

BEACH ENERGY

Driving Growth

Beach Energy Limited
(ABN 20 007 617 969)

2017
SUSTAINABILITY
REPORT





CONTENTS

Message from CEO	03
About this report	
Scope of this report	04
Our operations	04
Reporting guidelines	04
Managing Sustainability	
Governance	05
Risk oversight and management	05
Our supply chain	05
Materiality	
Material issues and our focus	06
Our stakeholders	07
Topic boundaries	08
Ethical conduct and transparency	08
Human Rights	09
Performance Overview	10
Our People	
Health and safety	11
Workplace development and retention	12
Our Communities	
Contribution to local communities	15
Our Environment	
Managing produced water	17
Contamination (spills)	18
Waste management	18
Climate change and GHG emissions	18
Biodiversity	19
Hydraulic fracture stimulation	19
Economics	
Market volatility	21
Operational excellence	21
Local content	21
Performance Data	22
IPECA & GRI Reference Table	26
Glossary	30

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



MATT KAY
CHIEF EXECUTIVE OFFICER

Dear Readers,

Once again, I am pleased to deliver Beach's Sustainability Report for the 2017 financial year period. As I look back on FY17, I am proud of Beach's performance in what remains a volatile oil price environment. Beach worked hard at optimising operational efficiencies, regulating expenditure and improving productivity while continuing to explore business growth opportunities and making the business more sustainable in a low oil price environment.

We managed to do this while ensuring health and safety was an utmost priority at Beach. We continued to focus on improving the management of our health and safety systems and performance. Subsequently, the results of the 2017 Health Safety and Environment (HSE) audit show improvement against all areas as benchmarked against AS/NZS4801 standard.

We continued to maintain our focus on achieving operational excellence by expanding our existing infrastructure and by monitoring and taking a disciplined approach to managing expenses across our operations. Two major achievements this year included expansion of the Bauer facility and completion of Middleton's gas compression project, both of which were carried out to increase the hydrocarbon handling capacity.

In line with our corporate strategy, we continued to focus on streamlining the business portfolio and as a result sold our operated, non-core assets in the Queensland area of the Cooper Basin. This transaction provided modest cash consideration, managed ongoing liabilities and increased the efficiency of our Cooper Basin operations.

We are living in a very complex and dynamic environment and in a world that is constantly facing challenges that we must keep ourselves aware of, be it cyber security, a low oil price, or the important topic of climate change. In light of recent climate change related developments, Beach started assessing its climate change related risks and opportunities, and will endeavour to provide improved disclosure in future reports.

This year was the very first year of our participation in the voluntary CDP disclosure and the second year of participation in the RobecoSAM¹ assessment, which is part of the Dow Jones Sustainability Index evaluation and selection process.

Also, for the second year in a row, Beach has received the rating of "leading" which is the highest rating given by the Australian Council of Superannuation Investors (ACSI)² for our sustainability reporting and disclosure practices.

I am pleased with what Beach has been able to accomplish in these challenging times and more confident than ever that the company will continue to achieve greater things in ensuing years. As you read this report, I encourage you to share your thoughts and provide your feedback at sustainability@beachenergy.com.au.

Matt Kay,
Chief Executive Officer
20 October 2017

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1. RobecoSAM is a sustainability investment specialist that assesses sustainability performance of around 3000 global corporations on an annual basis, and along with S&P Dow Jones Indices, makes up the Dow Jones Sustainability Index.
 2. ACSI benchmarks the public disclosure of ASX 200 companies with reference to material environmental, social, and governance (ESG) risks. ACSI represents 29 Australian superannuation funds, six international pension funds, which together manage over \$1.5 trillion in investments.

ABOUT THIS REPORT

Scope of this report

This report outlines Beach's sustainability performance and covers assets owned and operated by Beach whether in its own right or as operator for a joint venture for the period 1 July 2016 to 30 June 2017. Beach's assets include projects under exploration, development and production phase. People related data included in this report refers to all direct employees (excluding international employees), contractors, and visitors working within Beach's operations. Beach reports on Health, Safety and Environment (HSE) information from operations within its control. These activities are covered by Beach's policies on anti-corruption and the Code of Conduct. All monetary amounts reported are in Australian dollars, unless otherwise stated. Our non-operated activities in the Cooper Basin and New Zealand are excluded from the scope of this report unless specifically stated. Beach's operated sites are:

- Production and development
 - Cooper/Eromanga Basin (conventional oil and gas)
- Exploration
 - Cooper/Eromanga Basin (conventional oil and gas exploration and unconventional gas exploration)
 - Bonaparte Basin (exploration)
 - Otway Basin (exploration)
- Corporate Office – Adelaide, South Australia

Our operations

Beach's operations are principally located in South Australia where its head office and the majority of its Cooper Basin activities are located. All of our operated production occurs from the Cooper and Eromanga Basins and is subject to the environmental approval processes of the South Australia and Queensland State Governments. 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.

The infrastructure and activities associated with Beach's exploration operations typically comprise:

- Undertaking seismic surveys;
- Development of access tracks/roads and drill pads;
- Drilling, well completion and testing; and
- Administration and accommodation facilities.

The infrastructure and activities associated with Beach's production operations typically comprise:

- Gathering systems to collect hydrocarbons produced from wells;
- Treatment of hydrocarbons – typically to separate hydrocarbon liquids and gas and remove water or other components from hydrocarbon products;
- Flowlines to transport product and water separated from the hydrocarbons around sites;
- Oil storage facilities;
- Wastewater treatment and handling systems, including water holding ponds and evaporation ponds;
- Administration, utilities and accommodation facilities; and
- Access tracks and roads.

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.



Drilling operations, Cooper Basin

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 policies³ 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 a number of 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 and Audit Committees provide oversight of sustainability risks. Risks to Beach include those associated with maintaining a social license 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 2017 Corporate Governance Statement which can be viewed on our website under Sustainability at Beach/Corporate governance.

Our supply chain

Beach's supply chain mainly supports its operations in the Cooper Eromanga Basin, which is around 1,000km north of Adelaide. The type of suppliers engaged provide subsurface services to support drilling and petroleum engineering services as well as other services to support ongoing production operations. Our standards require a consistent approach in contracting for goods and services. Key suppliers are actively monitored through our contract management processes including use of key performance indicators to measure supplier performance. A prequalification process is undertaken by an external service provider who operates a Supplier Prequalification System (SPS) on behalf of a number of oil and gas operators in Australia. The SPS assesses suppliers' systems against their management systems including HSE, quality, business integrity and ethics, management of their supply chain and their recruitment practices. Training is provided to suppliers on the prequalification process and also through an online induction process.

In 2017, Beach spent over \$185 million on 827 suppliers which ranged from global oilfield companies to local family-owned companies.

³ Aboriginal Engagement Policy, Health and Safety Policy, Code of Conduct, Foreign Corrupt Practices Compliance Policy, Contracts and Procurement Policy, Environmental Policy, Community and Stakeholder Engagement Policy, Diversity Policy, External Communications Policy, and the Risk Management Policy.

MATERIALITY

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, ten material sustainability issues were identified and are listed below and addressed further in this report. A number of these issues are strengths and opportunities for Beach, with others being potential risks that are managed to achieve improvement.

Some of the issues presented below (strategy, operational excellence and market volatility) represent critical industry and market trends influencing our business and may not have direct relevance to GRI reporting indicators. Some issues such as biodiversity and fracture stimulation were not identified as a material issue but they are addressed in this report as they may be of particular interest to specific stakeholder groups.

