Health and Safety
We, like all oil and gas companies, operate in difficult and often inherently risky environments. It is no coincidence that safety and the environment come first on our list of corporate values.

Our commitment is to attain the highest HSE standards, and in 2013 we set up an HSE Steering Committee, to monitor our principal objectives, which are:

- to ensure the compliance of all parts of our business with our corporate HSE policies, procedures and standards;
- to ensure that the Group’s HSE practices are in line with industry best practice and the policies of the Association of Oil & Gas Producers (OGP);
- to ensure compliance with our ISO 14001 certification requirements and the implementation of third-party audit recommendations.

During 2013, we implemented most of the recommendations by the consultant RISKTEC, and OGP initiatives, on blow-out prevention and well control, safety audits, annual HSE training and corporate emergency response exercises.

In 2013, we hired two HSE Managers for Dragon Oil (Turkmenistan) based on-site in Hazar, to strengthen the HSE function and have direct HSE supervision of operations. Earlier we established an HSE Management System (HSEMS), which meets the requirements of ISO 14001 and OHSAS 18001, and we continuously update the HSEMS to ensure our policies and procedures are adequate for our operations.

In 2013, we also introduced additional procedures and processes to our oil spill contingency plan, the permit-to-work system and HSE standards for contractors. These were highlighted as necessary actions from the annual Corporate Emergency Exercise (CEE) in 2012.

The latest CEE took place in December 2013 and focused on our emergency response systems in respect of a major blow-out incident. Lessons learnt through the exercise will be implemented during 2014.

Health policies
For our local employees in Turkmenistan, the Group makes a voluntary premium contribution into the state health scheme equivalent to 2% of salary. This covers basic healthcare and gives discounts on further treatments and medication. We provide on-campus medical facilities with a doctor and two nurses on duty to attend to routine and emergency medical cases. This covers our employees, as well as citizens of Hazar, and supplements medical care provided by the state.

In addition, we provide comprehensive medical insurance cover for our employees and members of their families based in Dubai, and for expat employees who travel to work in Hazar.

Some roles require people from outside of Hazar – predominantly from the Turkmenistan capital Ashgabat and foreign workers.

Their travel options include Turkmenistan airlines or by car. Most choose the latter, despite Hazar’s 550km distance from the capital. While none of our employees has been involved in a major accident, we began a pilot project in 2013 to provide a regular bus service. Our drivers regularly undergo training in safe driving and their performance is monitored.

HSE success
Despite the fact that 2013 saw a considerable gearing up in operational and project/construction activity, we are pleased to report that we worked without fatalities, major catastrophic incidents or major environmental incidents.

We also maintained our steady progress in the reduction of lost time injuries.

<table>
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<th>2009</th>
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Environment
Our operations in Turkmenistan are certified to ISO 14001, and we also comply with local Turkmenistan legislation.
In January 2013, we constructed a new onshore drilling waste disposal facility, which is now operational. This enables us to maintain strict control over the quality and disposal of our waste mud.
We also drilled a number of onshore monitoring wells at the waste disposal site, in order to maintain strict control over land discharges and ensure no ground or water contamination as a result of the disposal operations.

Community
We believe in giving back to the community and undertake projects that contribute to the well-being, educational, sports and cultural life of our host communities.
The overwhelming majority of our workforce in Hazar are local citizens. So the opening, in March 2013, of the polyclinic that we had funded, was a significant event – for us and for the local community. Our contribution was recognised on national TV, and received considerable media attention.
We have spent US$5mn on this state-of-the-art medical facility, which will supplement government-provided health services for the citizens of Hazar, our employees and their families. It provides routine medical treatments, health awareness, disease prevention and health risk management services, and we will continue to provide services required to maintain the clinic and equipment.

Corporate values
In 2012, we defined the Corporate Values that lie at the heart of our organisation. Then, in 2013, we reviewed these values in consultation with senior management and superintendents from all disciplines in Turkmenistan, and in conjunction with external change-management consultants.
Integrity and transparency, as well as high standards of governance, are part of our corporate culture. We adhere to our internal Code of Conduct and ask our contractors to do likewise. Through internal audits and the involvement of third-party consultants the Group regularly reviews its policies and procedures to ensure their adequacy and robustness.
Accountability for key areas of our business and sustainability is divided amongst the senior members of the Company’s management, who in turn report to the CEO, who holds overall responsibility.