

## **SUSTAINABILITY AND RISK COMMITTEE TERMS OF REFERENCE**

**(Approved at a meeting of the Board of Directors (the "Board")  
held on 17 October 2024)**

### **1. TERMS OF REFERENCE TO BE MADE AVAILABLE**

The Committee should make available these terms of reference explaining its role and the authority delegated to it by the Board. The requirement to make this information available would be met by making such information available on request and including these terms of reference and such explanation on the Company website.

### **2. MEMBERSHIP**

2.1 The Chair and additional members of the Committee shall be appointed by the Board, on the recommendation of the Governance and Nomination Committee. The appointment of the additional members of the Committee will be in consultation with the Chair of the Committee. The Committee shall be made up of at least two members.

2.2 All members of the Committee shall be independent non-executive directors.

2.3 Appointments to the Committee shall be for a period of up to three years, which may be extendable for two further three-year periods, so long as members continue to be independent.

2.4 In the absence of the appointed Chair of the Committee and/or an appointed deputy, the remaining members shall elect one of their number to chair the meeting.

2.5 In deciding Chairship and membership of the Committee, the value of ensuring that Committee membership is refreshed, and that undue reliance is not placed on particular individuals, should be taken into account.

2.6 The Chair may propose members of the Committee to be a sponsor for each of the key duties of the Committee, namely HSEA and Asset Integrity, Technical and Reserves, Risk and Sustainability.

### **3. SECRETARY**

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

### **4. MEETINGS**

4.1 **Frequency:** The Committee shall meet at least three times a year and at such other times as the Chair of the Committee shall require. As agreed between the respective Chairs, the Committee and the Audit Committee shall meet once

a year, if required, to discuss areas of mutual interest, including any recommendations arising from internal audit assurance in the matter of risk and risk management.

4.2 **Right to attend:** Only members of the Committee and members of the Board shall have the right to attend committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.

4.3 **Notice:** Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Committee and any other person invited to attend no fewer than ten working days prior to the date of the meeting. The agenda of items to be discussed at the meeting plus supporting papers shall be sent to Committee members and to other attendees as appropriate no fewer than seven days prior to the date of the meeting.

4.4 **Quorum:** The quorum necessary for the transaction of business shall be two 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.

4.5 **Minutes:** The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## 5. **DUTIES**

The Committee members are reminded of the over-arching duties that they have as directors of the Company under the Companies Act 2006. These duties, which include considerations on reporting on wider stakeholder engagement to reflect the attention the Committee and the Board pays to s172 of the Companies Act 2006, should be considered in the context of the regulatory requirements from the Financial Reporting Council's UK Corporate Governance Code and associated guidance materials. Copies of relevant documents, should members wish to consult them, can be obtained from the Company Secretary. In addition, they have the following specific duties as regards their membership of the Committee:

## 5.1 **HSEA and Asset Integrity**

The Committee shall

- (a) at each meeting review the key Health, Safety, Environment and Assurance (“**HSEA**”) matters affecting the Company, such review to include (without limitation) (i) information on any incidents that have occurred, actions taken and lessons learned from such incidents and (subject to legal review) any regulatory risk associated with such incidents, (ii) key metrics including leading and lagging indicators, and (iii) a summary of process and personal safety performance. The Committee shall, as required, request such follow up actions as it deems necessary to address issues arising from this review.
- (b) conduct, as and when required, ad hoc deep dive reviews into specific HSEA issues affecting the Company.
- (c) review annually the effectiveness of the Company’s policies, guidelines and systems for identifying and managing HSEA risks within the Company’s operations and compliance with regulatory requirements.
- (d) assess the impact of HSEA decisions and actions upon stakeholders and on the reputation of the Company and make recommendations to the Board on areas for improvement.
- (e) evaluate and oversee, on behalf of the Board, the quality and integrity of any reporting to external stakeholders concerning HSEA matters.
- (f) review annually (or at such other frequency as shall be determined by the Committee) asset integrity matters within the Company, such review to be supported by the submission of a report on both specific asset integrity issues affecting the Company’s assets (if any) but also on wider issues such as the Company-wide culture and approach to asset integrity.

## 5.2 **Technical and Reserves**

The Committee shall:

- (a) in conjunction with the Audit Committee, monitor and review the process of the assessment of the Group’s proven and probable reserves and review any material changes in reserves or changes in assumptions and/or forecasts and review and recommend to the Board any public disclosure or regulatory filing thereon, with a particular focus on the annual external reporting timetable.
- (b) oversee the process for appointment or re-appointment of the Reserves Auditor and, where a change of Reserves Auditor is proposed, to determine the reason for the proposed change.

- (c) review annually the qualification and independence of the Reserves Auditor.
- (d) conduct deep dive reviews into the technical and reserves aspects of proposed transactions and investments by the Company.

### 5.3 **Risk**

The Committee shall:

- (a) at each meeting review the key risks affecting the Company and keep under review the effectiveness of the Company's risk management systems (in particular the Risk Management Framework) in managing those risks. A report shall be provided to each meeting to support this review, including the Enterprise Risk Register in full for information;
- (b) at each meeting receive a report on the risk bow-tie deep dive reviews that have taken place since the last meeting, together with an update on the bow-tie deep dive review programme, noting the aim to perform seven such reviews per annum, with each bow tie being reviewed at least once every three years.
- (c) conduct such ad hoc risk reviews as it shall deem appropriate in relation to the strategic, operational or functional impact of specific risks arising from the Company's business and / or transactions.
- (d) review and approve the statements to be included in the Annual Report concerning risk management together with such other requirements of the UK Corporate Governance Code on the matter of effectiveness of risk management systems; and
- (e) review external bodies' communications and assess appropriateness of the Company's risk reporting. The Committee will ensure any letters from such bodies are properly addressed and any actions closed within the agreed timeframes.

### 5.4 **Sustainability**

The Committee shall:

- (a) assess the Company's exposure to managing risks from climate change, sustainable business practice expectations, and the energy transition and review actions to mitigate these risks in line with its assessment of other risks.
- (b) review and monitor the Company's decarbonisation activities and emission reduction actions, including reviewing the adequacy of the Company's framework for managing such activities and actions and its alignment with the evolving regulatory environment.

- (c) review targets and milestones for the achievement of decarbonisation activities
- (d) conduct such ad hoc reviews as it shall deem appropriate in relation to specific sustainability issues affecting the Company.

#### 5.5 **Reporting Responsibilities**

- (a) The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The Committee shall compile a report on its activities to be included in the Company's Annual Report in accordance with the applicable requirements under paragraphs 25 of the Corporate Governance Code and shall provide such support as may be required to able the Board to fulfil the requirements of paragraphs 28 and 29 of the Corporate Governance Code.

#### **Other Matters**

The Committee shall:

- (d) have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- (e) be provided with appropriately tailored and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- (f) give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Rules and Transparency Rules as appropriate;
- (g) at least once a year, review its own performance and the performance of the functions it supports, the Committee's 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;
- (h) carry out its duties for the Company, major subsidiary undertakings of the Company and the Group as a whole, as appropriate.

6. **AUTHORITY**

The Committee is authorised:

- 6.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 6.2 to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference when the Committee reasonably believes it necessary to do so; and
- 6.3 to call any member of staff to be questioned at a meeting of the Committee as and when required.