Key material issues

Health and Safety - Providing a safe and healthy work environment, and culture for its workforce and contractors, including both personal and process safety	page 11
Contamination - Avoidance and response to accidental spills including remediation activities	page 18
Strategy - Appropriately positioning the business in a changing economic and competitive environment	page 21
Contribution to local communities - Engaging and contributing economically, socially and environmentally to local communities (e.g. providing training, employment and sponsorships, community engagement)	page 15
Produced water - The management of produced water including the disposal, reuse and quality of produced water from Beach's operations	page 17
Waste management - Responsibly managing the disposal of operational waste	page 18
Workforce development and retention - Providing opportunities to maintain and develop workforce skills and competencies, especially during times of uncertainty, to deliver sustainable growth	page 12
Market volatility - Managing the expectations of stakeholders and maintaining communication during market volatility	page 21
Operational excellence - Continually improving operational excellence across all operations	page 21
Ethics and transparency - Ensuring ethical and transparent conduct across all our operations	page 8

MATERIALITY CONTINUED

Our stakeholders

Our primary stakeholders are shareholders, employees, contractors, suppliers, regulators, joint venture parties, 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.

Our Stakeholders	How we engage
Employees	Employee surveys, program evaluations, performance reviews, employee presentations, 1:1 coaching, team development sessions, communication through Beach's intranet site, regular management meetings and social and family functions
Communities, Aboriginal groups and landholders	Regular meetings, support/participation in community programs and events, consultation prior to activities and field trips, dedicated liaison contacts
Contractors and suppliers	Regular meetings and forums
Regulators	Meetings, representations on industry associations and site visits
Shareholders and investment community	Annual General Meeting, investor presentations, Beach website, correspondence, email alert service, engagement with our dedicated investor relations function, webcasts and roadshows
Customers	Regular meetings
Non - Governmental Organisations	Meetings, representations on industry associations and site visits
Media	Relationships maintained through a dedicated media relations function
Industry peers	Industry conferences and presentations, representation on industry associations
JV partners	Regular meetings

MATERIALITY CONTINUED

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 partners
Contamination	Yes	Yes - communities, regulators
Strategy	Yes	Yes - investors, JV partners, communities
Contribution to local communities	Yes	Yes - communities
Produced water	Yes	Yes - communities, regulators
Waste management	Yes	Yes - regulators
Workforce development and retention	Yes	–
Market volatility	Yes	Yes - investors, contractors, suppliers
Operational excellence	Yes	Yes - investors, JV partners
Ethics and transparency	Yes	Yes - contractors, suppliers, JV partners, regulators

Ethical conduct and transparency

Our management approach

Conducting business in an ethical, responsible and transparent manner is a core value. Our Code of Conduct sets out the standards of behaviour that are expected of employees and contractors. The code is supported by policies to prevent bribery and corruption⁴. Beach's Business Practices Policy prohibits bribery⁵ in any form and sets out clear guidance for the giving or receiving of gifts, third party facilitation and payments to government officials. All prospective agents, intermediaries and business partners are expected to comply with this policy or have their own similar policy. 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 Payments and Donations Policy. Refer to the Performance Data Table for disclosure on political donations made during FY17. Facilitation payments for routine activities such as the issue of a permit or a customs clearance are made under Australian law if certain criteria are met.

Employees, contractors and joint venture partners, particularly those outside of Australia, are made aware of our approach to anti-bribery and corruption and Beach expects these practices to be adhered to. For our international operations Beach requires contract terms with these parties that address facilitation payments and anti-corruption measures. Beach also requires compliance with our Foreign Corrupt Practices Compliance Policy and Business Practices Policy. In joint ventures that are not controlled by Beach, our business partners are required to adopt similar policies and standards to promote ethical behaviour in business.

We conduct policy update awareness sessions for all employees and provide advanced training 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. Employees reporting misconduct are protected by the complaints resolution process and the Whistleblower Policy which

4. Corruption, as per Transparency International is defined as the abuse of entrusted power for private gain.

5. Bribery, is the offering, promising, accepting or soliciting of an advantage as an inducement for action which is illegal, unethical or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages e.g. donations.

HUMAN RIGHTS

MATERIALITY CONTINUED

ensures 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. In FY17, no reports were received under the whistleblowing program. Additionally, there were no incidents of policy violations relating to bribery or corruption during the financial year.

Our Code of Conduct and related policies are reviewed regularly. 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. Our [Code of Conduct](#) can be viewed on our website under Sustainability at Beach/Corporate governance.

This year, in line with the Business Practices Policy, Beach developed and implemented a gift register for the recording of gifts and entertainment that are received or given by Beach employees. The register may be subject to an audit against employee expense claims and corporate credit card transactions. Further, the Foreign Corrupt Practices and Compliance Policy was reviewed and amended to address new Australian laws that impose penalties for deliberately or recklessly making, altering, concealing or destroying a record which facilitates or conceals a bribe or some other benefit that a person is not legitimately entitled to.

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's suite of policies, including the Diversity Policy, Equal Opportunity Policy, Contracts and Procurement Policy, Aboriginal Engagement Policy, Community and Stakeholder Engagement Policy, and the Code of Conduct, promote high standards of ethical conduct and corporate governance.

There are no human rights related incidents that occurred in relation to employees, contractors or community members during FY17 that Beach is aware of.

PERFORMANCE OVERVIEW

● Achieved ○ Ongoing ● Not Achieved

FY17 Our People Outlook	How Beach performed	Status
Continue the review and implementation of Fitness for Work policies and procedures	Review and implementation completed	●
Continue development of process safety framework and carry out pilot project for the framework	Pilot project for process safety framework was carried out at the Middleton facility gas compression project	●
Provide training to managers and leaders to drive high performance and accountability culture by: <ul style="list-style-type: none"> Continuing to implement performance review processes and embed a new rating scale across the business Providing high performance culture training to the Executive team 	<ul style="list-style-type: none"> Performance review process implemented company-wide. Specific training delivered in the use of the process, system and effective feedback discussions. Calibration of final performance ratings completed by Executive and Management. Executive team and approximately half of the management team completed Leadership training for High Performance Program. The other half will receive training in FY18. 	●
Plan employee development to acquire and retain essential skills and experiences to deliver upon the business strategy by: <ul style="list-style-type: none"> Identifying critical roles, plan succession and tailor strategies to bridge gaps Delivering high talent succession plans and connect with development opportunities Delivering specific and customised technical development as aligned to our competency requirements 	<ul style="list-style-type: none"> Six-monthly Capability Review Process implemented to address competency and succession gaps. High talent identified through the Capability Review Process. Development plans and respective actions taken to progress capability. Implementation of a full catalogue of technical training to address competency requirements 	●
Develop a formal "Welcome Back" program for women returning from maternity leave	100% of women returned successfully from maternity leave	●
Develop a formal policy on flexible working practice	Flexible arrangements continue to be utilised effectively and our flexible working standard will be reviewed as part of our growth strategy.	○
FY17 Our Communities Outlook	How Beach performed	
Further improve internal processes to manage community feedback	Grievance mechanism was developed however it was not implemented during the financial year	○
Further develop cultural heritage and awareness training sessions for employees	Due to shift in focus of our priorities, this target was not pursued during the financial year	○
FY17 Our Environment Outlook	How Beach performed	
Document the operational footprint in the Western Flank	Undertook a GIS based project to map and document Beach's operational footprint	●
Develop a long term rehabilitation strategy for the Western Flank	Long term rehabilitation strategy framework developed and currently being implemented	●
Review strategies to manage oil slops	Oil slops are now being processed which has significantly reduced waste going to landfill	●
FY17 Economics Outlook	How Beach performed	
Further develop and refine the reporting and cost control process	<ul style="list-style-type: none"> Developed detailed management reporting process with formalised report to executive each month Coupa implemented to streamline purchasing process 	●

OUR PEOPLE

Health, wellbeing and continuous development of Beach's employees and contractors is crucial for ensuring Beach's growth and continued success. Therefore, the focus is maintained around health and wellbeing, as well as talent retention and the capability of the workforce. A highly capable workforce that seeks to continually improve and reach new standards in performance is the cornerstone of our success.

