



MPRL E&P Pte Ltd.



Communication on Progress

February 2016 - February 2017

Communication on Progress



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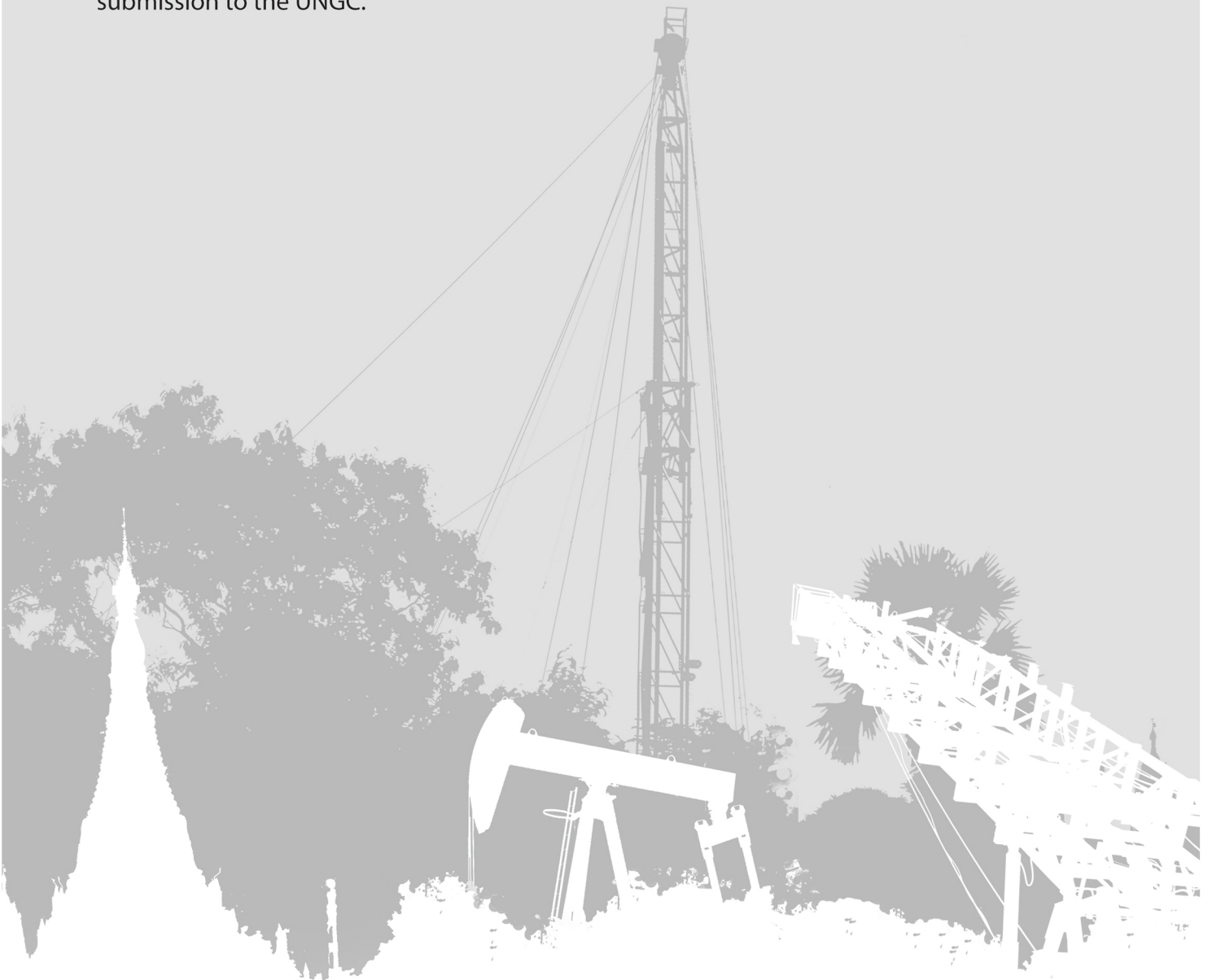
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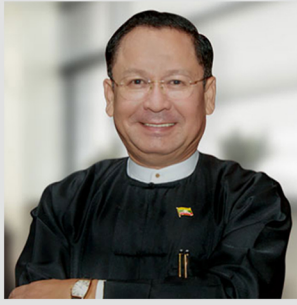
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Information on the Report

In February 2016, MPRL E&P became a signatory of the United Nations Global Compact, a voluntary framework for businesses to align their operations and strategies with the Ten Principles covering human rights, labor, the environment and anti-corruption. This report portrays how MPRL E&P has embedded the Ten Principles within its core management system and shared the integrity in leading responsible business. The data in this communication on progress (COP) was collected quarterly and developed into a standalone document for the annual submission to the UNGC.





