

# Sustainability Report

The focus of Horizon Oil's sustainability efforts in Papua New Guinea relate to safety, health and community, the environment and security. Horizon Oil takes seriously the impact that climate-change has on our consolidated resource base including changes to law and policy, technology, markets and reputation.

Horizon Oil's sustainability governance framework was implemented to achieve alignment of our sustainability principles with core non-operated business in China, New Zealand and Papua New Guinea. Horizon Oil semi-annually reviews the relevant operator's Health, Safety, Security and Environment ('HSSE') policies and monitors HSSE performance through regular communication and reporting. Annually, Horizon Oil reviews compliance against these HSSE policies and obtains certification from the relevant operator that it has materially complied with its HSSE policies.

## (i) Safety, health and community

Horizon Oil continues to maintain its strong safety and health performance in its operated assets and is committed to maintaining a safe and healthy working environment for all people across its operations. Horizon Oil achieved a Total Recordable Injury Frequency Rate ('TRIFR'), a Lost Time Injury Frequency Rate ('LTIFR') of 0.0 and had no recordable injuries which far exceeded industry norms<sup>1</sup>. Total exposure hours were consistent with the 2017 financial year and as at the date of this report, Horizon Oil will achieve 3 years free of recordable injuries.

Horizon Oil continues to monitor its non-operated assets to ensure that safety and health performance remains consistent with its expectations. During the reporting period a single Lost Time Injury ('LTI') was reported in each of the non-operated assets (China and New Zealand). Incident investigations were conducted (led by the operator) to identify the root causes of the incident and to develop effective remedial actions that can prevent recurrence.

During the financial year, Papua New Guinea experienced a magnitude 7.5 earthquake in the Southern Highlands region. There was no impact on Horizon Oil's operations in the Western Province region with all Horizon Oil personnel unharmed and accounted for and no damage was identified to Horizon Oil's operated assets.

Horizon Oil donated K25,000 to the Ok Tedi Development Foundation to assist with earthquake relief and reconstruction efforts in affected areas of the Western Province.

## Papua New Guinea Health Programs

Horizon Oil continues the development of long-term sustainable health training and healthcare support infrastructure for its local employees and the broader community in regional and remote areas of the Western Province.

During the financial year, significant outbreaks of infectious disease including the re-emergence of polio and an outbreak of yaws in the Western Province occurred. Horizon Oil undertakes periodic medical examinations of its employees, which are supported by a full range of vaccinations combatting key health risks including cholera, typhoid, Japanese encephalitis, polio, tetanus, seasonal influenza and hepatitis.

As part of broader community initiatives with a focus on the Western Province region, Horizon Oil continues to develop sustainable healthcare infrastructure through its sponsorship and in-field support of Australian Doctors International (ADI).



Figure 1: An ADI volunteer doctor on rural medical patrol

Horizon Oil's objective is to conduct its operations in a manner that supports and promotes sustainable social and economic development in the Western Province. Horizon Oil believes that strong relationships with its host communities are essential in maintaining a sustainable business and our social licence to operate. Accordingly, the Company continued to engage closely with Western Province communities in Papua New Guinea during the year.

Horizon Oil's program of regular engagements with local villages and communities in the Western Province region was supplemented during the reporting period by continued implementation of the Horizon Oil Community Investment Program ('CIP').

These small-scale community investments programs are participatory in nature, with the community contributing both their own time and resources to supplement materials and resources provided by Horizon Oil. These community investments programs are directed at improving levels of health and hygiene in Western Province communities as well as promoting resilience and self-sufficiency.

<sup>1</sup> This target is the average number of recordable injuries for the oil and gas industry in 2017, as reported in the Safety Performance Indicators 2017 data published annually by International Association of Oil and Gas Producers ('IOGP').