Health and safety

Our management approach

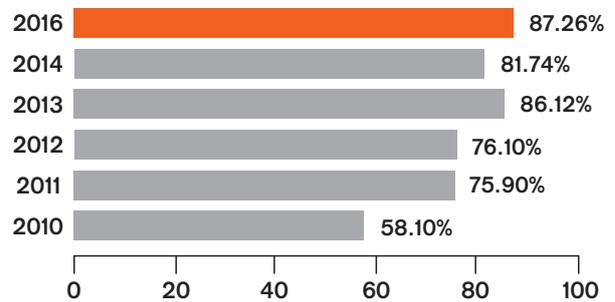
Due to the remoteness and nature of our oil and gas operations, our core area of focus is the health and safety of our employees and contractors. Failure to operate safely may cause injuries, fatalities, environmental damage and reputational harm, that could impact our licence to operate. Our Board approved *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." The Chief Executive Officer is responsible for this policy's implementation and biennial review. To ensure a culture of safety is maintained throughout our operations, Beach regularly conducts workplace health risk assessments, provides 24/7 onsite medical support and maintains an incident reporting system which captures all incidents, including accidents and spills.

Additionally, Beach's senior management is responsible for the implementation of the health and safety strategy. The executive performance is tested against the Short Term Incentive⁶ (STI) performance conditions on an annual basis. For FY17, safety made up 12% of company related performance conditions that make up 60% of the STI key performance indicators. All health and safety related incidents are recorded in Beach's incident reporting system, and investigated to determine root causes before being closed out. 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.

Health and safety performance

This year, Beach undertook an independent assessment of its HSE systems and their application and achieved a high score of 87.3% against the standards within AS/NZS 4801 Occupational Health and Safety Management Systems. This is the highest score Beach has received since the company started participating in independent HSE assessments in 2010. The result not only confirms Beach's ongoing commitment and application of established HSE standards but also provides the regulator the confidence in its South Australian operations to be able to maintain a low surveillance classification for oil production. Beach also took this opportunity to trial some components of the draft standard ISO/DIS 45001.2.2017 which will eventually replace all existing safety management standards. HSEMS results for the last six audit cycles are presented in the graph opposite.

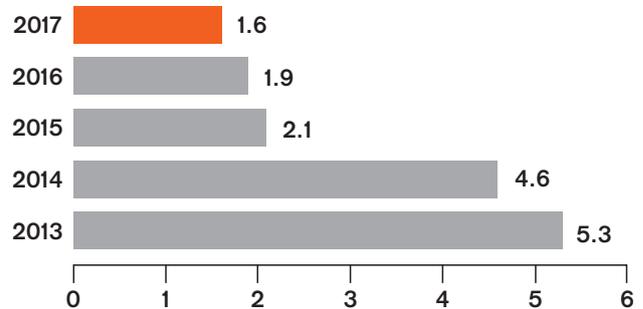
HSE Systems Audit Results



This year, Beach achieved the lowest combined Lost Time Injury Frequency Rate (LTIFR) in five years. This is especially pleasing as Beach experienced a 20% increase in contractor hours as well as the introduction of two new contractors in the drilling and seismic explorations areas of operations, resulting in higher exposure to risk.

Also this year, Beach vehicles travelled over two million kilometres without any recorded vehicle incidents. Road safety remains a material health and safety risk, so for FY18, Beach plans to commence in-field driver competency assessments designed to provide targeted and direct feedback for all Beach drivers.

Beach LTIFR



No fatalities occurred in FY17. Additionally, no Tier 1 or Tier 2 Process Safety Events occurred during the year. Refer to the Performance Data Table on page 22 for an overview of our health and safety performance.

⁶ 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.

OUR PEOPLE CONTINUED

Process safety

Last year, Beach commenced the development of a process safety framework with the aim to build on existing processes used to mitigate potential operational incidents. The framework will ensure mitigating measures are clearly understood by relevant personnel, accountabilities for implementation and monitoring of mitigating measures are clear, performance is monitored at appropriate intervals and senior managers and the Board are regularly updated in the status of mitigating measures. In FY17, the framework was progressed further with the establishment of the hazard package for the Middleton facility. The hazard package consists of facility specific bow-tie assessment of the facility, the identification of the critical controls and the reporting framework.

Occupational hygiene review

Beach recognises the impact that occupational health and hygiene has on the safety and well-being of the workforce and is committed to mitigating the adverse health risks associated with exposure to occupational hazards in the workplace. This year, we undertook occupational hygiene monitoring at our oil facilities, which included assessment of exposure to various physical and chemical hazards associated with processes that usually occur at an oil and gas facility. The assessment tested for increased levels of mercury, hydrocarbon vapours, volatile organic compounds, noise and naturally occurring radioactive materials (NORMs). No significant deficiencies were identified in the occupational hygiene risk assessment.

Workforce development and retention

Our management approach

To position ourselves for growth, we have been deliberate in our people focus during FY17, introducing new strategic initiatives in the areas of leadership, workforce capability and performance culture. We continue to monitor progress and overall outcomes through a range of methodologies including focus groups, surveys, performance reviews and a range of metrics.

Refer to the Performance Data Table on page 22 for an overview of key metrics.

Leadership for high performance

One of our strategic initiatives in FY17 has been to utilise the well-researched leadership for high performance framework which defines the impact of six leadership styles (types of behaviour) on six organisational climate dimensions that have been found to impact high performance.

With the formation of a new executive team in FY17 the opportunity was taken to focus on team effectiveness and leadership for high performance. As a result, a comprehensive program was delivered. The program was designed to align team purpose to strategy and the contribution of each role to driving high performance

through the business. Each executive completed a diagnostic and received specific feedback regarding their leadership style and impact on organisational climate. Action plans were developed for the areas of improvement identified.

It is important that all tiers of leadership have a common language with regards to high performance, and as a result approximately half of the management team completed the Leadership for High Performance (LHP) Program, with the remaining managers to complete the program in FY18.

CASE STUDY

Emergency response training

Beach recognises the importance of training and preparing for any possible emergency or crisis situation at any of the facilities. In June 2017, multiple exercises were conducted to test the collective response to (and ongoing management of) simulated incidents associated with Beach's operational activities including interface with relevant stakeholders. In particular, the following objectives were tested and assessed:

- Notification, mobilisation and activation of Beach's Emergency Response (EM) / Emergency Management (EM) / Crisis Management (CM) structure;
- Adequacy of Beach's response and management plans (EMP & CMP) and associated linkages between Beach and key stakeholders;
- Adequacy of Beach's Emergency Management Team (EMT) / Crisis Management Team (CMT) to facilitate a credible response, to effectively interface and to activate, mobilise, coordinate & control regional and national resources;
- Communication interfaces with external support providers (e.g. aviation, and/or site contractors), response agencies, Emergency Services and Regulatory authorities; and
- Effective media response/management capability.

Overall, no high priority issues were identified and the exercises proved to be a good test of internal communication, current plans, procedures and response capability, while also assisting in the practical assimilation of crisis and emergency management training theory against the demands of various emergency response scenarios impacting Beach's sites and facilities. Beach's procedures and practices appeared to be adequately robust to address and appropriately manage all emergency events as demanded by the exercise scenario.

