IGas Energy PLC

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IGas Management System

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FOREWORD

IGas Energy plc is a group of companies ("IGas"). IGas recognises that effective health, safety and environmental management along with sound quality principals contributes significantly to its long-term business success.

This document sets out IGas' Management System. It emphasises the systematic approach in the way we manage our business activities and our belief that our performance can always be improved over time.

The application and success of this system requires the participation and commitment of management, employees and contractors at all levels.

IGas Policies and Management System has the Board's full support but IGas requires individual commitment through a personal understanding of this document and full participation in the effective implementation of the system.

It is imperative that Senior Management involved in the business of IGas familiarise themselves with their roles and responsibilities in this document and that the principals of this document are disseminated and incorporated into IGas' daily activities. With the total commitment of everyone we can ensure the best possible protection of our personnel, contractors, the public, the environment, our assets and ensure business continuity.

1.   INTRODUCTION

This document lays out the IGas Management System. It describes the structure and content of the IGas Management System, and incorporates the top level procedures (Elements) of IGas. It includes the Statement of Principles (Policy) and a description of how it is implemented throughout IGas. The IGas Management System core processes and expectations are described with further references to other supporting procedures and instructions.

The IGas Management System has been developed to effectively manage IGas' business processes and activities associated with the exploration, appraisal and production of oil and gas in an environmentally responsible, protective and safe manner. The IGas Management System ensures that customer and stakeholder requirements are understood throughout the organisation and met when delivering hydrocarbons or energy products, resulting in enhanced customer and stakeholder satisfaction.

1.1. Scope

The IGas Management System and this Manual applies to all activities within the business across all areas of activity, which involves exploration, appraisal and production in the Oil and Gas sector. The product is hydrocarbons in the form of oil and gas, which may be processed or converted into other forms of energy before its ultimate sale. The IGas Management System applies to the activities performed by any UK subsidiary companies of the IGas Group.

Where IGas works in partnership with other operators, the scope of the project that relates to IGas will comply with the intent of the IGas Management System. Contractors working for IGas are not required to work under the IGas Management System, in instances where they use their systems, it must be compatible and comply with the intent of the IGas Management System.

IGas is committed to conducting its business in a way that ensures the minimisation of risks to health, safety, and the environment, embraces social responsibility, quality and security considerations to enhance performance. IGas manages risks through compliance with the IGas Management System, which is reviewed and improved to ensure continued effectiveness. The IGas Management System enables IGas activities and services to comply with company expectations, as contained in Policies (ISO Statement of Principles).

1.2. Normative References

The following standards apply to all activities, products and services within the UK subsidiaries of IGas.

- BS EN ISO 9001 Quality Management Systems – Requirements

- BS EN ISO 14001 Environmental Management Systems – Requirements

IGas aspires to comply with OHSAS 18001 Occupational Health & Safety Management Systems Requirements, and will work to meeting these standards in the future.

1.3. Terms and Definitions

BS – British Standards.

EN - European Standard.

GIS - IGas' Geographical Information System.

IGas Management System - Integrated quality, environmental, occupational health and safety, social responsibility and security management system incorporating all departmental functions within IGas.

ISO - International Standardization Organization.

Output - The actions and documents that result from process requirements.

Product - Energy and/or hydrocarbons delivered to customers.

Responsibility - The obligation to carry forward an assigned task to a successful conclusion whilst having the authority to direct and take the necessary action to ensure success.

2. IGAS ENERGY PLC

2.1. IGas

IGas Energy Group is the UK's leading onshore oil and gas exploration and production business with licences to explore, appraise and develop hydrocarbons in a number of locations, focusing on the North West, the East Midlands and the Weald Basin. IGas has more than thirty years' experience of successfully extracting onshore hydro carbons in the UK. The UK has one of the most stringent regulatory regimes in the world.

IGas is listed on the London Alternative Investment Market and employs more than 160 staff working at over 100 sites around the country. Our employees largely live and work in the areas in which IGas operates.

