

2019 Sustainability Report



FY19 Highlights

\$0.98
MILLION

INVESTED IN OUR
COMMUNITIES

38

COMMUNITY
ORGANISATIONS
SUPPORTED

 **84%**

COMMUNITY
INVESTMENTS
(CASH CONTRIBUTIONS)

 **99.9%**

SPIILLS REDUCTION
SINCE FY15

1in5

EMPLOYEES
PARTICIPATED IN
**CORPORATE
VOLUNTEERING**

4YEARS

OF BEING RATED
AT "LEADING"
LEVEL BY ACSI

 **122**
NEW EMPLOYEES

3.4
TRIFR
SAFEST YEAR
ON RECORD

2degrees
TCFD ADOPTION

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Message from the Managing Director

Dear Readers,

I am pleased to present the Beach Energy Sustainability Report for FY19.

It was a truly outstanding year for the business on all fronts. Beach reported a very strong FY19 financial performance and set new records for production, also finishing the year in a net cash position.

Our company undertook a rebrand, unveiling a fresh new look, and we shifted our headquarters into the Adelaide CBD. You can read more about this and our financial performance in our 2019 Annual Report.

While it has been a big year to say the least, what I am most proud of in FY19 is the success we have achieved on an HSE front. FY19 was our safest year on record, our best process safety year on record and our safest environmental year on record. This is an excellent achievement from everyone in the business, all of whom strive to continuously improve their safety performance which will always remain Beach's number one priority.

We are committed to creating an engaged employee workforce while supporting and encouraging our employees to develop both professionally and personally. With this in mind, we conducted an employee engagement survey and unveiled an employee benefits program.

FY19 was also a year in which we took important

steps in our approach to addressing climate change. We refined our governance structure so that climate change and environmental matters fall under the direct responsibility of the Board, conducted a scenario analysis of Beach's future within a carbon constrained environment, and released a new Beach Energy Climate Change Policy.

On the community front, Beach has an ambition to be a trusted, respected and accepted member of the communities in which we operate. We held several engagement sessions across our operating basins, and opened a new regional office in Penola, nearby to our SA Otway Basin operations.

We recognise our role in actively contributing to sustainable environments and the health, safety and wellbeing of the people living in the areas where we operate. In FY19, Beach revised its community investment strategy to better define our areas of support. The new strategy, which will come into effect in FY20, is underpinned by the United Nation's Sustainable Development Goals, a global blueprint to improve society and the environment for all. We also partnered with the London Benchmarking Group (LBG), which is an internationally recognised framework to verify and measure our contributions and their impact in the community.

I would like to thank the entire Beach team for their commitment to sustainability, while demonstrating our values, with safety taking precedence in everything we do. I am extremely proud of what we have accomplished in FY19 and look forward to an even bigger FY20.

As you read through this report further, I invite you to provide your thoughts and comments via sustainability@beachenergy.com.au

Matt Kay
Managing Director

25 October 2019

About this report

Scope of this report

This report outlines Beach's sustainability performance and covers assets owned and operated by Beach for the period 1 July 2018 to 30 June 2019. Beach's assets include projects under exploration, development and production phases.

People related data included in this report refers to all direct employees (including international employees), contractors, and visitors working within Beach's operations. Beach reports on Health, Safety and Environment (HSE) information from operations within its control. All monetary amounts reported are in Australian dollars, unless otherwise stated. Our non-operated activities in Australia and New Zealand are excluded from the scope of this report unless specifically stated.

Our operations

Our operations are subject to the environmental approval processes of the South Australian, Victorian and Western Australian State Governments as well as the Commonwealth governments in both Australia and New Zealand. Further information on the environmental approvals for activities in these areas can be viewed on our website under Sustainability at Beach/ Environmental approvals at www.beachenergy.com.au

Reporting guidelines

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards' 'Core' option. It focuses on core and supplementary aspects where they present a material significance to sustainability performance and have an impact on stakeholders. A table of GRI indicators relevant to Beach's activities appears later in this report.

Ernst & Young (EY) have provided limited assurance in respect to some of the key metrics in this Sustainability Report. A copy of EY's assurance report is available on [page 50](#).

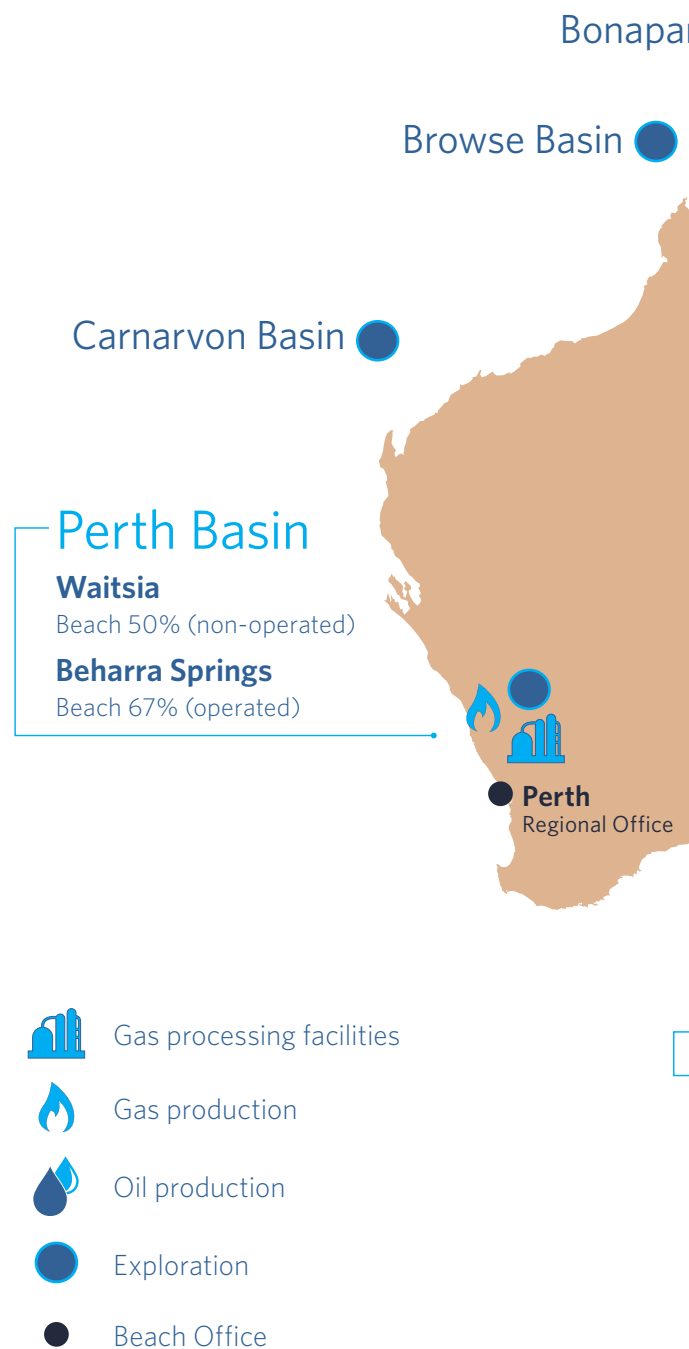
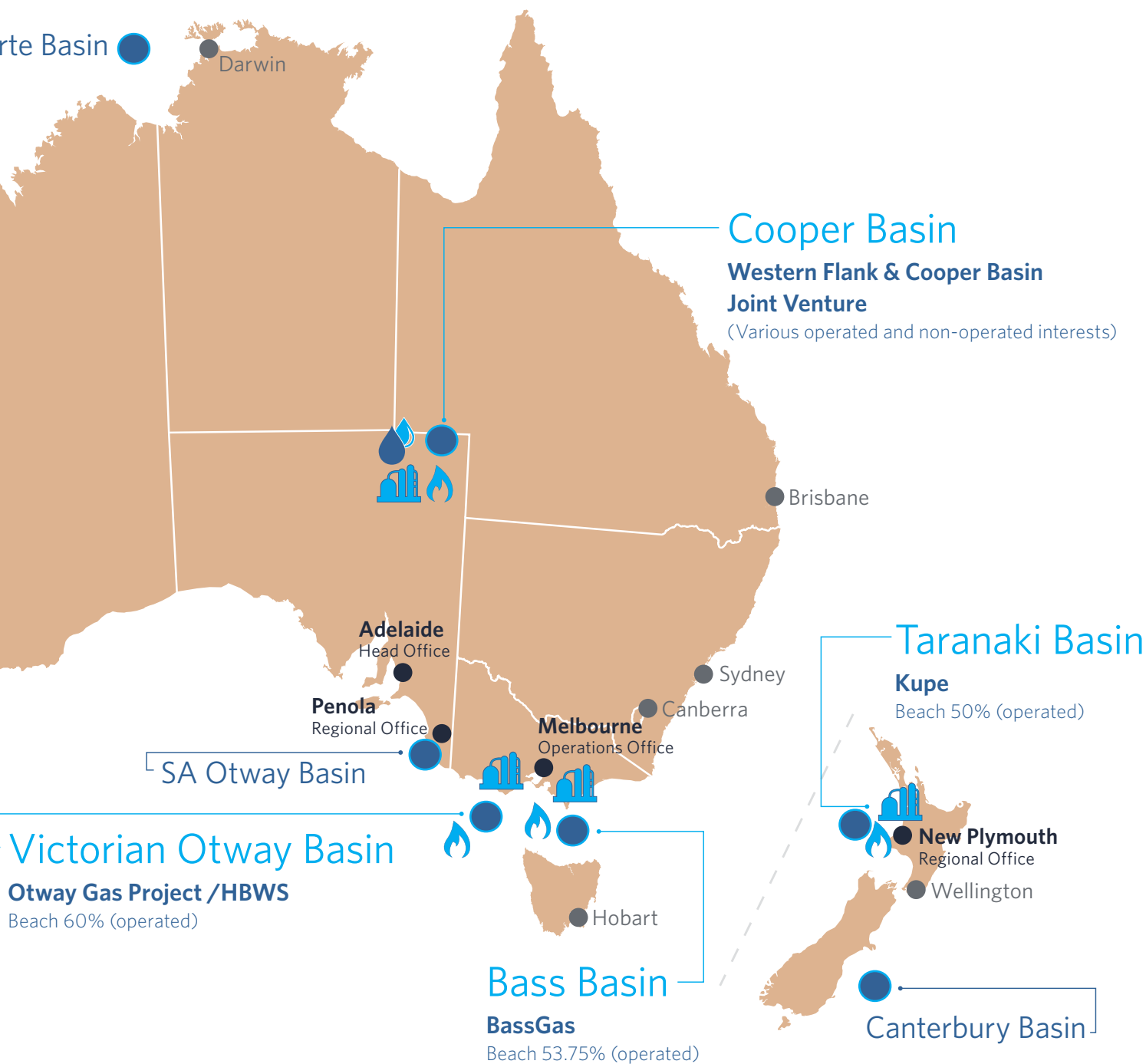


Illustration not to scale. Ownership percentages provided are Beach's ownership of



the producing assets in the respective regions.



Liberty

DANGER
BEAM PUMP
STARTS
AUTOMATICALLY

DANGER

DANGER
BEAM PUMP
MOVING PARTS
AUTHORIZED PERSONNEL ONLY
DO NOT OPERATE WITHOUT
PROTECTIVE GUARDING

Managing Sustainability

Governance

Our approach to sustainability is governed by our Sustainability Policy which outlines our commitment to effectively manage our material sustainability risks. Other company policies¹ assist Beach in fulfilling its sustainability commitment. Beach's Board provides oversight of the company's sustainability management. The Sustainability Steering Committee is a management committee set up to assist in the development of Beach's sustainability strategy, policy and practices. The committee membership includes representation from all business functions and reviews performance against yearly targets set in the Sustainability Report. Further information on the role of the Sustainability Committee and its members is documented in the Sustainability Steering Committee Charter. This document can be viewed on Beach's website under Sustainability at [Beach/Corporate governance](#). Our Sustainability Policy can be viewed on our website under [Sustainability at Beach](#).