OUR PEOPLE CONTINUED

People capability

Beach introduced a six-monthly comprehensive capability review process to facilitate and enable the identification and management of talent and overall functional capability in the organisation. There are two main components to the capability review:

- Corporate / Group Capability Review
- Divisional / Functional Capability Review

The first corporate capability review was implemented in February 2017, formalising executive discussions regarding the future leadership and management talent development within Beach. This process ensures a regular review is in place for talent bench-strength, progress of actions in talent development plans and actions undertaken on differentiating and managing performance.

Performance development

Critical to driving a high performance culture is the effective management of performance. Initiatives have been undertaken to promote accountability, continuous improvement and achievement this year. This has included, lifting the quality of goal-setting to promote a "stretch" and improvement mindset as well as goal-alignment throughout the organisation to provide clarity of purpose. Training has been delivered to managers and employees in the use of the performance system and process, including effective feedback discussions and development planning with a focus on identifying actions to improve performance. A calibration process with the executive and management team commenced at the end of the financial year to improve the rigour regarding performance assessment and differentiation. A focus on giving and receiving feedback and clarity of goal alignment will continue to be a focus in FY18.

Technical capability development

The discovery and production of oil and gas is contingent upon our technical rigour and expertise. We continue to invest in the development of technical capability at Beach to ensure our employees stay current with the latest technologies, practices and skill sets.

In FY17, Beach implemented a fully integrated learning management system which included a catalogue of technical training to close any skills gaps that were identified from a competency review and aligned employee development with Beach's strategic requirements.

Verification of competency (VOC)

To ensure our field operations personnel can demonstrate the required knowledge and skill to carry out both routine tasks and effective troubleshooting, five training and

assessment units covering the key operational competency areas for oil operations were designed in FY17. Units are progressively rolled out to field personnel and three of the five units have now been completed. The remaining VOC units continue to be designed and will culminate in final on the job workplace assessment to be conducted by Beach Leaders.

Equity and diversity

As at June 30 2017, female representation across the Beach workforce was 27%. We continue to closely monitor our pipeline of female talent for key roles. Through our six monthly capability review process we have identified employees that have demonstrated consistently high performance and the potential to move into future leadership roles. Of this group, 25% were female which is consistent with the representation of females at Beach.

An on-going focus will be to use the divisional capability review process as a key platform to facilitate targeted actions on diversity relevant to each division. Included in this process is a specific diversity analysis of each division and the requirement to identify specific diversity improvement actions. This will be monitored and reviewed at each six-monthly capability review.

Health and well-being

A healthy workforce is essential to continued success and growth of the company. Recognising this, Beach conducted two mental health workshops aimed at increasing awareness around depression and anxiety, their impact and support for mental wellbeing in the workplace. The workshops also focused on building resilience and managing stress in the workplace.

Employee gym at Callawonga Camp



OUR PEOPLE CONTINUED

Looking ahead

Beach plans to:

- Attain low surveillance gas production classification;
- Fully implement process safety framework in gas operations;
- Commence a heat stress monitoring campaign with the objective to achieve zero heat related incidents;
- Further refine contractor assurance processes;
- Maintain zero process safety target for both tier 1 and tier 2 process safety events;
- Achieve year on year improvement in contamination (spill) events and volumes;
- Continue to develop managers on leading high performance accountability culture:
 - Executives and managers from the first LHP Program to complete surveys of styles and climate;
 - Second LHP program to ensure coverage across all managers and supervisors is delivered; and
 - Deliver on-going leadership and management curriculum including a specific focus on coaching leadership style and feedback;
- Plan for and develop our people such that we have the right skills and experience to deliver upon strategy:
 - Conduct six-monthly capability reviews to determine talent pool and capability bench-strength;
 - Implement technical competency models for all technical disciplines; and
 - Complete Verification of Competency for field oil operations;
- Actively manage diversity to develop and improve the talent available to drive performance and capability outcomes:
 - Gender diversity is equal or better than industry average;
 - Utilise the newly implemented Divisional Capability Review process to identify and drive specific diversity improvement opportunities and create a future talent pipeline; and
 - Maintain return rates on maternity leave;
- Provide training to managers and leaders to drive high performance and accountability culture by:
 - Continuing to implement performance review processes and embed a new rating scale; and
 - Providing high performance culture training to the executive team.



Staff sunscreen application station

Paramedic at Callawonga Camp



OUR COMMUNITIES

Contribution to local communities

Our management approach

Beach's long-term sustainability is contingent upon maintaining strong and meaningful relationships with the communities in which we operate. As such, Beach seeks to create and maintain meaningful, long-term relationships by acknowledging the environmental, social and financial implications of our operations on our host communities. Taxes paid to the government, royalties, job creation, shareholder wealth creation, donations and sponsorships are some of the ways in which our activities contribute to elevate the local economy and develop local communities. Beach's approach to supporting communities is guided by various policies, including the *Aboriginal Engagement Policy*, the *Community and Stakeholder Engagement Policy* as well as the *Sponsorships and Donation Policy*, all of which can be viewed on Beach's website. Beach also actively engages with community members via road shows, regular meetings, information sessions and community events.

Indigenous engagement

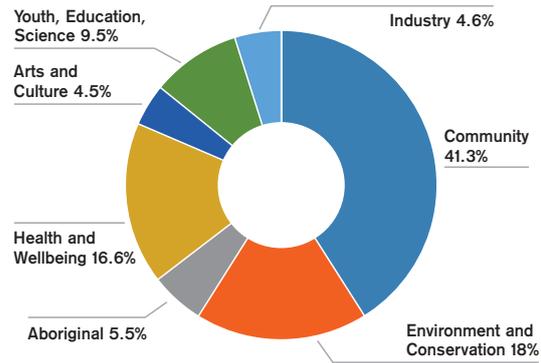
Beach recognises Aboriginal and Torres Strait Islander Peoples as the traditional owners of this country throughout Australia and is committed to engaging in meaningful, open and honest consultation with Aboriginal communities that may be affected by our operations. As declared in the Aboriginal Engagement Policy, all field employees and contractors are made aware of their obligations towards the protection of important sites of cultural significance and Aboriginal relationships. Field staff and contractors involved in earthworks operations complete detailed cultural heritage inductions to ensure cultural heritage sites are not disturbed. Prior to the commencement of projects, Beach, in consultation with the traditional owners, undertakes a cultural heritage management process to identify areas of cultural significance for protection during Beach's activities. This assessment enables our operations to avoid impacts on culturally sensitive areas.

Whilst disputes are rare, Aboriginal communities have access to formal grievance processes documented within their cultural heritage agreements with Beach. All concerns raised, whether formal or informal, are taken seriously, responded to promptly and resolved efficiently. There were no identified incidents of violations involving the rights of Indigenous/Aboriginal peoples during the FY17 reporting period.

Beach made a donation to a school in Port Augusta this year. The sponsorship money will be used towards the purchase of a new Human Powered Vehicle which will be used to compete in the annual Australian Human Powered Vehicle racing. Willsden Primary has a high Indigenous population, with many Dieri students, and is the only school in the Port Augusta and Quorn region that competes annually in this series against other schools across the state. Participation in this program encourages risk taking and collaborative learning amongst students.

Community investment

Beach recognises the importance of investing in the communities where it operates. As such, we continued to show our support towards our communities through sponsorships with funds allocated towards the following priority areas.



Beach continued to partner with the South Australian government and Thebarton Senior College to fund the Geofutures Education Program which gives year eleven and twelve students from any South Australian school access to study Geology as part of their South Australian Certificate of Education (SACE). The aim of the initiative is to encourage students to seek qualifications in the energy industry.

This year, field employees raised over \$5000 in funds by selling scrap metal leftover from Beach's operations. The raised amount was split between the Starlight Foundation and the Royal Flying Doctors Foundation.

