

# The Fundamentals

Oil Search considers social responsibility to be important to the Company's long-term sustainability and value creation for shareholders. At Oil Search, embedding social responsibility means having the fundamentals in place to ensure consistent application of our values and principles in the decisions we take, to clearly understand the social and political risks and challenges where we operate, and to ensure we can maximise the benefits from responding proactively to stakeholder interests.

---

## Principles and values

Oil Search's commitment to social responsibility stems from a culture that strives for the highest ethical, social and moral values and a desire to be recognised as delivering excellence in socially responsible oil and gas exploration and production. Oil Search's management system, Our Way, defines our vision, values and culture and the behaviours expected of employees and contractors.

Oil Search's commitment to social responsibility complements our Company values, integrating social responsibility deeply into Company culture. This commitment is underpinned by the principles of the UN Global Compact and the Voluntary Principles for Security & Human Rights.

### VISION

**“To generate top quartile returns for shareholders through excellence in socially responsible oil and gas exploration and production” – Oil Search Corporate Vision**

### VALUES

#### **Caring**

We care about all aspects of what we do, how our work impacts on people, communities and the environment, and we look after each other.

#### **Integrity**

We behave ethically, stay true to our word and deliver what we commit.

#### **Passion**

We approach every aspect of our business with enthusiasm, commitment and a 'can do' attitude.

#### **Responsible**

We take accountability for our performance and put the safety and wellbeing of people first.

#### **Respect**

We respect the communities, partners, suppliers and governments that we work with and build mutually beneficial relationships based on openness and trust.

#### **Excellence**

We are committed to achieving high standards of performance and encourage new ideas and collaboration. We take pride in our achievements.

## BEHAVIOURS

### **Accountable**

Taking ownership and holding self and others to account for delivery of actions and outcomes.

### **Culturally aware**

Is approachable, aware and sensitive to cultural differences, adapts to people and environments.

### **Forward thinking**

Analyses and integrates information to determine the best of action, prioritises and plans.

### **Leading others**

Inspires and develops people to perform effectively and reach their potential.

### **Working together**

Works collaboratively: builds relationships with others to achieve goals.

### **Resourceful**

Identifies and acts on opportunities to improve the business and deliver results.

## SOCIAL RESPONSIBILITY PRINCIPLES

**Operating with integrity** at all times as well as adopting and advocating for principles, practices and standards that respect diversity, local culture, human rights, labour rights, women's protection and empowerment, and the environment, and which contribute towards combating corruption.

**Generating shared value** by ensuring positive, sustainable outcomes for host communities while ensuring secure and continued operations and being mindful of our responsibility to shareholders and other stakeholders.

**Maintaining and enhancing our social licence** to operate through high levels of stakeholder engagement, establishing and maintaining strong and mutually beneficial community relationships, leaving a long-term positive social development legacy and monitoring the impact of our activities on host communities.

**Continuous performance improvement** by continuing to grow and leverage our social responsibility capability, seeking ways to enhance our approach and improving measurement and reporting of performance.

**Seeking ways to manage resources responsibly** by minimising our environmental impact and operating in an environmentally sustainable way by adoption of the precautionary principle and giving consideration to effective and efficient use and re-use of resources.