We also participate in and track our performance against several external benchmarks such as the Dow Jones Sustainability Index (DJSI), and the CDP (formerly, Carbon Disclosure Project), and endeavour to improve or maintain ratings provided by other independent industry analysts.

Risk oversight and management

Risk is inherent in Beach's business, so effective risk management is crucial to the long term viability of the company. The Board and its Risk, Corporate Governance and Sustainability Committee provide oversight of sustainability risks and proactively consider and review risks relating to social, economic and environmental issues. Risks to Beach include those associated with maintaining a social licence to operate, reputation, health, safety, environment and economic. Significant risks are continually reviewed and updated in the corporate risk register.

Detailed discussion of Beach's risk management framework is provided in our 2019 Corporate Governance Statement which can be viewed on our website under Sustainability at [Beach/Corporate governance](#).

Material issues and our focus

During FY15, Beach conducted a materiality assessment which aimed to identify and prioritise sustainability issues that may have a significant impact on our licence to operate, on our stakeholders and the communities in which we operate. The materiality process involved:

1. Identification of topics.
2. Interviews with a range of stakeholders.
3. Material issues identification.

As a result of this exercise, a suite of material sustainability issues were identified and are listed on page 10 and addressed further in this report.

Some of the issues presented above (strategy, operational efficiency and market volatility) represent critical industry and market trends influencing our business and may not have direct relevance to GRI indicators. Other issues were not considered a material issue (such as cyber security) but are still covered in this report because of growing external stakeholder interest.

In FY19 Beach conducted an internal review of its material topics. The analysis of this review is currently underway and will be completed in FY20.

¹ Aboriginal Engagement Policy, Health and Safety Policy, Code of Conduct, Business Practices and Anti-Bribery and Anti-Corruption Policy, Climate Change Policy, Environmental Policy, Community and Stakeholder Engagement Policy, Diversity Policy, External Communications Policy, and the Risk Management Policy

Key Material Issues	Page
Health and safety Providing a safe and healthy work environment, and culture for its workforce and contractors, with and a focus on process safety	31
Spills (Contamination) Management and response to accidental spills including remediation activities	20
Contribution to local communities Engaging and contributing economically, socially and environmentally to local communities (e.g. providing training, employment and sponsorships, community engagement)	37
Produced water The management of produced water including the disposal, reuse and quality of produced water from Beach's operations	19
Waste management Responsibly managing the disposal of operational waste	20
Workforce development and retention Providing opportunities to maintain and develop workforce skills and competencies, especially during times of uncertainty, to deliver sustainable growth	33
Operational excellence Maintaining operational excellence across all operations	41
Ethics and transparency Ensuring ethical and transparent conduct across all our operations	12

Topic boundaries

Topic boundaries refer to the location of impacts for each material issue. Impacts could occur both internally and externally and can vary for different issues. Topic boundaries for Beach's material issues have been identified below:

Key Material Issues /Topics	Impact within the organisation	Impact outside the organisation
Health and safety	Yes	Yes - contractors, visitors, regulators, JV participants
Contamination	Yes	Yes - communities, regulators, JV participants
Contribution to local communities	Yes	Yes - communities and JV participants
Produced water	Yes	Yes - communities, regulators, JV participants
Waste management	Yes	Yes - regulators, JV participants
Workforce development and retention	Yes	No
Operational excellence	Yes	Yes - investors, JV participants
Ethics and transparency	Yes	Yes - contractors, suppliers, JV participants, regulators, investors

Our stakeholders

Our primary stakeholders are shareholders, employees, contractors, suppliers, regulators, joint venture participants, landholders, customers, media, the investment community, industry peers, NGOs and local and indigenous communities.

Beach is aware of its responsibilities towards its stakeholders and actively seeks to develop positive relationships for mutual benefit. Relationships are developed by engaging with our stakeholders in many ways, some of which are detailed below.

How we engage



1. Includes local communities, Indigenous groups and landholders.

Ethical conduct and transparency

Our approach

Our Code of Conduct sets out the standards of behaviour that are expected of employees and contractors. The code is supported by policies that set out guidelines to ensure that Beach conducts its activities in an ethical and appropriate manner and in compliance with the laws and regulations of each jurisdiction in which it operates. Beach's Business Practices and Anti-Bribery and Anti-Corruption Policy is supported by standards that cover the requirements of the law and procedural matters. This policy prohibits bribery, the giving or receiving of gifts and entertainment, third party facilitation and payments to government officials. Political contributions or activities are not permitted under this policy other than in very limited circumstances in Australia and where permitted by the law. This is further addressed in our Political Donations Policy. Refer to the Performance Data Table for disclosure on political donations made during FY19.

Employees, contractors and joint venture partners, particularly those outside of Australia are made aware of our approach to bribery and corruption and Beach expects these practices are adhered to. Key employees are required to submit on a yearly basis, a signed statement containing any information of which they may be aware regarding payments or benefits made, given, promised, offered or authorised to foreign or domestic officials or other third parties.

Training

All Beach employees are required to attend policy update awareness sessions to ensure that Beach's ethical values and anti-corruption and bribery policies and procedures are understood and implemented at all levels. Additionally, advanced training is provided to employees in positions with higher potential exposure to these risks.

Our Code of Conduct and related policies require reporting of suspected misconduct or policy breaches. Our Code of Conduct can be viewed on our website under Sustainability at Beach/Corporate governance.

Reporting misconduct

A suspected breach of policy is reportable under the relevant policy or the Whistleblower Policy and should be reported to the Company Secretary, the Chief Executive Officer or the Chairman. Breaches of the Code of Conduct will be investigated and subject to disciplinary action and where appropriate, termination of employment.

Employees reporting misconduct are protected by the complaints resolution process and the Whistleblower Policy which ensures the confidentiality of the person reporting is maintained. Additionally, an employee making a complaint in good faith in accordance with the Whistleblower Policy will be protected from actual or threatened victimisation or reprisals by a director, officer, employee or contractor, as a result of making a complaint. There is also provision to make an anonymous report by a variety of means including online via a third party disclosure service which also offers disclosure through a smart phone app.

In FY19, two reports were received under the whistleblowing program. Additionally, there were no incidents of policy violations relating to bribery or corruption during the financial year.

Policy reviews

Our Code of Conduct and related policies are reviewed regularly. Beach now has a high level policy called the Business Practices and Anti Bribery and Corruption Prevention Policy, which is supported by two standards, the Business Practices Standard and the Anti-Bribery and Anti-Corruption Compliance Standard (ABAC Standard). The Business Practices Standard sets out expected standards of behaviour for all personnel representing Beach in its business activities. The ABAC standard has been developed to assist Beach members, especially those dealing with foreign public officials in and outside Australia.

Taxes and royalties

Beach's operations create significant economic value, which allow us to support Australian and New Zealand economies through the payment of taxes and royalties.

Beach is committed to delivering transparency and providing communities with a clear understanding of the tax contributions it makes and we have adapted

the Board of Taxation's Voluntary Tax Transparency Code. Beach will present its first voluntary report under this Code during FY20.

In FY19, Beach paid \$496 million in taxes and royalties to governments in Australia and New Zealand.

Gifts and Entertainment

Although gifts and entertainment are a normal part of life, accepting or receiving gifts or entertainment must never influence business decisions. While small gestures like buying a meal for a customer or vendor are acceptable business practices that foster goodwill and create lasting relationships, the exchange of gifts and entertainment in relation to a business transaction should never imply an intention to seek or receive a favourable or preferential treatment. Beach has a gift and entertainment register in place to help employees declare gifts and entertainment received or provided above an actual or estimated value of \$100.



Human Rights & Modern Slavery

Beach is respectful of and recognises the fundamental rights of all stakeholders, including the employees, contractors and in communities where we operate. Beach operates under strict regulatory requirements and is committed to meeting all applicable human rights legislation within Australia and overseas. Beach does not engage in discrimination based on race, colour, gender, sexual orientation, age, disability, religion, ethnicity or marital status in employment practices such as hiring, promotions, rewards and access to training. Additionally, a suite of corporate policies, including the Diversity Policy, Equal Opportunity Policy, Aboriginal Engagement Policy, Community and Stakeholder Engagement Policy, and the Code of Conduct, promote high standards of ethical conduct and corporate governance. Beach also offers employees and their immediate families a

free, confidential, professional counselling service through the Employee Assistance Program (EAP) to help address issues that may affect their work and/or personal life.

Beach welcomes the introduction of the Modern Slavery Act in Australia and has taken steps to ensure compliance with this act from FY20 onwards, including review and inclusion of the Modern Slavery risk in the corporate risk register. Inclusion of standard clauses on modern slavery in procurement contracts, and where appropriate, provision of training to relevant staff will be undertaken.

Beach is not aware of any human rights related incidents that occurred in relation to employees, contractors or community members during FY19.



Cyber Security

Cyber Security events continue to become more relevant to Beach given the recent changes and growth within the business. In FY19, an internal audit report provided a baseline cyber security health check and recommendations which enabled the establishment of a formal Cyber Security Roadmap & Program alongside a new dedicated Information Security Manager position. In the year since the audit this has enabled significant uplift of Beach's overall cyber security posture which includes implementation of cyber security improvements to minimise cyber risk to Beach and its operations. Some of these improvements included the following:

- **Basic Awareness & Training** – Rolled out to all Beach employees via induction content changes, online training, digital signage and email reminders. Training topics targeted password practices and phishing email defence basics;
- **Cyber Incident Management** – Initial incident training was developed and delivered to operational IT staff, this focused on handling activities ensuring that reported incidents could be triaged and actioned. A notifiable data breach (privacy) response plan and response playbooks were also implemented to ensure incident response is timely and consistent;
- **Monitoring & Detection** – Additional monitoring of Beach systems and user activities was established, alongside operational checks to detect security incidents and enable swift response;
- **Multi-factor Authentication** – was implemented to protect Beach's users by providing additional protection above a password to minimise the potential for unauthorised access;
- **Scam Email (Phishing) Simulations** – Conducted to measure the effectiveness of training and awareness, effectively sending fake scam emails and measuring the number of people that clicked.

To align with the Australian Energy Sector Cyber Security Framework (AESCFS), a formal maturity assessment was undertaken to measure the Beach's security posture, alongside a 2-year program of work to inform investment and enable measured improvements to this baseline maturity.

- **Baseline Metrics** – establishing a quarterly set of measures to report on components of the cyber security processes including the number of incidents and response time to track overall health of the program;
- **Revised Cyber Security Policies** – A revised set of cyber security policies was developed to establish a clear set of cyber security responsibilities for Beach people, including management commitment and governance structure;
- **Revised Material Risks** – in consultation with a number of business and operational areas a set of revised material risks have been established to reflect the current cyber security posture to be reported to the Risk, Corporate Governance and Sustainability Committee in September 2019;
- **Information Assets** – Initial workshops were conducted with several divisions to establish a list of the critical and valuable information used across Beach to support business processes, including how it is stored and overall ownership. This activity is continuing and informs the investment needed to protect Beach's most valuable information assets.

Cyber risk is being carefully considered early within projects to ensure mitigations can be identified and implemented in early stages of project design and implementation, particularly where technology supports production activities, or sensitive commercial information is being handled. Over the next twelve months a large program is planned to continue to uplift cyber security maturity and better measure and control cyber risk across the business.

