



# The PNG LNG story



# ExxonMobil in Papua New Guinea

Our business covers a wide range of related activities for oil and gas exploration and production in Papua New Guinea. Our most important contribution to society is the safe provision of reliable and affordable supplies of energy, and we are committed to doing so in an environmentally and socially responsible manner.

With a 33.2 per cent shareholding, ExxonMobil PNG Limited is the operator of the PNG LNG Project on behalf of our co-venturers Oil Search Limited (29 percent), the National Petroleum Company of PNG (NPCP) (16.6 percent), Santos Limited (13.5 percent), JX Nippon Oil and Gas Exploration (4.7 percent), Mineral Resources Development Company Limited (2.8 percent) and Petromin PNG Holdings Limited (0.2 percent).

ExxonMobil PNG Limited is a subsidiary of Exxon Mobil Corporation, the world's leading petroleum and petrochemical company. ExxonMobil has had a presence in Papua New Guinea since the 1920s, and in addition to construction of the PNG LNG Project, the company has interests in fuels marketing and oil production.

Learn more about the PNG LNG Project at [www.pnglng.com](http://www.pnglng.com).

## ExxonMobil



# Introduction

The PNG LNG Project is unlocking value from stranded gas resources in the Highlands of Papua New Guinea. Over its 30-year life the Project is expected to have a transformational impact on the national economy, boosting GDP and export earnings, and returning value to Project partners, government and citizens of Papua New Guinea, and landowners in Project areas.

Development of the Project has also stimulated further investment in the gas sector and with the successful delivery of the Project, PNG is seen as an attractive investment destination.

But the PNG LNG Project is about more than developing the gas resources of Papua New Guinea – it's also about developing people and capacity, and creating and delivering long-term benefits to local communities.

The PNG LNG Project is truly a partnership. Throughout the construction phase, we've been working closely with all stakeholders to collectively realise the success of the Project. Now we are at an exciting stage as we look toward Project startup in 2014.

Leading this Project has been one of the most challenging and rewarding experiences of my career. When I think back on what we have achieved so far, I am proud to say that I was a part of a talented and dedicated group of people, each of whom has brought their unique skills, experience, expertise, and insights.

I have also been lucky to see the outcomes of the programs that we have supported in our local communities. Seeing local businesses develop and grow, school children accessing resources for learning and communities actively engaged in the Project gives me great pleasure.

Our focus is on building capacity. We do this through programs that train and employ people, and through development of local businesses. Additionally, by working with a variety of stakeholders and partners, we invest in programs that support the development of local communities.

Over the years that we have constructed the Project, we have worked according to our values of safety, security, excellence, integrity, teamwork, and protection of the environment. These values form the foundation of our work and the decisions we make.

I am proud of our contributions to Papua New Guinea, and here we share some of the key contributions we've made over the past few years towards building a prosperous future for Papua New Guinea.

**Peter Graham**  
Managing Director  
ExxonMobil PNG Limited



Not surprisingly, our programs that support women have been a personal highlight. It's no secret that when women are economically empowered, entire communities benefit. The programs we have supported have encouraged women to take leadership roles and earn incomes, and I am always amazed at their energy and zest to take action.

We've come a long way since we began this Project, and I am proud of the ability of our people to lay such a strong and stable foundation, helping us to herald a new era of development in Papua New Guinea.

**Decie Autin**  
Project Executive  
PNG LNG Project





# Project overview

The PNG LNG Project is an integrated development that includes gas production and processing facilities in the Southern Highlands, Hela, Western, Gulf and Central Provinces of Papua New Guinea. It will provide a long-term supply of liquefied natural gas (LNG) to four major customers in the Asia region.

There are over 700 kilometres of pipelines connecting the facilities, which include a gas conditioning plant in Hides, and liquefaction and storage facilities near Port Moresby with capacity of 6.9 million tonnes per year.

Over the life of the Project it is expected that over nine trillion cubic feet of gas will be produced.