Statement of Commitment by the Chief Executive

MPRL E&P, an independent foreign registered oil and gas exploration and production company, is a leading operator in the upstream oil & gas sector in both onshore and offshore regions of Myanmar.

Our long term vision and strategy focuses on our operational performance, investing in the right opportunities, our people and sustainable approaches towards how we manage our business by taking a clear sense of social and environmental responsibility.

MPRL E&P signed the United Nations Global Compact in February 2016 and have since incorporated the Ten Principles of the UNGC in our core management system and policies.

In each focus area of human rights, labour, environment and anti-corruption, the commitments have been cascaded across the group including relevant stakeholders. Policy enforcement trainings and knowledge sharing sessions have been conducted assuring that all commitments have been clearly understood.

To reaffirm and renew our support to the United Nations Global Compact, we submit our first Communication on Progress (COP) report, for the period covering Fiscal Year 2016-17, which portrays:

- Our actions to implement the Ten Principles into our business strategy, culture and daily operations
- Our efforts to continually improve the integration of the Global Compact and its Ten Principles
- Our performance outcomes reflecting our commitments thereafter being a signatory of a membership

We continue to prove our commitments by sharing this information with all of our stakeholders using our primary channels of communication.

U Moe Myint
Chief Executive Officer



1. Human Rights

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2

Businesses should ensure that they are not complicit in human rights abuses.



1. Human Rights

MPRL E&P is committed to respecting human rights as indicated by the UN Guiding Principles on Business and Human Rights. We endeavor to:

1. Manage potential human rights issues through internal controls relating to contracts, environment, ethical conduct, human resources, security, and social performance.
2. Recognize that we should provide, or assist in providing, remedy for human rights impact resulting from our activities. We require our operations to take a multi-stakeholder approach to establishing operational grievance mechanisms to facilitate resolutions of any grievances.
3. Ensure an ongoing due diligence process to periodically monitor and review human rights risks and uphold MPRL E&P's respect for human rights.

1.1 Management Approach

MPRL E&P's Human Rights Policy was recently updated integrating the human rights principles of UNGC. Our commitment to countering human rights abuses were expressively stated in the standalone Human Rights Statement.

1.1.1 Community Investment

Key methods such as continuous community consultation, stakeholder engagement, and identification of social impact and community needs help guide our business decisions and enable us to proactively address any community concerns. Outcome and impacts of all social investments are measured to indicate significant change.

MPRL E&P encourages surrounding communities to participate in, and contribute to, the various discussions to address community needs where we operate. Our community investment initiatives aim to engage with and support local communities where we operate.

We do this through:

- Having an effective functioning grievance mechanism
- Investing in sustainable livelihoods (education, capacity development, and vocational training)



- Improving well-being (improve access to water, sanitation, hygiene, health, nutrition, and safety culture)
- Partnerships with local groups

1.1.2 Mobilizing Community-based Volunteers & Village Development Committees

Thirteen volunteers have been appointed from the communities surrounding the project to work with MPRL E&P with the intent of strengthening community and company relationships. In addition, volunteers help facilitate community-based projects to encourage community participation, decision making and ownership. To improve the capacity and knowledge of the community-based volunteers and village development committee members, a total of 37 information sessions has been provided.

1.1.3 Operational Grievance Mechanism

MPRL E&P’s approach to respecting human rights was to develop a unique approach to addressing community concerns whilst maintaining respect and building trust. This mechanism creates a communication platform that builds an honest relationship with community stakeholders including, but not limited to, employees, people potentially affected by or surrounding our projects, civil society, and government partners.

The objective of the operational grievance mechanism (OGM) is to enable local communities to have a strong voice and to ensure impact associated with our operations affecting the environment and surrounding communities are monitored and effectively addressed. We consider this to be essential in order to maintain a social license to operate.

We believe that we have been successful in enabling our stakeholders to voice their concerns directly to the company, instead of turning to third parties, and respond to their concerns early before they escalate. Few companies in Myanmar operate grievance mechanisms, and MPRL E&P was the first in Myanmar to assess the barriers to the implementation of the mechanism.