IGas is committed to the environment and the communities in which we operate and we have a long track record of engaging with local residents and stakeholders. IGas operates its own Community Fund which has and continues to distribute substantial amounts each year to projects that are charitable, educational or benevolent in purpose.

2.2. Our Activities

IGas' licences include a number of producing oil and gas fields in the Weald Basin, Scotland and East Midlands. In addition to these licences, IGas also has exploration acreage in the North West, East Midlands and Weald Basin.

IGas continually reviews its portfolio of assets and the interests it holds in them. As is common in the Oil & Gas sector, mergers, acquisitions, disposals and changes to working interest happen on a regular basis and is continually changing.

The majority of licences are operated by IGas, however some licences are operated by Joint Venture Partners. Interests held in each licence varies and may change over time. A summary of licences held, working interests, joint venture partners and licence Operators is held in IGas' Document Control System (Document ID 3551); and is also detailed on IGas' Geographical Information System (GIS). This information is also available to the public on the .gov website.

Revenue streams are generated from the sale of hydrocarbons or energy in various forms (oil, gas, electricity) and from incidental operations such as handling and transporting partner and

third party products. IGas is able to service the majority of its ongoing operational needs from in-house resources including well service and maintenance actives. Where in-house capabilities are not available contractors are engaged to provide selected services.

3. IGAS MANAGEMENT SYSTEM

3.1. IGas Policy

IGAS ENERGY GROUP
POLICY STATEMENT

QUA.PO.001
Date: 03/08/2016 Rev.: 03

IGas Energy Group companies produce and market crude oil and gas from conventional and unconventional hydrocarbon sources. IGas is committed to conducting its business in a way that ensures the minimisation of risks to Health, Safety, Environment, Social, Quality and Security. IGas will manage risks through compliance with the company Management System, which will be reviewed and improved to ensure continued effectiveness. The Management System enables IGas activities and services to comply with agreed company principles, these being:

GENERAL PRINCIPLES:

- Maintain the Management System, seeking continual improvement.

- Measure the effectiveness of the Management System, in order to monitor and meet progression towards targets.

- Comply with all applicable requirements including regulations, legislation, permits, codes of practice, contract terms, and stakeholder expectations.

- Engage with stakeholders, proactively communicating and addressing concerns.

ENVIRONMENT, HEALTH AND SAFETY MANAGEMENT PRINCIPLES:

- Regularly seek out and review Environment, Health and Safety risks so that potential hazards are identified at an early stage and mitigated where necessary.

- Implement Elements, Procedures, Work Instructions, Guidance and other process requirements to ensure that Environment, Health and Safety risks from projects, offices, facilities and functions are controlled.

- Prevent pollution by the appropriate storage, transfer, handling, disposal and use of materials.

- Ensure continual improvement by setting and meeting performance objectives and targets.

- Ensure the prevention of major accidents in accordance with the Control of Major Accident Hazards (COMAH) Regulations 2015 where appropriate.

- Ensure we continue to focus on energy consumption to minimise environmental impacts.

- Ensure staff and contractors meet the IGas expectations for Environment, Health and Safety practices, conducting operations in a safe, healthy and environmentally sensitive manner.

QUALITY MANAGEMENT PRINCIPLES:

- Establish improvement objectives, and monitor performance and progress towards these objectives to ensure the desired quality is achieved and retained.

- Check that staff and contractors are competent to a level that allows them to meet the required standards.

SECURITY MANAGEMENT PRINCIPLES:

- Encourage a security positive culture that promotes security as everyone's responsibility to minimise risk to/from employees, business functions, projects, contractors, suppliers, stakeholders and other third parties.

- Evaluate and monitor current and future threats so that they can be addressed proactively.

- Prioritise security resources to protect critical business applications.

- Deliver quality and value in the provision of security measures that will mitigate the risks from threats to our data, facilities, personnel, company reputation and physical assets.

