



Australia Pacific LNG Community Investment Strategy LNG Facility

Community Investment Strategy

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Community Investment Strategy

1 Introduction

1.1 Background and Purpose

This Community Investment Strategy has been prepared for the Australia Pacific LNG Project (the 'Project'). The strategy builds on the Community Investment Action Plan within the LNG Facility (downstream) Social Impact Management Plans (SIMP).

The purpose of this Community Investment Strategy is to outline:

- The objectives for community investment
- Investment vehicles and themes
- Decision making process for community investment opportunities

1.2 Scope

This Strategy will be operational during Phase One of the Project, covering the years 2011 to 2015 and will be revised after this time.

The following activities fall outside of the scope of this strategy:

- Spending driven by an operational need that results in a community impact
- Contributions to meet employee housing conditions
- Contribution to meet road impact conditions
- Allocation of affordable housing contributions – these will be managed under a separate strategy
- Sponsorships, where the primary objective is business development or brand recognition
- Native title activities
- Workforce strategy requirements – although community investment activities will include employment and training programs.

2 Community Investment Overview

2.1 Australia Pacific LNG Approach to Community Investment

The Community Investment Strategy is guided generally by the Australia Pacific LNG Sustainability Principles.¹ The Strategy also aligns with the corporate strategic approach and guidelines of ConocoPhillips in relation to Community Investment and with the Project's social commitments as outlined in the EIS. The resulting framework outlines a need for a long-term strategic approach to community investment that is aligned with community needs in order to deliver sustainable outcomes in the communities in which Australia Pacific LNG operates.

Following this strategic approach, Australia Pacific LNG community investment will always seek to build community sustainability and avoid creating dependencies. It will not replace the work of governments. Rather, our community investment approaches will seek to create partnerships between communities, local and state governments and Australia Pacific LNG through proactive engagement and the participation of key stakeholders in community investment decisions. Community investment is further

¹ Australia Pacific LNG Environmental Impact Statement, Volume 1, Section 3 Sustainability.

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identified as a key mechanism for mitigating negative social impacts associated with the Project and in supporting opportunities for community capacity building.

2.2 Objectives

The high level objectives of the Community Investment Strategy are to:

- Mitigate social impacts associated with the Australia Pacific LNG Project, and;
- Leave a positive legacy for the communities in the gas fields, pipeline and LNG facility areas which lasts beyond the life of the project

In support of these high level objectives, a set of operational objectives has been identified in the Australia Pacific LNG Project's SIMPs (upstream and downstream):

- Support community capacity building through local skills development and contribution to local education opportunities
- Support programs that protect and enhance the productivity of our natural resources, including land, water and biodiversity
- Support the continued development of safer and healthier communities (including efforts by ambulance, healthcare, police and emergency services and public welfare activities)
- Support and deliver programs that assist to manage population influx in a responsible and sustainable manner
- Support the capacity development of key social infrastructure services and facilities, in accordance with priorities identified by relevant stakeholders
- Provide avenues to partner with government, industry and community that deliver long-term lasting benefits to the Project areas

2.3 Delivery mechanisms

Community investment will be delivered through the following mechanisms:

- **Social infrastructure investment**
Social infrastructure investment focuses on investment in local facilities and services, primarily informed by social impact assessment outcomes, identified community needs and resources analysis and regional Social Infrastructure Strategic Plans or community plans.
- **The Australia Pacific LNG Community Partnership Program**
Partnership funding focuses on sustainable community development through longer-term, large scale partnerships which facilitate capacity development for non-government organisations (NGOs), Government bodies and community groups.
- **The Australia Pacific LNG Sponsorships and Donations Program**
Sponsorships and donations provide assistance to support grass-roots projects of smaller community organisations and community events. A sponsorship involves a commercial, tangible return for APLNG (e.g. publicity), whereas a donation does not.
- **Employee Giving and Volunteering**
Support for Employee volunteering and giving facilitates employee participation in and donations towards community activities and volunteering events

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2.4 Priority areas for Community Investment

Through a process of impact assessment and community needs analysis, Australia Pacific LNG has identified four priority areas for community investment. These are summarised in **Error! Reference source not found.** below.

Figure 1 Priority Areas (Themes) for Community Investment



In addition to these, sponsorships and donations and employee giving and volunteering will also include the priority area of:

- **Community events and activities** that promote and enhance community connectedness.

All Australia Pacific LNG community investment will be aligned to one or more of these priority areas. There is the potential that, as the Project matures and community priorities and needs change, there will be a requirement to update the priorities for community investment accordingly.