# Health and safety

We conduct our business in a manner that protects the health and safety of our workforce. This is a core value and business driver, one that shapes decision-making at every level. With a workforce drawn together from diverse cultures, work backgrounds and experience levels, the Project provides programs and services to help our workforce perform in a safe and healthy manner. We also incorporate workforce and community health considerations into Project planning, understanding that a healthy workforce benefits the Project and the broader community.

The Project's safety philosophy is an ongoing commitment to creating a work environment where "Nobody Gets Hurt".

We provide workers with the knowledge and tools to execute each work activity safely, and strive to prevent all accidents, injuries, and occupational illnesses through the active participation of every employee.

We manage the risks associated with our operations through the implementation of our Operations Integrity Management System (OIMS), which monitors, benchmarks and measures our performance in 11 different elements that address aspects of our operations. The OIMS framework establishes common worldwide expectations for addressing safety, security, health, environmental, and social risks in every aspect of our business, guiding the activities of our employees and driving our operations from top to bottom.

Achieved over  
**60 million**  
 work hours without a  
 lost time incident from  
 September 2012 to  
 July 2013

Over  
**2.3 million**  
 Job Safety Analyses  
 and more than  
 2.1 million Observations  
 and Interactions  
 conducted

Over  
**2,000**  
 Safety Champions  
 trained to date

Over  
**14,000**  
 workers trained in the  
 LNG Plant's Incident  
 and Injury Free®  
 program





# Safety Champions

The PNG LNG Project Safety Champions program plays a vital role in promoting a positive work safety culture. The program identifies opinion leaders and natural role models within the Project's fieldwork groups and encourages them to instil within their teams a strong adherence to safety.

safety fundamentals, communication skills, and additional techniques to support their supervisors and work groups. Exceptional Safety Champions are selected as Champions of Champions, representing the very best from each of the programs.

By the end of 2013, more than 2,000 Safety Champions had attended a multi-day training course, focused around core

"The Safety Champions program inspired me down a new career path and I began studying during my recreational leave. Now I am working to complete my Certificate Level IV in Occupational Health and Safety and new opportunities have opened up for me."

**Brenda Tagobe**, Safety Adviser at the Hides Gas Conditioning Plant







# Employment and training

At the end of 2013, the PNG LNG Project employed more than 14,700 people, including almost 5,600 Papua New Guineans. The Project relies on the highly specialised skills of qualified staff, and despite the challenges of finding some of these locally, the Project has maximised construction phase employment opportunities for Papua New Guineans, while also preparing workers for future opportunities both inside and outside the Project.

To date, we have delivered more than 2.13 million hours of training, which has focused on developing the technical and professional skills of workers by exposing them to new challenges and working environments. Project-provided training included construction training at two specially created facilities in Port Moresby and the Highlands. Together, these facilities have trained more than 1,600 workers, 30% of whom were women, since 2011.

Almost 140 operations and maintenance technicians have been trained, establishing the future workforce for LNG operations. After extensive training, mentoring and practical experience, these young Papua New Guineans will be responsible for operating and maintaining the Hides Gas Conditioning Plant and the LNG Plant during production.

The Project has provided various demobilisation and transition activities for workers. By providing training on how to seek and apply for other job opportunities, we are helping workers build long-term employment opportunities beyond the Project.

**2.13 million** training hours provided to Papua New Guineans through 11,550 training courses and activities

More than **10,000** Papua New Guineans trained for construction and operational roles

**21,200** people working on the Project at peak employment, including almost 9,000 Papua New Guineans







# Local economic benefits

The engagement and development of local suppliers is an important aspect of the PNG LNG Project. Supplier development involves purchasing local goods and services, including the provision of timber, plant and equipment hire, and community development projects, as well as transferring knowledge and skills to increase the capability of PNG suppliers to meet global standards.

In 2010, we helped to establish the Enterprise Centre, a business resource centre that provides business training, mentoring and advisory services to local businesses, while compiling a local supplier database for the Project. Landowner companies, known as lancos, are the primary focus of supplier development, but the Centre's services are open to all PNG businesses at low or no cost. The Enterprise Centre has assisted 16,700 entrepreneurs through the Enterprise Centre's business support program, supporting the development of capable, nationally competitive service companies.