FY19 Performance Overview

The following table shows our performance across a range of social, environmental, economics and health and safety targets set in last year’s report.



Thaylacine Platform, Otway, Victoria

	Targets	How Beach performed	Status
Health and Safety	Achieve a TRFR target of ≤ 3.5	TRIFR of 3.4 achieved	●
	Achieve Process safety of ≤ 3 events	Zero process safety events occurred during the year	●
Employee development	Introduce a reward and recognition program	Organisation-wide reward and recognition program was introduced	●
	Conduct an organisational engagement survey	Organisation-wide employee survey was conducted	●
	Continued development and implementation of a Diversity and Inclusion Strategy and corresponding targets	A three-year diversity and inclusion strategy was developed and approved by the board	○
	Embed existing leadership competency model and align to career development frameworks	The career frameworks under development with pilot frameworks occurring. These will be linked to a new leadership framework once completed	○
Communities	Achieve an overall community spend of more than \$500,000	Overall contribution of \$0.98m (cash ¹ , time, in-kind and management costs). Cash contributions increased by 84% in FY19	●
	Deliver key community investments as part of our Otway Basin project	Support for various community organisations and groups included the Port Campbell Surf Lifesaving Club, Heytesbury District Landcare Network and Corangamite Shire playspace project	●
	Implement a new community investment application system	Application system implemented as part of revised strategy. Public guidelines now also available on Beach's website	●
Environment	Implement recommendations consistent with FSB's TCFD principles	Implemented a number of TCFD recommendations which are discussed further in the climate change section of this report	●
	Develop a broad rehabilitation strategy for Cooper Basin operations	Rehabilitation strategy developed for Cooper Basin operations	●
Economics	Targeting net gearing below 20% by the end of FY19, before any divestments	Repaid \$950 million of debt, ending FY19 in a net cash position	●
	Targeting \$60 million of synergy and operating efficiencies by the end of FY19	\$60 million per annum synergy target met	●

¹ Includes mandatory contributions that Beach is required to pay as directed by the South Australian government and the Overseas Investment Office (OIO) in New Zealand.



Mount Taranaki, New Zealand



Our Environment

Our management approach

As a growing oil and gas explorer and producer, we recognise our responsibility to understand and respect the environment, to minimise our impact, and remediate areas affected by past activities. Our Environmental Policy outlines our approach to operating in an environmentally responsible manner. The Managing Director is responsible for ensuring implementation of the policy and its periodic review. The environmental aspects of our operations are governed by strict regulations which are integrated into our operational procedures. Beach's Health, Safety and Environmental Management Systems (HSEMS) and relevant operations manuals provide the framework within which our environmental responsibilities are managed. Depending on where activities are conducted, Beach is required to conduct and submit an Environmental Impact Assessment (EIA) for all operations which contains sufficient information to make possible an informed assessment of the likely impact of the activities on the environment. Each EIA is accompanied by specific environmental objectives or standards that each regulated activity is required to achieve and the criteria upon which the objectives are to be assessed.

Beach assesses the environmental and potential impacts of all activities prior to the commencement of a project and regularly engages with relevant stakeholders, including landholders, native title claimants and local government agencies, to ensure these activities are open and transparent.

Similar to health and safety incidents, all environmental incidents and near misses are recorded and reported through the Beach incident reporting system. A range of industry specific key performance indicators such as number, type and volume of spills, number and value of regulatory fines, and greenhouse gas emissions numbers are used to measure the effectiveness of our environmental management systems.

Managing produced water

Water is an essential resource for the oil and gas industry (along with many other industries), communities and the environment, and therefore, we continually work towards ensuring adequate management of water resources and appropriate utilisation or disposal of produced formation water.

Produced water is water that is trapped in underground formations and is brought to the surface along with oil and gas during production activities. Depending on the geographic location of the field, the physical and chemical properties of produced water can vary considerably and may contain high mineral or salt content.

Produced water undergoes a two-step separation process which begins in the separator tanks where the majority of oil is separated from water. This water then goes into a lined interceptor pond, which acts as a buffer, to ensure the remaining hydrocarbons are retained and not carried over to holding ponds, then evaporation ponds, which are designed to evaporate water naturally. Evaporation ponds are an important source of water for livestock in the Cooper Basin, which has limited water availability as a result of the area's remoteness and arid conditions. Water quality in the evaporation ponds is monitored to ensure it meets regulatory standards and is suitable for livestock and wildlife. Where possible, produced water is reused for facility construction, road maintenance, construction and drilling activities.

FY19's total produced water production for Beach Energy was 15.39 million cubic meters. Refer to the performance data beginning on page 42 for additional information on produced water.

Beach is currently investigating alternative options for the disposal of produced water. This includes commencing a groundwater reinjection pilot program in the Cooper Basin. In FY19, Beach engaged a specialist to undertake a feasibility study of re-injecting water into the source aquifer at the Bauer production facility. Beach is in discussions with other parties, including government departments for alternative uses for produced water.

Spills

Beach has robust processes in place to minimise the occurrence of spills and to ensure appropriate management of accidental spills and leaks, in case they occur. These processes include, but are not limited to appropriate storage of chemicals, containment of all hazardous substances in appropriate vessels and bunds, training to ensure appropriate handling of hazardous substances, and testing of spill response and clean-up procedures.

All incidents, including spills are reported in Beach's incident reporting database which records spills by type, volume, duration, cause, as well as corrective actions to prevent a re-occurrence of the incident. In the event of a spill, Beach ensures the spill is contained, reported, cleaned-up and contaminated soil is remediated. Groundwater monitoring bores are installed where there is potential risk to groundwater and are monitored on an annual basis.

Beach experienced an exceptional year in terms of its environmental performance in FY19 with no major hydrocarbon spills occurring outside the secondary containment area. These events had no significant impact on the receiving environment and all sites were remediated immediately. Overall, FY19 was a very good year given increased activity levels across the business, particularly in the Cooper Basin.

None of the incidents that occurred were of significant environmental impact and all sites were remediated immediately. No environmental fines or penalties were issued in relation to loss of containment.

Refer to the performance data starting on page 42 for additional spills data.

Waste management

Beach aims to reduce its impact on the environment by keeping waste generation to a minimum and ensuring all waste material is disposed of in an appropriate manner. As Beach's Adelaide staff moved into their new office this year, a key focus was on establishing a different way of working and embracing a Paper-lite approach. As such staff

were provided training on usage and disposal of paper waste in the most efficient manner with a focus on reducing overall paper waste in the office and transferring paper records to electronic format. Additionally, all personal, under-desk bins were removed and replaced with central waste and recycling stations. This initiative increased recycling while reducing waste going to landfill, saved on plastic bin liners and waste disposal costs. In FY20, Beach plans to improve the way waste is quantified and managed by improving our understanding of the waste baseline.

Biodiversity

Beach carries out responsible exploration and development activities in ways that mitigate biodiversity risks throughout a project's lifespan, including planning, operations, decommissioning and rehabilitation. Beach has strict environmental controls in place to minimise the impact of our exploration and production activities on the environment. Rehabilitation requirements are assessed prior to the commencement of each project. Field supervisors monitor performance to ensure works undertaken comply with these requirements. We undertake both internal and independent, external audits to measure compliance against regulatory documentation such as the SEO¹ (Statement of Environmental Objectives). In addition to this, we also utilise the South Australian government's Goal Attainment Scaling (GAS) assessment methodology to assess the success of impact mitigation and rehabilitation activities associated with seismic surveys and well sites in South Australia. Prior to the start of any activity, an environmental assessment is conducted for the activity and location. This assessment includes a review of state biological databases. The EPBC² online database is also used to identify any native flora and fauna of national significance that may be present at the site.

In South Australia, Beach is required to undertake environmental offsets which are achieved through offsetting a designated area of environmental significance or by payment to the Nature Foundation.

¹ SEO or Statement of Environmental Objectives for a regulated activity states the environmental objectives to be achieved in carrying out the specified activities, as well as the assessment criteria used to assess whether the objectives have been achieved by the licensee.

² Environmental Protection and Biodiversity Conservation

In FY19, we fulfilled our SEB³ obligations through financial contributions made to Witchelina Station reserve (which is run by the Nature Foundation SA) to offset 579 hectares of land.

High Environmental Performance at Kupe

Taranaki Regional Council, the environmental regulator for the Kupe onshore assets, inspects the Kupe Production Station six times a year to check compliance with environmental approvals and the Resource Management Act 1991.

They monitor the stormwater discharge, air discharges, groundwater take records, and undertake biological surveys in the Kapuni Stream to check for any effects on the macroinvertebrate communities and water quality.

The annual monitoring report for 2017-2018 prepared by the Council evaluated the results of their monitoring of Kupe Production Station, and assessed the environmental performance of Beach Energy as 'high'.

The Council wrote to Beach Energy in February 2019 to acknowledge the commitment and positive contribution we demonstrate to protecting and maintaining the state of Taranaki's environment.



Case Study

Vegetation assessment GIS tool

In 2017 Beach Energy collaborated with the Department of Energy and Mining (DEM) and the Department of Environment and Water (DEW) to develop a technical report and a Geographical Information System (GIS) database on the flora and fauna communities of the Cooper-Eromanga Basin. This assists the environmental personnel to undertake a preliminary environmental desktop assessment of a site and to determine if an on-ground follow up assessment is required, allowing for multiple sites to be assessed simultaneously whilst reducing the need for on-ground surveys.

Following amendments to the South Australian Native Vegetation Regulations and Significant Environmental Benefit (SEB) Policy in July 2017, Beach and its joint venture partners collaboratively approached the regulator with a scope to execute and fund development of a desktop GIS tool to apply the Rangelands Assessment requirements from the technical report.

The tool combines data from existing Beach and its joint venture partners' ecological studies and existing remote sensing data to create an ecological value score for the South Australian portion of the Cooper-Eromanga Basin.

As areas with higher ecological scores incur higher environmental offsets, this layer allows Beach to actively avoid areas of higher ecological value during the planning phase for all new exploration and production projects. This tool has been beneficial by adding cost efficiencies to the environmental offset process without compromising project deliverables whilst ensuring we preserve areas of high ecological value within our areas of operation.

³ Significant Environmental Benefits or an SEB is intended to be an area of land that is protected and managed for environmental conservation. The aim of an SEB is to compensate for (or offset) the loss of native vegetation from an approved clearance activity to ensure there is an overall environmental gain.

Climate Change

This section outlines Beach approach to managing climate change and carbon emissions. It has been prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is Beach's inaugural climate related disclosure in line with the TCFD recommendations and marks a significant step down the TCFD pathway. Beach is committed to continuously improving the quality of our climate change related disclosures as our processes and understanding of climate related matters mature.

