
Environmental, Social and Governance (ESG) Committee Constitution and Terms of Reference

(as amended by the Board of Directors on 10 March 2020)

1. Membership

- 1.1 The Committee shall comprise at least two members. Members of the Committee shall be appointed by the board, on the recommendation of the Nomination Committee in consultation with the Chair of the ESG Committee.
- 1.2 Members of the Committee may be non-executive directors, executive Directors.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, relevant members of management will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 The board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The Company Secretary, or in their absence a nominee identified by the Committee Chair, will act as the secretary of meetings of the Committee and have responsibility for convening meetings of the Committee and taking minutes of its proceedings and decisions.

3. Quorum

The quorum necessary for the transaction of business at a meeting of the Committee shall be three (3) members. No member of the Committee shall form part of the quorum in relation to any matter in which they have a personal interest.

4. Frequency

- 4.1. The Committee shall meet at least twice per year at such times and in such manner (including by telephone) as shall be necessary or appropriate, as determined by the Committee Chair.

- 4.2. The Chair of the Committee may determine where (and by what manner) any particular meeting of the Committee may be held.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members, or by the Committee Chair directly.
- 5.2. Unless otherwise agreed by the Committee, notice of each meeting confirming the time and date, together with a physical venue or conference call, shall be forwarded to each member of the Committee as soon as reasonably practicable and, in any event, before the proposed time of the meeting. In addition, such notice shall where reasonably practicable indicate the subject matter of the meeting or, where appropriate, an agenda of the items to be discussed.
- 5.3. Notices, agendas and supporting papers may be sent in electronic form.

6. Minutes of Meetings

- 6.1. The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance and the declaration of any conflicts of interest by any Committee member on the matters under discussion.
- 6.2. Draft minutes of Committee meetings shall be agreed with the chair of the relevant meeting and, when signed by the chair, circulated promptly to all members of the Committee and the Board. The secretary will retain the originals of all minutes of the Committee and, in addition, shall keep a record of the membership of the Committee and any changes to that membership from time to time.

7. Purpose and Role

- 7.1. The Committee is constituted by the Board to:
 - assist the Board in defining the Pharos Group's strategy relating to ESG matters;
 - review the policies, programmes, practices and initiatives of the Pharos Group relating to ESG matters ensuring they remain effective and up to date;
 - oversee the Pharos Group's management of ESG matters and compliance with legal and regulatory requirements, including applicable rules and principles of corporate governance, and applicable industry standards;
 - report on these matters to the Board and, where appropriate, make recommendations to the Board; and
 - report as required to shareholders of the Company on the activities and remit of the Committee.
- 7.2. References in these terms of reference to **ESG matters** and **ESG** shall include, but not be limited to, the following:
 - **Environmental:** the Pharos Group's impact on the natural environment and its adaptation to climate change including greenhouse gas emissions, energy consumption, generation and use of renewable energy, biodiversity and habitat,

impact on water resources and the status of water bodies, pollution, resources efficiency, the reduction and management of waste, and the environmental impact of the Pharos Group's supply chain;

- **Social:** the Pharos Group's interactions with employees, host governments, commercial and state counterparties, stakeholders and the communities in which it operates and the role of the Pharos Group in society, workplace policies (for example, employee relations and engagement, diversity, non-discrimination and equality of treatment, health and safety and well-being), ethical procurement, any social or community projects undertaken by the Pharos Group and social aspects of the supply chain, community and stakeholder engagement or partnerships; and
- **Governance:** the ethical conduct of the Pharos Group's business including its corporate governance framework on ESG matters.

8. Duties

8.1. The Committee should carry out the duties below for the Company and the Pharos Group as a whole, as appropriate.

8.2. The Committee shall:

- assess the effectiveness of the Pharos Group's policies, programmes, practices and systems for:
 - a) identifying, managing and mitigating or eliminating ESG risks in connection with the Pharos Group's operations and corporate activity, including the level of preparation and readiness to respond to a major environmental incident; and
 - b) ensuring compliance with legal and regulatory requirements and international industry standards and guidelines applicable to ESG matters;
- assess the performance of the Pharos Group with regard to the impact of decisions relating to ESG matters, including any social or community projects undertaken by the Pharos Group, and any related actions upon employees, communities and other third parties, and further assess the impact of such decisions and actions on the reputation of the Pharos Group;
- review the quality and integrity of internal and external reporting of ESG matters and performance;
- review the results of any independent audits of the Pharos Group's performance in regard to ESG matters, review any strategies and action plans developed by management in response to issues raised; and
- review the process for and outcomes of investigations into major environmental incidents and the effectiveness with which recommendations are assimilated throughout the Pharos Group;

and make recommendations to the Board on any of the matters listed above that the Committee considers appropriate.

8.3. Although the Committee can seek the advice and assistance of the executive and senior management on matters falling within its duties and responsibilities, it must ensure that any such advice and assistance is clearly separated from the role that the relevant member(s) of executive management performs within the business.

9. Authority

The Committee is delegated by the Board with such authority as is necessary to:

- 9.1. carry out its duties including the authority to approve and issue required announcements to the market where it is not practical due to urgency or otherwise for a particular matter to be considered by the Board;
- 9.2. investigate any activity within its terms of reference;
- 9.3. to have the right to publish in the Company's Annual Report details of any issues that cannot be resolved between the Committee and the Board; and
- 9.4. incur or commit expenditure in the proper undertaking of its functions subject to any budget or other financial authority conferred by the Board.

10. Resources, Access, External Advice and Training

- 10.1. The Committee shall have access to sufficient resources in order to carry out its duties, including access to professional technical expertise in the areas within its remit and the assistance of the secretariat, legal, financial and other non-technical functions within the Pharos Group as it may reasonably require.
- 10.2. The Committee shall have full access to the Group's records and personnel and, without limitation to the foregoing, has the authority to call on all UK and overseas staff for all information and financial data it considers necessary or desirable in the proper discharge of its duties and responsibilities.
- 10.3. Without prejudice to the generality of either of the preceding paragraphs, the Committee is authorised to take external professional advice as necessary and, in particular, may consult with the Company's external environmental or corporate responsibility advisers, legal advisers and/or auditor.
- 10.4. Members of the Committee shall be provided with such appropriate and timely training on ESG matters as is reasonably required, including as necessary in the form of induction for new members and on an ongoing basis for continuing members.

11. Annual Report and AGM

- 11.1. The existence of the Committee and its current membership will be disclosed in each annual report and accounts of the Company. If the Committee and the Board consider this appropriate, such disclosure will be accompanied by a summary of the Committee's activities during the relevant reporting year.
- 11.2. If requested by the Board, the Committee shall oversee the CR reports within the annual report and accounts of the Company (the **ARA**).
- 11.3. The Committee Chair will attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities in relation to ESG matters.

12. Board Reporting and Responsibility

- 12.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within the Committee's duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 12.2. The Committee shall be responsible to the Board for its work without prejudice to the Board's responsibility for such work or the duties and authority of the Committee.
- 12.3. The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its 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.