




Sustainability Report 2020

Net Zero 2020 - Australia's First Carbon Neutral
Domestic Gas Producer





An aerial photograph showing a diverse landscape with various green trees, shrubs, and sandy patches. The text is overlaid on the right side of the image.

COOPER ENERGY: AUSTRALIA'S FIRST CARBON NEUTRAL DOMESTIC GAS PRODUCER

Image: Biodiverse Carbon Coorong Project, South Australia

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ACKNOWLEDGEMENT

Cooper Energy acknowledges the **Kaurna people** as the custodians of the Adelaide region where our Head Office is, the **Whadjauk Noongar** people where our Perth office is and the **Eastern Marr** people of the Western District of Victoria where our Athena Gas Plant is located.

We respect the spiritual relationship the people of the world's oldest continuous living culture hold with the Country and we acknowledge their Elders past, present and emerging.

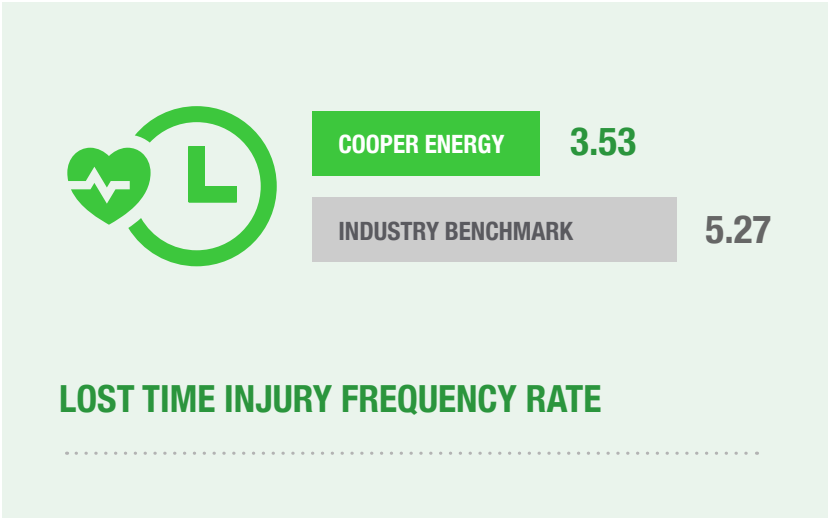
SCOPE OF THIS REPORT

This report describes Cooper Energy's sustainability performance and covers activities and assets owned by Cooper Energy for the period 1 July 2019 to 30 June 2020.

Athena Gas Plant, Port Campbell, Victoria



OUR FY20 SUSTAINABILITY PERFORMANCE



NET ZERO 2020

BY DAVID MAXWELL

Cooper Energy recognises the challenge of climate change; the goals of the Paris Agreement and the role for energy companies and society in reducing greenhouse gas emissions given the proportion of emissions generated from energy production and consumption.

This is why Cooper Energy has committed to becoming Australia's first carbon neutral domestic gas production company by fully offsetting its FY20 emissions.

To achieve net-zero carbon emissions in 2020, Cooper Energy has partnered with Greening Australia's Biodiverse Carbon and invested in the Coorong Biodiversity Project in south-east South Australia. This project alone generates sufficient carbon offset credits for us to fully offset our FY20 emissions. These consist of 10,022 tonnes of CO₂ equivalent, calculated on an equity share basis. This total is made up of 8,739 tonnes of Scope 1 direct emissions, 360 tonnes of Scope 2 emissions associated with purchased electricity and 923 tonnes of controllable Scope 3 emissions arising from embedded energy and business travel. We intend to investigate with our customers what cost-effective measures might be pursued to partially offset or totally mitigate downstream Scope 3 emissions.

The project includes reforestation and restoration of over 600 hectares of degraded land to sequester CO₂ and generate Australian Carbon Credit Units. As well as offsetting thousands of tonnes of carbon dioxide the project

provides additional benefits such as restoring native vegetation and wildlife habitat, increasing the habitat for the threatened Malleefowl and migratory shorebirds and improving the quality of subcoastal wetlands.

We have invested in high quality domestic projects with tangible co-benefits and which are near to our operational activities rather than international projects or simply participating in a carbon market by purchasing offset credits.

We are making this timely commitment voluntarily and consistent with the Cooper Energy Values as a growing domestic gas supplier, driven by care and in recognition of the need to support environmental sustainability.

Cooper Energy's strategy is long term and focused on producing natural gas at the low end of the cost curve for Australian consumers. Our assets are close to market and therefore have a lower emissions intensity compared to more distant sources of gas where transportation losses become significant. Gas has been recognised by the Federal Government as having a valuable role to play in accelerating the transition to a low carbon future while recognising that at the same time, the growth of a strong economy requires the community to continue to have access to affordable and reliable energy.



The company is preparing the required documentation, including a public disclosure statement, to achieve organisational carbon-neutral certification from Climate Active which is the Federal Government endorsed accreditation body for carbon neutrality.

We have been reporting our greenhouse gas emissions since 2014 under the Federal Government's National Greenhouse and Energy Reporting Act 2007, initially on a voluntary basis as the company was below mandatory reporting thresholds. We voluntarily disclosed our emissions in line with the Task Force for Climate related Disclosures (TCFD) principles for the first time as part of our inaugural Sustainability Report in 2019.

The company is continuously seeking energy efficiency opportunities and has made progress with various commitments, examples of which are the reduction of gas flaring where possible and minimising the number of long-distance rig mobilisations.

Importantly, we plan to continue to offset our carbon emissions annually recognising the long-term benefits to our business, the environment, and the communities where we operate.

A handwritten signature in dark ink, reading 'David P. Maxwell'.

