

TERMS OF REFERENCE

HUMAN RESOURCES COMMITTEE

OBJECTIVES

The objectives of the Human Resources Committee (the “HR Committee”) are to oversee certain management assessment, succession and compensation matters in accordance with these Terms of Reference.

COMPOSITION AND RECORDKEEPING

At the first meeting of the Board of Directors (the “Board”) of Talisman Energy Inc. (the “Company”) after the election of Directors at the annual meeting of shareholders, the Board shall, for the purpose of dealing with people strategy, succession to key positions, the assessment of management and compensation within the Company, appoint an HR Committee comprised of not less than three and not more than six Directors of the Company, all of whom shall be independent (as defined under applicable securities laws). Any member may be removed from the HR Committee or replaced at any time by the Board.

The Chair of the HR Committee shall be appointed by the Board at the meeting of the Board referred to above. The Chair shall preside as chair at each Committee meeting, lead Committee discussion on meeting agenda items and report to the Board, on behalf of the HR Committee, with respect to the proceedings of each HR Committee meeting. The HR Committee shall designate a Secretary to the HR Committee who shall be an officer or employee of the Company.

The Secretary shall keep minutes and records of all meetings of the HR Committee. In the event that either the Chair or the Secretary is absent from any meeting, the members present shall designate any Director present to act as Chair and shall designate any officer or employee of the Company to act as Secretary.

MEETINGS

Meetings of the HR Committee, including telephone conference or video conference meetings, shall be held at such time and place as the Chair of the HR Committee, or any member of the HR Committee, may determine and, in any event, at least twice per year. Notice of meetings shall be given to each member not less than 24 hours before the time of the meeting; provided that meetings of the HR Committee may be held without formal notice if all of the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting.

Notice of the time and place of every meeting shall be given verbally or in writing and delivered personally or given by mail, facsimile or other electronic means of communication and need not be accompanied by an agenda or any other material. The notice shall however specify the purpose or purposes for which the meeting is being held.

A majority of the members of the HR Committee present shall constitute a quorum. No business may be transacted by the HR Committee except at a meeting of its members at which a quorum of the HR Committee is present.

A resolution in writing, signed by all the members of the HR Committee entitled to vote on that resolution at a meeting of the HR Committee, is as valid as if it had been passed at a meeting of the HR Committee, which resolution may be executed in counterparts. A copy of any such resolution in writing shall be kept with the minutes of the proceedings of the HR Committee. Any matter to be voted upon shall be decided by a majority of the votes cast on the question.

The HR Committee shall have an in camera session at each regularly scheduled meeting.

REPORTING

The HR Committee shall report to the Board at each regularly scheduled Board meeting next succeeding any HR Committee meeting. The report may be in written or oral form and may consist of the HR Committee's minutes or summary thereof. The HR Committee shall also provide to the Board such other information as the Board may require.

ROLES AND RESPONSIBILITIES

Without limiting the generality of the HR Committee's overall mandate (as set forth above under "Objectives"), the HR Committee's roles and responsibilities include the following. Although not expressly enumerated below, the HR Committee shall have such other roles and responsibilities as may be necessary to permit it to fulfill its overall mandate.

1. People Strategy and Management Succession:

- (a) To review Human Resources global strategies with a focus on talent management practices;
- (b) To review and approve succession plans for the Chief Executive Officer and Executive Vice Presidents within the Company and its subsidiaries; and
- (c) To review and make recommendations to the Board as to the appointment of the Executive Vice Presidents of the Company.

2. CEO Terms of Reference:

- (a) Together with the Chief Executive Officer, to develop a written position description for the Chief Executive Officer (including, without limitation, delineating management's responsibilities).