Community engagement

The majority of Beach's operations are located in remote parts of Cooper Basin with little or no community presence. This year, Beach expanded its operations in the Otway region of South Australia where established communities and other industries already exist. Recognising that community and stakeholder engagement is critical to long term, sustainable business, Beach's regional manager has undertaken extensive community and stakeholder consultation throughout the planning, drilling and post drilling completion phases of this drilling activity in the south east of South Australia. Our local presence has enabled Beach to provide the community with ongoing and current information about our activities.

OUR COMMUNITIES CONTINUED

CASE STUDY

Adelaide zoo educational mobile app

Beach sponsored the development of a mobile educational app for Adelaide Zoo which uses Bluetooth beacons to provide visitors an enhanced educational experience as they navigate their way around the Zoo. The tablet application can be tailored to target different age groups from a range of school ages to adults and focuses on sustainability, environment, conservation, science and translation for non-English speaking visitors. Beach employees also volunteered their time to test the app and provided feedback for further improvements. For more information on the app, please visit the Adelaide Zoo [website](#).

Refer to the [Sponsorships page](#) on Beach's website for additional information on FY17 sponsorships.

Looking ahead

Beach plans to:

- Implement the community feedback mechanism;
- Sponsor the school lunch program in Port Augusta, Whyalla and surrounding areas; and
- Continue its sponsorship of the Indigenous Law Student Mentoring program in South Australia.

OUR ENVIRONMENT

Our management approach

As an oil and gas explorer and producer, we recognise our responsibility to understand and respect the environment we operate in, to minimise our impact, and remediate areas affected by past activities. Our Board approved Environmental Policy outlines our approach to operating in an environmentally responsible manner. The Chief Executive Officer 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. In South Australia, Beach is required to submit an Environmental Impact Report (EIR) for all operations which contains sufficient information to make possible an informed assessment of the likely impact of the activities on the environment. Each EIR is accompanied by a Statement of Environmental Objectives report which outlines the specific environmental objectives 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.

In FY17, Beach undertook a GIS based project to map and document Beach's operational footprint in the Western Flank. The aim of the project was to digitally capture the infrastructure locations, disturbance areas, and help in planning rehabilitation work as well as environmental monitoring programs. Beach also started collecting historical data to assess and prioritise sites for future rehabilitation.

Managing produced 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. Beach recognises that responsible water usage and continuous improvement in water management is important for our business, communities and the environment.

Produced Water Quality	
Source	TDS (mg/l)
Produced water in Western Flank	1,393 ⁷
Livestock tolerance to dissolved salts in drinking water	5,000 ⁸
Rainwater	< 20
Sea water	> 35,000

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.

FY17's total produced water production was 10.40 million cubic metres. Refer to the performance data beginning on page 25 for additional information on produced water.

⁷ Average total dissolved solids in Western Flank produced water

⁸ Maximum concentration of total dissolved solids in drinking water for healthy livestock as per the Australian and New Zealand Guidelines for Fresh and Marine Animals

OUR ENVIRONMENT CONTINUED

Contamination (spills)

Accidental loss of liquid containment is a key risk due to the potential consequences for the environment, our employees, assets and local communities. A range of measures have been established to ensure process safety and appropriate management of accidental leaks and spills if they occur, including:

- Containment of all hazardous substances in appropriate vessels and bunds;
- Appropriate storage of chemicals;
- Maintaining safe and secure transfer areas;
- Training to ensure that hazardous substances are handled appropriately;
- Testing to ensure the integrity of flowline and pipeline design, construction and maintenance standards, including corrosion protection measures, and overpressure protection devices is maintained; and
- Testing of spill response and clean-up procedures.

Beach monitors its activities to ensure compliance with relevant petroleum and environmental legislation, Australian Standards and codes of practice. 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, in order to monitor and measure any potential underground water contamination and movement. All groundwater monitoring bores installed at Beach oil facilities are monitored on an annual basis. This year Beach installed four water monitoring bores in the Western Flank.

In FY17, Beach achieved an internal target of reducing the loss of containment events and volume as compared to previous year. While total number of spills decreased by 20%, Beach achieved a 76% reduction in total spill volume, including a 98% reduction in hydrocarbon spill volume. This achievement was a direct result of sustained focus on operating practices, environmental monitoring and preventative maintenance programs. A targeted campaign on flexible hose integrity, flowline connection integrity and fluid transfer activities such as tanker load outs and fuel transfers has led to a significant reduction in the likelihood of spills. The application of a revised spill management procedure has also re-enforced rapid response to spills which has contributed to less volume and less impact.

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

Refer to the performance data beginning on page 24 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. Licenced contractors are used and records maintained for any hazardous waste disposal. Beach continues its waste recycling process that has all office waste sorted for recycling and all biodegradable waste becoming composted and re-used.

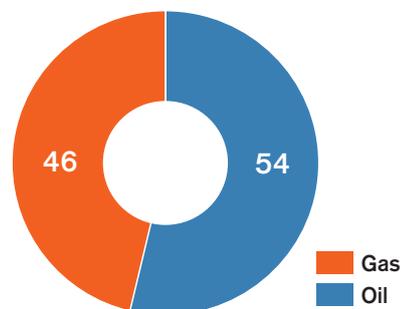
Oil slops are a bi-product of oil production which is collected and disposed of at a licensed waste depot. In FY17, Beach started sending waste oil slops for processing which significantly reduced the amount of waste that would have, otherwise, ended up in a landfill. This year, a total of 1,037,000 litres of oil slops were transferred from South Australian facilities.

Climate change and GHG emissions

Climate change is a global challenge and as a member of the energy industry, we have a significant role to play in managing our carbon emissions. The adoption of the Paris Agreement in 2015 marked a turning point in the world's fight against climate change. This year, Beach conducted a preliminary assessment of climate change related risks and opportunities that may impact our business. While we don't anticipate significant impacts to our business in the near future, we will continue to monitor the risks and opportunities that may impact us in due course.

Natural gas, inherently, is a low carbon fuel as the CO₂ emissions from combustion of natural gas are lower than those from other fossil fuels such as coal. Beach's expanding natural gas portfolio is strengthening the business' position and will help it transition towards a low carbon economy. In FY17, natural gas accounted for 46% of Beach's total hydrocarbon production.

Hydrocarbon Production



We also participated in the CDP (formerly, Carbon Disclosure Project) for the first time. In FY18, we intend to develop a formal position on climate change and disclose related risks and opportunities.

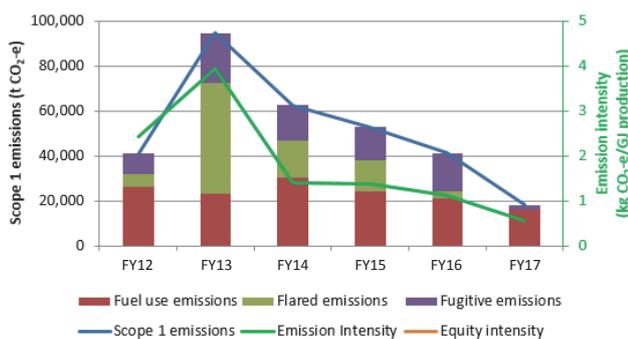
OUR ENVIRONMENT CONTINUED

We monitor and report greenhouse gas emissions associated with our activities through the National Greenhouse and Energy Reporting Scheme. In FY17, greenhouse gas emissions for all operated Beach facilities was 18,297 tonnes of CO₂-e, a significant reduction from previous years. We also report under the National Pollutant Inventory, which is publicly available on the Australian Government, Department of the Environment and Energy website. Detailed data for FY16 reporting period is available at www.npi.gov.au and in the performance data on page 25.

Details of Beach's FY17 energy consumption and greenhouse gas emissions are set out in the table below.