FY19 TCFD Highlights:

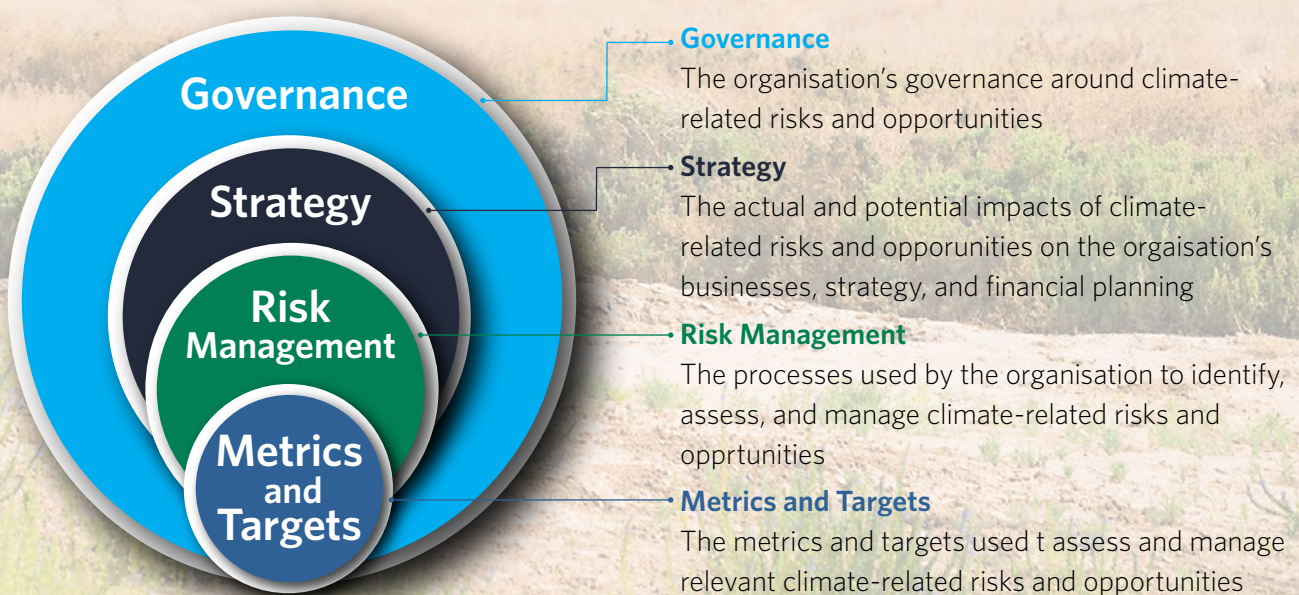
- **Updated Beach's governance documents to strengthen governance of climate change all the way to Board level**
- **Developed and published Beach's climate change policy**
- **Completed scenario analysis modelling for the entire Beach asset portfolio.**



Our climate change policy commitment

- Identifying, managing and mitigating material climate risks to business;
- Measuring and reporting carbon emissions as required by the regulatory requirements of the regions we operate in;
- Ensuring that our practices and procedures align and integrate climate risks into project decision-making;
- Where economically practicable, integrate low emissions technologies in our operations, and identify opportunities for carbon emission reduction;
- Evaluating the resilience of our portfolio and investment decisions to potential changes in global climate policy and changes in climate; and
- Setting targets to encourage innovation and drive reductions in our carbon emissions as well as modelling an internal carbon price to help guide our business decisions.

Core elements of climate-related financial disclosures



Climate Change Governance

Beach's highest level of direct responsibility over matters relating to climate change sits with its Board, which meets monthly. Supporting the Board is the Risk, Corporate Governance and Sustainability Committee which consists of three non-executive independent directors and meets at least three times annually. The committee's purpose is to assist the Board in:

- Regularly reviewing material risks (including through detailed reviews, or deep dives) and management actions and consider that the residual risk is appropriate.
- Monitoring performance and reviewing the Company's policies and performance in relation to climate change and other sustainability matters;
- Developing annual sustainability reporting, infusing public disclosures around material climate change risks;

During the year, a number of governance documents, including the Board Charter, the Risk, Corporate Governance and Sustainability Committee Charter, the Role of Management and the Sustainability Policy were updated to explicitly document oversight for climate-related matters.

Additionally, a new climate change policy was developed and approved by the Board which is now publically available on Beach's website, along with the Risk, Corporate Governance and Sustainability Committee Charter under Sustainability/Corporate Governance at www.beachenergy.com.au. Through this policy, Beach commits to mitigating carbon emissions from its operations and managing material climate change related risks to business.

The Beach board, either through the Risk, Corporate Governance and Sustainability Committee or other channels, is provided with regular briefings on climate-change related matters, such as the policy and regulatory landscape, global and local level activism, technology and adaptation initiatives.

At a management level, climate change related responsibilities sits with Beach's Executive Leadership Team and managers who are responsible for leading implementation of the Climate change policy. Senior executives and managers provide regular updates to the Board committees on emerging risk and risk management strategies. Senior managers are kept informed about risks, performance and initiatives via regular updates.

Climate Change strategy

In 2017, Beach made a deliberate move to increase its gas portfolio through the acquisition of Lattice Energy. This acquisition saw Beach expanded its footprint across five basins, putting it in a strong position to supply the Australian and New Zealand domestic markets. In FY19 more than 60 per cent of Beach's production was natural gas.

Beach passionately believes in the role natural gas will play as the world transitions to a low carbon emissions future. Not only does natural gas produce 50 per cent less carbon emissions compared to coal, but it is the natural partner to renewable energy.

Carbon policy forms an important part of Beach's strategic planning. Carbon pricing is a key element of this, particularly as Beach is an active participant in the New Zealand Government's Emissions Trading Scheme. Carbon pricing is now embedded into the economic planning process. Investment screening and decision making takes into account the greenhouse gas emissions from a particular project and the economic impact a carbon price would have on our business.

Emissions reductions is now front and centre as part of standard operations as Beach wants to ensure it can supply every possible molecule to the market – as oppose to flaring or venting.

Scenario Analysis

In FY19, Beach's overall strategic planning incorporated scenario modelling under different climate scenarios.

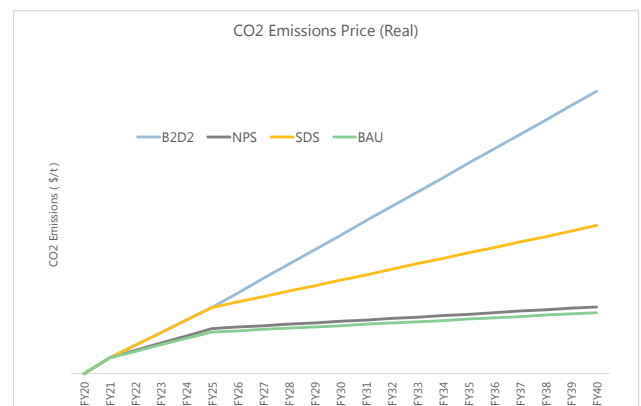
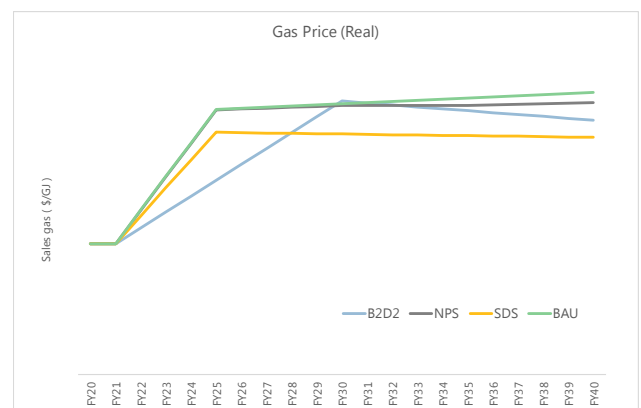
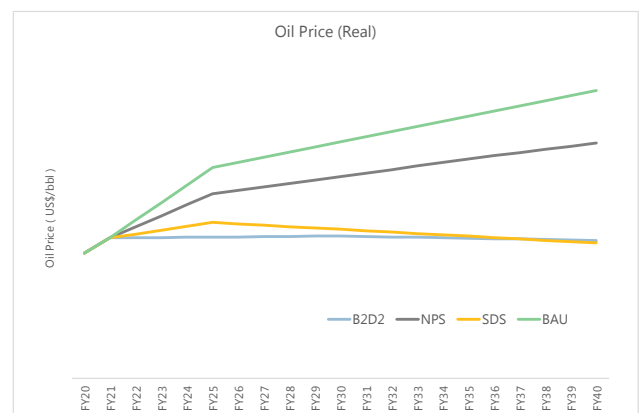
Consistent with the requirements of TCFD Beach modelled the impact of changing climate policy on its current portfolio of assets. Beach used four distinct International Energy Agency (IEA) scenarios. The IEA modelled the scenarios using the IEA World Energy Model (WEM) to generate oil, gas and CO₂ emissions forecasts. The WEM is a large-scale data-intensive simulation model covering the whole global energy system. The scenarios selected were:

On this basis four International Energy Agency (IEA) scenarios were selected:

1. The **New Policies Scenario (NPS)** aims to provide a sense of where today's policy ambitions seem likely to take the energy sector. It incorporates not just the policies and measures that governments around the world have already put in place, but also the likely effects of announced policies, including the Nationally Determined Contributions made for the Paris Agreement.
2. The **Sustainable Development Scenario (SDS), a 2°C equivalent scenario** outlines an integrated approach to achieving internationally agreed objectives on climate change, air quality and universal access to modern energy.
3. The **Current Policies Scenario (BAU)** only considers the impact of those policies and measures that are firmly enshrined in legislation as of mid-2018. It provides a cautious assessment of where momentum from existing policies might lead the energy sector in the absence of any other impetus from government.
4. The **Beyond 2°C Scenario (B2DS)** explores how far deployment of technologies that are already available or in the innovation pipeline could limiting the average global temperature increase to 1.75°C by 2100.

Scenario Price Assumptions

The IEA scenario price forecasts are updated annually. Price forecasts are based on the IEA World Energy Outlook 2018 (BAU, NPS and SDS) and the IEA Energy Technology Perspectives 2017 (B2D2). The IEA does not explicitly forecast Australian east coast gas prices. Eastern Australian gas prices are calculated assuming the market links to the Japanese gas market price via LNG. The IEA forecast Japanese gas price is then netted back to an Australian price using the ACCC LNG price net back methodology. It should be noted Beach's base oil and gas price assumptions are more conservative than the IEA's assumptions in each scenario.



Enterprise Value under each scenario

Based on the scenario analysis undertaken under each of the IEA scenarios, it is clear the enterprise value of Beach's current portfolio remains robust and resilient. As outlined in this section, Beach is undertaking significant studies and programs to reduce emissions and create additional value for the business. See Beach Energy Enterprise Value chart below.

Risk Management

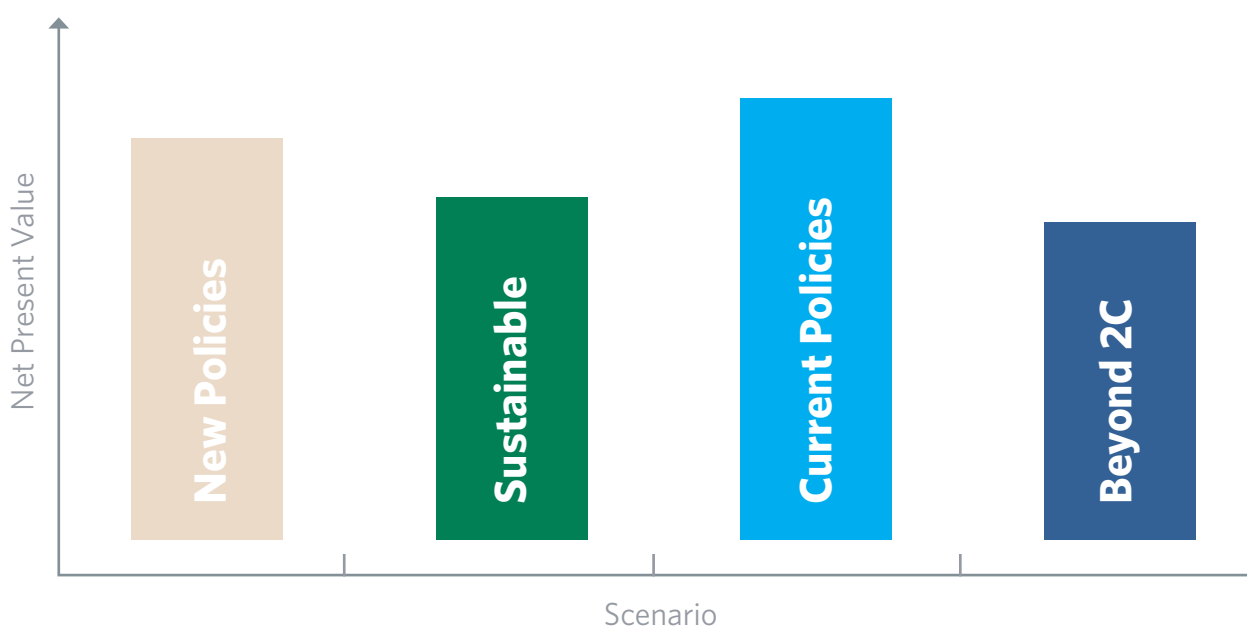
Beach has a framework to identify, understand, manage and report all corporate risks, including those related to climate change which is based on the International Standard of Risk Management (ISO 31000).