Further detail on the priority areas is provided in Section **Error! Reference source not found.**

3 Assessment Framework

In order to manage expectations and achieve optimal outcomes for the community with regards to community investment, it is vital that Australia Pacific LNG adopts a consistent approach to the delivery of community investment commitments. This section provides further detail on the proposed approach to community investment. It begins with an

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overview of the approach to ensuring community input and then provides further detail on each of the four priority investment areas identified in Section 2.4.

3.1 Community input to decision making

Community input into decision making to ensure ownership and success of the community investment programs is essential to support Australia Pacific LNG's commitment to sustainable development. While the risk of over-consultation remains, mechanisms to ensure alignment with community needs will need to be assessed and developed as part of the implementation of the Community Investment Strategy.

Social infrastructure investment and partnership investment decisions shall be preceded by consultation with the Gladstone Region LNG Community Consultative Committee (RCCC), or key stakeholders should the investment timeframes not allow for RCCC consultation. The RCCC will further be consulted on future directions of the community investment strategy as part of the progress reporting and annual reporting procedures, to align with local needs and priorities.

The Gladstone Region LNG RCCC meets on a quarterly basis. Meetings are managed by an independent chairperson and consists of representatives from the Gladstone Regional Council, the Queensland State government, regional business groups, peak industry bodies, regional service groups and welfare providers, indigenous representatives and the general community.

3.2 Social Infrastructure Investment

In more established resource communities such as Gladstone, local government and community groups have come together to assess the community's needs and wants with regards to social infrastructure. In Gladstone, this has been done through the development of a Social Infrastructure Strategic Plan (SISP). The outcome of this planning document and other regional plans would be used to inform areas of investment focus.

Investment in social infrastructure will be made in partnership with Government bodies and ideally through a proactive approach to investment that will be identified with Australia Pacific LNG through alignment with company objectives.

GISERA – Gas Industry Social and Economic Research Alliance

Australia Pacific LNG has provided \$10M to a five year research partnership with CSIRO focussing on social and environmental impacts of the CSG industry. \$2.5M of this will fund a social research program.

3.3 Partnerships Program

The majority of the Australia Pacific LNG Project's ongoing commitment to the community is anticipated to occur through the Partnerships Program, which will be aligned to community needs. A focus on sustainable community development through longer-term large scale partnerships allows capacity development for large non-government organisations (NGOs), government bodies and amongst industry partners.

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The partnerships program is designed to support the mid to long-term community development needs of the Gladstone region and is being developed in collaboration with local industry, government and / or community for initiatives requiring an investment greater than \$25,000 across multiple years.

The program is managed by Australia Pacific LNG. Final partnership investment decisions will consider outcomes of relevant stakeholder consultations and project conditions.

Proposals under the Partnerships Program must clearly state how the submission meets one or more of Australia Pacific LNG's community investment objectives (refer to Section 2.2) and outline the benefits and outcomes for the community and Australia Pacific LNG. These benefits and outcomes should include at least one of the following:

- Result in direct and lasting benefits to the wider community
- Generate benefits that do not presently exist
- Foster the development of skills within the community
- Effectively leverage Australia Pacific LNG's support to fully realise sustainable outcomes

Funding agreements will generally be legally binding and longer than one year with a clear understanding of deliverables, limitations and exit strategies. The exit strategy allows Australia Pacific LNG to understand the potential for sustainability of a project and answers the question "How will this project survive after the initial funding from Australia Pacific LNG?" Managing dependency on Australia Pacific LNG will be pivotal in measuring success of each program.

The Community Relations team will be responsible for working with potential partners to develop submissions / applications which will address key areas including:

- Organisation overview
- Benefits to both parties
- Objectives
- Deliverables / roles of both parties
- Key Milestones
- Implementation Plan and timeline
- Reporting requirements
- Exit strategy
- Budget breakdown

Applications will be assessed against the Partnerships Program Guidelines and reviewed on an annual basis.

3.4 Sponsorships and Donations

A sponsorships and donations program assists in providing assistance to support grass-roots projects of smaller community organisations, sporting associations and community events, which primarily aid in building Project awareness and visibility in the community.

Sponsorships and donations are required to be responsive to potential short-term timeframes and to encourage employee participation in events. Sponsorships and donations are provided to generate goodwill in the community towards the Project.

Decision making is the responsibility of a committee headed by Australia Pacific LNG representatives. This committee will meet on a quarterly basis to assess applications and make recommendations based on the sponsorships and donations guidelines. The Community Relations team is responsible for managing the application process, including working directly with community organisations to complete applications.

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3.5 Employee Volunteering

A strong focus for Australia Pacific LNG is encouraging employees to participate in community activities and volunteering events that aid the development of “community spirit” in the communities in which the company operates.