Energy Consumption (GJ)	
Electricity	3,151
Crude oil	126,136
Fuel gas	16,899
Diesel use	91,190
Vented and flared gas	1,722
Other fuel	2,619

Greenhouse gas emissions FY12 to FY17



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 (e.g. Statement of Environmental Objectives, Environmental Authorities). 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. 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 EPBC⁹ online database is also used to identify any native flora and fauna of national significance that may be present at the site.

Beach's contractors and field employees are conscious of preventing the spread of invasive plant species such as Buffel Grass in the Cooper Basin. Beach's weed management and control guidelines provide information on the type of weeds in the Cooper Basin and appropriate management measures. Additional resources are deployed for minimising the entrapment of fauna and rescuing animals such as small reptiles, mammals and amphibians that may get trapped in excavations or open trenches during buried pipeline construction.

In South Australia, Beach is required to undertake environmental offsets which are achieved through offsetting a designated area of environmental significance or by payment into the Native Vegetation Fund. In FY17, we fulfilled our SEB¹⁰ obligations by contributing to projects undertaken by the Nature Foundation SA. Land area offset depends on the size of the area that was disturbed as a result of our activities and therefore varies each year. For FY17, Beach will be paying \$50,000 to offset a total land area of 59 hectares.

Hydraulic fracture stimulation

Certain petroleum reservoirs that are difficult to access require the use of a process known as fracture stimulation. Fracture stimulation increases the flow of oil or natural gas from a well by pumping hydraulic fracturing fluid (typically 99% water and sand) down a completed well at high pressure. The pressure creates cracks in the rocks at reservoir level and sand keeps them open, increasing the flow of oil and gas through the reservoir into the well. Once the fracture stimulation is completed, the fracture stimulation fluid flows back out of the well into temporary lined ponds. It is treated to meet stringent environmental standards and either disposed of or evaporated. No wells underwent the fracture stimulation process in FY17. The process is highly regulated and Beach continues to apply best practice.

To further learn about this process, refer to the Fracture Stimulation document available on our website under [Our Business/Information Centre](#).

⁹ Environmental Protection and Biodiversity Conservation

¹⁰ Significant Environmental Benefits

OUR ENVIRONMENT CONTINUED

CASE STUDY

Drone technology

This year, Beach started utilising drone technology to assist with field operations. This rapidly evolving technology allows for more efficient and cost-effective operations while improving safety and reducing the environmental footprint.

The ability to frequently capture high quality imagery and data minimises reliance on third party services such as surveyors and aerial imagery providers with added benefit of reducing safety risks and environmental impact in the process. 3D site models from drone surveys enhance our planning capabilities, provide more accurate 'as-built' models and enable precise soil volume calculations creating savings in earthworks and trucking costs. Collision avoidance software and high resolution video allows us to get up-close and safely inspect hard to access assets such as communication towers.

For environmental rehabilitation projects, frequent and higher resolution image sets allow us to capture re-vegetation progress in remarkable detail which provides more information and greater assurance to regulators. It is now cost effective to fly over individual construction projects and extract precise ground disturbance information for environmental offset calculation. Additional advantages includes the ability to re-fly over locations to perform change detection analysis, identify and quantify erosion following rainfall, bund volume calculations, freeform evaporation extents, and detect other changes to the landscape.

Future potential drone applications include incident scene mapping, safer field scouting following rainfall events and pipeline inspections. Beach's ongoing focus on cost control and operational efficiencies is complemented by utilising smart-tech innovations such as drone technology.

Looking ahead

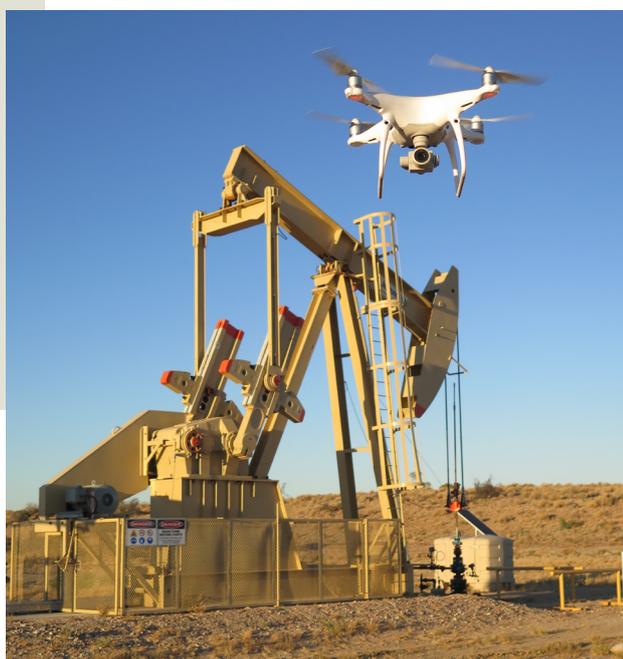
Beach plans to:

- Develop and implement a rehabilitation plan following the decommissioning of one of Beach's very early production facilities.

Middleton compression facility



Drone utilisation in the field



ECONOMICS

Our management approach

Our 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.

Our vision is to be Australia's premier multi-basin upstream oil and gas company. Our strategy is to:

- Optimise our core in the Cooper Basin;
- Build complementary gas business in east coast basins;
- Pursue compatible growth in Australia and nearby; and
- Maintain financial strength.

Market volatility

The challenge of operating in a low oil price environment continued to concern the oil and gas industry in FY17. As many companies struggled, Beach was able to sustain itself due to its continued focus on improving efficiency and reducing operational costs, while still delivering against the company strategy. This resulted in a reduction in the cash flow breakeven price from US\$26/bbl in FY16 to US\$16/bbl in FY17. Beach's full year capital expenditure this year was \$156 million, down by 11%. Other financial achievements include an increase in underlying net profit after tax (NPAT) by 353%, production increase by 9%, operating cash flow up by 38% to \$321 million, and available liquidity of \$698 million. Additionally, implementation of cloud-based procurement application facilitated an easier and more transparent purchasing process, allowing for improvements in purchasing efficiencies while reducing costs.

For FY18, Beach plans to further develop and improve financial reporting to senior management and review and implement additional purchasing policies and guidelines.

Operational excellence

Lower oil prices over the last couple of years have made operational excellence a major focus for oil and gas companies. Beach has responded to these challenges by improving operational efficiencies, prioritising capital allocation and reducing operational costs. These objectives have been achieved and are evident in drilling success rates, delivery of ongoing employee training, streamlining of purchasing processes, improved production rates, and infrastructure expansions.

This year Beach installed two packaged engine driven reciprocating gas compressors at the Middleton facility with the aim to expand the facility's throughput capacity and accelerate reserves development. This contributed to a 68% production increase in Q4 FY17 and allowed maximum daily raw gas production of 25 MMscfd to be achieved. In addition to this, a Bauer oil facility expansion was carried out with the aim to increase the fluid handling capacity by 60%, to 120,000 bpd, enabling a material increase in production capacity. No health, safety or environmental incidents occurred during these projects.

Local content

Beach's main operations are located in the Cooper Basin in South Australia. Providing work to local contractors and supporting local economies is one way Beach demonstrates its commitment to communities in which it operates. Where practical, Beach contracts locally owned businesses as a way of supporting the growth of local communities and small to medium enterprises. Over the years, a number of small enterprises have benefited from the oil and gas operations, providing employment and thriving on opportunities in the Cooper Basin.

CASE STUDY

Installation of variable speed drives

Advancements in oil and gas production technology is not only making production process safer and efficient, but also serves as a hedge against volatile oil prices. Beach's use of automated Variable Speed Drive (VSD) at a beam pump has delivered just that.