**2.48 billion**  
Kina spent with  
landowner companies  
as at the end of 2013

**1,556** Papua New  
Guinean businesses  
registered on the  
Project's Supplier  
Dashboard

**9,300** training days  
spent on developing  
lancos and local  
suppliers through the  
Enterprise Centre

**10.31 billion**  
Kina total in-country  
spend as of the end of  
2013



## Emmy's Bakery

Emmy's Bakery and Catering Services (EBCS) is one of the local catering companies that used the Enterprise Centre to train its employees. After gaining a contract with the Project, EBCS's growth and development opportunities expanded and its staff doubled. Based on this solid foundation, the company has plans to enter the fresh produce wholesale supply sector to help to help benefit village produce growers and local consumers. "We have the training, knowledge and experience now to expand in this industry," says Edward Mimino, who started EBCS with his wife. "Then we want to branch into training and skills development, teaching Papua New Guineans how to make nutritious meals from a meagre budget."



# Community engagement

The Project is committed to establishing and maintaining positive community relations through effective communication and consultation.

We recognise there is no single method of engagement. This has resulted in the adoption of various forms of engagement, including road shows, school meetings, community forums and drama performances to share information on construction activities, safety messages, and Project updates.

We work with communities through formal planned engagements, as well as through informal engagements. Informal engagements occur daily, allowing for two-way communication where Project team members liaise with local communities to provide and clarify information, give guidance on matters such as safety, listen to any queries or issues and receive grievances. All grievances are recorded, investigated and followed through to closure.

**1,539** grievances successfully closed out

More than **1,640** formal community engagements held throughout the Project area

More than **2,180** informal engagements held throughout the Project area

Almost **130,000** copies of Project-developed Upstream and and LNG Plant newsletters distributed to local communities



## Play it safe

In a nation of 800 languages, we have reached across language barriers by using drama as a way of communicating with people living along the pipeline route. Using locally created theatre, information about how to stay safe during Project construction was conveyed to more than 3,000 people in 25 different communities. Performed in several local languages, important information was shared using a culturally appropriate medium understood by all.





*"We have worked with over 178 households to increase and improve agricultural production. One of the greatest outcomes has been the integration into entire communities. We've broken down barriers and helped provide new opportunities for production and income generation, particularly for women."*

**Matthew Kanua,**  
*Livelihoods Specialist  
with the PNG LNG Food  
and Agricultural Team*





# Advancing agriculture and fishing

Agriculture and livestock are central to the livelihoods of Papua New Guineans. The Project has focused on distributing planting materials and small livestock to communities in the Project area to improve agricultural sustainability, and we help people use their skills to improve their food security and living standards. In the longer term, it is anticipated that such interventions will become self-sustaining, without Project support.

Fisheries studies have been conducted for marine-based communities. By assessing catch trends and fluctuations, the Project is able to determine the health and numbers of fish populations. This helps protect people's livelihoods, and it is complemented by programs focused on enhancing the marine environment, improving fisheries techniques and building the capacity of local leaders to better manage fisheries issues in their local communities.

**2,764** women and 314 men trained in food processing, and covering health, hygiene and nutrition education through 200 training sessions held in 26 locations

**244,000** cuttings of 10 virus-free, pathogen-tested sweet potato were distributed to local farmers

**13,400** pineapple suckers, 1,900kg of peanut seeds and 930kg of open pollinated corn seeds distributed to improve agricultural production

**1,298** breeding pairs of chickens, ducks and pigs distributed to improve livestock production

**40%** of the local population in Hides and Komo engaged with, improving agricultural production and food security

## A recipe for success



The Project has implemented food processing training focused on women. As part of the program, we have distributed 122 drum ovens and conducted training courses in 26 locations, serving 60 active women's groups and equipping them with the skills to immediately earn income from the sale of baked products at local markets. "The training changed us," says Tai Himu, leader of the Kapote Women's Association and one of the women to attend the training. "We have new skills to better provide for our families and we feel empowered."