David Maxwell
Managing Director

OUR SUSTAINABILITY APPROACH

DEFINITION OF SUSTAINABILITY

Cooper Energy adopts the UN definition: “Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

THE COOPER ENERGY VALUES

Cooper Energy has a corporate culture driven by our core values- care, integrity, fairness and respect, collaboration, awareness, transparency, and commitment. The Cooper Energy Values inform our decision making and guide our behaviours. Our independently conducted and benchmarked staff survey consistently reflects the importance of these values to our team, along with their confidence in the company leaders and the clear and promising strategic direction of the business. The Cooper Energy Values can be found at <https://www.cooperenergy.com.au/our-company/values>

GOVERNANCE

The Cooper Energy Board has oversight of corporate governance. The Board’s responsibilities are discharged per applicable legislation. In order to clearly articulate the responsibilities of the Board, Committees of the Board and management, the Company has adopted charters to outline the roles of each of these bodies.

The Company’s Board Charter sets out (amongst other things):

- the roles and responsibilities of the Board and of management;

- the matters expressly reserved to the Board; and
- the matters delegated to management.

A copy of the Board Charter is located at: <https://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/board-charter>

The Audit Committee, the Risk and Sustainability Committee, the People and Remuneration Committee, and the Nomination Committee have also been assigned responsibilities by the Board as set out in the Charter for each Committee, as described at: <https://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance>

Cooper Energy is committed to a diligent and unqualified performance of its corporate governance obligations.

A formal framework of principles, charters, policies and practices provides for compliance with the ASX Corporate Governance principles on corporate governance and for effective management and supervision of the company’s affairs. That framework includes the following core documents:

- Code of Conduct
- Risk Management Policy
- Equal Opportunity and Diversity Policy
- Whistleblower Policy
- Cooper Energy Values

These documents are published internally and externally at: <https://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance> and <https://www.cooperenergy.com.au/our-company/values>

GOVERNANCE

It is Cooper Energy's policy to achieve best practice in management and decision making by managing risk for the benefit of all stakeholders in a manner consistent with the Cooper Energy Values. "Best practice" recognises the Company's activities, size and assets and takes account of fitness for purpose having regard to these attributes.

The Company recognises that business decisions entail calculated risks, and managing those risks within sensible tolerances is fundamental to:

- protecting our people, communities, environment, assets and reputation;
- ensuring good governance and legal compliance; and
- realising opportunities and delivering long-term shareholder value.

Risk management is part of all strategic, line and functional management responsibilities. It guides decision making and forms an integral part of the Company's culture.

The Executive Leadership Team perform risk assessments on a regular basis and a summary of top corporate risks is reported at each meeting of the Board's Risk and Sustainability Committee. That Committee also approves and oversees an audit program undertaken both internally and in conjunction with appropriate external industry or field specialists.

Consistent with this, in FY20 the Board approved updated risk management policies and procedures. These have been rolled-out across the company, and the company's key corporate risks have been re-assessed in light of that update.

The Company's Risk Management Policy is located at: <https://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/risk-management-policy>

The Risk and Sustainability Committee is chaired by Mr Hector Gordon and comprises five independent non-executive directors. In accordance with the terms of its Charter, the Chairman of the Risk & Sustainability Committee must not be the Chairman of the Board.

The Risk and Sustainability Committee's Charter is located at: <https://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/risk-and-sustainability-committee-charter>

In accordance with the terms of its Charter, the Risk and Sustainability Committee's responsibilities include:

- oversight, review and making of recommendations to the Board regarding the Company's risk management framework and the adequacy and effectiveness of that framework.
- annual review of the Company's risk management and sustainability policies.
- assisting the Board to review the adequacy and effectiveness of, and monitor compliance with, the Company's risk management policies and reviewing any instances of non-compliance.

ETHICS AND BUSINESS CONDUCT

Transparency, Integrity and Accountability are embedded in our values and are key to the way we do business.

The Cooper Energy Values are consistent with conducting our business honestly and ethically, in compliance with the laws of jurisdictions where we operate and with zero tolerance for bribery and corruption. Cooper Energy supports and encourages a culture of integrity and transparency.

The Company's Code of Conduct sets out the standards of behaviour expected of all its employees, directors, officers, contractors and consultants. The key principles outlined in the Company's Code of Conduct are to:

- operate with care, prioritising the safety and health of all personnel and the environment and the communities in which the Company operates;
- act honestly and with high standards of personal integrity;
- comply with the laws and regulations that apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- not misuse or take advantage of the property or information of, or their position in, the Company for personal gain or to cause detriment to the Company;
- act in the best interests of the Company and not enter into any arrangement or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation; and
- strive to be a good corporate citizen and achieve community respect.

The Code of Conduct is located at: <http://www.cooperenergy.com.au/our-company/corporate-governance-and-policies/corporate-governance/code-of-conduct>

In addition, in FY20 Cooper Energy implemented its Anti-Bribery and Corruption Code, which is available to the public here: <https://www.cooperenergy.com.au/Upload/Anti-Bribery-and-Corruption-Code.pdf>

The key requirements of the Anti-Bribery and Corruption Code are:

- Personnel must not offer, promise, give, accept or request a bribe and must not cause a bribe to be given, offered, promised or accepted by another person. If any personnel is offered a bribe, it must be refused and reported immediately to the General Counsel.
- facilitation payments by Cooper Energy and its personnel are prohibited.
- payment of, soliciting or receiving secret commissions by Cooper Energy and its personnel is prohibited.
- money laundering by Cooper Energy and its personnel is prohibited.
- personnel must comply with the requirements set out in this Code regarding gifts, entertainment, hospitality, donations, community investment and sponsorships.

All personnel have responsibility for prevention, detecting and reporting of breaches of this Code.

OUR PEOPLE

FY20 for Cooper Energy has been a year operating in a challenging global environment, in which the organisation has maintained its ability to grow. Overall employee numbers have increased whilst maintaining a mix of staff and contractors to support our onshore and offshore projects.

