mitigate such risks, including management systems for monitoring the health, safety, security, environment and community relations policies, practices and procedures; and
 - ii) whether existing policies, procedures and precautions are effectively implemented, comply with applicable legislation and conform with industry standards.
- C.** Review, with management, and advise the Board on the security situation in Turkey and the surrounding areas, including any indications of increased civil strife, political instability, acts of terrorism or war.
- D.** Review management's assessment and advise the Board of the principal security risks to the Corporation (including its personnel and properties) and evaluate:
- i) whether existing policies, procedures and precautions are appropriate to mitigate such risks, including review of third party arrangements for the supply of security advice, protection and emergency medical services and prevention of the use of excess force by security forces; and
 - ii) whether existing policies, procedures and precautions are effectively implemented, comply with applicable legislation and conform with industry standards.
- E.** Review Corporate health, safety, security, environment and community relations activities and performance, including:
- i) any contravention of an existing environment, health, safety, security or community relations regulation or Corporate policy or procedure;
 - ii) any event or potential event that would, in the opinion of management, constitute a significant environment, security or safety occurrence;
 - iii) any community issue that could potentially threaten the Corporation's social license to operate;
 - iv) non-compliance issues;

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- v) significant external or internal audit reports;
 - vi) corporate social responsibility practices and trends that impact the Corporation, its investors or its partners;
 - vii) ensuring that the Corporation operates in a manner respecting the communities in which it works and properly addresses community related issues that could impact the Corporation's business;
 - viii) significant legislative and regulatory changes including policy proposals and modifications in major markets that could materially impact the Corporation or its business; and
 - ix) outstanding litigation as it relates to health, safety, security, environmental or community relations matters.
- F.** Review the Corporation's methods of communicating regarding corporate social responsibility values and its health, safety, security, environment and community relations policies and procedures.
- G.** Ensure that appropriate monitoring and reporting procedures are established relating to health, safety, environmental, security and community relations matters by management to ensure adequate reports are made to the Committee and/or the Board on a regular basis.
- H.** Review the insurable risks related to health, safety, security, environment and community relations issues and evaluate cost/insurance benefits associated with those risks; concerning insurance, the Committee shall consult with and review the recommendations of the Audit Committee.
- I.** Meet separately (independent of any other management) with the management person responsible for health, safety, security, environment and community relations at least annually and report to the Board on such meetings.
- J.** Advise and make recommendations to the Board as appropriate on matters relating to health, safety, security, environment and community relations.
- K.** At the request of the Board, undertake such other health, safety, security, environment and community relations initiatives as may be necessary or desirable to contribute to the success of the Corporation.
- V. ACCOUNTABILITY**
- A.** The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on health, safety, security, environment and community relations matters relative to the Corporation.

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- B.** The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on matters relative to independent reserves.
- C.** The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.