We disclose and manage climate related risks as we manage financial risks to our operations and long term strategy. As specified in our Board Charter, the Board has responsibility for overseeing Beach's risk management framework and monitoring its material business risks.

Risks are identified and assessed using a consequence and likelihood methodology. Risks identified as material are included in a material risk register which is regularly reviewed by the Risk Management Committee to ensure that actions are implemented to manage and mitigate each of those risks.

Each risk is assigned to a single accountable senior executive to consider and to monitor the risk control effectiveness. Each business function is responsible for identifying, quantifying and managing the risks that relate to its function or responsibility. Once identified, risks are regularly reported on, together with the strategies developed to effectively control or mitigate them. This occurs through the Risk Management Committee and the Risk, Corporate Governance and Sustainability Committee for risks other than financial risks such as climate change, which are reported through the 2019 Beach Energy Limited's Corporate Governance Statement. The business functions have a responsibility to assess, manage and routinely check the effectiveness of

Beach Energy Enterprise Value



their internal controls. A new risk or a risk whose profile changes (either to decrease or increase the risk) is identified by the business and the risk register is amended accordingly. The Risk Management Committee is notified of: any new material risk; where responsibility lies to manage the risk; and what plans are in place to manage the risk. Climate change related risk factors are identified by considering main sources of change – market, regulation, technology, physical and reputational. For each risk and opportunity, the likelihood of it occurring, plausible consequence and the risk timeframe is assessed. This process assists in prioritising risks and developing appropriate management strategies.

Climate related risks

Risk associated with climate change is assessed using Beach's business-wide risk management framework against the corporate risk matrix.

Beach's internal, detailed risk worksheet relating to climate change outlines the current best view of the likelihood and potential consequence of material climate risks and the mitigation steps that the business should continue to take and monitor periodically. The overall risk assessment for the business as a result of climate policy change is medium over the 3-5 year (medium-term) time frame.

Traditional business risk assessment tools such as used above are useful where the impacts on the business of a specific foreseeable scenario can be realistically assessed both for consequence and likelihood over a time frame of 3-5 years. Mitigation strategies can be formulated and implemented and their effectiveness monitored.

Beyond a 3-5 year timeframe, the range of potential consequence flowing from climate change scenarios become less certain and less responsive to mitigating actions. However, the impact on the business over the longer term can still be significant and material. To assess this type of potential impact, scenario modelling provides a more useful insight and is discussed further under the Strategy section.

Climate related opportunities

Beach's expanding natural gas portfolio is strengthening the business' position in the transition towards a low carbon economy while delivering cleaner, cheaper fuel to the market.

The acquisition of Lattice energy last year further increased Beach's exposure to the Australian east coast gas market. Beach produced 107.4 PJ (18.5 MMboe) of sales gas in FY19 which represents over 60% of our total hydrocarbon production in FY19.

Global climate policy dynamics and growing shareholder expectations are encouraging Beach to explore energy efficiency opportunities that decrease carbon emissions whilst creating sustainable growth in shareholder value.

We recognise that management of risk is critical in the achievement of our purpose of delivering sustainable returns to our shareholders.

Metrics and Targets

While Beach satisfies its annual reporting requirements under the NGER Act, historically these results have not been used by the assets to identify opportunities to reduce emissions.

As part of its commitment to reducing fugitive emissions, Beach will complete a study to establish a Fugitive Emissions Management Plan across all operated assets.

In FY19 a power concept study was initiated in the Cooper Basin. The aim of the study was to identify an area with a high well count, high power draw (i.e. high fuel usage) and is targeted for long term growth, which could benefit from a centralised power solution. The Bauer, Hanson and Chiton fields were chosen with the primary aim of reducing OPEX and long-term CAPEX, and a secondary goal of reducing emissions. In FY20 the concept phase will be completed and subsequently recommended to the Board for approval. Subject to approval, this project should be executed and operating by Q2FY21.

FY19 Emissions reduction projects

Beach and its subsidiaries through its non-operated interests participated in numerous emissions reduction projects as part of the Cooper Basin Joint Venture, which is operated by Santos.

- **Solar and Battery Powered Oil Wells:** In FY19, the CBJV commenced a pilot project to convert beam pumps on oil wells to solar and batteries across 56 sites at a cost of \$16 million with Australian Renewable Energy Agency (ARENA) contributing \$4.2 million in funding. Using solar power will deliver environmental and commercial benefits by reducing crude oil consumption, long distance fuel haulage and emissions associated with burning crude oil.
- **Carbon Capture at Moomba:** In 2019, the CBJV will spend about \$10 million to advance a project to capture CO2 emissions from the

Moomba processing plant and inject it into Cooper Basin oil reservoirs to enhance oil production from these reservoirs. The work could result in the development of Australia's first commercial-scale use of carbon capture, utilisation and storage for enhanced oil recovery and contribute to a significant reduction in CO2 emissions in the Cooper Basin.

- **Solar PV at Port Bonython:** In FY19, the CBJV partnered with AGL to construct a 2.12MW ground-mounted solar photovoltaic system to generate more than three gigawatt hours of emissions-free energy per annum at Port Bonython in SA. That represents over six per cent of electricity used at the plant.



Port Bonython
Photo: SANTOS

FY20 emission reductions projects:

- Conduct emissions benchmarking study across all Beach operated assets: In FY20 an emissions benchmarking study will be conducted across all Beach operated assets where data will be assessed from FY18 and FY19. This timeframe has been chosen to assess the implication of acquiring Lattice Energy. Total data including Scope 1 and 2 emissions will be compared between assets, with the aim of setting emissions reduction targets from FY21
- Complete study to establish Fugitive Emissions Management Plan across Beach operated assets: Beach will undertake the necessary work in FY20 to enable the implementation of a Fugitive Emissions Management Plan in future years.
- Develop power management plan for the Bauer field in the Cooper Basin: In FY19 a power concept study was initiated in the Cooper Basin in order to identify an area with a high well count, high power draw and is targeting long term growth. The Bauer, Hanson and Chiton fields were chosen with the aim to reduce emissions, operating expenditure and long-term capital expenditure. In FY20 the concept phase will be completed.
- Review power usage at camps to develop integrated power solution in the Cooper Basin: Due to the remote nature of our operations in the Cooper Basin, the workforce are accommodated in permanent camps which include offices, bedrooms and kitchens. In FY20 we are planning to review the power usage at our camps to develop an integrated power solution which includes the adoption of solar.



Cooper Basin





Our People

Health and safety

Our management approach

Beach is committed to taking all reasonable steps to protect the health and safety of our employees, contractors, the community and stakeholders in all areas in which we operate. To ensure the successful implementation of our Health and Safety Policy we implement a Health and Safety Management System, that is modelled on the Plan, Do, Check, Act (PDCA) methodology.

Our Board-approved [Health and Safety Policy](#) outlines our approach to health and safety management and is further supported by our core value, "Safety takes precedence in everything we do." To strengthen our safety performance, we investigate incidents and near misses, implement corrective actions and verify effectiveness of controls. We continually aim to improve our health and safety performance by sharing lessons amongst our employees and contractors.

The executive performance is tested against the Short Term Incentive¹ (STI) performance conditions on an annual basis. A range of industry specific indicators such as LTI (Lost Time Injury), and TRI (Total Recordable Injuries) are used to measure the effectiveness of our health and safety management.

General performance

Beach's safety performance has continued to improve with a 78% reduction in the Total Recordable Injury Frequency Rate (TRIFR) since 2015, resulting in Beach's safest year on record.

Throughout FY19 there were three Lost Time Injuries (LTI) and one Medical Treatment Injury (MTI). Beach has achieved year on year improvement in Lost Time Frequency Rate (LTIFR) with a 50% reduction from FY18. This is the sixth year in a row of continuous LTIFR reduction across Beach's operations.

Beach's process safety performance through FY19 was exceptional. There were no reported Tier 1 or Tier 2 incidents across Beach operations.

Process Safety

A comprehensive process safety review of all assets was completed during FY19 coupled with the introduction of an enhanced process safety management framework. Initiatives that have contributed to our strong process safety performance included an increased focus on reporting of process safety events, and the development of a Process Safety dashboard which provides Beach with visibility on leading and lagging indicators of Process Safety Risk.

Occupational Hygiene assessment

In March 2019, Beach conducted its third Occupational Hygiene assessment of its Cooper Basin operations. These assessments were initiated to gain further data to allow for trending of Occupational Hygiene exposure levels in relation to operational and maintenance activities.

The data from these reports has allowed Beach to identify trends in occupational exposures and implement appropriate controls and monitoring programs.

¹ Short Term Incentives (STI) is part of 'at-risk' remuneration offered to senior executives which is rewarded for meeting or exceeding performance conditions or KPIs that are linked to Beach's key purpose.

Heat stress guidelines

Heat stress has been identified as a significant risk at our Cooper Basin and Perth Basin operations. Over the past three years, extreme heat has been experienced in the Cooper Basin during the months of January and February. At times, workplaces in the Cooper Basin have registered temperatures exceeding 50°C.

Working in intense heat can raise normal body temperature and lead to serious dehydration and potentially heat stroke.

To address this risk, a review and update of our heat stress prevention program has been completed. Initiatives taken include the development of a Working in Hot Environments Management Plan, heat stress awareness training resources, along with a range of tools to assist in managing, monitoring and treating risks associated with extreme heat.

APPEA Environmental and Safety Excellence Awards

Beach was a finalist in the 2019 APPEA Environmental and Safety Excellence Awards held in May 2019. The Beach submission detailed the safety performance success achieved by Beach during the period which corresponded with the acquisition of Lattice Energy. Beach more than tripled in personnel numbers and doubled production output, expanding our operations from one producing basin to five across Australia and New Zealand, this included the addition of three major gas processing facilities and four offshore platforms - the first time Beach has been the operator of major hazard facilities.

The number one objective during this period of unprecedented growth for Beach was to deliver the integration safely. Beach not only achieved this objective but set a new standard for safety performance and culture within the organisation.

The result; Beach achieved its lowest ever injury and lowest process safety event rates.

This equated to an:

- 82% reduction in the Total Recordable Injury Frequency Rate (TRIFR) over the last 5 years
- 90% reduction in process safety events over the last five years.

Case study

Well Integrity Management System (WIMS)

Beach has established a system for monitoring and managing the integrity of all operational wells in order to provide assurance that the safety, environmental, regulatory and business risks associated with these assets are effectively managed.

The Beach well-stock is diverse; multiple well types exist (offshore platform, offshore subsea, onshore gas, onshore oil, shale wells) operating across multiple assets with multiple regulators. Several of Beach's wells have been constructed by other operators to different standards at time of construction.