OUR OPERATING MODEL

Cooper Energy upgraded its organisational structure at the end of 2019 with nine principles in mind; Alignment with Strategy, One Team, Simplify, Create Asset Accountability, Encourage Agility, Ensure Scalability, Codify Decisions, Separate Governance and Centralise Scarce Excellence. The new structure comprises a matrix organisation of line and functional disciplines, designed to optimise effective value delivery. We work with a flexible resourcing model to assist in meeting the needs specific to our work programme.

CULTURE

The Company's culture derives from strongly embedded values and a one-team approach. All employees and contractors are expected to demonstrate the Cooper Energy Values through their behaviour and work ethic both individually and within their teams. An aspect of this is encouraging people to give back to others where we support employees to participate in two paid days volunteering within our community.

TALENT RESOURCING

Our recruitment strategy focuses on ensuring we obtain the required skills and experience whilst at the same time aligning with our values. During the year Cooper Energy increased its permanent employees from 54 to 80 employees, as at 30 June 2020 with a significant number of contracting roles moving to permanent staff. The recruitment focus for new hires during this period was within the Project and Operations groups as we continue to grow. Whilst our contractor numbers are reducing, our goal is to maintain sufficient workforce flexibility to respond effectively to the changing demands of a project based business.

ENGAGEMENT AND ENABLEMENT

Our workforce is highly engaged and a high level of discretionary effort is evident, as confirmed by our most recent employee survey undertaken in mid-2020 by an independent organisation. The study is structured around two major dimensions – engagement, the “want to” and enablement, the “can do”. The Company's engagement and enablement scores are particularly encouraging and continue to sit high on global benchmarks, including benchmarking against high performing oil and gas companies.



DIVERSITY AND INCLUSION

Cooper Energy is committed to diversity and inclusion which contribute to some of our key values. Gender diversity exists across all levels of the organisation, including the Board, the Executive Leadership Team, staff and contractors. Our gender split overall, including staff and contractors, is 31% female and 69% male, which has steadily improved over recent years and sits well above the benchmark for the oil and gas industry.

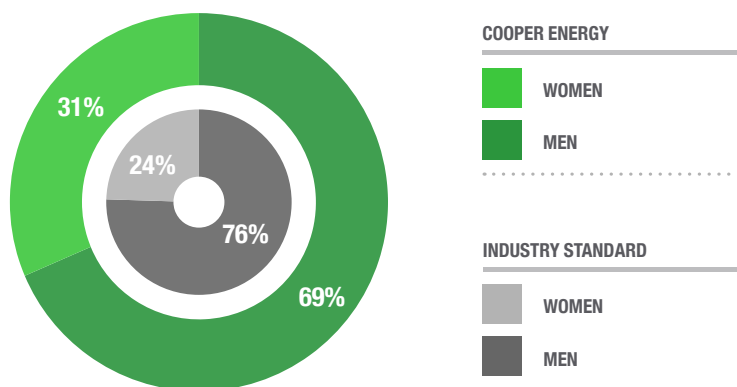
Cooper Energy recognises our employees' achievements, and we are proud of two female employees who became finalists in the 2020 SA Women in Resources Awards.

Organisations with 100 or more employees are required by the Workplace Gender Equality Act 2012 to report annually to the Workplace Gender Equality Agency (WGEA) on six gender equality indicators. While Cooper Energy is just below this threshold and therefore is not obliged to report, an insight into Cooper Energy's standing against each of these indicators is provided on the following page.

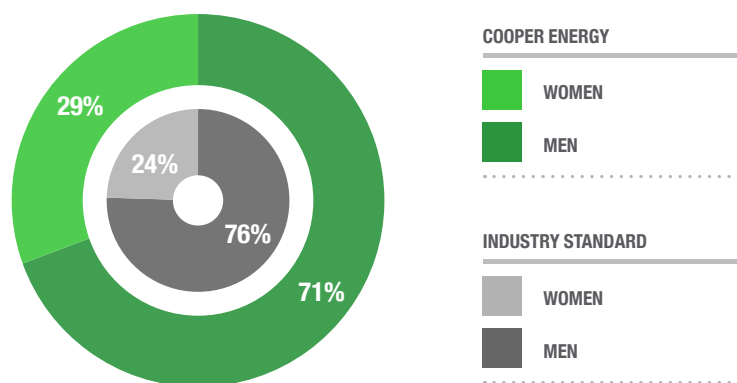
1. OVERALL COMPOSITION OF THE WORKFORCE

Cooper Energy sits above the industry benchmarks for gender diversity, when measured at the levels of the entire company, key management personnel and at the level of the Board of Directors.

COMPANY GENDER DIVERSITY



KEY MANAGEMENT PERSONNEL GENDER DIVERSITY



The industry benchmark is the Workplace Gender Equity Agency (WGEA) Mining Division, which includes our oil and gas peers

2. EQUAL REMUNERATION BETWEEN WOMEN AND MEN

Our recruitment is based on skills and experience required for the position, where both female and males are assessed equally on their ability to perform the role.

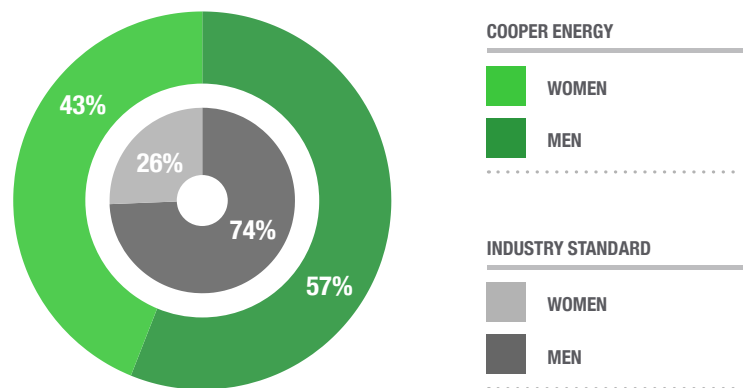
3. AVAILABILITY AND UTILITY OF EMPLOYMENT TERMS, CONDITIONS AND PRACTICES RELATING TO; FLEXIBLE WORKING ARRANGEMENTS FOR EMPLOYEES; AND WORKING ARRANGEMENTS SUPPORTING EMPLOYEES WITH FAMILY AND CARERS RESPONSIBILITIES

7.5% of employees are part-time (including men and women) and 92.5% of employees are full time. Flexible working arrangements are available for our employees where needed and practical. Cooper Energy provides eight weeks paid parental leave to the primary caregiver plus five days company paid Dad and partner paid leave after the birth of a child.