# Empowering women

Women have an important role in building their communities and the nation. We are empowering women in Papua New Guinea to actively participate in their own development.

Training programs have ranged from personal viability, business management, food preparation and nutrition training, and women across the Project area are rapidly launching their own community development initiatives. By focusing on local community infrastructure for women, such as community halls, markets and nurseries, they are better able to engage in economic activities to advance their communities.

The Project also partners with major institutions to contribute to national initiatives. We have supported the World Bank to implement youth employment and women's self-reliance programs, as well as contributed to the Business and Professional Women's Club to help financially disadvantaged girls and women attend tertiary institutions and colleges. We participated in the PNG Country Gender Assessment that aimed to better understand the gender-related boundaries impacting economic development throughout the country, working alongside the Department for Community Development, World Bank, United Nations, National Council of Women, AusAID, Oxfam and the PNG Chamber of Mines and Petroleum.

"Women have such strength. They've engaged in projects, increased incomes, changed mindsets, and helped build their communities. The PNG LNG Project has helped women find their voice."

**Sarah Kende**, Project Community Development Support Officer

**649** women have received personal viability training focused on business basics, budgeting and financial management

Almost **500** women have received technical training to take on roles in construction, production and operations

More than **500** women have received small business training through the Enterprise Centre

**220** women trained under the World Bank Self-Reliance Program for Women in Petroleum Projects



## Global Women in Management

Since 2006, ExxonMobil has supported 23 Papua New Guinean women to attend training under the Global Women in Management (GWIM) program. The GWIM program strengthens women's management, leadership and technical skills to enhance and bring to scale programs that advance women's economic opportunities and build the next generation of women business leaders and entrepreneurs. The women have attended programs in Indonesia and the

United States, and have returned to their home communities, making positive contributions in a multitude of ways. "After GWIM, my whole perspective to development changed," explains Cathy Alex, GWIM participant in 2012. "I realised we needed to be more innovative in our approach. The training broadened my mind to see the goals and objectives within our own programme, to implement them smartly, and to measure the impacts."





# Furthering education

Education is a fundamental building block for society, and improving the quality of and access to educational resources is a priority for the PNG LNG Project. Through partnering with local government, non-governmental organisations, and community leaders, critical school resources have been advanced.

We have provided more than 1,500 locally made desks to 45 schools in the Hela, Southern Highlands and Central Provinces. We have also delivered more than 22,000 school packs, filled with basic supplies for students, to 139 schools across the Project area. We have refurbished classrooms, provided water tanks for schools, and sponsored scholarships as part of the Barging Route Waterways agreement in the Kikori delta area.

While providing material resources, we have also focused on improving learning. The ExxonMobil Science Ambassador Program was launched to improve students' understanding of science, technology, engineering and mathematics through interactive workshops conducted by company staff. We also held the *Kastom Stori-Sene Gori* competition to record local customs and traditions by encouraging inter-generational dialogue with students.

"Teaching isn't easy. We are trying to build the future generations to carry PNG forward, and support from the PNG LNG Project is helping us do that."

**Ian Ipiiso**, Tira'abu Primary School Headmaster, Southern Highlands

**7 million**

Kina committed for education infrastructure

Almost

**6 million**

Kina spent on learning materials, education scholarships, teacher capacity building and governance activities

**47** school libraries developed and supported across the Project area

**3** major school support programs focused on literacy and library development at 47 schools, including the provision of books and support for libraries

**16,000**

copies of the Toea children's book series distributed to more than 1,500 students

**27** training support projects, including scholarships, teacher training, business training and human resource development





# Developing communities

We have invested more than K12 million in a wide variety of long-term projects throughout the Project area. Focused on social resilience, economic development and community capacity building, the Project has used key principles of sustainable development, enabling local people to engage proactively in developing income-generating activities, meeting the needs of the local communities while preserving resources for future generations.

