



# Western Coal

## HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

### TERMS OF REFERENCE

#### A. PURPOSE

The purpose of the Health, Safety and Environment Committee (the "Committee") is to review, monitor and assess the effectiveness of:

- (a) the environmental policies and activities of the Company; and
- (b) the activities of the Company as they relate to health and safety issues.

#### B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Board of Directors of the Company (the "Board") shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
2. The Committee shall consist of at least three members of the Board, a majority of whom shall be independent Directors, as defined by applicable securities laws. The Chair of the Board shall be an ex-officio member of the Committee.
3. Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chair from amongst their number.
4. The Secretary of the Company shall be the Secretary of the Committee, unless otherwise determined by the Committee.
5. The Committee shall meet regularly and not less than semi-annually on such dates and at such locations as the Chair of the Committee shall determine. The Committee may also meet at any other time or times on the call of the Chair of the Committee, any two of the other members, or the senior officer of the Company responsible for health, safety and environmental matters.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.

7. Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
8. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
9. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.
10. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company.
11. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee.
12. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

#### **C. OUTSIDE CONSULTANTS AND ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Company's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors or any search firm to be used to identify director candidates, including sole authority to approve the fees and other retention terms for such persons.

#### **D. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee shall be as follows:

1. Environment Matters
  - (a) to review and monitor the environmental policies and activities of the Company on behalf of the Board;
  - (b) to review environmental compliance issues and environmentally sensitive incidents to determine, on behalf of the Board, that the Company is taking all necessary action in respect of those matters and that the Company has been duly diligent in carrying out its responsibilities and activities in that regard;

- (c) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended;
- (d) to report regularly and on a timely basis to the Board on matters coming before the Committee relating to environmental policies and activities of the Company for consideration and the manner of disposition;
- (e) to receive reports from management of the Company on all significant environmentally sensitive incidents and/or compliance issues in a detailed and timely fashion; and
- (f) to review and consider potential environmental liabilities and obligations, their potential financial impact on the Company.

2. Health and Safety

- (a) to review and monitor the health and safety policies and activities of the Company on behalf of the Board to ensure compliance with applicable laws, legislation and policies as they relate to health and safety issues;
- (b) to recommend actions for developing policies, programs and procedures to ensure that the principles set out in the Company's policies related to health and safety are being adhered to and achieved;
- (c) to review and report to the Board on the sufficiency of resources available for carrying out the actions and activities recommended; and
- (d) to report on a timely basis and at least annually to the Board on health and safety issues and on the state of compliance with applicable laws and legislation and adherence to the policies of the Company.

3. Terms of Reference and Calendar of Activities

The Committee will develop a calendar of activities to be undertaken by the Committee for each ensuing year related to environment, health and safety and will recommend to any material changes to these Terms of Reference to the Board of Directors for approval.

**APPENDIX A**

**HEALTH, SAFETY AND ENVIRONMENT COMMITTEE**

**CALENDAR OF ACTIVITIES**

<b>Description of Activity</b>	<b>February</b>	<b>May Site Visit</b>	<b>July</b>	<b>October</b>
At each meeting: Approve minutes of last meeting Receive HSE report including: <ul style="list-style-type: none"><li>• HSE events and compliance issues</li><li>• HSE management system key performance indicators</li><li>• Review future significant HSE activities</li></ul>	X	X	X	X
Review Terms of Reference and Calendar of Activities	X			
Review Environmental, Health and Safety Policy Statement and communication to employees		X		
Review HSE management system including: (1) audit procedures, compliance responsibilities, policies and programs; (2) sufficiency of resources for HSE compliance; and (3) any required modifications			X	
Review HSE audit report and recommendations				X