4. COMPOSITION OF GOVERNING BODIES

The gender diversity of our overarching governing body, the Board of Directors, sits well above the industry benchmark with 3 of 7 (43%) female directors. For the purposes of this analysis this considers the Chair plus non-executive directors; the Managing Director is included in the Key Management Personnel gender statistics.

BOARD OF DIRECTORS GENDER DIVERSITY



5. CONSULTATION WITH EMPLOYEES ON WORKPLACE GENDER EQUALITY ISSUES

We have a confidential Employee Assistance Program (EAP) which is available to provide support to both staff and direct contractors, including concerning gender equality issues. The scope of our Bullying and Harassment policy includes sexual harassment.

6. ANY OTHER MATTERS SPECIFIED BY THE MINISTER FOR WOMEN IN A LEGISLATIVE INSTRUMENT: SEX-BASED HARASSMENT AND DISCRIMINATION.

No matters of significance identified.

LEARNING AND DEVELOPMENT

Learning within Cooper Energy comes from various sources including both on the job and formal training. Following a recent review of our development framework, we are implementing online professional development plans. These consist of a formal planning process with a review against development objectives, focussing on a 70:20:10 principle with 70% of training on the job, 20% from mentoring and exposure to various projects and 10% from formal training with external providers such as Melbourne Business School.

To maintain a high level of practical skills, courses such as business writing skills and managing the performance review process are regularly undertaken along with the addition of internal training sessions to share both our technical skills and business knowledge. Additionally, selected staff attended various external programs to build skills and to ensure compliance with technical and regulatory operational requirements.

Cooper Energy continues to support students from the University of Adelaide through mentoring and assisting with relevant study projects.

HEALTH AND SAFETY

Care is a core Cooper Energy Value. The HSEC Policy sets out the commitment to the health and safety of our staff, contractors and communities in which we operate.



Managing Director, David Maxwell, site visit

OUR SAFETY PERFORMANCE

Our safety performance was ahead of industry benchmarks, however we had one lost time injury in September 2019 when a contractor was injured on board the Ocean Monarch drilling rig. We continue to work as a team with our contractors to improve behaviours, and to ensure that robust and effective processes and systems are in place to minimise the likelihood of such an event reoccurring.

Our HSEC Policy is available at <https://www.cooperenergy.com.au/our-company/sustainability/health-safety-environment-and-community>

| Safety metrics year ended 30 June | 2020 | 2019 |
|---|-------------|-------------|
| Hours worked | 283,672 | 505,300 |
| Recordable incidents | 1 | 0 |
| Lost time injuries | 1 | 0 |
| Lost time injury frequency rate | 3.53 | 0.0 |
| Total recordable injury frequency rate (TRIFR)¹ | 3.53 | 0.0 |
| Industry benchmark TRIFR² | 5.27 | 3.48 |

¹TRIFR - Total Recordable Injury Frequency Rate: all recordable incidents (Medical Treatment Injuries + Restricted Work/Transfer Case + Lost Time Injuries + Fatalities) per million hours worked

²Industry TRIFR is the NOPSEMA benchmark for offshore Australian operations

COVID-19

The emergence of the COVID-19 pandemic has forced us to radically sharpen our focus on measures to manage a major health emergency, with many constraints on our business that were almost unthinkable as we entered 2020.

We were able to minimise any impacts of COVID-19 on our business through a combination of a robust business model which is consciously and deliberately built around multi-site remote operating principles, together with robust emergency response capability, as well as some fortunate timing with no active offshore drilling operations when the pandemic commenced.

In early March, we put in place a Pandemic Response Team, consisting of senior representatives from our Adelaide, Perth and Port Campbell sites, complemented by professional medical support from Sonic Health Plus. This team met and communicated with our teams on a regular basis to lead and inform our response to the pandemic. We rapidly and near-seamlessly transitioned to a working from home model during late March, leveraging the IT and video conferencing capability already in place.

As restrictions eased in Western Australia and South Australia, we conducted a staged return to our Perth and Adelaide offices. This incorporated extra hygiene and distancing protocols, flexible hours to avoid commuting bottlenecks and a “red team / blue team” approach to separate a small number of critical operations personnel. Our offices are more than adequately sized to ensure effective distancing. We continue to adapt our precautions as the situation develops and are ready to move back to a working from home model should it be required.

Meanwhile, in Victoria, we moved to a skeleton two person staff at the Athena Gas Processing Plant with the remainder of the workforce initially able to work on the plant upgrade project from home. On-site works commenced in October 2020 with the plant scheduled to be ready to process gas from mid-2021. Extensive detailed and rigorous protocols have been put in place to minimise the risk of any COVID-19 related infection. Information regarding our risk control measures, which are

aligned with other gas plant operators in the region, has been communicated to the local community to ensure they are fully aware of the precautions in place to manage health risks.

Our offshore Victorian gas production operations consist of unmanned subsea developments meaning that we have no personnel offshore during routine operations; all day to day activity is controlled by local production plant control rooms with monitoring and guidance from interstate Cooper Energy engineers. Our Otway production is processed at Lochard Energy's Iona gas plant which is staffed by local personnel and which has been able to continue operations throughout the lockdown restrictions. There were some COVID-19 related challenges for our business partners APA at their Orbest Gas Processing Plant during plant commissioning and startup for processing of Sole gas, which were managed to minimise health risks and to avoid unnecessary delays.

