



**HORIZON OIL LIMITED**

(ABN: 51 009 799 455)

# **CORPORATE CODE OF CONDUCT**

## 1 Introduction

This is the corporate code of conduct (“**Code**”) for Horizon Oil Limited (“Horizon Oil”) and is designed to maintain confidence in the integrity of Horizon Oil and the responsibilities and accountability of individuals for reporting and investigating reports of unethical practices.<sup>1</sup>

This Code expresses certain basic principles that Horizon Oil, its employees and external consultants should follow in all dealings related to Horizon Oil. They should be loyal to Horizon Oil, should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples’ information and should conduct Horizon Oil’s business in accordance with law and principles of good business practice.

The Code reflects Horizon Oil’s recognition that Horizon Oil’s reputation is an essential element of Horizon Oil’s success. Each employee and consultant employed by Horizon Oil has the responsibility to act in a way that preserves and enhances Horizon Oil’s reputation.

Employees will often encounter issues in their work for Horizon Oil requiring judgment based on the principles expressed in this Code. While it is impossible to discuss every conceivable situation that might arise, Horizon Oil believes that the examples contained in this Code illustrate rules that should usually be followed to ensure that the actions of employees and consultants are not and will not be challenged for being unethical. The material in this Code is meant to be illustrative only and is not intended to limit the principles themselves.

Although Horizon Oil expects all employees to be familiar with the principles stated in this Code, Horizon Oil does not expect each employee and consultant to be fully versed in the law affecting his or her responsibilities. Whenever questions of any nature whatsoever arise in relation to the Code, each employee should seek guidance from the chief financial officer who will in turn obtain advice on the interpretation of applicable laws and regulations from Horizon Oil’s solicitors.

The Code sets out the standards to which Horizon Oil will adhere whilst conducting its business and includes:

- the approval of the Code by the Board and senior management;
- the commitment to shareholders;
- compliance with relevant laws;
- environment protection;
- occupational health & safety;
- equal employment;
- confidentiality;
- conflicts of interest;
- general conduct;

All employees are responsible for Horizon Oil achieving the highest levels of business conduct. Horizon Oil’s employees are accountable for acting in line with the policies and standards outlined in the Code.

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<sup>1</sup> ASX Corporate Governance Council’s revised Corporate Governance Principles and Recommendations 3RD edition, , Recommendation 3.1

## **Board**

The Board and senior managers of Horizon Oil support, stand by and will adhere, at all times, to the Code. It is their view, that the Code will benefit Horizon Oil in all that it strives to achieve and will be vital to the success of Horizon Oil in the implementation of its strategies.

Proper business conduct is in the long-term interests of Horizon Oil because it creates loyalty and trust in employees, customers, the communities in which Horizon Oil operate, and other stakeholders.

## **2 Shareholders**

Horizon Oil acknowledges and endorses the expectation that funds of shareholders will be used in a manner that results in the best possible return. In achieving this aim, the directors, officers and employees will undertake their duties with honesty, integrity, care, skill and diligence.

Horizon Oil recognises that transparency in business conduct and open disclosure of the strategies of Horizon Oil play a key role in building shareholder value, loyalty and trust. Horizon Oil also recognises that in order to grow and achieve success, it must earn the trust of employees, customers, suppliers, communities and shareholders by being open and communicative.

## **3 Compliance with the law**

### **3.1 Introduction**

Horizon Oil employees must comply with the letter and the spirit of all laws and regulations. This includes:

- understanding the laws and regulations relevant to their work; and
- complying with those legal requirements.

It is crucial that all employees understand the laws that affect both their roles and their general business conduct. If an employee is unclear of the impact that the law may have on their role, they should seek advice from Horizon Oil's legal advisor.

It is up to the senior managers to ensure that their section or department complies with all relevant laws and regulations.

### **3.2 Insider dealing**

The Corporations Act 2001 (Cth) makes it unlawful to deal in the shares of a company while in possession of material information about Horizon Oil which has not become public.