In addition, we have an overall goal to minimise or avoid resettlement, but where unavoidable, we have incorporated these sustainability principles into the resettlement process to ensure that livelihoods and standards of living are, at a minimum, restored. With the Environmental Law Centre acting as an independent advisor to local communities for this process,

the 626 resettled households have received accurate and relevant information regarding compensation assistance packages. Monitoring and evaluation of the resettled households has been a critical component, ensuring that the process to restoring livelihoods has been a success.

## K580 million

invested in large infrastructure projects across the country

## K15 million

invested in community-based and civic projects across the Project area

**52** small community infrastructure projects such as road repairs, creating footpaths, replacing community bridges and building training centres

**1,300** people trained through 33 Personal Viability Training sessions







# Improving community health

We have partnered with organisations to support various community health outreach initiatives in Papua New Guinea. From malaria prevention efforts, to refurbishing health institutions, providing training and scholarships, and improving awareness on sanitation, we work with an established network of partners towards improved health.

A flagship project has been the US\$3.1 million initiative to improve maternal health and reduce child mortality rates in Papua New Guinea. The two-year program, led by Houston-based Texas Children's Hospital and partner Baylor College of Medicine, supports the deployment of public, paediatric and maternal health specialists to the University of PNG School of Medicine and Health Sciences, as well as doctor teaching support at the Port Moresby General Hospital to strengthen the education of health care professionals.

Two major partners, the Papua New Guinea Institute of Medical Research (PNGIMR) and Population Services International, have worked closely with the Project to implement public health initiatives for Project communities.

A key component of PNGIMR research has been the Integrated Health Demographic Surveillance System program that provides valuable health and demographic data about communities within the Project area. The data, which focuses on infectious diseases such as tuberculosis and non-communicable diseases such as cancer and diabetes, helps the Project focus on specific health programs for the national workforce and is available for government policy makers to inform broad-based health strategies.

The Project has constructed and opened the National Infectious Disease Diagnostic and Research Laboratory in Port Moresby, while also renovating local clinics and providing a water supply for Kikori Hospital.

**K49 million**  
invested in health-related projects and support for health institutions

**130** pieces of valuable medical equipment delivered to three hospitals and nine clinics in partnership with the PNG Tribal Foundation

**70,000** people surveyed as part of the Partnership in Health Program to understand the spread of disease

**12,225** people have received awareness training on water-related diseases, sanitation and hygiene

**53** scholarships provided for advanced training of health care workers and pre-service students





# Protect Tomorrow. Today.

We operate in an environmentally responsible manner to protect the rich biodiversity of Papua New Guinea. Our environmental specialists work closely with engineering and construction teams to implement the Project's Environmental and Social Management Plan (ESMP) and to make improvements as we learn new information.

We implement a variety of management and monitoring measures, aimed at avoiding or mitigating any effects of construction activities on important biodiversity values. Preconstruction surveys provided the necessary data that enabled us to avoid ecologically sensitive areas and mitigate areas that were impacted, such as the

reinstatement of the pipeline right of way and temporary camps, and the management of weeds. Maintaining ecological intactness, conserving priority ecosystems and protecting habitats are the main focus of the Project's Biodiversity Strategy, and the Project is independently audited to ensure environmental compliance with international standards and best practice.

We have worked closely with the Papua New Guinea Department of Environment and Conservation and we work with conservation stakeholders to support the planning and delivery of the Biodiversity Offset Delivery Plan.

