

ExxonMobil



PNG LNG Environmental and Social Report – Second Half 2015

*Energy for the World. Opportunity for Papua New Guinea.
Eneji Bilong Wol. Luksave Bilong Papua Niugini.*





Executive summary



“EMPNG continues to improve efficiencies and meet our delivery targets thanks to the efforts of our workers and the support of the government and communities.”

Andrew Barry, Managing Director, ExxonMobil PNG Limited

During the second half of 2015, ExxonMobil PNG Limited (EMPNG) safely loaded and delivered its 150th LNG cargo since the start of production. By the end of December, 156 cargoes had been delivered to customers in Asia, with 52 cargoes transported in the second half of 2015 alone.

EMPNG, a subsidiary of Exxon Mobil Corporation, manages the production of the Papua New Guinea Liquefied Natural Gas (PNG LNG) Project on behalf of co-venture partners: Oil Search Limited, Kumul Petroleum Holdings Limited, Santos Limited, JX Nippon Oil and Gas Exploration Corporation, Mineral Resources Development Company Limited and Petromin PNG Holdings Limited, and their affiliates.

This PNG LNG Environmental and Social Report – Second Half 2015 provides a progress update on production activities from 1 July to 31 December 2015.

The next Environmental and Social Report will cover activities for the full year of 2016.

Production

Since the start of production, EMPNG has safely produced more than 11 million tonnes of LNG. This includes more than 3.7 million tonnes produced in the second half of 2015.

Since start-up EMPNG has been focusing on safely increasing the efficiency of its operations to enhance the production rate of the Hides Gas Conditioning Plant (HGCP) and the LNG Plant.

Construction of the Permanent Facilities Compound was completed in July and EMPNG management, technical, functional support and administration teams moved into the facility in August. A *haus bung*, meaning ‘gathering’, was held to welcome workers to their new offices. Families of EMPNG workers were invited to visit the offices in September.

At the end of December, all drilling operations at Angore were completed and demobilisation of the drilling rig began.

Safety, health and security

EMPNG has completed another year without a Lost Time Incident, continuing its record of zero Lost Time Incidents since production began.

While all teams worked to achieve ExxonMobil’s aim of ‘*Nobody Gets Hurt*’, the company’s production teams achieved 150 days without a recordable injury, while the Drilling organisation completed the year with only one recordable event.

156
LNG cargoes
loaded

More than 100 people from 20 EMPNG contractor companies attended the second Contractor Safety, Security, Health and Environment Leadership workshop of 2015 in Port Moresby in November. The workshop theme of 'Life Saving Actions' focused on the expectations that supervisors and managers must enforce to ensure high risk hazards are managed during safety-critical activities. Several contractors shared their safety experiences and appreciation of how much they had learned from EMPNG.

In October, the Lender Group's Independent Environmental and Social Consultant reported that EMPNG's occupational health program continued to maintain best practice as a result of monthly occupational health program performance reviews.

A container with more than 700 medical supply items was delivered to Tari Hospital during October as part of a joint initiative between EMPNG, the PNG Tribal Foundation and Project C.U.R.E. The medical supplies included general surgery packs, obstetric supplies, biopsy needles, laboratory supplies, microscopes and nebulisers.



Handover of medical supplies with (from left): Sisa Kini, EMPNG Community Development Support Manager; William Bando, Hela Provincial Administrator; Lynda Babao O'Neill, First Lady of Papua New Guinea; Dr Douglas Jackson, President of Project C.U.R.E.; and Dr Hamiya Hewali, Tari Hospital Chief Executive Officer

The donation to Tari Hospital is the culmination of more than a year's work, which began in Denver, USA, when Papua New Guinea's First Lady, Lynda Babao O'Neill, spoke at Project C.U.R.E.'s First Ladies Luncheon. Her speech resulted in PGK4 million (USD\$1.3 million) being raised for medical equipment and supplies for Papua New Guinea. Another four containers of medical supplies will be delivered to Daru, Mendi, Lae and Kikori hospitals.

Margaret Maipa Yagas from Morobe Province was named the recipient of an EMPNG-funded

Baylor College of Medicine International Pediatric AIDS Initiative scholarship in the second half of 2015. The scholarship is funding Margaret's studies toward a Masters in Public Health at the University of Texas School of Public Health in Houston, USA.



Margaret Maipa Yagas accepting her scholarship award from EMPNG's Deputy Production Manager, Dale Pittman

Also during the second half, Mildred Nigi, from the National Capital District, became the first Papua New Guinean citizen promoted to a security leadership position. EMPNG continues to appoint Papua New Guinean citizens to security roles, and is working with communities to reduce security risks in EMPNG work areas.

Environment

EMPNG's biodiversity offset activities during the second half were focused on biodiversity offset program Component 4: Enhance existing protected area(s), and Component 5: Establish new protected area(s).