Employees in possession of information concerning Horizon Oil that is not generally available, and which a reasonable person would expect to have a material effect on the share price are prohibited from buying, selling or otherwise dealing in Horizon Oil's shares. It is also unlawful in those circumstances to encourage someone else to deal in Horizon Oil's shares or to pass the information to someone who may use the information to buy or sell Horizon Oil's shares. The penalties for insider dealing are severe and can include imprisonment.

The Securities trading policy of the Horizon Oil provides guidelines and prohibitions relating to the dealing of Horizon Oil's securities.

### **3.3 Privacy**

Horizon Oil will only collect personal information from its employees ethically and lawfully. It also seeks to collect information in a fair manner, and in a way that is not unreasonably intrusive. If you are collecting personal information on behalf of Horizon Oil you must inform the person involved of the purpose for which information is collected and be aware that, subject to some limitations, employees will be able to gain access to the information collected on request. Steps must be taken to ensure that data is appropriately accurate and current and that data is stored no longer than necessary.

Employees must ensure that the confidentiality of personal information contained in company records is strictly maintained.

Personal information relating to individuals, including individual employees, should not be provided to other employees unless it is required to perform their jobs. Information relating to employment records, salaries, addresses etc. cannot be released to external organisations unless required by law or upon informed consent from the relevant employee.

## **4 Environment**

All Horizon Oil's business activities will be carried out so as to protect the health and safety of employees, contractors, customers and the community while paying proper regard to the protection of the environment.

Horizon Oil will use its best endeavours to conduct its operations, including operations undertaken on its behalf, in a manner that is environmentally responsible and sustainable. Horizon Oil will always conduct its business with the protection of the environment as an important goal and comply with the relevant applicable regulations in all countries in which Horizon Oil has operations.

The objectives of Horizon Oil in protecting the environment are to:

- ensure Horizon Oil and companies operating on Horizon Oil's behalf meet or exceed all legal and regulatory requirements for environmental management and protection, and where these are lacking or insufficient to protect the environment, apply best practice standards which will ensure that the environment is protected;
- maintain an awareness within Horizon Oil of the responsibility of Horizon Oil and its employees and contractors to ensure protection of the environment;
- regularly review Horizon Oil's operations including those undertaken on its behalf to identify and assess the environmental impact associated with those operations; and
- ensure directly or through contractual and joint venture agreements implementation and maintenance of management systems, programs and procedures to ensure the environment is protected including the control of discharges and other waste emissions that may harm the environment.

All aspects of environmental performance must be reported through senior management to the Board.

## **5 Occupational health and safety policy**

Horizon Oil is committed to the health and safety of all employees. Horizon Oil will work to eliminate hazardous practices and behaviour, which could cause accidents, injuries or illness to employees, contractors, visitors and the general public. Horizon Oil strives to have injury free

workplaces. Horizon Oil takes particular account of the occupational health and safety risks faced by employees operating overseas.

The primary goal is to assist in providing a safe and healthy work environment for Horizon Oil's employees, contractors and visitors.

The objectives of Horizon Oil in ensuring health and safety are to:

- comply with all relevant statutory obligations;
- provide adequate resources to establish and maintain safe systems of work;
- maintain health and safety competency and integrate health and safety requirements in all aspects of business;
- ensure all incidents are reported and thoroughly investigated with a view to preventing a similar injury occurring;
- ensure all relevant contracts and agreements entered into require compliance with the applicable occupational health and safety legislation.

All employees and contractors are accountable for health and safety performance in their areas. All employees are required to follow rules for safe and healthy operations, report hazards to their supervisors and must always report any injuries that occur to either themselves or others.

## **6 Equality in employment**

Horizon Oil seeks to develop a diverse workforce and provide a work environment in which everyone is treated fairly and with respect. Merit is the primary basis for employment with Horizon Oil. All employees and applicants for employment should be treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only. Any decisions based on characteristics such as gender, disability, age, race, religion, marital status, sexual preference, political belief may constitute discrimination and will not be tolerated at Horizon Oil.

Active discrimination and harassment in the workplace in any form is unacceptable. Horizon Oil regards any actions by an employee that constitute harassment or discrimination as serious misconduct.