Grievance Mechanism Developed for



The mechanism began in a pilot phase with 3 out of the 14 communities in Mann Field from April 2014, with a full roll out to the remaining communities from June to August 2014. During this time, training was provided to community-based volunteers, community meetings were held, information boards were erected, informational cartoons were distributed to improve awareness, and grievance collection boxes were placed in strategic locations.

Our mechanism has been effective primarily because it leverages key community structures and promotes decision making from community-based volunteers and representatives from Myanmar Oil and Gas Enterprise (MOGE), the operator of Mann Field. Our rigorous evaluation informs us that 60% of our stakeholders have heard of our mechanism and understand its basic functions. This multi-stakeholder approach has improved the dynamic relationship between MOGE and project affected communities surrounding the field.



Operational Grievance Mechanism Awareness Raising Campaign

First Phase



The OGM awareness raising campaign was proposed after MPRL E&P's assessment of the knowledge of the mechanism among community stakeholders, community stakeholders' attitudes or beliefs toward the mechanism and practices that indicate the level of knowledge about the mechanism. The campaign will be conducted in three phases targeting different stakeholder groups, stratified by the level of influence stakeholder groups have on company operations. In January 2017, the first phase of the campaign for over 400 government officials and the MPRL E&P field operations team was successfully conducted.



2. Labor

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4

Businesses should uphold the elimination of forced or compulsory labor.

Principle 5

Businesses should uphold the effective abolition of child labor.

Principle 6

Businesses should uphold the elimination of discrimination in respect of employment and corruption.



2. Labor

MPRL E&P prohibits discrimination in the workplace and in its hiring practices. All aspects of employment are governed on the basis of excellence, competence and knowledge within our workforce, particularly local capacity within Myanmar.

2.1 Management Approach

MPRL E&P is an equal rights employer that does not discriminate against race, religion, gender, age, sexual orientation, nationality or ethnicity.

MPRL E&P fully respects upholding all employees' entitlements in compliance with the national labor practices and standards. In addition to adhering to national labor laws and regulations, engagement approaches have been used to help integrate labor principles.

2.1.1 Conduct Policy

All MPRL E&P direct employees have committed a Conduct Policy in addition to an employment contract, both of which are aligned with the prevailing national laws and regulations.



2.1.2 Employee Engagement

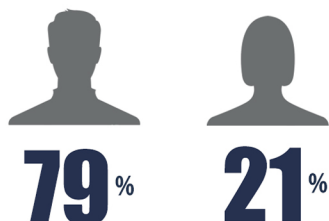
Ensuring effective communication and employee engagement, MPRL E&P organized the very first 'Town Hall' meeting where employees were encouraged to openly discuss their concerns and receive feedback from Senior Management. The monthly 'Corner Office Letter,' a new communication tool, by Senior Management enables employees to receive updates on the company's performance and key achievements. We always seek an effective two-way communication with the employees and practice an 'open door' system where employees can communicate transparently with their supervisors and the management.



2.1.3 Workforce Diversity

We encourage investing in local talent and currently we are operating the business with 99 percent national staff. Women occupy over 40 percent of managerial positions at MPRL E&P, highlighting our commitment to diversity and non-discrimination.

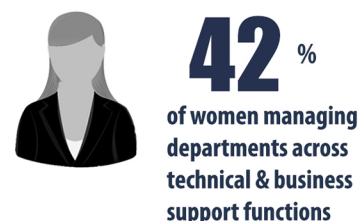
Male & Female Employee Ratio



Percentage of National Staff



Women in Managerial Positions



2.1.4 Internal Training Program

MPRL E&P has a robust internal training program for its employees, leveraging the skills and experience of in-house mentors and well-experienced experts. The training program is closely monitored through assessments to promote workforce skill and capacity development.

Knowledge Transfer Sessions



Internal Stakeholders

Total
2,998
Training Man-Hours Spent

External Stakeholders

Total
4,075
Training Man-Hours Spent



Total
148
Sessions Conducted

Total
140
Sessions Conducted



2.1.5 Performance Management Process (PMP)

To ensure non-discrimination in the workplace, MPRL E&P utilizes a performance based evaluation process, which is attached to an incentive program enabling employees to receive awards and recognition based on merit. The mid-year performance results for the fiscal year 2016-2017 indicated a high level of achievement with 59% of employees performing above average. In addition, the 360 degree feedback mechanism is introduced to support the assessment of the performance management process. This mechanism allows employees to receive constructive feedback from peers, supervisors, and subordinates and equips the organization with an effective tool to objectively assess the performance behavior of its employees.