- Ensure awareness and good practice for the processing of personal

- data. Act in a professional and ethical manner.

IGas Energy Group will encourage compliance with this Policy through the operation of the Management System. Non-conformances will be identified and corrected. The requirements of the Management System will be communicated widely so that all staff and contractors are aware of it and thus able to conform.

Signed: _____   Date: 03/08/2016

Figure 1: IGas Policy

3.2.   General Requirements

This chapter describes the management, support and core functions of the IGas Management System established by IGas to ensure;

- the quality of our outputs (end product, internal service or documents),

- compliance with stakeholder requirements on regulation, specifications and quality.

IGas shall establish, document, implement and continuously improve its Management System according to the ISO reference standards.

The IGas Management System takes into account the following aspects:

- Identification of existing key processes (Elements)

- Determination of the sequence of activities

- Determination of the effective methods for controlling processes

- Ensuring the availability of resources and information necessary to carry out the processes.

- Monitoring processes and subsequent analysis of them in order to implement the necessary actions towards continuous improvement.
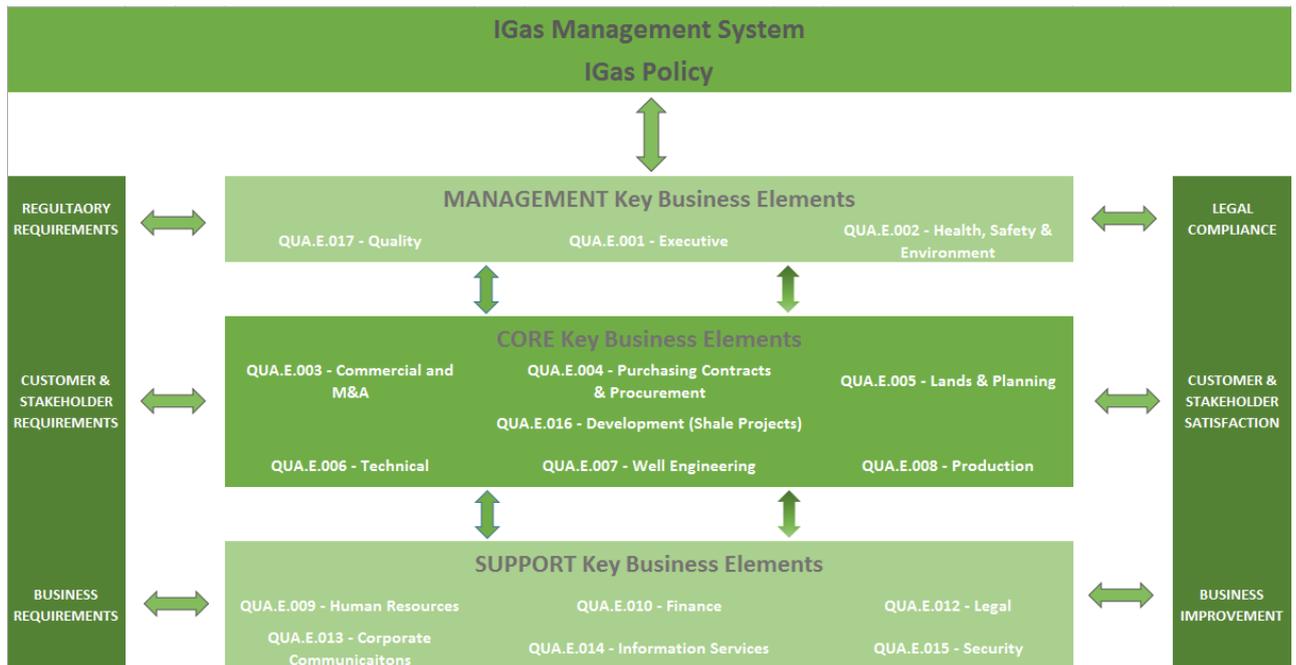
Figure 2: Key Business Processes

IGas Management System documentation includes the procedures required by the applicable ISO standards, as interpreted by IGas, to ensure that existing processes functions effectively and that they are monitored and reviewed to ensure they are fit for purpose.