The Company had conducted its regular annual offshore monitoring campaign during January and, with extra risk controls in place, we were able to successfully carry out offshore seabed survey work during March using a locally crewed vessel so as to maintain progress on our Otway Phase 3 Development (OP3D) project.

Our non-operated onshore projects in the Cooper Basin were able to continue oil production operations through the pandemic with additional safety and hygiene protocols.

HEALTH AND WELLBEING INITIATIVES

During drilling operations in late 2019, Cooper Energy conducted a campaign to address potential mental health issues among the fly-in fly-out workforce on board the Ocean Monarch offshore drilling rig. This included having a psychologist visit the rig to address all crews on identification of mental health problems, mental health risks, how to manage these issues and to build an undertaking of what help and resources are available to assist. In addition to the group discussions a number of one on one sessions were conducted on the rig.

ENVIRONMENT

OUR ENVIRONMENTAL PERFORMANCE

COOPER ENERGY COMPLETED THE YEAR WITH ZERO REPORTABLE ENVIRONMENTAL INCIDENTS.

ENVIRONMENTAL INITIATIVES



COORONG BIODIVERSITY PROJECT

Through our partnership with Greening Australia's Biodiverse Carbon, we have made a commitment to the Coorong Biodiversity Project in the south-east of South Australia. The project is a registered Emissions Reduction Fund project and aligns with our ambition to invest in environmental projects that offset our emissions while providing meaningful co-benefits to landholders, biodiversity and water quality.

The project includes reforestation and restoration of over 600 hectares of native vegetation and wildlife habitat, including large areas of subcoastal wetlands, Mallee and woodlands on the shores of the Coorong National Park.

As well as removing thousands of tonnes of carbon dioxide from the atmosphere, the reforestation project provides important connectivity between the Coorong National Park and the Messent Conservation Park, restoring native vegetation and wildlife habitat for the threatened Malleefowl and migratory shorebirds; and improving the condition of subcoastal wetlands.



REMOTE EMERGENCY RESPONSE CAPABILITY

COVID-19 did not impact our environmental performance or our ability to operate safely and efficiently. To test the resilience of our incident management model and ability to respond to a major incident during lock-down conditions we ran an emergency response exercise utilising an entirely remote incident management team.

The exercise was facilitated remotely by the Australian Marine Oil Spill Centre and included liaison with support agencies including the Victorian Department of Transport and various response contractors. It demonstrated that our systems and processes were able to operate completely remotely, providing confidence in our ability to respond in the unlikely event of an incident during COVID-19 lockdown.

PERTH OFFICE - 5 GREEN STAR OFFICE DESIGN WITH NATURAL GAS TRI-GENERATION

Cooper Energy's Perth office is in the Brookfield Place Tower 2 on St Georges Terrace.

The building, managed by Brookfield Properties, has a 5 Star Green Star Office Design and As-Built rating and a current NABERS Energy Rating of 5 Stars. In May 2020, the building's tri-generation system became operational. Tri-generation systems are designed to increase energy efficiency and reduce carbon emissions by using natural gas to simultaneously produce electricity, heating, and cooling.

Cooper Energy supports Brookfield Properties in this initiative demonstrating the ability of natural gas to support the broader economy in achieving substantive emissions reductions.



COMMUNITY AND BUSHFIRE RESPONSE

We are defined by the communities where we live and work and in turn, they define us.

Adelaide, Perth, regional South Australia, and regional Victoria are not only places where we work, they are where we live, socialise with friends, educate our kids and care for our families. These places matter to us, which is why we invest in them. It is why we seek feedback on our activities and why we support local organisations so that we can operate harmoniously and in line with community expectations.

We purchased the Athena Gas Processing Plant in December 2019 and continue to engage proactivity with the community in and around the plant and its associated pipelines. We do the same in the Gippsland region where gas from our Sole offshore development is processed through APA's Orbest Gas Processing Plant.

This year, through the Cooper Energy Legacy Foundation, we supported several local organisations including Orbest Pony Club, Timboon Swimming Club, P2S Rugby Works and Foodbank. We were jolted by the impacts of the bushfires in Gippsland and acted quickly to support the local Country Fire Authority, the Chamber of Commerce, the Royal Flying Doctor Service, Wildlife Victoria and Gippsland Emergency Relief Fund to help the community respond and recover. As part of a practical and immediate response to the situation, we engaged with local trucking companies to deliver animal feed to various directly affected farmers.

We receive and welcome requests for funding to the Cooper Energy Legacy Foundation and are focused on three key themes:

- Education - especially where it is focused on minority or disadvantaged populations
- Health - mental health, in particular the health of children and young people
- Sustainability - the marine and land environment in proximity to where we operate

COVID-19 meant we made conscious decisions to reduce our face to face community interactions. Like many others this has resulted in many of our interactions moving online and via video conference to deal with travel restrictions and to maintain safe physical distancing.

MARINE ENVIRONMENT

We share the oceans with many users - other oil and gas operators, the shipping industry and recreational and commercial fishers. We have constructive and long-term relationships with all ocean users in particular the commercial fishing organisations such as the South East Trawl Fishing Industry Association (SETFIA) based in Lakes Entrance and Seafood Industry Victoria (SIV) based in Melbourne. We engage regularly to ensure we can continue to undertake our respective activities harmoniously.

CASE STUDY

Gippsland was in the grip of drought when the bushfires hit only to be followed by the COVID pandemic. The community is highly resilient but needed additional support so we funded the Royal Flying Doctors' Service to deliver an additional 129 mental health appointments to East Gippsland residents. Wait times were reduced and telehealth was ramped up allowing more people to be reached than ever before. The largest cost to the health system is missed appointments and by working with the Royal Flying Doctor's Service we supported residents to enable them to make their medical appointments and access much needed mental health support.