A VSD is a piece of equipment that regulates the speed of conventional electric motors. Traditionally, beam pumps have been directly driven by diesel engines, with no form of automation or telemetry. These require field operators to perform many regular tests to observe pump performance and detect faults.

The use of automated VSD technology for electrically-driven beam pumps offers tremendous advantages to direct diesel-drive units. Some of these include increased in well productivity, reduced downtime, increased interval between workovers, and reduced upfront CAPEX and operating costs.

Looking ahead

Beach plans to:

- Continue to further develop and improve reporting processes to management; and
- Improve our purchasing practices.

PERFORMANCE DATA

The following table shows our performance across a range of social, environmental, economics and health and safety indicators.

Our People			
	FY17	FY16	FY15
Health and Safety			
LTI- Beach	0	1	1
LTI- Contractors	1	0	1
LTIFR- Beach	0	2.9	3.0
LTIFR- Contractors	3	0	1.6
LTIFR combined	1.6	1.9	2.1
Work hours- Beach	301,600	333,417	335,348
Work hours- Contractors	327,442	187,034	626,502
Fatalities	0	0	0
TRI- Beach	1	1	2
TRI- Contractors	4	1	13
TRIFR- Beach	3.3	2.9	5.9
TRIFR- Contractors	12.2	5.3	20.7
Tier 1 Process Safety Events	0	0	0
Tier 2 Process Safety Events	0	0	0
Employee Data			
Total number of employees ¹¹	191	214	235
% Gender split (M:F)	73 : 27	71 : 29	69 : 31
% Full time: Part time : Casual	90 : 9 : 1	89 : 11 : 0	89 : 10 : 1
% Total Employee turnover rate	19.9	14.02	3.15
% Total non-voluntary turnover ¹²	72.2	5.14	NR
% Employee turnover (M:F)	67 : 33	7.01 : 7.01	1.80 : 1.35
% Employee hire (M:F)	87 : 13	1.87 : 1.40	NR
% Employees in permanent full-time roles (M:F)	78 : 22	77 : 23	75 : 25
% Employees in permanent part time roles (M:F)	17 : 83	18 : 82	26 : 74
% Employees in fixed term contracts (M:F)	100 : 0	50 : 50	33 : 67
% Employees as casuals (M:F)	100 : 0	0 : 0	33 : 67

11. As at 30 June 2017 and excludes International employees, but includes directors.

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

PERFORMANCE DATA CONTINUED

	FY17	FY16	FY15
Employees by WGEA¹³ category			
% Board (M:F)	86 : 14	86 : 14	67 : 33
% CEO (M:F)	100 : 0	100 : 0	17 : 0
% KMP ¹⁴ (M:F)	86 : 14	67 : 33	71 : 29
% Senior Managers (M:F)	86 : 14	75 : 25	75 : 25
% Other Managers (M:F)	70 : 30	70 : 30	68 : 32
% Professionals (M:F)	73 : 27	72 : 28	71 : 29
% Technicians and Trade (M:F)	91 : 9	89 : 11	90 : 10
% Labourers (M:F)	100 : 0	100 : 0	100 : 0
% Clerical and Administration (M:F)	11 : 89	10 : 90	10 : 90
% Employees aged under 29 (M:F)	79 : 21	74 : 26	59 : 41
% Employees aged between 30-49 (M:F)	82 : 38	66 : 34	66 : 34
% Employees aged above 50 (M:F)	42 : 10	80 : 20	79 : 22
Total workforce by location (M:F) - SA	72 : 21	143 : 62	149 : 73
Total workforce by location (M:F) - Qld	100 : 1	9 : 0	12 : 1
Number of employees entitled to maternity leave	50	60	60
Number of employees who took maternity leave	4	5	4
Number of employees whose maternity leave ended	3	3	1
Number of employees who returned after maternity leave	3	3	1
% Employees by tenure length of < 5 years (M:F)	71 : 29	68 : 32	66 : 34
% Employees by tenure length of 5-9 years (M:F)	74 : 26	77 : 23	75 : 25
% Employees by tenure length of 10-19 years (M:F)	74 : 26	72 : 28	71 : 29
% Employees by tenure length of 20+ years (M:F)	100 : 0	100 : 0	100 : 0
Training Data			
Total training hours	4713.30	4360.50	9443.45
Average number of training hours per employee	26.21	20.76	40.88
Number of training attendances ¹⁵	790	723	1087
<i>Average hours per person of training during reporting period by gender and employee category</i>			
Gender (M:F)	6.43 : 4.31	6.09 : 5.92	NR
Senior Management ¹⁶	4.62	2.56	4.77
Middle Management	3.53	5.72	7.68
Other employees	6.49	6.20	9.45

¹³ WGEA : Workplace Gender Equality Agency

¹⁴ KMP : Key Management Personnel

¹⁵ An attendance refers to a Training Course. Employees may attend multiple training courses over the financial year

¹⁶ Senior management includes all Executives and General Managers

PERFORMANCE DATA CONTINUED

Our Communities			
	FY17	FY16	FY15
Sponsorships			
Total expenditure (\$ million)	0.25	0.25	1.4
Political Donations¹⁷			
\$'000	12	12	NR
Our Environment			
Spills			
Total spills	21	23	36
Total number of uncontained ¹⁸ spills	12	3	NR
Volume of hydrocarbon spills (bbl)	2	61	368
Volume of non-hydrocarbon spills (bbl)	46	115	26,197
Total volume of spills (bbl)	47	176	26,565
Number of significant spills ¹⁹	0	0	0
Fines			
Number of fines for non-compliance with environmental regulations	0	0	0
Value of fines (\$)	0	0	0
Greenhouse Gas Emissions			
Scope 1 emissions (tCO ₂ ^e)	18,297	40,917 (41,195) ²⁰	51,835
Scope 2 emissions (tCO ₂ ^e)	501	578	354
Total GHG emissions (tCO ₂ ^e)	18,798	41,495	52,189
Net Energy consumption (GJ)	241,718	330,486 (334,565) ²¹	354,152
Volume of flared hydrocarbons (sm ³)	16,032	718,699	3,550,233
Volume of vented hydrocarbons (sm ³)	27,787	458	197,918
Scope 1 & 2 emissions intensity (kg CO ₂ ^e /GJ Production)	0.56	1.13	1.38

17. This information is publicly available via the Electoral Commissions SA website

18. Occurred outside the banded or containment area

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

20. Correction: revised volume in brackets

21. Correction: Revised volume in brackets

PERFORMANCE DATA CONTINUED

	FY17	FY16	FY15
National Pollutant Inventory (kg)²²			
Carbon monoxide	NR	110,600	128,600
Fluoride compounds	NR	35,100	32,700
Hexane	NR	117,599	82,426
Oxides of Nitrogen (NOx)	NR	499,000	574,000
Particulate matter <2.5um	NR	34,500	39,700
Particulate matter <10.0um	NR	36,000	41,200
Polycyclic aromatic hydrocarbons	NR	9.78	140
Sulphur dioxide (SOx)	NR	119	136
Total Volatile Organic Compounds	NR	1,635,300	1,183,880
Emissions to Air	NR	2,447,750	2,058,951
Emissions to Land	NR	77,748	87,407
Emissions to Water	NR	0	0
Produced Water Production (million cubic metres)			
South Australia	9.82	8.88	7.81
Queensland	0.58	1.84	1.77
Total	10.40	10.72	9.58
Economic Performance			
Realised oil price (\$)	68/bbl	60/bbl	90/bbl
Product sales revenue (\$ million)	649	558	727.7
NPAT (\$ million)	388	588.8	514.1
Total assets (\$ million)	1,893	1,626	1,836
Net cash (\$ million)	198	49	20
Total equity (shareholder funds) (\$ million)	1,402	1,075	1,355
Market cap (\$ million)	1,077	1,135	1,356
Reserves (2P) (MMboe)	75	70	74.4
Production (MMboe)	10.6	9.7	9.15
Exploration wells drilled	18	14	21
Exploration expenditure (\$ million)	52	35	131
Royalties and taxes (\$ million)	56	49.6	60.8