## The Biodiversity Program consists of five components:

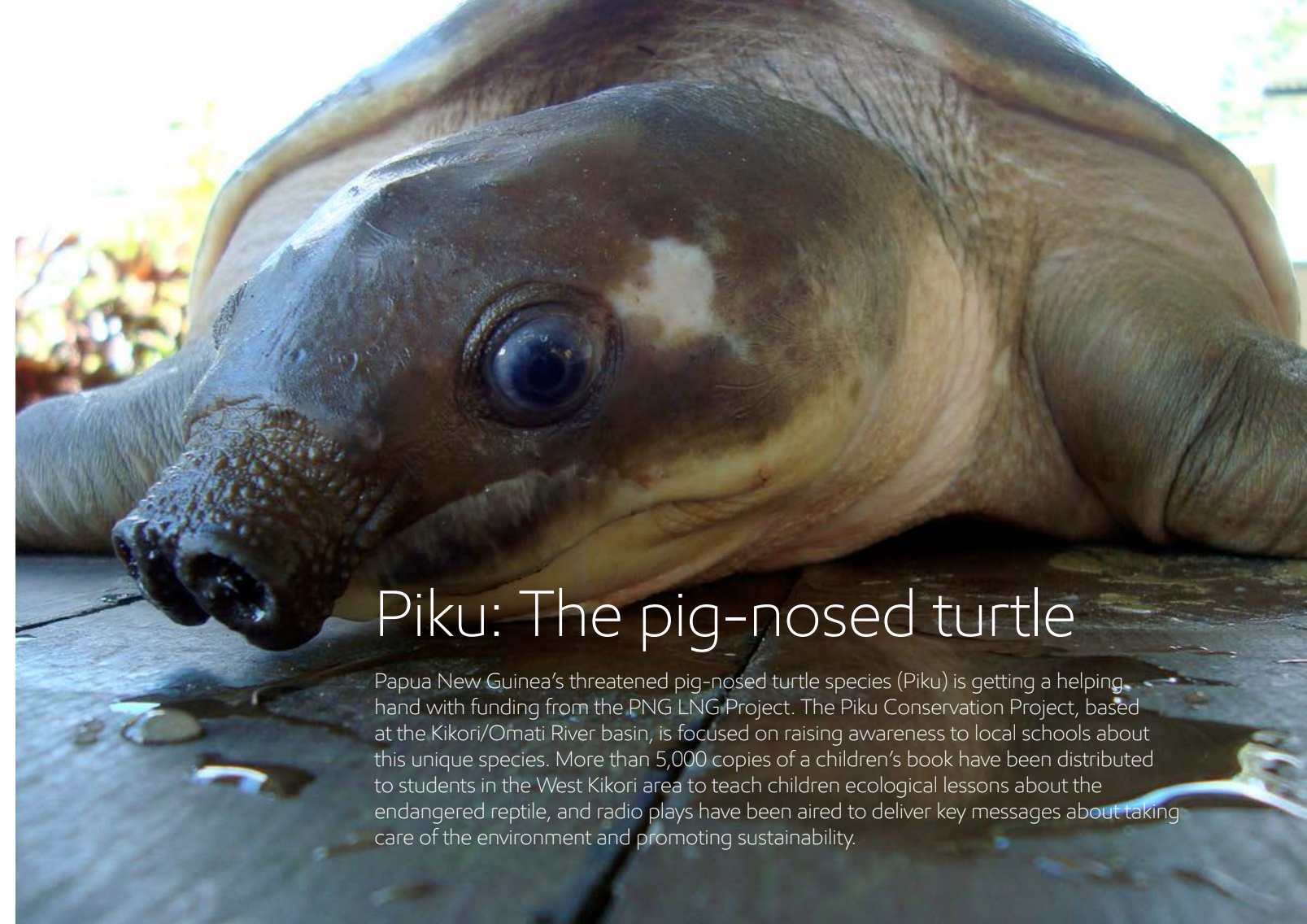
Work at the regional level to support the Department of Environment and Conservation in development of a protected area system for the Kikori River Basin.

Work at a national level to support the Department of Environment and Conservation in furthering its objectives under the National Biodiversity Strategy and Action Plan.

Enhancing Conservation Capacity, which involves technical capacity building for conservation through the University of Papua New Guinea in a program to be led by the Mama Graun Conservation Trust Fund.