Royal Flying Doctor Service, delivering support in the Gippsland region

LOCAL CONTENT



Port Campbell, community local to the Athena Gas Plant

As an ASX200 Australian based company, we have a commitment to supporting local businesses in and around our offices and operations. In FY20 in South Australia and Victoria alone we procured over \$51 million in Australian goods and services with over 227 local suppliers. We have engaged local suppliers around our operations in Port Campbell and Portland, Victoria and our office in Perth.

CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

Cooper Energy has aligned its climate change related disclosures with the Taskforce on Climate related Financial Disclosures (TCFD). These are summarised in the table below:

GOVERNANCE

Disclose the organisation's governance around climate - related risks and opportunities

| | |
|---|---|
| Board oversight of climate-related risks and opportunities | Climate-related risks and opportunities are reported to the Risk and Sustainability Committee, which is a sub-committee to the Board. The Committee meets 4 times per annum |
| Management role in assessing and managing climate-related risks and opportunities | Management conducts the risk assessment and includes it in the corporate risk register. This is reviewed and updated by the accountable General Manager on at least a 6-monthly basis |

STRATEGY

Disclose the actual and potential impacts of climate - related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material

| | |
|--|---|
| Climate related risks (opportunities and threats) identified over short, medium, and long term | Physical risks: Sea level rise and increase in extreme heat days |
| Impacts of climate-related risks (opportunities and threats) on the organisation's businesses, strategy, and financial planning | Business Risk: Market impacts from the changing energy mix and potentially changing community sentiment towards gas |
| The resilience of the organisation's strategy taking into account different climate scenarios, including a 2-degrees or lower scenario | <p>In order to test the resilience of its strategy, Cooper Energy has compared its corporate assumptions for Eastern Australian gas price and demand with various climate scenarios.</p> <p>These include a below 2-degree scenario which is aligned with the IEA's Sustainable Development Scenario and the Paris Agreement (AEMO Step Change Scenario). This work indicates that the Company's business is robust under these assumptions. Eastern Australian gas demand and gas pricing are both anticipated to be higher under the more radical transition scenarios out to 2040 than they would be under slower change scenarios (AEMO Central and AEMO Slow Change scenarios)</p> |

RISK MANAGEMENT

Disclose the organisation's governance around climate - related risks and opportunities

| | |
|--|--|
| Processes for identifying and assessing climate-related risks | <p>Climate-related risks and opportunities are included in Cooper Energy's Corporate Risk Register which is reviewed by management and by the Risk and Sustainability Committee periodically as part of a standard risk management process</p> <p>The Risk Register is a comprehensive document describing causes, risks events, interim effects, and long-term consequences</p> |
| Processes for managing climate-related risks | The existing preventative and reactive risk controls are documented, along with their effectiveness to establish an initial risk rating in terms of likelihood, consequence, and severity |
| How the process for identifying, assessing and managing climate-related risk is integrated into the organisation's overall risk management | Future treatment actions are described to determine residual risk ranking. Depending on the initial and residual risk ranking, appropriate monitoring and follow-up actions are taken |

METRICS AND TARGETS

Disclose the organisation's governance around climate - related risks and opportunities

| | |
|--|---|
| Metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | Modelling of Eastern Australian gas demand under various energy transition scenarios, including a below 2-degree scenario (AEMO Step Change Scenario) aligned with the IEA's Sustainable Development Scenario and the Paris Agreement Assessment of sea level rise models |
| Scope 1, Scope 2, Scope 3 greenhouse gas (GHG) emission and the related risks | <p>Commencing during FY21: 100% annual offset 1 year in arrears of Scope 1, Scope 2 and controllable elements of Scope 3 emissions (embedded energy and business travel), with a view to achieving certified organisational carbon neutrality</p> <p>We intend to investigate with our customers what cost-effective measures might be pursued to partially offset or mitigate downstream Scope 3 emissions</p> |
| Targets used by the organisation to manage climate related risks and opportunities and performance against targets | <p>Commencing during FY21: 100% annual offset 1 year in arrears of Scope 1, Scope 2 and controllable elements of Scope 3 emissions (embedded energy and business travel), with a view to achieving certified organisational carbon neutrality</p> <p>This is achieved via partnership with Biodiverse Carbon and a commitment to the Coorong Biodiversity Project, which will see our FY20 organisational emissions fully offset in calendar 2020</p> |

EMISSIONS SUMMARY

Cooper Energy reports emissions using both an Operational Control basis of calculation, as required in NGER regulatory reporting, and on the basis of an Equity Share calculation.

Operational Control calculations only consider activities where Cooper Energy is the Operator and do not take into account either the ownership share of these projects or participation in non-operated projects.

Equity Share emissions takes account of the ownership share of both our operated and non-operated projects. Equity share calculations are the basis of our organisational carbon neutral initiatives. Equity share is considered to be a more representative assessment of the overall carbon footprint of the organisation.

Emissions offsets are carried out a year in arrears, once final figures for the previous financial year have been calculated.

COOPER ENERGY GREENHOUSE GAS EMISSIONS – EQUITY SHARE BASIS

| CATEGORY | FY20 | FY19 ¹ | FY18 ¹ | UNITS |
|---|-------------------|-------------------|-------------------|--|
| Scope 1 (direct) emissions | 8,739 | - | - | Tonne CO ₂ -e |
| Scope 2 (consumed electricity) emissions | 360 | - | - | Tonne CO ₂ -e |
| Scope 3 (controllable) emissions | 923 | - | - | Tonne CO ₂ -e |
| Total Organisational Emissions | 10,022 | - | - | Tonne CO ₂ -e |
| Emissions Offset | -10,022 | - | - | Tonne CO ₂ -e |
| Net Organisational Emissions | 0 | - | - | Tonne CO ₂ -e |
| Total Scope 3 (including customer emissions)³ | 548,071 | 534,213 | 536,346 | Tonne CO ₂ -e |
| Energy Produced | 9,766 | 8,032 | 8,762 | TJ |
| Total Emissions Intensity (Scope 1 + 2 + 3)³ | 56.1 | 68.1 | 68.6 | Tonne CO ₂ -e/TJ |
| Total Emissions Intensity (Scope 1 + 2 + 3)³ | 3.17 ² | 3.14 | 3.16 | Tonne CO ₂ -e/ Tonne hydrocarbon |