3.3. Organisation chart

Key functional roles are established in IGas (as shown in the next figure). The detailed Organisation Chart is available to all employees in IGas and can be seen in M-Files in "My HR" view.
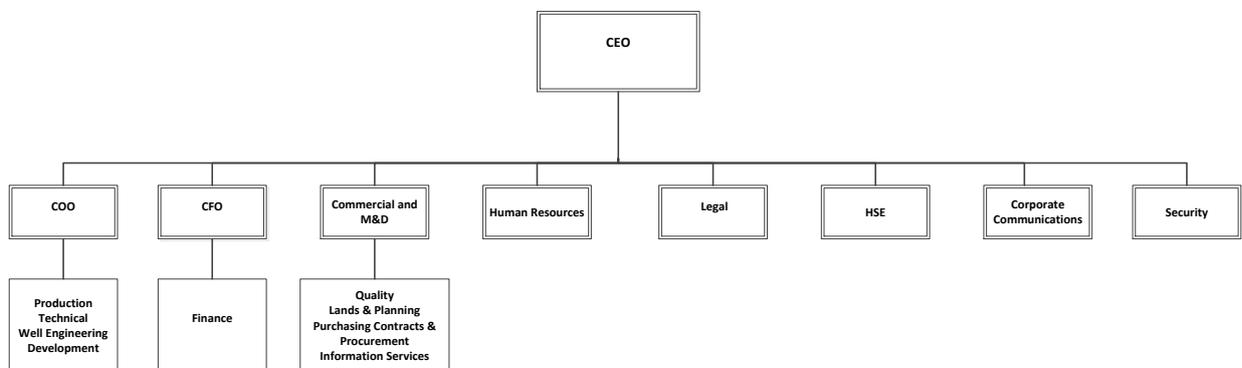

Figure 3: Organisation Chart

3.4. Responsibility and Authority

The IGas Management System includes reporting arrangements to ensure that the CEO (chief executive officer) is aware of company-wide quality and environmental performance, activities and issues, and is actively involved with setting strategic policies and performance evaluation processes, which are fundamental parts of the system. Health, safety, environmental and quality matters are communicated to the Executive Board Directors at weekly Executive Committee Meetings, monthly Management Committee Meetings, periodic Safety Committee Meetings and they are advised immediately when an Incident is reported in IGas' incident reporting system.

The CEO is responsible for ensuring that sufficient resources are made available to enable compliance with this system. The CEO will ensure that it is subject to management review and improvement updates where appropriate.

The other key responsibilities for the IGas Management System are as follows:

- The COO (chief operating officer) and CFO (chief financial officer) report to the CEO and are responsible for ensuring that the IGas Management System is implemented and communicated in their areas of responsibility.

- The COO is the nominated IGas Management System Representative for the IGas management team, and is responsible for providing advice, assistance and assurance in order to promote and improve the IGas Management System performance.

- The IGas HSE (Health, Safety and Environment) Director is responsible for the implementation and maintenance of the health, safety and environmental aspects of the IGas Management System, and the MD Strategy Implementation is specifically responsible for the implementation and maintenance of the of the businesses assurance and quality aspects of the IGas Management System.

3.5. Communication

Efficient communication, both up, down and across the organisation is essential for the IGas Management System to function effectively. The communication structure is designed not only for the passage of information but to motivate people through their involvement and

understanding. It is recognised that well motivated employees will contribute more towards the overall success of IGas.

3.6. Document Structure and Hierarchy

The IGas System involves this top level document which incorporates the IGas Policy Statement, as well as overarching Elements aligned to the key business processes (see Figure 2). The Elements establish the management framework within which IGas works, and defines who within the organisation is accountable and responsible for executing each key activity.