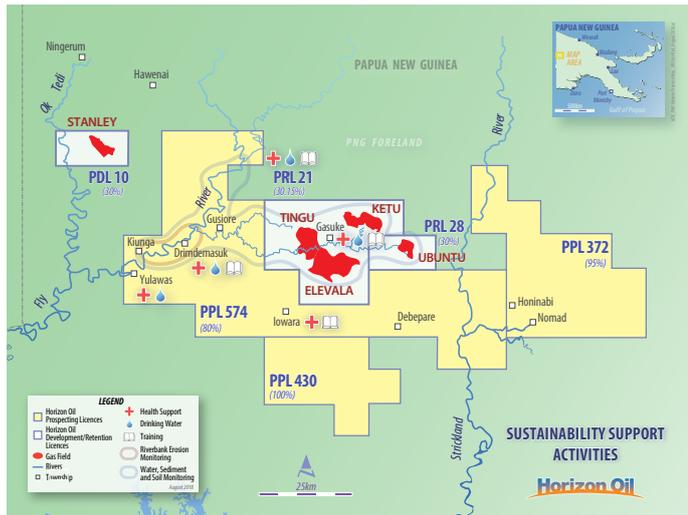


Figure 2: Western Province map

Activity during the year included installation of a 25,000 litre rain water storage and enhanced rainwater catchment systems at Gasuke, Gusiore, Drimdemasuk and Yulawas villages. Horizon Oil commenced the installation of poly toilets at communal village pit toilets with the first installation completed at Drimdemasuk village in June 2018. Poly toilets will also be distributed to Gasuke, Gusiore and Yulawas for installation. Training courses delivered in association with the Kiunga Vocational Training Centre and the Bank of South Pacific during the reporting period covered sewing, baking and financial literacy. These courses are aimed at enhancing life skills and provide opportunities for the community to increase their level of self-sufficiency. Over 190 participants from within the Horizon Oil project impact area successfully completed these courses during the reporting period.



Figure 3: Financial literacy training at Gusiore

Horizon Oil continues to support social investments in Papua New Guinea. Substantial financial and in-kind support is provided to two non-government organisations active in the Western Province, namely Australian Doctors International and Mercy Works. Both these organisations are focused on improving healthcare services in the North Fly region of the Western Province, building partnerships with local communities to enhance capacity and self-reliance in areas where access to basic health care is limited or non-existent.

With Horizon Oil's support, Australian Doctors International deployed two volunteer doctors during the year with these doctors, supported by local support staff from Catholic Health Services, conducting remote area medical patrols providing over 3,400 clinical services and delivering more than 66 hours of case-based and group training to rural community health workers.

During the year, Horizon Oil employees based in Kiunga participated in first aid training. Training was also offered to local personnel who staff aid stations at remote village communities within Horizon Oil's project impact area in the Western Province. The course was designed to provide all trainees with first response capability recognising the remote locations in which they are based and the limited access to timely external medical response.



Figure 4: First Aid trainees practice CPR under the trainer's watchful eye

**(ii) Environment**

**Papua New Guinea Baseline Monitoring**

Horizon Oil maintains its strong environmental management performance during the year with environmental baseline monitoring showing no discernible or material environmental impact from activities in the Western Province project impact area and broader environment. Water sampling and assessment of riverbank erosion indicated a healthy and dynamic riverine system. Through its ongoing baseline monitoring program, rehabilitation trials and specific studies, Horizon Oil continues to develop its knowledge of the ecosystem of the project area, which is integral to managing the impact of its current and future operations.

The scope of Horizon Oil's environmental baseline monitoring program includes assessment of environmental stability, riverbank erosion and testing of water, soil and sediment quality. Quarterly assessment allows for potential seasonal variations. During the financial year, the program's footprint was expanded to include sites in the North Fly district. Horizon Oil also actively engages with regulators and fellow industry participants to share data with a view to the creation of a coherent and integrated regional biodiversity data-set.



Figure 5: Sample collection

During the financial year, Horizon Oil also initiated a program to identify and assess the nature and extent of its activities by analysing and mapping impact and disturbance based on multi-spectral imaging of current and future operational sites.

Monitoring of the riverine system indicated a healthy and dynamic riverine system that exhibits many metres of riverbank movement from one year to the next with no discernible evidence of impact from historical oil and gas activities in the area. In addition to monitoring and evaluating Horizon Oil's impact, the continued monitoring of the riverine system allows Horizon Oil to understand how ecosystems and communities interact with the dynamic and rapidly changing water-ways. Understanding the existing processes of adaptation is important to the development of change management strategies that may result from operational activities or broader forces such as climate change.



Figure 6: Small rivercraft traffic near the Kiunga wharf

## Climate Change Risks

Horizon Oil has identified the potential impact to its asset portfolio associated with climate-change and has implemented a governance framework to assess and evaluate material risks arising from climate change and to formulate strategic responses to the risks and possible opportunities. During the financial year, Horizon Oil initiated a review of the data collected from its operated assets and non-operated projects to enable it to better evaluate the risks and opportunities presented by climate change. The Horizon Oil Risk Management Committee has oversight and is responsible to the board for the evaluation and management of material risks associated with climate-change.

Emissions from Horizon Oil's operated and non-operated activities in Papua New Guinea are nominal as these assets are in the exploration and pre-development phase. Emissions from Horizon Oil's non-operated China assets were managed by CNOOC in accordance with the robust environmental standards relating to air quality in China and subject to periodic regulatory reporting. Emissions arising from Horizon Oil's non-operated New Zealand assets were offset by the acquisition and surrender of carbon units in accordance with the New Zealand Carbon Emissions Trading Scheme.

### (iii) Security

Horizon Oil operations are conducted in compliance with internal policies based on the *Voluntary Principles on Security and Human Rights*. During the financial year, periods of unrest in Papua New Guinea did not impact our employees or operations and there were no reportable security incidents.