

TALISMAN

E N E R G Y

TERMS OF REFERENCE

HEALTH, SAFETY, ENVIRONMENT AND CORPORATE RESPONSIBILITY COMMITTEE

COMPOSITION

At the first meeting of the Board of Directors of the Corporation after the election of Directors at the annual meeting of shareholders, the Board shall appoint a Health, Safety, Environment and Corporate Responsibility Committee (the "HSECR Committee") comprised of not more than six Directors of the Corporation and not less than three. The Board may remove or replace any member of the HSECR Committee at any time.

The Chair of the HSECR Committee shall be appointed by the Board of Directors 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 Committee, with respect to the proceedings of each Committee meeting. The HSECR Committee shall designate a Secretary to the HSECR Committee who may be a member of the HSECR Committee or an officer or employee of the Corporation. The Secretary shall keep minutes and records of all meetings of the HSECR 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 Director, officer or employee of the Corporation to act as Secretary.

MEETINGS

Meetings of the HSECR Committee, including telephone conference meetings, shall be held at such time and place as the Chair of the HSECR Committee may determine and, in any event, at least twice a 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 HSECR 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 meeting may be given verbally or delivered personally, 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 HSECR Committee present shall constitute a quorum. No business may be transacted by the HSECR Committee except at a meeting of its members at which a quorum of the HSECR Committee is present.

A resolution in writing, signed by all members of the HSECR Committee entitled to vote on that resolution at a meeting of the HSECR Committee, is as valid as if it had been passed at a meeting of the HSECR Committee. A copy of any such resolution shall be kept with the minutes of the proceedings of the HSECR Committee.

Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the matter shall be referred to the Board for consideration.

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

ROLES AND RESPONSIBILITIES

The HSECR Committee shall:

1. review policies and management systems in the area of health, safety, and environment;
2. review the Corporation's system of internal controls in the area of health, safety and environment;
3. receive a report at every regularly scheduled meeting of the Committee which will allow the Committee to:
 - (a) monitor implementation of systems necessary to ensure compliance with applicable legislation, regulatory requirements, industry standards, and internal policies related to health, safety, and environment matters;
 - (b) monitor performance and effectiveness of HSE systems and programs; and
 - (c) review significant contraventions of regulations or policies;
4. review the findings of regulatory agencies and auditors in respect of health, safety, environment and corporate responsibility matters as well as management's responses thereto;
5. review with respect to the Corporation's strategic initiatives for health, safety and environmental matters;
6. review trends and current and emerging issues in the health, safety and environmental areas and consider the impact to the Corporation;
7. review significant health, safety and environmental risks and exposures;
8. assess mitigating or remedial action taken to address the identified risks, including the adequacy of environmental insurance coverage associated with the risks;
9. review business continuity plans for the Corporation;
10. review emergency response planning procedures for the health, safety, and environment area;
11. review and consider, from time to time, corporate social responsibility policies with respect to security, community relations and human rights; and
12. annually, receive and review the Corporation's Corporate Responsibility Report and recommend approval of such report to the Board of Directors.

In respect of matters within its purview under this mandate and delegation, the HSECR Committee shall assist the Board in its oversight of the Corporation's compliance with legal and regulatory requirements.

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The HSECR Committee shall evaluate its own performance annually. The HSECR Committee shall review the adequacy of these Terms of Reference on an annual basis and recommend any changes it considers appropriate to the Governance and Nominating Committee, which shall, in light of the Corporation's governance structure and framework, recommend any changes it considers appropriate to the Board.

The HSECR Committee shall report to the Board at each regularly scheduled Board meeting next succeeding any Committee meeting.

GENERAL

The HSECR Committee may invite such officers, Directors and employees of the Corporation as it may see fit from time to time to attend a meeting of the HSECR Committee and assist thereat in the discussion and consideration of matters relating to the HSECR Committee and the discharge of its duties hereunder and may delegate to any member or subcommittee of members any of the duties of the HSECR Committee.

The HSECR 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 adviser that it determines to be necessary to permit it to carry out its duties.