¹ Equity share emissions not calculated prior to FY20

² Updated basis of calculation for FY20 (using same basis FY19=3.5, FY18=3.2)

³ Net of offsets

COOPER ENERGY GREENHOUSE GAS EMISSIONS – OPERATIONAL CONTROL BASIS

| CATEGORY | FY20 | FY19 | FY18 | UNITS |
|--|--------|--------|--------|--------------------------|
| Scope 1 (direct) emissions | 7,254 | 12,918 | 16,244 | Tonne CO ₂ -e |
| Scope 2 (consumed electricity) emissions | 452 | 85 | 90 | Tonne CO ₂ -e |
| Energy Produced | 14,710 | 11,721 | 11,978 | TJ |

* Minor adjustments have been made to previously reported Operational Control figures from FY19 and FY18 to take account of refinements in emissions estimating methodology. This has resulted in an approximately 1.5% increase in the reported Scope 1 emissions for FY19 and FY18 and a 15 tonne CO₂-e increase in Scope 2 emissions in FY19.

OPERATIONAL EMISSIONS – SCOPE 1

Cooper Energy's operations consist primarily of offshore subsea gas developments, supplying gas into the domestic south-east Australian market. The operations are highly efficient with low direct emissions.

The biggest contributor to our Scope 1 emissions is generally diesel use from vessels or drilling rigs and hence our Scope 1 emissions can vary significantly year-to-year depending on activity levels.

Ongoing initiatives to reduce greenhouse gas emissions include:

- Eliminate well testing and flaring where possible. The Annie-1 gas discovery (in September 2019) offshore Otway was evaluated without conducting a flow test, which eliminated the need to flare, thereby avoiding approximately 2,000 tonnes of CO₂-equivalent emissions. The necessary evaluation was carried out using downhole logging-while-drilling measurement tools and with wireline-conveyed downhole formation pressure measurement and gas sampling tools. This approach delivered multiple benefits in enhanced safety and reduced costs as well as reducing greenhouse gas emissions.
- Minimise the number of long-distance rig mobilisations. A major component of operational emissions is fuel use by contracted offshore drilling rigs and support vessels. The Company can reduce emissions and save cost by collaborating with other operators, combining shore base facilities, and reducing the number of long-distance drilling rig mobilisations within the operating region, with extra direct benefits in terms of cost reduction.

PURCHASED ELECTRICITY EMISSIONS - SCOPE 2

Scope 2 emissions have increased from FY19 levels due to Cooper Energy's acquisition of the Athena Gas Processing Plant, in December 2019, which uses grid electricity. We expect a further increase in Scope 2 emissions in FY21, reflective of a full year of ownership of that asset and are investigating technology options to subsequently reduce this in the future.



Far Saracen support vessel used on the Annie-1 drilling campaign

INDIRECT AND CUSTOMER EMISSIONS – SCOPE 3

The Company has undertaken a detailed analysis to estimate Scope 3 emissions. The estimate is calculated on an equity share basis to reflect a holistic view of the emissions that our sold gas and oil contribute to.

To estimate Scope 3 emissions, Cooper Energy makes the conservative assumption that all the Company's produced gas and oil is combusted rather than being used in chemical processes.

Over 98% of scope 3 emissions are customer related, with 95% of that occurring when our customers burn gas for electrical power generation, heating and cooking, or when oil is used in vehicles after it has been refined into petrol or diesel.

The remaining 5% of customer related Scope 3 emissions are from downstream fugitive emissions, mainly in the last kilometre of gas distribution pipeline networks in Australian cities.

The balance of scope 3 emissions, which are described as 'Controllable' rather than 'Customer' related, are embedded in the steel used in plant, subsea pipelines and wells, and in smaller items such as business air travel and employee commuting.

The Company's Scope 3 emissions intensity is low in the context of the hydrocarbon industry because of the large bias towards gas in the Company's portfolio. Gas is the cleanest burning of the fossil fuels, with gas-fired power plants capable of delivering electrical power with approximately half the emissions intensity of coal¹.

From not only an emissions perspective, but for other business reasons Cooper Energy's view is that the best place to source gas for south-east Australia is from south-east Australia.

One aspect of this is pipeline transmission losses. Methane (CH₄), the primary constituent of natural gas, has a global warming potential of nine times CO₂ on a molecule for molecule basis which



Ocean Monarch at the Annie-1 exploration drilling location

translates to a 25 times multiplier on a tonne for tonne basis, using the factors published by the Australian government for FY20. As a result of this multiplier, small methane fugitive emissions have a disproportionate effect on Scope 3 emissions, an effect which grows rapidly more significant with distance. For example, when Cooper Energy's customers are distributing gas within Victoria, a notional 1% loss in methane through the system appears as a 9% contribution to Scope 3 emissions in CO₂ equivalent terms.

While combustion of gas and oil products by downstream customers dominates the Scope 3 emissions, a small way Cooper Energy can and is directly reducing the controllable Scope 3 emissions is by reducing the emissions associated with business travel. After reductions, the resulting controllable Scope 3 emissions form part of our Equity Share reporting boundary and are offset along with our Direct Scope 1 and Scope 2 emissions.

¹ IPCC (2011), Summary for Policymakers. In: IPCC Special Report on Renewable Energy Sources and Climate Change Mitigation

ORGANISATIONAL CARBON NEUTRALITY

As part of our initiative working with Biodiverse Carbon, Cooper Energy is preparing the required documentation to apply for Australian Federal Government certification as a carbon neutral organisation. This is done through Climate Active, who are part of the Federal Department of Industry, Science Energy and Resources tasked with managing the National Carbon Offset Standard and Carbon Neutral Program.

The process includes independent verification and development of a Public Disclosure Statement to provide further detail and transparency around our initiatives to reduce emissions where practical and to offset the remaining balance.