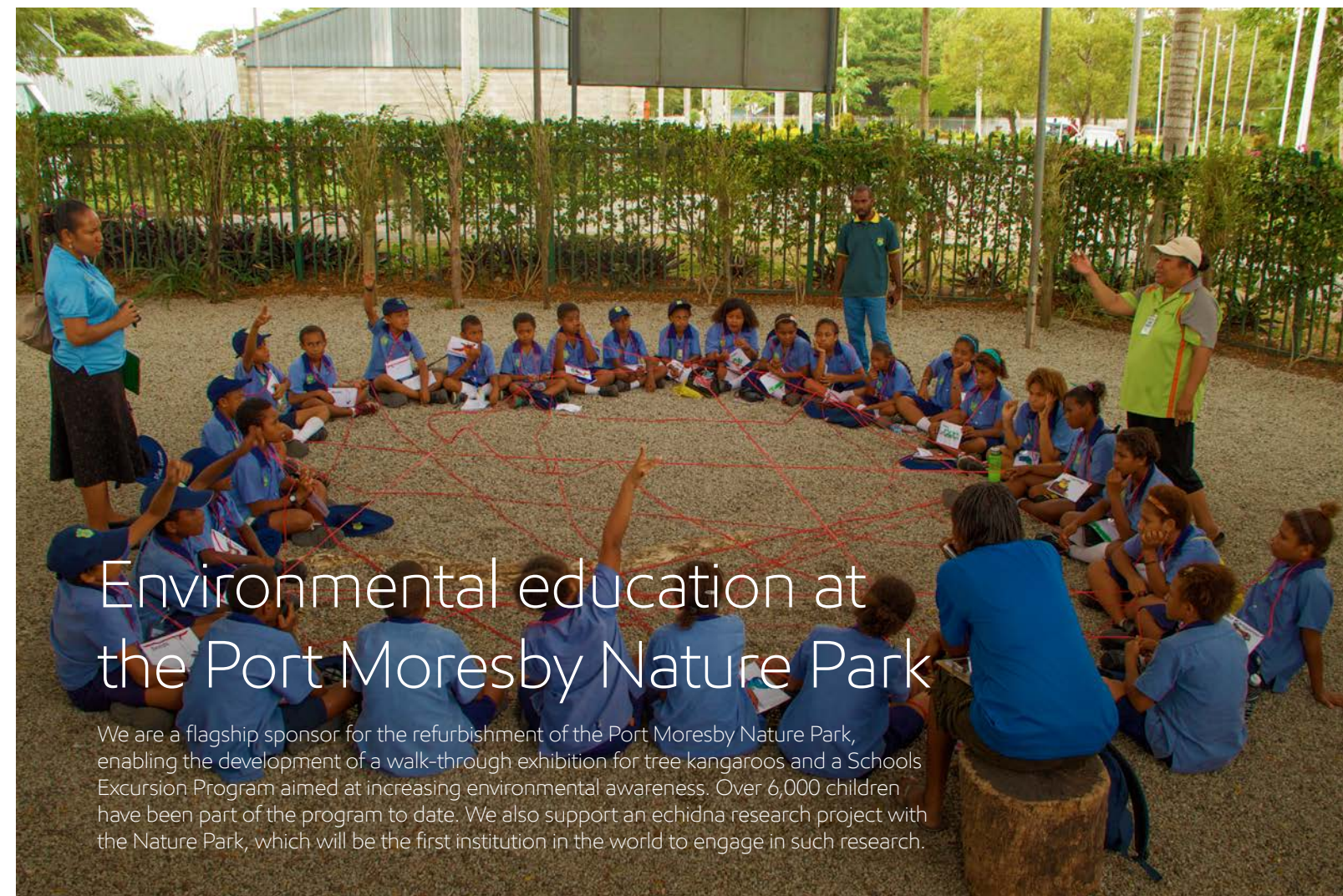
Enhancing and strengthening one of the existing protected areas in the Kikori River Basin.

Establishing one or more new community-based protected areas in the Kikori River Basin.