Component 4 aims to enhance the Lake Kutubu Wildlife Management Area (WMA), located within the Upstream area. During the second half, two community-based workshops were held to develop a conceptual enhancement plan for the Lake Kutubu WMA and identify roles, responsibilities and training needs for the Lake Kutubu WMA Committee. Outcomes of these workshops included the formation of working groups within the Lake Kutubu WMA Committee and plans to further progress the conceptual enhancement plan in 2016.

EMPNG also progressed Component 5, which aims to create new community-based protected areas in the Upstream area that are representative of the biodiversity values affected by the PNG LNG Project.

In the second half of 2015, work to progress this component included engagements with five villages in the Kikori delta.

700
Medical supply
items donated

EMPNG representatives and Village Liaison Officers spent 10 days in the Kikori delta engaging with communities to communicate the offset program, develop profiles for each of the villages and conduct an analysis to structure work programs relevant to village communities.



Goare villagers farewell EMPNG biodiversity representatives

EMPNG's ongoing commitment to preserving biodiversity has helped uncover some new plant and animal species that were previously unidentified in Papua New Guinea.

For example, during monitoring for the pig-nosed turtle (*Carettochelys insculpta*) conservation project – the *Piku* Project – which EMPNG supports, University of Canberra researchers discovered a new freshwater turtle species that is genetically related to the northern snapping turtle (*Elseya dentate*).

The newly discovered species, called *Elseya rhodini*, forms part of the Chelidae family of side-neck turtles that are restricted to the continents of South America and Australia, including the islands of New Guinea, Timor and Roti.

EMPNG's independent weed auditor conducted its eighth annual weed audit in November. The audit found that weed species diversity and total abundance were below pre-construction levels across all priority classifications.

An action plan developed during the first half of 2015 has resulted in an improvement in discharge water quality from wastewater treatment plants across the Upstream area. The plan included the replacement of wastewater treatment plants at three locations, and equipment and operational changes made at another three sites. Wastewater treatment plant operators also participated in a competency verification and training program.

EMPNG and its contractors conducted 28 spill response drills at worksites in the second half. The Drilling organisation conducted 18 of these,

while three were held in the Upstream area and another seven at the LNG Plant. Since the start of 2015, EMPNG has conducted more than 80 emergency response drills to ensure workers are appropriately trained and prepared for potential emergency situations.

Workforce development

EMPNG's workforce, including company employees and contractors, was more than 2400 at the end of December. Almost 1900 of these were Papua New Guinean citizens, comprising 79 percent of the workforce. Women represent 25 percent of the workforce.

Third party contractors represent 68 percent of the production workforce. Nearly 89 percent of contract workers are Papua New Guinean.

In the second half of 2015, more than 43,300 hours of training were delivered through over 1300 courses.

Approximately three-quarters of EMPNG employees and contractors trained were Papua New Guinean citizens and of these, 34 percent were women.

In August, more than 20 representatives from 11 of EMPNG's third party contractors attended an environmental and social management training workshop conducted in Port Moresby. The workshop provided detailed training for contractors about their environmental and social responsibilities with regard to conformance with the Production Environmental and Social Management Plan.

Cultural awareness training continues to be provided to all workers during site inductions. In the second half, cultural awareness was highlighted in 222 site inductions. Supervisors receive specialised cultural awareness training. Throughout 2015, the LNG Plant and HGCP hosted 12 supervisor cultural awareness training sessions.

The third intake of 40 Operations and Maintenance trainees, including 12 women, completed nine months of Basic Skills training in December. A trade selection day was held in October to help the trainees select their career paths from the operations, electrical, mechanical and instrumentation disciplines. The trainees also participated in personal excellence training as part of their foundation coursework.

EMPNG Managing Director, Andrew Barry, congratulated the trainees on completion of their Basic Skills training at a celebration dinner held in late December.

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The trainees are undertaking eight months of Advanced Skills training in their chosen specialist areas from January 2016.

EMPNG has also established a skills development program for electrical technicians, in partnership with the Don Bosco Technical Institute in Port Moresby. The four-week program includes topics such as safe practices when working in an electrical environment, installation and testing of equipment, electrical fittings, and testing and inspection requirements. In October, seven electrical technicians became the first group to complete the new training program. The program has helped prepare these technicians for their Papua New Guinean electrical license exam.



The Enterprise Centre team at Institute of Banking and Business Management office and training centre located in Port Moresby

Supporting Papua New Guinean businesses

Six landowner companies (Lancos) and 200 non-Lanco Papua New Guinean businesses provide production-related services for EMPNG.

Lanco services include labour hire, maintenance, transportation, fuel distribution, container freighting and vegetable supplies. Non-Lanco Papua New Guinean businesses provide security, freight and logistics, transportation of personnel, food supply, customs clearance, surveying, maintenance supplies, medical services and construction material testing.

EMPNG's total in-country spend on third party services in the second half of 2015 was more than PGK183 million (USD\$61 million). Of this, more than PGK60 million (USD\$20 million) was spent on Lanco services.

Since the start of production, EMPNG has spent PGK848 million (USD\$282 million) on Papua New Guinean services. Of this, more than PGK363 million (USD\$120 million) was spent with Lancos.