Employee volunteering will align with corporate objectives and focus on events such as *Movember*, *Shave for a Cure*, *Clean Up Australia Day* and *Relay for Life*. During construction the majority of events will be focused on engaging Australia Pacific LNG’s construction workforce and will transition to a focus on the permanent workforce as the construction nears completion and operations commence.

Allowing employees to be involved in national and local charity events and activities maximises the opportunity to leverage in kind support and reputational benefit through community involvement.

4 Investment Criteria

This section provides an overview of the general criteria for the types of projects, activities, organisations and causes that Australia Pacific LNG will support through its Community Investment Strategy. It also provides a summary of the assessment criteria that will be applied to community investment decisions in the three delivery mechanisms that focus on external stakeholders; that is, social infrastructure investment, community partnerships and sponsorships and donations.

4.1 Inclusions and exclusions

A set of criteria identifying what may and what may not be supported through Australia Pacific LNG community investment has been developed to provide clarity to stakeholders.

Australia Pacific LNG will consider supporting:

- Projects and organisations that provide benefits to the communities in which we operate. This includes the local government area of Gladstone Regional Council
- Projects and organisations which fall within one of the Australia Pacific LNG priority areas
- Projects and organisations which are consistent with Australia Pacific LNG values
- One-off social/community events or fundraisers

Australia Pacific LNG will usually not support:

- Individuals
- Political organisations or campaigns
- Minor sporting teams
- Religious organisations for religious activities
- An organisations’ ongoing operational costs
- Private companies or commercial entities
- Activities which encourage the irresponsible use of alcohol
- One-off donations to the same organisation more than once per year
- Activities which are usually exclusively funded by government
- Activities which provide a direct financial benefit to Australia Pacific LNG employees or contractors

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4.2 Social Infrastructure Investments and Partnerships

Australia Pacific LNG will commit to social infrastructure investment and partnership spending through direct engagement with state government departments, regional councils and larger NGOs. Consultation with the Australia Pacific LNG RCCC is a key step before committing to social infrastructure or partnership investments. It is important to note that Australia Pacific LNG's social infrastructure and partnership investment does not operate as a grants program. Australia Pacific LNG will however consider requests for partnerships from community organisations as they align with the evaluation criteria below.

Where joint social infrastructure mechanisms, such as the Gladstone Foundation or other pooled funding vehicle exists, Australia Pacific LNG will consider utilising these for social infrastructure provision.

Australia Pacific LNG evaluates social infrastructure and partnership opportunities according to the following criteria:

- Impact mitigation potential
- Community reach
- NGO/community support, including from relevant community committees
- Government endorsement
- Longevity of benefit or Social Return on Investment (SROI)

4.3 Sponsorships and Donations

Australia Pacific LNG's sponsorships and Donations program is a small grants program aimed at supporting local community projects and events. Applications for projects meeting the inclusion/exclusion criteria and priority area criteria identified above will be considered. The primary evaluation criterion for sponsorships and donations is the value generated in the community, however value generated to Australia Pacific LNG will also be considered. Australia Pacific LNG will consider supporting projects with up to \$25,000 under the sponsorships and donations program.

Process

Applications for sponsorships and donations can be submitted to Australia Pacific LNG or its operating companies, and will be assessed according to the following process illustrated in **Error! Reference source not found..**

Figure 2 Assessment process for sponsorships and donations



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5 Reporting and Review

5.1 Reporting

A community investment progress report will be completed every six months, included in the SIMP progress report, and submitted to the Gladstone Region LNG RCCC for review. The purpose of the progress report is to provide the RCCC with an opportunity to comment on the direction and implementation of the community investment strategy. The progress report will outline:

- Total community investment spend during the previous six months
- Community investment spend per theme and investment vehicle
- Updates, review or evaluations of major social infrastructure and partnership investments

A community investment annual report will be completed and submitted to the RCCC and the Coordinator General as part of the annual SIMP report. The annual report will outline:

- Cumulative community investment spend since Project inception
- Total community investment spend during the previous year
- Community investment spend per theme, investment vehicle and local government area during the previous year
- Evaluation of individual infrastructure investments and partnerships, as necessary
- Progress on reaching the Australia Pacific LNG community investment objectives

5.2 Review

This strategy will be reviewed as part of the ongoing management system reviews or when significant business changes. In addition, as a key component of the SIMP, the strategy will be subject to external audits as conditioned by the Coordinator-General. The timing for these audits is:

- at the completion of the construction stage of the Project
- periodically every 5 years after the commencement of the operational stage, and
- at Project closure during the decommissioning phase of the Project.

Following the external audit a report summarising the findings will be compiled and submitted to the Coordinator-General