## Piku: The pig-nosed turtle

Papua New Guinea's threatened pig-nosed turtle species (Piku) is getting a helping hand with funding from the PNG LNG Project. The Piku Conservation Project, based at the Kikori/Omati River basin, is focused on raising awareness to local schools about this unique species. More than 5,000 copies of a children's book have been distributed to students in the West Kikori area to teach children ecological lessons about the endangered reptile, and radio plays have been aired to deliver key messages about taking care of the environment and promoting sustainability.



## Environmental education at the Port Moresby Nature Park

We are a flagship sponsor for the refurbishment of the Port Moresby Nature Park, enabling the development of a walk-through exhibition for tree kangaroos and a Schools Excursion Program aimed at increasing environmental awareness. Over 6,000 children have been part of the program to date. We also support an echidna research project with the Nature Park, which will be the first institution in the world to engage in such research.



# Preserving cultural heritage

Respect for Papua New Guinea's rich culture underlies all Project activities, and we strive to ensure heritage is maintained and protected. To ensure this is achieved, we have established a Cultural Heritage Management Plan, which is overseen by Project archaeologists and in liaison with the PNG National Museum Art Gallery.

We have undertaken detailed studies to identify culturally significant sites in Project areas. These studies draw on the expertise of archaeologists and involve extensive consultation with community groups to ensure the Project is minimising cultural impacts and acting in accordance with relevant Government regulations.

A key component of the Project's Cultural Heritage Management Plan is training. The LNG Plant provided construction teams with cultural heritage awareness training in preparation for excavation works at the site. The onshore pipeline team also trained construction crews involved with right of way clearing and grading activities.

**10,000** historical artefacts have been recorded across 3,000 sites within the Project area

**3,700** local pictures and stories collected, part of the *Kastom Stori-Sene Gori* competition to record cultural stories across the Project area

More than **200** cultural heritage items discovered and donated to the PNG National Museum



# Ensuring accountability

The Project's Environmental and Social Management Plan provides an overview of the potential environmental and social impacts associated with construction activities and outlines mitigation actions and monitoring requirements. To ensure transparency and compliance with these commitments, the Project is assessed regularly by an Independent Environmental and Social Consultant (IESC).

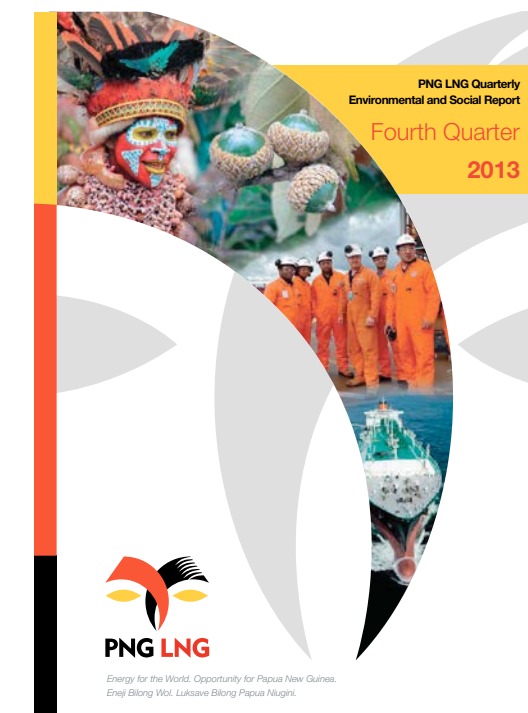
D'Appolonia S.p.A. serves as the IESC for the Project and assesses compliance with the Environmental and Social Management Plan, the associated Lender Environmental and Social Requirements, and the Environmental and Social Milestones Schedule. D'Appolonia publishes a report following each site visit which is made available on the PNG LNG Project website.

The Project also provides quarterly updates on construction, safety, security, health, environment and social management activities in reports published online and in hard copy. These reports demonstrate the progress made each quarter and ensure the citizens of Papua New Guinea and other stakeholders are kept well informed.

**10** independent assessments of the Project since 2010

Over **2 million** copies of the Quarterly Report distributed in national newspapers to ensure public information and accountability

Over **1.5 million** copies of 18 editions of the PNG LNG TokTok distributed, sharing stories from Project activities







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