



HEALTH AND SAFETY

0

Fatalities

11.4

Total reportable incident frequency rate
(per million man hours)



“Our aim is to operate a safe and healthy workplace, with no harm to our people.”

The health and safety of our employees and contractors remains our highest priority. The AWE Board and senior leadership team are committed to continually improving safety performance and sustainable workplace practices to achieve our goal of zero harm to our employees, contractors and the communities in which we operate.

OUR SAFETY PERFORMANCE

During 2011-12 financial year, AWE recorded 6 lost time injuries across our operations and a total reportable incident frequency rate (TRIFR) of 11.4 per million man hours. Management considers this outcome unacceptable and is actively working to address this issue through improving our safety processes. AWE takes all safety incidents very seriously, be it an actual or potential harm event, no matter how small and wherever it may occur within our business activities. A key feature of our health and safe work practices is that a thorough investigation is undertaken for all reported incidents and all improvement and remedial actions are identified and implemented. All lost time injuries and high potential incidents are reported to the Board.

INCREASING SAFETY AWARENESS IS OUR PRIORITY

AWE's operations expanded during 2011-12, with a number of projects across the organisation expected to commence in the coming year. AWE is implementing measures to ensure a high level of safety awareness is maintained, and is increasing the level of reporting during this period of expansion. We have been monitoring, on a monthly basis, a number of leading and lagging safety

indicators that will be used to assess the safety performance of AWE's operations going forward.

An international consultancy firm was engaged in early 2012 to conduct an independent audit as part of our efforts to further improve Health Safety and Environmental performance. The audit was conducted company-wide to assess our current HSE systems to develop a gap analysis against best industry practice. The results of this comprehensive work are now assisting us in forming the basis of developing a corporate HSE Management System to co-ordinate all the Company's activities. The next steps will be to integrate the HSE systems and policies we have in place and to ensure we maintain consistency across all our operated assets in New Zealand, Australia and Indonesia.

In response to the audit, AWE has established key HSE objectives for 2012-13 which include:

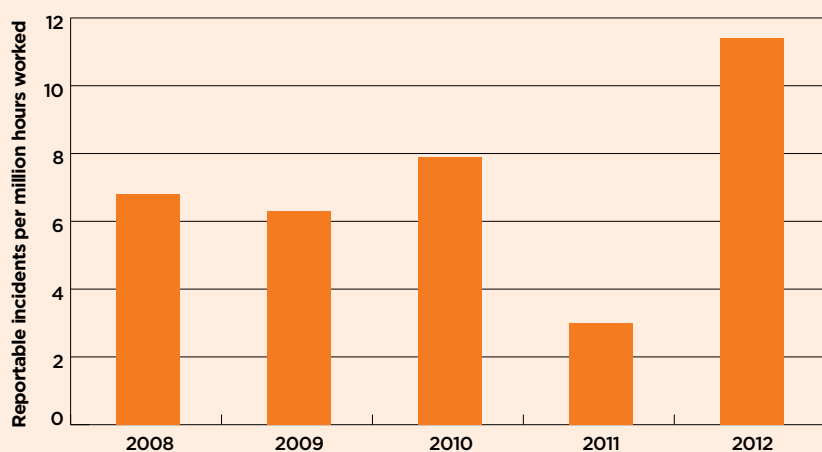
- Recruiting a corporate HSE Manager
- Developing an integrated corporate HSE Management System
- Implementing a recognition program for business units delivering the best safety performance
- Establishing systems for sharing best practices and lessons learnt

In the financial year 2012-13 AWE will continue to target zero lost time injuries. In addition, the Board has set an objective of a TRIFR of equal to or less than our peer performance (with the peer performance defined as the most recent five year average TRIFR reported by the Australian Petroleum Production and Exploration Association). At the time of this report, AWE has employed an experienced Health, Safety, Environment Manager and work has already commenced on the development of an integrated corporate HSE Management System.





TOTAL REPORTABLE INCIDENT FREQUENCY RATE (TRIFR)



WORKING WITH OUR EXTERNAL SERVICE PROVIDER CONTRACTORS

AWE considers our service contractors and equipment suppliers as key partners in our business. To ensure we engage contractors that meet and maintain our own high safety standards, we invest in contractor management training for our own people and work closely with our contractors to ensure our operational and safety standards are maintained.

AWE expects service and equipment providers and contractors to comply with legal requirements and operate within the principles of our code of conduct when they work on our behalf.

The objective of this contractor management approach is to provide assurance that goods, equipment and services provided by third parties meet contractual as well as AWE requirements and that there is a consistent, shared understanding of responsibilities. For example, in our marine subsea inspection operations in New Zealand, where we have evaluated differences between our own standards and those of contractors, we require bridging documents to be put in place. These define how two or more safety management systems can co-exist and assist with the co-operation and co-ordination between AWE and the contractor.