In FY19, a project was undertaken to implement best in class Well Integrity Management System (WIMS) and associated standards covering Beach and ex-Lattice Energy wells. Information from all Beach wells is now gathered and stored in a database and made available to key technical and management staff via WIMS. Every operational Beach well (including those that are shut-in or suspended) has been subject to a well integrity assessment based on international standards and latest well monitoring records. The use of WIMS is mandatory for all Beach assets, and its use is overseen by the independent Technical Authority² function.

Well integrity process safety key performance indicators (KPIs) are reviewed every month by key technical and management staff. The KPIs address both leading and lagging process safety indicators. The well integrity status of all operational wells is then communicated to the operations, engineering, wells, and management teams via a Process safety report and/or a quarterly Well Integrity report.

Several international standards such as ISO, API, Oil and Gas UK, and Norwegian Standards guide Beach's approach to Well Integrity Management. Over the last twelve months, Beach's well integrity team have shared learnings and participated in industry work groups such as APPEA and NOPSEMA well integrity forums.

² Technical Authority's purpose is to ensure Beach makes robust and consistent decisions regarding the control of major hazard risk across the organisation, through a systematic independent process for technical review, authorisation and assurance of equipment and facilities critical to safe and reliable operations.

2020 Targets

- Maintain a TRIFR target of ≤ 3.5
- No more than 1 Tier 1 or Tier 2 process safety event

Workforce development and retention

Our management approach

Beach's success and delivery of our strategic goals depend on our employees having the necessary skills, experiences and capabilities to undertake their responsibilities. A number of talent management initiatives and processes are implemented to ensure we have the right people in the right positions, and with the right skills. Progress and overall outcomes of these initiatives are measured through regular surveys, assessments, performance reviews and training to improve employee competency.

Geosciences and Engineering Competency Framework

Beach is committed to building technical excellence. As such, a project was initiated throughout FY19 to build Technical Competency Frameworks (aligned to SPE standards) for our Geosciences and Engineering workforce.

In parallel, Beach built an automated process within existing SuccessFactors system to house the assessment process of our people which directly links and automates to an individual's development planning opportunities.

Expanded leadership training

Beach recognises the importance of leaders and their capability to drive organisation performance to meet our objectives. The existing leadership program (Leading for High Performance) was delivered across the organisation, covering all leadership levels and sites in FY19.



Beach also introduced a new leadership series that offers all leaders the opportunity to attend module-based learning on practical leadership skills. The new program covers different leadership each month and is offered to all sites. Since its inception in FY19, 274 attendances have been recorded over six modules.

Employee Benefits

Beach implemented a range of new employee benefits in FY19. A new Service Award Program was launched, which is designed to reward employees with long periods in service at Beach. An Employee Referral Program designed to provide a monetary reward to current employees who introduce a candidate who is subsequently employed to fill a permanent position was also delivered. Also launched in FY19 was the new Employee Share Plan which gives Beach employees the opportunity to share in the organisation's success and become a shareholder or increase their existing shareholding in

the company. The Employee Share Plan sees Beach provide matching shares on a capped basis that vest after 3 years of service. A new Beach Benefits Hub was also launched, providing a one-stop-shop for all employee benefits at Beach, as well as access to a range of new retail discounts.

Employee engagement and enablement survey

Beach is committed to understanding the perspectives of its employee and deployed an Employee and Engagement and Enablement Survey. Employees were provided with key outcomes of the survey and have been updated quarterly on the actions and progress made.

Diversity and Inclusion Strategy

Beach has remained committed to delivering against our existing organisational Diversity targets which are reported annually to the board. In FY20 Beach has committed to expanding the approach to embed



the Diversity and Inclusion Strategy which includes changes to the previously measured metrics.

As part of its ongoing commitment to diversity, Beach provides an annual report to the Workplace Gender Equality Agency which details workplace profile in line with the Workplace Gender Equality Act 2012. This report is available to the public via the Workplace Gender Equality Agency website www.wgea.gov.au.

Employee compliance training

With the rapid expansion of Beach in FY18, Beach recognised the need for an expanded induction program for new Beach employees. Recognising this, new and redesigned online induction modules were delivered this year. In FY20, Beach will deliver a new starter orientation, a structured onboarding experience and new online modules.

In FY19, Beach had a strong focus on relaunching the compliance training program. As such, Beach

rolled out several training modules covering topics such as anti-discriminatory and equal opportunity, sexual harassment, workplace bullying training and cyber security. The training roll out was highly successful and saw a 100% compliance rate across the business.

2020 Targets

- Implement the Diversity and Inclusion Strategy and Plan by 30 December 2019.
- Implement the FY20 Employee Engagement and Enablement Survey.
- Launch and Implement Beach's Career Development and Pathways Offering, (Graduate and Vacation Student program, apprentice and trainees).
- Launch and implement Phase 2 of Beach's Onboarding and Induction Offering.







Our Communities

Our management approach

Beach's long-term sustainability is contingent upon maintaining strong and meaningful relationships with the communities in which we operate. This includes recognising the environmental, social and financial implications of our operations in these areas. It is important that our staff are available and approachable to local communities, through direct engagement or holding community information sessions. In FY19, Beach also opened a new regional office in Penola to support our SA Otway Basin operations. In addition to this, Beach pays taxes and royalties, supports local businesses through the procurement of goods and services and invests in local initiatives and infrastructure improvements where possible. Beach's approach to supporting communities is guided by various policies and guidelines, including the Aboriginal Engagement Policy, Community and Stakeholder Engagement Policy and Community Investment Guidelines, all of which are available on Beach's website.

Indigenous engagement and cultural heritage management

Beach recognises its intrinsic role in building close relationships with Indigenous groups and respecting the cultural and spiritual connections to the land and waters where we operate. It is important that we ensure our people have the skills to maintain the positive relationships that have been established with Aboriginal groups in Australia and iwi groups in New Zealand. This includes cultural awareness training and internal procedures to ensure best practice of engagement. Open and honest consultation occurs with Indigenous groups and detailed assessments are undertaken to identify areas of cultural significance. This ensures that our operations avoid and protect these areas. In addition to this, Beach works to provide Indigenous groups with opportunities to participate in training and employment programs and invests in community led programs where possible.

Community investments

Beach is committed to investing in initiatives that aim to build stronger and more resilient communities. In FY19, Beach's community investment program contributed \$0.98m through cash, time, in-kind and management costs. Cash contributions increased by 84%, up from \$0.38m in FY18 to \$0.70m in FY19, exceeding Beach's FY19 target to achieve an overall spend of more than \$0.50m.

London Benchmarking Group

This year, Beach became a member of the London Benchmarking Group (LBG), an internationally recognised framework for the measurement and disclosure of community investment. Utilising this framework for the first year highlighted some areas for improvement which include increasing our financial contribution and working with partners to record the number of beneficiaries and the positive change that has occurred in the community.

Revised strategy linked to the Sustainable Development Goals

Beach's community investment strategy was revised in FY19 to reinforce its commitment to creating long-term value for communities. The new strategy, which will come into effect in FY20, better defines Beach's key areas of focus, being education, environment and health, safety and wellbeing. The strategy is underpinned by the United Nations Sustainable Development Goals, which aim to improve society and the environment for all people through a collective international response. The strategy is accompanied by community investment guidelines available on Beach's website along with an application form. This meets Beach's FY19 target of implementing a new community investment application system.

FY19 Key focus areas

Beach partnered with almost 40 community groups and organisations in FY19 across its key focus areas. Below are just a few examples of initiatives helping to drive positive change in communities.

52%

Community

The Port Campbell Surf Lifesaving Club provides a vital rescue service for the local community and visitors to the area. Its Leadership and Nipper programs reinforce surf awareness and lifesaving skills while fostering community connectedness.



24%

Health & wellbeing

The Royal Flying Doctor Service has been saving lives in rural and remote Australia for over 90 years. It also delivers primary health care services to ensure isolated Australians have access to the same health care services as those living in urban centres.



4%

Environment & conservation

Heytesbury District Landcare Network's Coast Wattle Blitz program targets an invasive shrub damaging local ecosystems in south west Victoria. The project aims to protect and restore wetlands that are a vital habitat for vulnerable species including the Lewins Rail and Hooded Plover.



20%

Youth, education & science

Over 14,000 people attended Fossil Fest in 2019, an immersive hands-on event dedicated to geology and palaeontology. Run by the South Australian Museum, the event aims to spark curiosity in children and encourage a love of science, technology, engineering and mathematics (STEM).



Indigenous focus across all programs

Māori meeting grounds, known as marae, are of significant cultural importance to iwi, hapū and whānau in New Zealand. In FY19, the people of Ngaruahine Ngati Manuhikaki hapū rebuilt the Te Aroha marae, to foster kinship and continue cultural and spiritual traditions.

Corporate volunteering

Beach's employees play a large part in giving back to communities. In FY19, one in five employees participated in corporate volunteering opportunities, furthering Beach's financial contribution through the donation of our employee's time. Activities undertaken, included packing hampers for Foodbank, teaching children about geology at Fossil Fest and organising chemistry lessons for high school students at our gas plants. Employees in New Zealand teamed up with the Kiwi Club House Learning Centre to support local conservation efforts by undertaking a clean-up of Kaupokonui Beach.

Employees involved in corporate volunteering in FY19 provided feedback on their experience, reporting that they felt good giving back to the community, proud to work for Beach and strengthened relationships with their team mates.

Beach recognises the power of mobilising its workforce and the positive impact that it can have on communities. In FY20, Beach will work towards implementing a more structured approach to corporate volunteering.

Workplace giving

Beach appreciates that there are further opportunities for our people to get involved and make a difference. This includes workplace giving, where employees lead the charge in supporting charities through regular or ad-hoc donations with their pre-tax pay. In FY20, Beach aims to implement a workplace giving program that will feature a matched giving component, to ensure a greater collective impact.

FY20 targets:

- Develop a strategy for increasing Beach's financial commitment
- Improve the measurement of community investment impact
- Develop a formal corporate volunteering program for Beach employees
- Develop a workplace giving program for Beach employees



Kaupokonui Beach clean-up





Our management approach

Beach's focus is on creating long-term sustainable growth for our shareholders and the communities in which we operate. Economic value created from our operations is distributed to our many stakeholders, which include shareholders, suppliers, employees and local communities.

Beach strives to achieve the vision of being Australia's premier multi-basin upstream oil and gas company. With this in mind, Beach undertook a strategy review in FY19 and updated its strategic pillars in the context of the new, enlarged organisation.

- Optimise our core production hubs
- Grow additional production hubs
- Grow the east coast gas business
- Maintain financial strength

Operational excellence

In FY19 Beach launched an Operational Excellence program with the mission to generate value through safe, reliable and efficient operations. This program supported another set of strong results in FY19, including continuous improvement in safety performance. Our focus on process safety has seen us report our safest year on record. Significantly, Beach had no material process safety events recorded since we began operatorship of the former Lattice assets, which is an indicator of how we are ensuring our people are out of harm's way and running our plants safely. In addition, our crude spill volumes continue to reflect best in class performance.

Our focus on improving reliability through use of industry best practice and smart technology, the most visible example being the application of drone technology to assist infrastructure inspections, is helping to improve both safety and base production across our facilities. Another example of operational excellence in practise which is delivering direct benefits in efficiency and operating costs has been delivered through effective management of logistics offshore. Existing vessel and helicopter arrangements across Victoria through FY19 and into FY20, have been shared with other operators and service providers in the region for both transportation to site and standby arrangements. In FY19 Beach has seen further improvement in facility reliability and achieved record average reliability of 97% across our six operated facilities contributing to Beach achieving FY19 production of 29.4 MMboe, ahead of our initial FY19 guidance range of 26 – 28 MMboe.