ADAPTING TO THE IMPACTS OF CLIMATE CHANGE

SCENARIOS, RISKS & OPPORTUNITIES

In order to assess its resilience to climate change risks Cooper Energy has carried out an exercise to understand the forecast impacts of climate change on the eastern Australian gas market out to 2040 under different scenarios.

For global organisations, the IEA scenarios are generally taken as the most applicable. The IEA Sustainable Development Scenario is aligned with the Paris Agreement objective of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels.

For an Australian based organisation like Cooper Energy, an additional level of granularity, going beyond the IEA work, is available using the scenarios published by the Australian Energy Market Operator (AEMO) which are specific to the south-eastern Australian domestic gas market. The domestic gas market has three major components; residential, industrial and gas powered electricity generation (GPG). GPG is significantly smaller than the other two components.

The most radical energy transition scenario considered is the AEMO Step Change scenario, which is broadly analogous to the IEA Sustainable Development Scenario. Cooper Energy has also considered the Central scenario (broadly analogous to the IEA Stated Policies Scenario) and the Slow Change scenario (broadly analogous to the IEA Current Policies Scenario).

In all three AEMO scenarios considered, a growing shortfall between gas supply and demand is forecast to emerge from 2024-2025, with a need to discover and develop some 200PJ per annum* from the middle of this decade until at least 2037 to meet anticipated demand, in particular in Victoria. This is equivalent to a requirement for eight new Sole Gas projects each year. This situation continues out to 2040, augmented by a need beyond 2037-38 to discover and develop major gas volumes in Queensland if the LNG projects situated there are to remain supplied.

AEMO forecasts of both gas demand and gas price are lowest in the Slow Change scenario, where life extension of coal fired generators has a significant impact. Gas demand and prices are highest in the Step Change scenario as gas takes on a larger role in backing up renewable electricity supplies. Gas projects at the lower end of the cost curve are those that can be expected to thrive in any environment; higher cost gas projects will be challenged in particular in the Slow Change scenario.

Cooper Energy's work suggests that our business is resilient to these effects to at least 2040 under all the AEMO scenarios considered and the company is well positioned to benefit from the scenarios that assume a faster move away from coal fired power generation.

Beyond market impacts, the effect of more extreme heat days and sea level rise have been assessed as the other most significant direct climate change impacts. Cooper Energy's operations are robust in the face of these threats.

With its immediate carbon neutral initiative covering its direct and controllable indirect emissions, together with a growing supply of natural gas as the cleanest burning fossil fuel into a tightening market, Cooper Energy is both resilient and making its contribution to a transition to a cleaner future.

*AEMO modelling forecasts approximately 120 - 285 PJ of additional gas will be needed each year between 2024-25 and 2036-37 to meet residential, commercial and industrial gas demand, gas for LNG export and gas supply for GPG

DIRECT CONTRIBUTION TO THE ECONOMY

COOPER ENERGY PRODUCT MIX

Cooper Energy's production is approximately 87% natural gas and condensate, all of which is used in domestic supply to south-eastern Australia.

The remaining 13% is oil production from non-operated joint ventures in central Australia which is sold to refineries in Victoria and Western Queensland. Ultimately most of the produced oil is converted to either diesel or petrol and distributed via local service stations.

THE ROLE OF NATURAL GAS

Australia's oil and gas industry is a significant contributor to the Australian economy. It supports about 80,000 jobs directly and indirectly. Many of the jobs help to sustain regional and remote communities and manufacturing, construction, technology, transportation, accounting, legal and other services. The industry contributes \$77 billion in tax receipts to help contribute to Government services across all sectors including health, education, policing, border control and biosecurity.

Globally, and before considerations of COVID-19, under all scenarios, demand for natural gas through to 2030 is expected to increase due to overall increases in demand for energy.

Locally, domestic gas consumption on Australia's east coast is considered to remain steady through to 2025 across the residential and commercial sectors with supply meeting existing demand in the short-term (through to 2023) subject to gas allocated to export spot cargoes of LNG being

redirected to meet domestic demand if required. The Australian Energy Market Operator predicts additional southern supply of gas needs to be developed to meet shortages given several producing fields in the Gippsland and Otway Basins are in decline and some will cease production by mid-2024.

Australia's oil and gas industry association, APPEA commissioned a report by Wood Mackenzie which stated that despite Australia having estimated gas reserves of 156 trillion cubic feet (1.7% of global gas reserves), the successful future for Australian gas will consist of developing the currently uneconomic or stranded discovered gas resources. This is particularly true in Australia's southern states where increased gas is required to meet domestic demand.

Globally gas is considered to play a major role in climate action given, on a lifecycle basis it results in between 33% and 50% less carbon emissions on average than coal. Gas-fired power generation supports the intermittency of renewable energy and has other benefits compared to other fuel sources. These include reduced emissions of fine particulates, reduced emissions of sulphur dioxide (which contributes to acid rain and smog) and nitrogen oxides, and much lower demand for water for power station cooling.

References

Wood Mackenzie - Australia Oil and Gas Industry Outlook, March 2020
International Energy Agency, World Energy Outlook 2019
AEMO - Gas Statement of Opportunities, March 2020
APPEA - Lower Emissions for the Future.



JOBS, ROYALTIES & TAXES

Cooper Energy employed 107 full-time equivalent personnel at 30 June 2020 comprising a mix of staff and contractors.

Work at Orbost and in particular the Athena Gas Plant near Port Campbell have contributed to both the increase in staff and contractor roles during the previous 12 months.

Cooper Energy contributed \$1.2 million in royalties, \$1.0 million to four States in Payroll Tax and \$115,400 in Fringe Benefits Taxes in FY20 as detailed in the relevant statutory accounts.



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This Sustainability Report ("**Report**") is issued by Cooper Energy Limited ABN 93 096 170 295 ("**Cooper Energy**") (ASX: COE).

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