Through the ongoing support of EMPNG and other organisations, the Enterprise Centre achieved over 3700 days of training during the second half of 2015. By the end of December, the Centre had delivered more than 8100 days of training for the year, well beyond its 6400 annual target.

During the second half, the Centre conducted 17 business assessments, including one Lanco. All of these were sponsored by EMPNG as part of the company's commitment to developing local businesses. Since its establishment in 2010, the Enterprise Centre has completed 395 business assessments. It has also delivered close to 20,300 training days and 1200 advisory and mentoring days to Papua New Guinean businesses.

Social development

EMPNG works with partners to deliver social development programs at both the local and national level. The company held a 'Thank you' event in December to recognise the contribution of these partners during 2015.

EMPNG provided approximately USD\$3.37 million (PGK10.15 million) to more than 50 organisations for programs focused on health, education, the environment, livelihood and women's economic empowerment in 2015.

During severe drought conditions experienced in Papua New Guinea in the second half of 2015, EMPNG delivered more than 100 kilolitres of water to fill water tanks in 11 primary schools and three health clinics as part of drought relief efforts. In addition, EMPNG funded the supply of almost 40,000 kilograms of rice, in partnership with the Salvation Army, for distribution to drought-affected communities in the Western Province. The company also donated PGK68,500 (USD\$22,776) to the Uniting Church to assist their relief efforts in the Hela Province.

Throughout 2015, EMPNG has helped 187 households in LNG Plant site villages and 10 women's groups in the Upstream area by providing technical advice about planting drought resistant crops, as well as supplying planting materials and monitoring planting programs.

EMPNG provided a double classroom to Para Primary School and a new staff house for Baguale Primary School during the second half of 2015. Solar panels were also installed in two staff houses at Mananda Primary School, and new desks were delivered to the Mananda Flexible Open Distance Education Centre.

PGK183m
spent in-country
in the second
half of 2015

As a result of ongoing EMPNG support, the Mananda Flexible Open Distance Education Centre is ready to take its first enrolments in 2016. In support of International Literacy Day on 8 September, EMPNG sponsored educational activities held at Buk Bilong Pikinini's 15 libraries throughout Papua New Guinea. The activities included reading sessions, poetry writing, drawing sessions and games.



Children playing games at the Buk Bilong Pikinini library at Koki as part of International Literacy Day activities

More than 950 students from LNG Plant site villages and Upstream area communities participated in ExxonMobil's Science Ambassador Program in 2015. Of these, 130 students experienced the program for the first time during the second half of the year.

The Science Ambassador Program gives students practical, hands on experience in science-related topics and includes science experiments, as well as information about careers in science, technology, engineering and mathematics.

EMPNG Operations Technical Manager, Jeff Ralston, has been appointed the inaugural Chairman of the Papua New Guinea University of Technology (Unitech) Industrial Advisory Board for Science and Engineering. The Board is working to improve Unitech's science and engineering programs so they can be accredited to international standards. As part of the company's support, EMPNG has donated PGK137,000 (USD\$45,553) for an External Examiners System that involves examiners comparing Unitech's standards and assessment processes with international universities.

EMPNG has also contributed PGK137,000 (USD\$45,553) to the Papua New Guinea Olympic Committee for its Olympic Values Education Program.

The Program aims to promote the role of sport in society and the Olympic values of respect, friendship and excellence. It includes the 'Love Your Coast PNG' program, which uses sporting heroes as role models to advocate proper waste management practices, such as reducing litter in public sports facilities and understanding the impact of plastic products on the marine environment.

Another PGK50,000 (USD\$16,625) donation was made to the PNG Women in Business Expo held from 2-12 July in Port Moresby. The Expo, attended by over 400 business owners, coincided with the XV Pacific Games and provided women in small business with the opportunity to display their products and services to visiting athletes and officials from participating island nations.

Stakeholder and community engagement

EMPNG's community engagement activities focused on supporting women's groups in the Upstream area and providing support and crop planting advice to LNG Plant site communities.

During the second half, EMPNG conducted 460 formal community engagements in 68 communities and 3054 informal engagements in 80 communities. These engagements involved 14,626 attendees. In total, 1249 formal community engagements and 6224 informal engagements were conducted with more than 34,500 attendees during 2015.

EMPNG also hosted some 250 visitors to the LNG Plant site during the second half, bringing the total to approximately 350 for 2015. Among these were Papua New Guinea's First Lady, Lynda Babao O'Neill, and the Papua New Guinea Secretary for the Department of Community Development, Anna Solomon.

EMPNG Managing Director, Andrew Barry, said the company had an outstanding year in 2015 as a result of the hard work and support of EMPNG workers, the Papua New Guinean Government, co-venture partners, suppliers, contractors, landowners and communities in and around production areas.

"We welcome the opportunity to grow alongside the people of Papua New Guinea and help provide long-term benefits for this country," he said.

34,500+
attendees at
community
engagements
in 2015

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