## **7 Confidentiality**

Confidentiality is a key characteristic of an efficient and successful business. Employees are required to protect proprietary, commercial and other information that is confidential to Horizon Oil. These obligations of confidentiality continue after an individual's employment has ceased with Horizon Oil.

Information that is not generally available concerning the activities, results, strategies or plans of Horizon Oil must be used for authorised purposes only. This includes using the information provided for a different purpose without first obtaining permission. Confidential information should be handled and communicated with care, and must not be disclosed outside Horizon Oil without proper authority.

Any contracts that are entered into by Horizon Oil with customers, consultants and contractors should contain appropriate confidentiality clauses that ensure the protection of Horizon Oil's confidential information.

Managers and supervisors are responsible for ensuring that arrangements are in place for protecting sensitive and confidential information.

## **8 Conflicts of interest**

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of Horizon Oil. Such circumstances could compromise or appear to compromise the employee's ability to make impartial business decisions.

If in any doubt regarding an actual or potential conflict of interest, the issue should be discussed with senior management to ensure it can be adequately addressed.

## **9 General conduct**

Directors, senior management, officers and employees must:

- not make unauthorised gains or payments. As a general rule, the Horizon Oil's directors, senior management, officers and employees should not accept or offer to give gifts, services, discounts, gratuities or other gains from (or to) people who conduct or seek to conduct business with Horizon Oil. This principle has particular application where Horizon Oil is involved in a tender. Although small gifts or invitations to local social, cultural or sporting functions are generally acceptable, the offering of bribes to anyone is prohibited outright. Breaking this principle could compromise all concerned. The Horizon Oil Anti-Corruption and Bribery Policy further provides guidelines and prohibitions relating to anti-corruption and bribery.
- only use company assets as authorised. Horizon Oil's assets are critical to business competitiveness and success. These assets include office equipment and computer systems, the data on those systems (including the passwords allowing access to that data). Horizon Oil's assets are provided for conducting Horizon Oil's business. Any use of these assets must be authorised by the CEO.
- not make unauthorised public statements. Great care must be taken in public speaking engagements, media releases and official appearances.
- treat customers, consumers, the community and suppliers with the utmost respect, integrity and honesty and must strive to deliver a superior performance in conducting their duties.
- not make political donations on behalf of Horizon Oil. This does not, of course, restrict the rights of employees to attend political functions in a personal capacity.
- help out fellow workers and work collaboratively and within the bounds of commercial confidentiality.

## **10 Compliance**

### **10.1 Responsibility for monitoring compliance**

All directors, senior management, officers and employees of Horizon Oil are responsible for ensuring their individual compliance with the Code.

Senior management of Horizon Oil, will also be responsible for ensuring that the conduct of employees in that manager's department complies with the Code.

### **10.2 Reporting instances of non-compliance**

All instances of non-compliance with the Code are to be reported:

- in the first instance, to the chief executive officer by employees or the Chairman, by directors.

Instances of non-compliance which constitute a serious breach of the Code include any conduct or event involving impropriety which:

- has the prospect of being a material breach of the law;
- may have a serious business impact on Horizon Oil; or
- may seriously compromise the reputation of Horizon Oil.
- Where appropriate, Horizon Oil should refer the report of serious non-compliance to the:
- the Audit Committee (eg where the misconduct is an allegation of fraud); and/or
- the Risk Management Committee.

### **10.3 Consequences of non-compliance**

Horizon Oil is committed to ensuring that all directors, executives, officers and employees of Horizon Oil comply with the Code.

All instances of non-compliance with the Code are treated seriously by Horizon Oil and may result in Horizon Oil taking disciplinary action, including dismissal or removal of the person(s) concerned.

## **11 Review**

The chief executive officer will conduct an annual review of the Code to ensure that the Code continues to reflect the letter and spirit of all applicable laws and regulations and Horizon Oil's commitment to its staff and the community.

Directors and employees of Horizon Oil are encouraged to report any difficulties or challenges encountered by them in complying with the Code (including any inconsistencies between the Code and the business initiatives of Horizon Oil) to Horizon Oil. This will assist in the evaluation of the effectiveness of the Code and will highlight any areas of the Code that may require amendment or additional guidance.