²² NPI data is available for viewing at <http://npi.gov.au/npi-data/search-npi-data>. NPI data for FY17 will be reported in FY18 Sustainability Report

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.3
ORGANISATIONAL PROFILE		
GRI 102-1	Name of Organisation	About this report, p.4
GRI 102-2	Activities, brands, products and services	About this report, p.4,5
GRI 102-3	Headquarters location	About this report, p.4
GRI 102-4	Location of operations	About this report, p.4
GRI 102-5	Ownership and legal form	Company Website > Introduction to Beach - http://www.beachenergy.com.au/irm/content/introduction-to-beach.aspx?RID=252
GRI 102-6	Markets served	Company Website > Introduction to Beach - http://www.beachenergy.com.au/irm/content/introduction-to-beach.aspx?RID=252
GRI 102-7	Scale of organisation	Sustainability Report – Performance data, p. 4,22,25
GRI 102-8	Information on employees and other workers	Sustainability Report – Performance data, p.22
GRI 102-9	Supply Chain	Sustainability Report, Our Supply Chain, p.5
GRI 102-10	Organisational changes during FY 17	Sustainability Report – Message from Chief Executive Officer
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 South Australian Chamber of Mines and Energy (SACOME) as well as Australian Petroleum and Exploration Association (APPEA).

GENERAL STANDARD DISCLOSURES CONTINUED

REPORTING PRACTICE

GRI 102-45	Entities included in consolidated financial statements	Annual Report, p.80
GRI 102-46	Defining report content and topic boundaries	Sustainability Report, Materiality and our focus, p.6-8
GRI 102-47	List of material topics	Sustainability Report, Materiality and our focus, p.8
GRI 102-48	Restatements	Emissions intensity in the performance table now includes both scope 1 and scope 2 emissions intensity
GRI 102-49	Changes in reporting	No reportable changes
GRI 102-50	Reporting period	1 July 2016 – 30 June 2017
GRI 102-51	Date of most recent previous report	The most recent report covered the reporting period 1 July 2015 – 30 June 2016.
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point	sustainability@beachenergy.com.au
GRI 102-54	In accordance option	Sustainability Report, p.4
GRI 102-55	GRI Content Index	GRI Content Index, p.26-29
GRI 102-56	External assurance	Although our financial data is subject to external assurance, we have not obtained assurance over non-financial data. However, we seek to obtain independent assurance in the future as our reporting systems and processes mature.

GOVERNANCE

GRI 102-18	Governance structure	Sustainability Report- Governance, p.5
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STAKEHOLDER ENGAGEMENT

GRI 102-40	List of stakeholder groups	Sustainability Report – How we engage with our stakeholders, p.7
GRI 102-41	Employees covered by collective bargaining agreements	Currently, there are no Beach employees covered by collective bargaining agreements
GRI 102-42	Identifying and selecting stakeholders	Various stakeholders were identified during one of our internal workshops which involved input from sustainability committee members.
GRI 102-43	Approach to stakeholder engagement	Sustainability Report – How we engage with our stakeholders, p.7
GRI 102-44	Key topics and concerns raised	Sustainability Report – Material Issues and our focus, p.7

ETHICS AND INTEGRITY

GRI 102-16	Values, principles, standards and norms of behaviour	Sustainability Report- Ethical conduct and transparency, p.8
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GRI CONTENT INDEX – SPECIFIC STANDARD DISCLOSURES

Specific Standard Disclosures	Disclosure Title	Page Number (or link)
CATEGORY : ETHICAL CONDUCT & TRANSPARENCY		
GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Ethical conduct and transparency, p.8,9
GRI 103-3		Governance, p.5
CATEGORY : PEOPLE		
GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Our People, Health and safety, p.11
GRI 103-3		Governance, p.5
GRI 403-2 / IPIECA HS1, HS2, HS3, HS5	Injury rates	Sustainability Report - Health and safety, p.11 and Performance Data, p.22
GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Our People, Workplace development and retention, p.12
GRI 103-3		Governance, p.5
GRI 404-1 / IPIECA SE17	Average training hours per employee	Sustainability Report - Performance Data, p.35
GRI 404-2	Programs for skill management	Sustainability Report - Workplace development and retention, p.12
GRI 405-1 / IPIECA SE15	Composition of governance bodies and employees	Sustainability Report - Performance Data, p.22-23
CATEGORY : SOCIAL/COMMUNITIES		
GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Our Communities, Contribution to local communities, p.23
GRI 103-3		Governance, p.5
GRI 403-1/ IPIECA SE1, SE2, SE4	Operations with implemented local community engagement, impact assessments and development programs	Sustainability Report - Our Communities, p.15 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.15
GRI 205-2 / IPIECA SE11, SE12, SE13	Communicating and training on anti-corruption policies and procedures	Sustainability Report - Ethical conduct and transparency, p.8-9
GRI 205-3	Confirmed incidents of corruption and actions taken	Sustainability Report - Ethical conduct and transparency, p.9

SPECIFIC STANDARD DISCLOSURES CONTINUED

CATEGORY : ENVIRONMENT

GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Our Environment, p.17
GRI 103-3		Governance, p.5
GRI 306-1/ IPECA E7	Total water discharge by quality and destination	Sustainability Report - Our Environment, Produced water, p.17 and Performance Data, p.25
GRI- OG5	Volume and disposal of produced water	Sustainability Report - Our Environment, Produced water, p. 17,25
GRI- OG6/ IPECA E4	Volume of flared and vented hydrocarbons	Sustainability Report - Performance Data, p.24
GRI 306-3/ IPECA E9	Number and volume of spills	Sustainability Report - Our Environment, Contamination, p. 26,27 and Performance Data, p.24
GRI 305-1 / IPECA E1	Direct greenhouse gas emissions (Scope 1)	Sustainability Report - Our Environment, Climate change, p. 28 and Performance Data, p.24
GRI 305-2	Indirect greenhouse gas emissions (Scope 2)	Sustainability Report - Our Environment, Climate change, p.28 and Performance Data, p.25
GRI 305-7	NOx, SOx and other significant air emissions	Sustainability Report - Performance Data, p.25
GRI 302-1/ IPECA E2, E8	Energy consumption within the organisation	Sustainability Report - Performance Data, p.25
GRI 304-2/ IPECA E5	Description of impacts of activities on biodiversity	Sustainability Report - Our Environment, Biodiversity, p.19
GRI 304-3	Habitats protected or restored	Sustainability Report - Our Environment, Biodiversity, p.19

CATEGORY : ECONOMICS

GRI 103-1		Sustainability Report - Topic boundaries, p.8
GRI 103-2	Generic Disclosure on Management Approach	Economics, p.21
GRI 103-3		Governance, p.5
GRI 201-1	Direct economic value generated and distributed	Sustainability Report - Performance Data, p.25
GRI 203-2	Indirect economic impacts	Sustainability Report - Our supply chain, p.5 and Local content p.21
GRI 204-1	Proportion of spending on local suppliers	Sustainability Report - Economics, p.5

GLOSSARY

Aboriginal	Refers to Aboriginal People of mainland Australia.
bbl	Barrel of oil.
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.
IPIECA	The global oil and gas industry association for environmental and social issues.
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) * 1,000,000.
MMboe	Million barrels of oil equivalent.
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.
Vented hydrocarbon	Intentional controlled release of uncombusted gas.
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.