3. Compensation and Assessment

(including the compensation philosophy with guides base salary, annual incentives, stock option plans, cash unit plans, performance share units, employer perquisites, supplemental benefits including pension and employment contracts)

To review and recommend to the Board for approval:

- (a) the performance contracts of the Chief Executive Officer and the Executive Vice Presidents of the Company;
- (b) the Chief Executive Officer's compensation. In considering the Chief Executive Officer's compensation, the HR Committee shall review and approve the corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives, and recommend

the Chief Executive Officer's compensation to the independent directors of the Board based on this evaluation;

- (c) plans of the Company related to employee compensation including incentive-compensation plans and equity-based compensation plans for employees of the Company and any amendments to such plans; and
- (d) the employment agreement and/or contract and any amendments to such agreement and/or contract of the Chief Executive Officer of the Company.

To review and approve:

- (e) the compensation of the Executive Vice Presidents. (For clarity, this includes persons who are acting in the capacity of or compensated as an Executive Vice-President regardless of whether they carry such title.) Where changes to the compensation of Executive Vice-Presidents are requested between HR Committee meetings, the Chair of the HR Committee may approve such changes and report such approvals to the HR Committee at the next HR Committee meeting in accordance with a policy established by the HR Committee;
- (f) the employment agreements and/or contracts and any amendments to such agreements and/or contracts of the Executive Vice Presidents of the Company;
- (g) the annual compensation and benefit programs of the Company, including those related to base salary compensation and variable pay programs and any substantive amendments to such programs;
- (h) amendments to the terms and conditions of the registered and non-registered pension plans maintained by the Company (other than amendments that are of an administrative nature, which are within the purview of Human Resources), including ad hoc adjustments to pensions, and to consider any proposals submitted by management for the amendment of these plans;
- (i) on an annual basis, the granting of stock options or performance share units to employees of the Company; and
- (j) on an annual basis, the recommendation to be provided to certain of the Company's associates or affiliates regarding the granting of cash units, performance share units or stock options to be granted to the employees, of the relevant associate or affiliate of the Company.

4. **Other:**

- (a) To review the results of any advisory vote of the shareholders on executive compensation ("say on pay") in accordance with any policies established by the HR Committee;
- (b) To review any proposed disclosure of executive compensation and to produce the report on executive compensation to be contained in the Management Proxy Circular, and to review and recommend to the Board that the report be included in the Management Proxy Circular; and
- (c) To receive informational reports regarding compensation plans of the Company's associates or affiliates and amendments to such plans, as appropriate.

GENERAL

In performing its duties under these Terms of Reference, the HR Committee shall, where appropriate, liaise with the Pension Management Committee, a committee comprised of certain designated officers of the Company. Specifically, the HR Committee will ensure that the Pension Management Committee is advised of any recommendations and decisions of the HR Committee relating to the pension plans of the Company within the mandate of the Pension Management Committee so as to allow the Pension Management Committee to consider the impact, if any, on plan funding, investment and administration within its mandate.

The HR Committee may invite such officers, Directors and employees of the Company (“Invitees”) as it may see fit from time to time to attend a meeting of the HR Committee. Such Invitees may assist in the discussion and consideration of matters relating to the HR Committee.

In respect of matters within its purview under these Terms of Reference, the HR Committee shall assist the Board in its oversight of the Company’s compliance with legal and regulatory requirements.

The HR Committee, after consultation with and having received the concurrence of the Chairman of the Board, shall have the authority to direct and to supervise the investigation into any matter brought to its attention within the scope of its duties and to engage and compensate any outside advisor, including an external compensation consultant, that it determines necessary to permit it to carry out its duties. The HR Committee will approve or be made aware of the Company’s use of such outside advisors in accordance with a policy established by the Committee.

The HR Committee shall evaluate its own performance annually.

No alteration to the roles and responsibilities of the HR Committee shall be effective without the approval of the Board.

DELEGATION OF DUTIES AND RESPONSIBILITIES

The HR Committee may delegate any of its duties or responsibilities, as it deems appropriate, to any of its members or sub-committee of its members, to the Pension Management Committee or to such other persons, including staff of Human Resources, Finance or Legal, subject to the HR Committee’s direction and supervision, and with the express condition that the HR Committee retains full and exclusive authority over and responsibility for any activities of such other person or persons. Nothing contained in this paragraph shall be construed to confer upon any such person any discretion, authority or control respecting any matter, unless expressly authorized in writing.