FY20 Targets

- > \$20 million per annum incremental revenue targeted by the end of FY20 vs FY18
- > \$30 million per annum reduction in direct controllable operating costs by FY20 vs FY18

Performance Data

	FY19	FY18			FY17	FY16
		Beach	Lattice	Consolidated		
Health and Safety						
LTI- employees	2	1	1	2	0	1
LTI -contractors	1	0	0	0	1	0
LTIFR- employees	2.6	3.2	3.9	3.5	0	2.9
LTIFR - contractors	1.4	0	0	0	3	0
LTIFR total	2	1.3	2.6	1.8	1.6	1.9
Work hours- employees	784,003	312,791	254,269	567,060	301,600	333,417
Work hours- contractors	717,849	437,333	135,314	572,647	327,442	187,034
Fatalities ¹	0	0	0	0	0	0
TRI- employees	2	1	1	2	1	1
TRI- contractors	3	2	0	2	4	1
TRIFR- employees	2.6	3.2	3.9	3.5	3.3	2.9
TRIFR- contractors	4.2	4.6	0	3.5	12.2	5.3
Tier 1 Process Safety Events	0	0	0	0	0	0
Tier 2 Process Safety Events	0	0	0	0	0	0
Employee Data						
			Lattice ²			
Total number of employees ³	495	238	227	465	191	214
% Gender split (M:F)	75 : 25	73 : 27	82 : 18	77 : 23	73 : 27	71 : 29
% Full time: Part time : Casual	95 : 5 : 0	93 : 7	95 : 5 : 0	94 : 6 : 0	90 : 9 : 1	89 : 11 : 0
% Total Employee turnover	18.75	13	19	* ⁴	19.9	14.02
% Total non-voluntary turnover ⁵	75 : 25	25	86	*	72.2	5.14
% Employee turnover (M:F)	72 : 28	43 : 57	79 : 21	*	67 : 33	7.01 : 7.01
% Employee hire (M:F)	65 : 38	71 : 29	82 : 18	*	87 : 13	1.87 : 1.40
% Employees in permanent full-time roles (M:F)	79 : 21	78 : 22	86 : 14	81 : 19	78 : 22	77 : 23
% Employees in permanent part time roles (M:F)	12 : 88	21 : 79	20 : 80	22 : 78	17 : 83	18 : 82
% Employees in fixed term contracts (M:F)	69 : 31	65 : 35	56 : 44	62 : 38	100 : 0	50 : 50
% Employees as casuals (M:F)	0 : 0	100 : 0	0 : 0	100 : 0	100 : 0	0 : 0
Employees by WGEA⁶ category						
% Board (M:F)	78 : 22	87.5 : 12.5	0 : 0	87.5 : 12.5	86 : 14	86 : 14
% CEO (M:F)	100 : 0	100 : 0	N/A	100 : 0	100 : 0	100 : 0
% KMP ⁷ (M:F)	62 : 38	62 : 38	N/A	62 : 38	86 : 14	67 : 33
% Other Executive and General Managers (M:F)	84 : 16	80 : 20	100 : 0	83 : 17	-	-
% Senior Managers (M:F)	81 : 19	90 : 10	67 : 33	83 : 17	86 : 14	75 : 25
% Other Managers (M:F)	84 : 16	85 : 15	92 : 8	88 : 12	70 : 30	70 : 30
% Professionals (M:F)	68 : 32	70 : 30	70 : 30	70 : 30	73 : 27	72 : 28
% Technicians and Trade (M:F)	96 : 4	98 : 2	94 : 6	95 : 5	91 : 9	89 : 11
% Labourers (M:F)	0 : 0	0 : 0	0 : 0	0 : 0	100 : 0	100 : 0

1 Includes employees and contractors

2 Employee data from 31 January 2018 – 30 June 2018

3 As at 30 June 2018 includes International employees and excludes directors

4 Calculating full year metrics on these items is not possible as a result of the data pre 31 Jan/pre Lattice acquisition data not being available

5 Those subject to employer initiated termination, redundancy or contracts not being renewed

6 WGEA : Workplace Gender Equality Agency

7 KMP : Key Management Personnel

	FY19	FY18			FY17	FY16
		Beach	Lattice	Consolidated		
% Clerical and Administration (M:F)	11 : 89	13 : 87	30 : 70	21 : 79	11 : 89	10 : 90
% Employees aged under 29 (M:F)	64 : 36	65 : 35	75 : 25	68 : 32	79 : 21	74 : 26
% Employees aged between 30-49 (M:F)	76 : 24	72 : 28	82 : 18	77 : 23	82 : 38	66 : 34
% Employees aged above 50 (M:F)	77 : 23	79 : 21	82 : 18	80 : 20	42 : 10	80 : 20
Total workforce by location (M:F)- SA	197 : 80	174 : 61	0 : 0	174 : 61	72 : 21	143 : 62
Total workforce by location (M:F)- Vic	117 : 28	0 : 3	122 : 24	122 : 27	-	-
Total workforce by location (M:F)- WA	6 : 0	0 : 0	7 : 1	7 : 1	-	-
Total workforce by location (M:F)- NZ	53 : 14	0 : 0	54 : 15	54 : 15	-	-
Number of employees entitled to maternity leave	105	46	38	84	50	60
Number of employees who took maternity leave	16	3	1	4	4	5
Number of employees whose maternity leave ended	3	1	1	2	3	3
Number of employees who returned after maternity leave	3	1	1	2	3	3
% Employees by tenure length of < 5 years (M:F)	72 : 28	72 : 28	80 : 20	75 : 25	71 : 29	68 : 32
% Employees by tenure length of 5-9 years (M:F)	76 : 24	77 : 23	81 : 19	80 : 20	74 : 26	77 : 23
% Employees by tenure length of 10-19 years (M:F)	84 : 16	71 : 29	88 : 12	81 : 19	74 : 26	72 : 28
% Employees by tenure length of 20+ years (M:F)	100 : 0	100 : 0	0 : 0	100 : 0	100 : 0	100 : 0
Training Data						
Total training hours	8647	4181.5	2852	*	4713.30	4360.5
Average number of training hours per employee	18.4	15.71	10	*	26.21	20.76
Number of training attendances ⁸	1209	315	244	*	179.86	723
Average hours per person of training during reporting period by gender and employee category						
Gender (M:F)	14.7 : 2.7	13.01 : 14.85	20.9 : 20.5	*	6.43 : 4.31	6.09 : 5.92
Senior Management ⁹	6.6	19.9	NR ¹⁰	*	4.62	2.56
Middle Management	8.2	8.58	NR	*	3.53	5.72
Other employees	20.3	16.03	NR	*	6.49	6.20
Community Investment ¹¹						
Australia	0.76	0.34			0.25	0.25
New Zealand	0.22	0.05			-	-
Total expenditure (\$ million)	0.98	0.39			0.25	0.25
Political Donations ¹²						
\$'000	0.25	0.25 ¹³			0.25	0.25

8 An attendance refers to a Training Course. Employees may attend multiple training courses over the financial year

9 Senior management includes all Executives and General Managers

10 Data available does not support accurate representation of this item which reflects full FY performance as a result of the Lattice acquisition this year

11 From FY19 onwards, community investment value includes cash, time, in-kind and management costs.

12 This information reported to the Electoral Commission SA and is available through their website.

13 Reported incorrectly as 0.12 in FY18

	FY19	FY18			FY17	FY16
		Beach	Lattice	Consolidated		
Environment						
Spills						
Total number of uncontained ¹⁴ spills	37	24	1	25	12	3
Volume of hydrocarbon spills (bbl)	0.85	0.69	0.06	0.75	2	61
Volume of non-hydrocarbon spills (bbl)	198.5	5.75	0	5.75	46	115
Total volume of spills (bbl)	199	6.44	0.06	6.5	47	176
Number of significant spills ¹⁵	0	0	0	0	0	0
Fines						
Number of fines for non-compliance with environmental regulations	0	0	0	0	0	0
Value of fines (\$)	0	0	0	0	0	0
Greenhouse Gas Emissions						
Australia						
Scope 1 emissions (tCO ₂ e)	436,930	43,770	451,970	495,740	18,297	40,917 (41,195) ¹⁶
Scope 2 emissions (tCO ₂ e)	21,080	367	23,650	24,017	501	578
Total GHG emissions (tCO ₂ e)	458,010	44,137	475,620	516,025	18,798	41,495
Net Energy consumption (GJ)	5,182,784	679,391	4,766,685	5,446,076	241,718	330,486 (334,565) ¹⁷
Gross Energy Consumption (GJ)	73,447,866	679,391	79,173,253	79,852,644	241,718	335,788
Volume of flared hydrocarbons (sm ³)	182	4,522,139	182	4,522,321	16,032	718,699
Volume of vented hydrocarbons (sm ³)	162,329	30,510	453,517	484,027	27,787	458
Scope 1 & 2 emissions intensity (kg CO ₂ e /GJ Production)	4.05			4.57 ¹⁸	0.56	1.13
New Zealand						
Scope 1 emissions (tCO ₂ e) ¹⁹	728,115					
National Pollutant Inventory (kg)²⁰						
Carbon monoxide	NR			668,942	43,800	110,600
Fluoride compounds	NR			35,486	25,000	35,100
Hexane	NR			109,772	93,782	117,599
Oxides of Nitrogen (NO _x)	NR			1,176,387	208,000	499,000
Particulate matter <2.5um	NR			42,767	11,640	34,500
Particulate matter <10.0 um	NR			45,352	11,950	36,000
Polycyclic aromatic hydrocarbons	NR			0.525	0.012	9.78
Sulphur dioxide (SO _x)	NR			14,310	45	119
Total Volatile Organic Compounds	NR			2,156,482	1,272,090	1,635,300
Air Emissions	NR			4,357,723	1,655,177	2,447,750

¹⁴ Occurred outside the bunded or containment area

¹⁵ Significant spills are defined as spills that are included in the organisation's financial statements, for example, due to resulting liabilities.