3. Environment

Principle 7

Businesses should support a precautionary approach to environmental responsibility.

Principle 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.



3. Environment

MPRL E&P is committed to taking a precautionary approach to the environment where our business activities are conducted.

3.1 Management Approach

MPRL E&P's Health, Safety and Environmental Policy and standalone Environmental Policy were recently updated. To ensure employees are aware of the policies and understand the principles, a copy of the policy is displayed in all operational areas. In addition, monthly HSE training is provided to both internal and external stakeholders.

3.1.1 HSE Training

Ensuring a safer working environment and creating a minimal impact to the environment, MPRL E&P develops and delivers a series of awareness raising trainings for its employees and MOGE crews assuring that the commitments are cascaded across the organization.

3.1.2 CARE Cards

We implemented the 'CARE (Concern, Action, Reinforcement, Encouragement) Card' system where employees can lodge their concerns or feedback related to safe and unsafe conditions and actions nearby our operations. This system allows employees to raise their concerns and identify corrective actions to create a safer working environment as well as reinforce positive behavior through appropriate feedback.

HSE Training for MPRL E&P Employees and MOGE



Total

2,111

Training Man-Hours Spent



Total

65

Sessions Conducted



2,265

CARE Cards Received



3.1.3 Environmental Impact Assessments

The environmental impact assessment studies for individual assets that we operate have been conducted and transparently disclosed on our social media platforms together with the results from public consultations held with host communities.

3.1.4 Audits and Inspections

Biannual environmental audits are conducted to ensure all mitigation measures in the impacts assessments are implemented, and all operational practices are monitored in accordance with the environmental action plan and in compliance with prevailing national standards.

3.1.5 Produced Water Management

In 2014, MPRL E&P established a program to effectively manage produced water management. The success of the program has led to managing and disposing, on average, 90 percent of formation water into disposal wells. Our aim is to dispose 100 percent of produced water into disposal wells and achieve a 'zero discharge' target.

The Development of Environmentally Friendly Technology



Proportion of Produced Formation Water Disposed Back into the Subsurface Formation



4

Impact Assessment Reports Disclosed



535

HSE Audits and Inspections Conducted

3.1.6 Anaerobic Composting System

Supporting the ninth principle of the UNGC, MPRL E&P has encouraged the development of environmentally-friendly initiatives and technologies within the organization. The implementation of the waste segregation initiative and maintenance of the waste management compound have ensured safeguards to health and safety throughout the field camp compound. The following composting steps are completed in Mann Field:

- 1 Organic wastes are dumped into the designated bins which are big enough to retain heat and moisture.
- 2 The mixture of organic materials (bacteria, fungi, insects, food wastes and leaves) will break down and decompose in the compost pile.
- 3 In a few weeks, the complete compost, dark and crumbly, is used for plantations or garden plans for plantation in the camp compound.

4. Anti-Corruption

Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.



4. Anti-Corruption

At MPRL E&P, we are committed to promoting transparency throughout our business operations to create value for people, communities, and increasing the impact of our activities. We are committed to building and promoting ethical values and behavior throughout our business, and in addition, exert influence with contractors and partners to implement adequate policies and procedures that promote best practice to prevent bribery and promote ethical standards throughout our supply chain.

4.1 Management Approach

MPRL E&P is committed to a zero tolerance approach to corruption. The MPRL E&P Anti-Bribery and Corruption Policy developed for the business is aligned with the Myanmar Anti-Corruption Law and the UK Bribery Act.

Our commitment to anti-corruption is set out in the MPRL E&P Anti-Bribery and Corruption Policy. Our employees are required to accept personal responsibility and commit to doing the right thing. In order to effectively manage this commitment, MPRL E&P has conducted the following:

4.1.1 Training

Policy awareness trainings have been conducted, targeting our field operations teams and members of the business units dealing directly with suppliers and contractors. The results of the after-training assessment portrayed that employees recognized the UNGC principles and the recent national guidelines on the acceptance of gifts. Additional training sessions will be undertaken and the achievement indicators will be monitored and analyzed to reflect our commitments to working against corruption and bribery.

4.1.2 Affiliations & Memberships

MPRL E&P is an active member of the Multi-Stakeholder Group (MSG) tasked with overseeing the implementation of the Myanmar Extractive Industries Transparency Initiative (MEITI), which aims to promote the open and accountable management of oil, gas, and mineral resources in Myanmar.



Communication
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