The Elements are supported by a suite of Procedures which provide definition on specific requirements of IGas and elaborate on environmental and quality issues and business processes. The Elements and Procedures are organised to reflect the operation of IGas and to ensure consistent implementation of the IGas Management System and business assurance across IGas.

Additional documents support the functioning of the IGas Management System, addressing the execution of the business. The overall structure of IGas Management System documentations is shown in Figure 4.
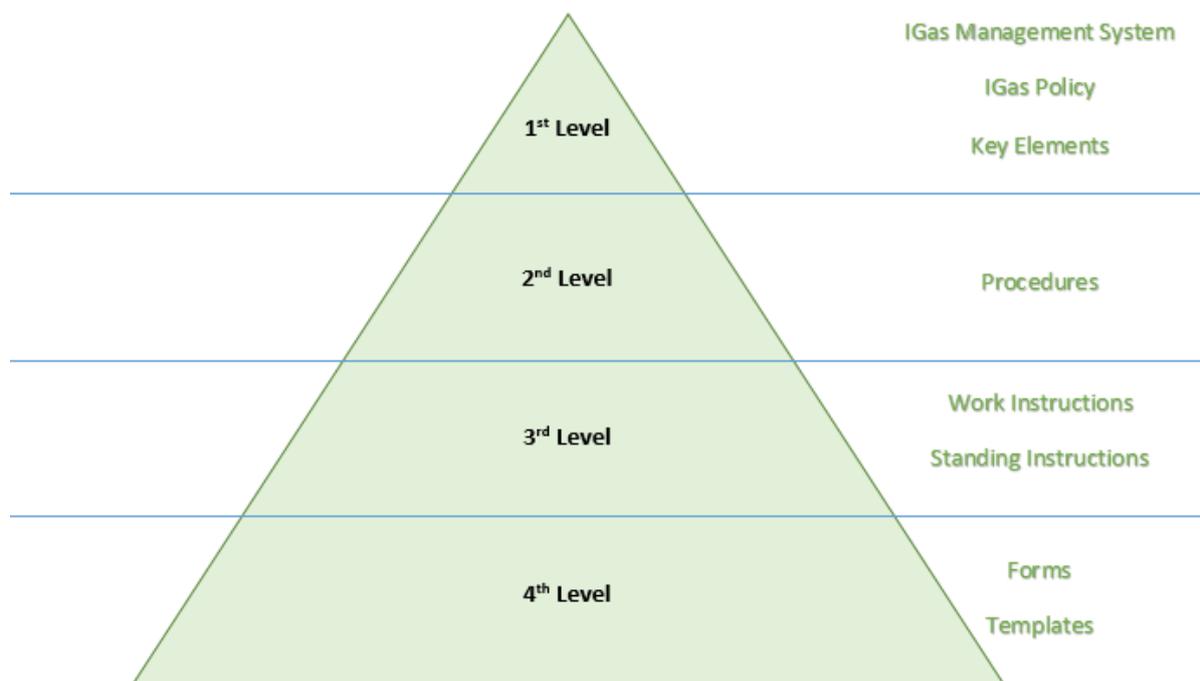
Figure 4: IGas Management System Document Hierarchy

The Elements establish the management requirements of IGas. Specific detail on how these will be executed at corporate level are detailed in Procedures, and at local level will be contained in local Work Instructions including those of contractors and sub-contractors. Standing Instructions set out IGas' health, safety and environmental expectations that apply to all employees and contractors.

IGas document structure can be seen in the view "IGas Management System" in M-Files.

All IGas Management System documentation is subject to document and data control, in accordance with Document Control & Records Procedure (QUA.PR.006). The controlled documents are maintained as electronic master copies available in the Document Management System.