¹⁶ Correction: revised volume in brackets

¹⁷ Correction: Revised volume in brackets

¹⁸ Emissions intensity for the combined entity

¹⁹ CY18

²⁰ NPI data included for Beach operated facilities only. Lattice energy data is not included in FY17 numbers. Data is available for viewing at <http://npi.gov.au/npi-data/search-npi-data>. NPI data for FY18 for both Beach and Lattice facilities will be reported in the FY19 Sustainability Report

	FY19	FY18		FY17	FY16
		Beach	Lattice	Consolidated	
Land Emissions	NR			134,389	78,261
Water Emissions	NR			2,177	0
Produced Water Production (million cubic meters)					
Total	15.39			13.49	10.4
Economic Performance					
Realised oil price (\$/bbl)	102			93	68
Sales revenue (\$ million)	1,925			1,251	649
NPAT (\$ million)	577			199	388
Total assets (\$ million)	3,914			4,077	1,893
Net cash (\$ million)	172			639	198
Total equity (shareholder funds) (\$ million)	2,374			1,838	1,402
Market cap (\$ million)	4,522			3,995	1,077
Reserves (2P) (MMboe)	326			313	75
Production (MMboe)	29.4			19.0	10.6
Exploration wells drilled	23			25	18
Exploration expenditure (\$ million)	103			77	52
Government taxes and royalties ²¹ (\$ million)	496			228	128

21 Includes all taxes and royalties paid and collected. Taxes collected represents gross GST collected on sales and employee payroll taxes withheld

GRI Content Index

General Standard Disclosures

General Standard Disclosures	Disclosure Title	Page Number (or link)
Strategy And Analysis		
GRI 102-14	CEO Letter	Message from CEO, p.5
Organisational Profile		
GRI 102-1	Name of Organisation	About this report, p.6
GRI 102-2	Activities, brands, products and services	About this report, p.6
GRI 102-3	Headquarters location	About this report, p.6-7
GRI 102-4	Location of operations	About this report, p.6-7
GRI 102-5	Ownership and legal form	Company Website > beachenergy.com.au/about-beach
GRI 102-6	Markets served	Company Website > beachenergy.com.au/about-beach
GRI 102-7	Scale of organisation	Sustainability Report – Performance data, p. 42-43
GRI 102-8	Information on employees and other workers	Sustainability Report – Performance data, p.42-43
GRI 102-10	Organisational changes during FY18	Sustainability Report – Message from CEO, p.5
GRI 102-11	Precautionary principle	Issues relating to the precautionary approach or principle are considered through our Risk Management Framework which guides managers and decision makers within the business to assess current and future risks and opportunities.
GRI 102-12	External initiatives	Beach is not currently endorsing any externally developed economic, social, and environmental charters or principles.
GRI 102-13	Memberships of associations	Beach is a member of the SACOME, APPEA, PEPANZ, LBG.
Reporting Practice		
GRI 102-45	Entities included in consolidated financial statements	Annual Report, p. 78
GRI 102-46	Defining report content and topic boundaries	Sustainability Report, Managing Sustainability, p. 9-10
GRI 102-43	Approach to stakeholder engagement	Sustainability Report – How we engage with our stakeholders, p.11
GRI 102-44	Key topics and concerns raised	Sustainability Report – Material Issues and our Focus, p.9
GRI 102-16	Values, principles, standards and norms of behaviour	Sustainability Report- Ethical conduct and transparency, p.12-13
Ethics And Integrity		
GRI 102-16	Values, principles, standards and norms of behaviour	Sustainability Report- Ethical conduct and transparency, p.12-13
Category : Ethical Conduct & Transparency		
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Ethical conduct and transparency ,p.12
GRI 103-3		Governance, p.9

General Standard Disclosures

General Standard Disclosures	Disclosure Title	Page Number (or link)
Category : People		
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Our People, Health and Safety ,p.31
GRI 103-3		Governance, p.9
GRI 403-2 / IPIECA HS1, HS2, HS3, HS5	Injury rates	Sustainability Report- Health and Safety, p. and Performance Data, p.42
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Our People, Workplace Development and Retention, p.33
GRI 103-3		Governance, p.9
GRI 404-1 / IPIECA SE17	Average training hours per employee	Sustainability Report-Performance Data, p.43
GRI 404-2	Programs for skill management	Sustainability Report- Workplace Development and Retention, p.33-35
GRI 405-1 / IPIECA SE15	Composition of governance bodies and employees	Sustainability Report- Performance Data, p.42-43
Category : Social/Communities		
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Our Communities, Contribution to local communities, p.38
GRI 103-3		Governance, p.9
GRI 403-1/ IPIECA SE1, SE2, SE4	Operations with implemented local community engagement, impact assessments and development programs	Sustainability Report- Our Communities, p.37 Specific information requested is currently not reported by the company
GRI 411-1	Incidents of violations involving rights of indigenous peoples	Sustainability Report- Our Communities, p.37
GRI 205-2 / IPIECA SE11, SE12, SE13	Communicating and training on anti-corruption policies and procedures	Sustainability Report- Ethical conduct and transparency, p.12
GRI 205-3	Confirmed incidents of corruption and actions taken	Sustainability Report- Ethical conduct and transparency, p.12
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Our Environment, p.19
GRI 103-3		Governance, p.9
GRI 306-1/ IPIECA E7	Total water discharge by quality and destination	Sustainability Report- Our Environment, Produced water, p. 19 and Performance Data, p.45
GRI- OG5	Volume and disposal of produced water	Sustainability Report- Our Environment, Produced water, p. 45
GRI- OG6/ IPIECA E4	Volume of flared and vented hydrocarbons	Sustainability Report-Performance Data, p.44
GRI 306-3/ IPIECA E9	Number and volume of spills	Sustainability Report- Our Environment, Contamination, and Performance Data, p.44
GRI 305-1 / IPIECA E1	Direct greenhouse gas emissions (Scope 1)	Sustainability Report- Our Environment, Climate Change, p. 22 and Performance Data, p.44
GRI 305-2	Indirect greenhouse gas emissions (Scope 2)	Sustainability Report- Our Environment, Climate Change, p.22 and Performance Data, p.44

General Standard Disclosures

General Standard Disclosures	Disclosure Title	Page Number (or link)
GRI 305-7	NOx, SOx and other significant air emissions	Sustainability Report- Performance Data, p.44
GRI 302-1/ IPIECA E2, E8	Energy consumption within the organisation	Sustainability Report- Performance Data, p.44
GRI 304-2/ IPIECA E5	Description of impacts of activities on biodiversity	Sustainability Report-Our Environment, Biodiversity, p.20
GRI 304-3	Habitats protected or restored	Sustainability Report-Our Environment, Biodiversity, p.20-21
Category : Economics		
GRI 103-1	Generic Disclosure on Management Approach	Sustainability Report- Topic Boundaries, p.10
GRI 103-2		Economics, p.41
GRI 103-3		Governance, p.9
GRI 201-1	Direct economic value generated and distributed	Sustainability Report- Performance Data, p.45

Glossary

Aboriginal	Refers to Aboriginal People of mainland Australia
bbl	Barrel of oil
APPEA	Australian Petroleum Production and Exploration Association
Cultural Heritage	Aboriginal and non-Aboriginal physical and non-physical sites, which are evidence of the way past generations lived. Examples of cultural heritage include stone artefacts, campsites, historic homesteads and pastoral ruins such as stock yards
Fatalities	Death resulting from work related injuries or occupational illness
Flared hydrocarbon	Hydrocarbon directed to operational flare systems, wherein the hydrocarbons are consumed through combustion
GRI	The Global Reporting Initiative is a network based organisation that sets out guidelines and indicators that organisations can use to measure and report their economic, social, and environmental performance
Hapū	Māori sub tribe - A hapū or sub-tribe range in size from one hundred to several hundred people and consist of a number of whanau (extended families)
IPIECA	The global oil and gas industry association for environmental and social issues
Iwi	Māori tribe - Iwi are the largest political grouping in Māori society. Iwi usually consist of several related hapū (sub-tribe) and take their name from a founding ancestor
LTI	Lost Time Injury meaning Occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more
LTIFR	Lost Time Injury Frequency Rate calculated as $(LTI/workhours) \times 1,000,000$
MMboe	Million barrels of oil equivalent
PEPANZ	Petroleum Exploration Production Association of New Zealand
Process Safety Events	Unplanned or uncontrolled loss of primary containment (LOPC) of any material including non-toxic and non-flammable materials from a process, or an undesired event or condition. Process safety events are classified as Tier 1- LOPC of greatest consequences or Tier 2- LOPC of lesser consequence as defined by American Petroleum Institute (API) Recommended Practice 754.
SACOME	South Australian Chamber of Mines and Energy
Significant Spills	Spills that are included in the organisation's financial statements, for example, due to resulting liabilities.
Turnover rate	Rate at which employees leave the Company in a given fiscal year
TRIFR	Total Recordable Injury Frequency rate is the sum of Lost Time Injury Frequency Rate and Medical Treatment Injury Frequency Rate
TDS	Total dissolved solids is a measure of inorganic salts and organic compounds dissolved in water
Vented hydrocarbon	Intentional controlled release of uncombusted gas
WAC	Work Area Clearance
Whānau	Extended Māori family - A whānau (extended family) consists of elders (such as grand-parents, great uncles and aunts) their sons and daughters, together with their spouses and their children

Independent Assurance Statement



Independent Limited Assurance Statement to the Management and Directors of Beach Energy Limited

Our Conclusion

Ernst & Young ('EY', 'we') were engaged by Beach Energy Limited to undertake 'limited assurance' as defined by Australian Auditing Standards, here after referred to as a 'review', over selected sustainability performance data included in Beach Energy Limited's Sustainability Report for the year ended 30 June 2019. Based on our review, nothing came to our attention that caused us to believe that the selected sustainability performance data has not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

What our review covered

We reviewed a selection of Beach Energy Limited's selected sustainability performance data for the year ended 30 June 2019, as shown in the table below.

Selected sustainability performance data	Sustainability Report page
Safety (total recordable injury frequency rate (TRIFR) and lost time injury frequency rate (LTIFR))	42
Contamination (number and volume (L) of spills)	44
Diversity (women in leadership, % representation of women by level)	42 and 43
Community Investment (in million Australian Dollars)	43

Criteria applied by Beach Energy Limited

The following criteria have been applied:

- ▶ Definitions as per the Global Reporting Initiative's (GRI) Sustainability Reporting Standards
- ▶ IPIECA's Oil and gas industry guidance on voluntary sustainability reporting
- ▶ Employee categories as defined in the Workplace Gender Equality Act 2012
- ▶ Beach's own publicly disclosed criteria as disclosed in the 2019 Sustainability Report.

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on the disclosures of selected sustainability performance data.

We were also responsible for maintaining our independence and confirm that we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants and have the required competencies and experience to conduct this assurance engagement.

Beach Energy Limited's responsibility

Beach Energy Limited's management was responsible for selecting the Criteria, and preparing and fairly presenting the selected sustainability performance data in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the International Federation of Accountants' *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000') and the terms of reference for this engagement as agreed with Beach Energy Limited on 23 September 2019.

Summary of review procedures performed

Our procedures included, but were not limited to:

- ▶ Gaining an understanding of the processes supporting the development of data for Beach Energy Limited's selected sustainability performance data
- ▶ Conducting interviews with key personnel to understand Beach Energy Limited's process for collecting, collating and reporting the selected sustainability performance data during the reporting period
- ▶ Checking that the Criteria has been correctly applied in the calculation of the selected sustainability performance data
- ▶ Undertaking analytical review procedures to support the reasonableness of the data
- ▶ Identifying and testing assumptions supporting calculations
- ▶ Testing the calculations performed by Beach Energy Limited
- ▶ Testing, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Reviewing the appropriateness of the presentation of information.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Ernst & Young
Melbourne, Australia
28 October 2019

Terence Jeyaretnam
Partner FIEAust EngExec

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Beach Energy Limited, or for any purpose other than that for which it was prepared.

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Verification Statement from LBG Australia & New Zealand – 2019

The LBG model helps businesses improve the measurement, management and reporting of their corporate community investment programs. It covers the full range of contributions (cash, time and in-kind donations) made to community causes.

As managers of LBG Australia & New Zealand, we can confirm that we have worked with Beach Energy to verify its understanding and application of the LBG model with regards to the wide range of community programs supported.

Our aim has been to ensure that the evaluation principles have been correctly and consistently applied and we are satisfied that this has been achieved. It is important to note that our work has not extended to an independent audit of the data.

We can confirm that Beach Energy has invested the following amounts in the community in this 2019 reporting year as defined by the LBG methodology.

Cash	\$ 697,393
Time	\$ 21,973
In-kind	\$ 64,500
Management costs	\$ 198,467
TOTAL	\$ 982,333

In addition to LBG verified figures, Beach Energy also reported the following outputs in their submission:

Leverage**	\$ 0
Revenue foregone^	\$ 0

***leverage refers to additional third party contributions facilitated by the company*

^the revenue foregone for community benefit on fees, products and services provided free or discounted

Please refer to LBG for detailed definitions as required



Verified by Jennifer Saunders & Simon Robinson
On behalf of LBG Australia & New Zealand
September 2019