4. ISO REQUIREMENTS VS IGAS MANAGEMENT SYSTEM DOCUMENTATION

ISO 9001	ISO 14001	[1]OHSAS 18001	Requirement	IGas Document
4.1	4.1	4.1	General requirements	QUA.E.001, QUA.E.002, QUA.E.003, QUA.E.004, QUA.E.005, QUA.E.006, QUA.E.007, QUA.E.008, QUA.E.009, QUA.E.010, QUA.E.012, QUA.E.013, QUA.E.014, QUA.E.015, QUA.E.016, QUA.E.017
4.2	4.4.4 4.4.5 4.5.4	4.4.4 4.4.5 4.5.4	Documentation requirements	IGas Policy, Objectives & Targets, IGas Management System Manual, Elements and Procedures, QUA.PR.004
5.1	4.2 4.4.1 4.6	4.2 4.4.1 4.6	Management commitment	QUA.E.001, QUA.E.002, QUA.E.017
5.2	4.3.1 4.3.2		Customer focus	QUA.E.003
5.3	4.2	4.2	Quality policy	IGas Policy, IGas Management System Manual
5.4	4.3	4.3	Planning	QUA.E.001, QUA.PR.008, QUA.PR.011, Objectives & Targets
5.5	4.4.1 4.4.3	4.4.1 4.4.3.1 4.4.3.2	Responsibility, authority and communication	QUA.E.001, QUA.E.017, QUA.E.002, QUA.E.005
5.6	4.6	4.6	Management review	QUA.E.001, QUA.E.017, QUA.E.002, QUA.PR.011
6.1	4.4.1	4.4.1	Provision of resources	QUA.E.001
6.2	4.4.2	4.4.2	Human resources	QUA.E.009
6.3	4.4.1	4.4.1	Infrastructure	QUA.E.001
6.4	-	-	Work environment	QUA.E.001
7.1	4.4.6	4.4.6	Planning of product realization	QUA.E.003, QUA.E.004, QUA.E.005, QUA.E.006, QUA.E.007, QUA.E.008, QUA.E.016
7.2	4.3.1 4.3.2 4.4.3 4.4.6	4.3.1 4.3.2 4.4.3.1 4.4.3.2 4.4.6	Customer-related processes	QUA.E.003
7.3	4.4.6	4.4.6	Design and development	QUA.E.003, QUA.E.004, QUA.E.005, QUA.E.006, QUA.E.007, QUA.E.008, QUA.E.016
7.4	4.4.6	4.4.6	Purchasing	QUA.E.004
7.5	4.4.6	4.4.6	Production and service provision	QUA.E.008
7.6	4.5.1	4.5.1	Control of monitoring and measuring equipment	QUA.E.006
8.1	4.5	4.5	Measurement, analysis and improvement - General	QUA.E.017, QUA.E.002, QUA.PR.008
8.2	4.5.5 4.5.1 4.5.2	4.5.5 4.5.1 4.5.2	Monitoring and measurement	QUA.PR.011, QUA.PR.008, QUA.E.001, QUA.E.002, QUA.E.003, QUA.E.004, QUA.E.005, QUA.E.006, QUA.E.007, QUA.E.008, QUA.E.009, QUA.E.010, QUA.E.012, QUA.E.013, QUA.E.014, QUA.E.015, QUA.E.016, QUA.E.017

[1] IGas is not currently certified to OHSAS 18001 Occupational Health & Safety Management System. But it seeks to work towards a standard that is equivalent too, or above. In working towards a health and safety standard, IGas seeks to ensure enhancement to and compatibility with our certified Standards.

ISO 9001	ISO 14001	¹OHSAS 18001	Requirement	IGas Document
8.3	4.4.7 4.5.3	4.4.7 4.5.3.1 4.5.3.2	Control of nonconforming product	QUA.PR.011, QUA.PR.002, HSE.PR.017
8.4	4.5.1 4.5.3	4.5.1 4.5.3.2	Analysis of data	QUA.PR.008, HSE.PR.017
8.5	4.2 4.3.3 4.5.3 4.6	4.2 4.3.3 4.5.3.2 4.6	Improvement	QUA.PR.002, QUA.PR.008, HSE.PR.017