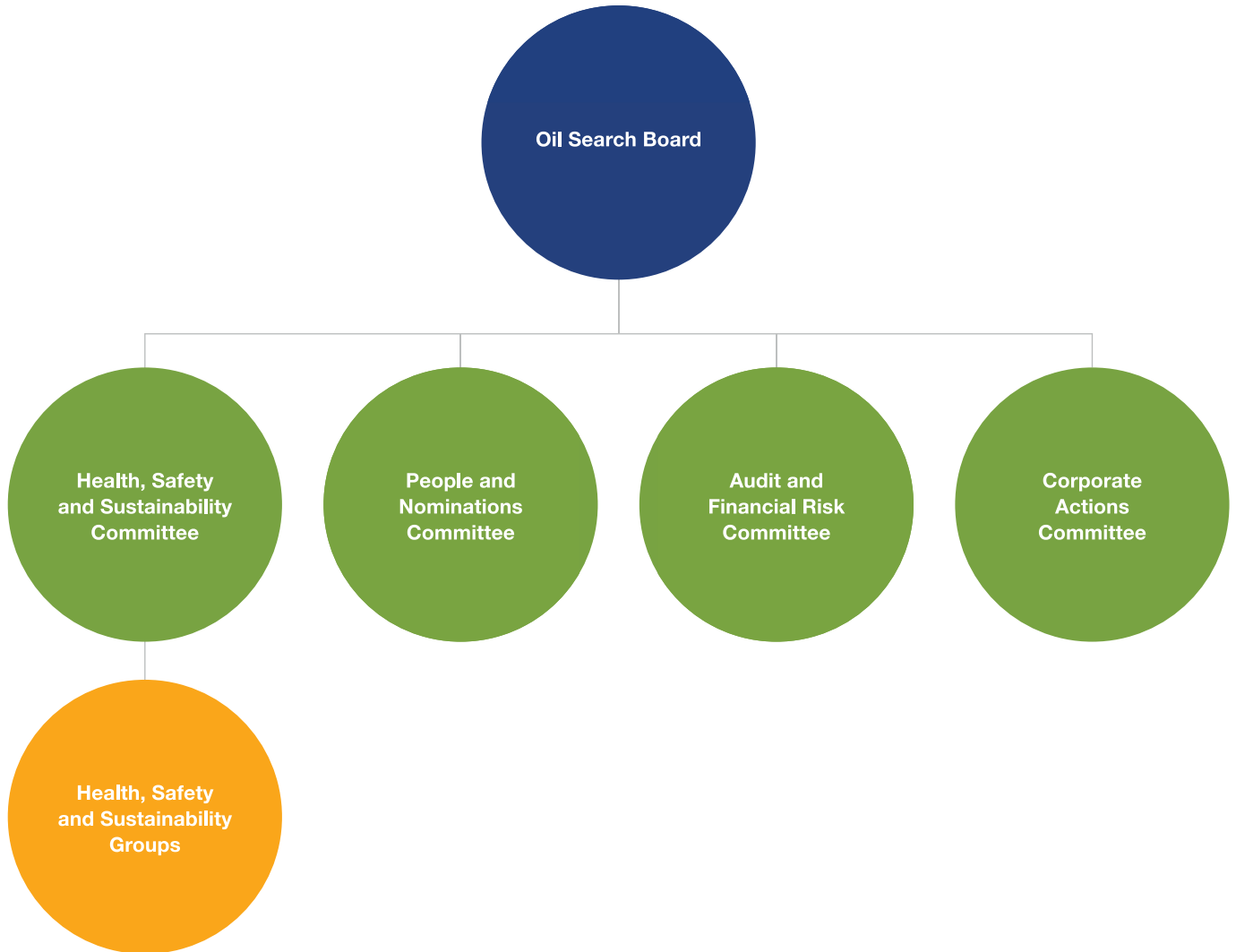
---

## Good governance

The Oil Search Board and Board Committees are focused on strong corporate governance and effective risk management. These oversee the delivery of our strategic objectives and also ensure the Company is focused on safeguarding the communities and the environments we work within, ultimately protecting the Company, people and reputation.

The interactive diagram briefly describes the elements of Oil Search’s governance structure that are most relevant to social responsibility. For further information on governance at Oil Search, see Corporate Governance.

### Oil Search’s Governance Structure



### OIL SEARCH BOARD

#### Members



2 executive directors



7 non-executive directors



**Chair:** Rick Lee

#### Responsibilities

- Provides strategic guidance on all matters of importance to the Company.
- Monitors Company management and safeguards the rights and interests of shareholders and other stakeholders.

## HEALTH, SAFETY AND SUSTAINABILITY COMMITTEE

### Members



1 executive director



4 non-executive directors



**Chair:** KW Spence

**Executive Sponsor:**

Executive General Manager, Technical Services

**Regular Attendees from Senior Management Team:**

General Manager Safety and Risk; General Manager Stakeholder Engagement and Social Responsibility; General Manager Health and Shared Services

**Foundation Representative:**

Executive Director of the Oil Search Foundation

### Responsibilities

- Oversees the Company's strategies, processes and performance relating to health, safety, security and social responsibility, including climate change.
- Ensures the Company's social responsibility performance and direction aligns with the Oil Search Board's policies and expectations.
- Reviews potential risks in the Company's operations in relation to health, safety, process safety, environment, community and other matters related to social responsibility.
- Endorses the Company's annual social responsibility reporting.
- Reviews compliance with laws and regulations applicable to operations in relation to HSS as well as international sustainability frameworks and initiatives.

## AUDIT AND FINANCIAL RISK COMMITTEE

### Members



4 non-executive directors



**Chair:** Dr ZE Switkowski

**Executive Sponsor:**

Executive General Manager, Human Resources

**Regular Attendees from Senior Management Team:**

General Manager Human Resources; Rewards and Systems Manager; General Manager Planning and Business Projects

### Responsibilities

- Provides advice and recommendations to the Board regarding the remuneration of Directors, executive and other employees.
- Provides advice and recommendations to the Board regarding the skills needed and available to the Board to discharge its duties and add value.
- Reviews and oversees the implementation of the Code of Conduct.
- Oversees the establishment and monitoring of strategies to promote diversity, sets objectives on diversity and reviews achievements against these objectives.

## CORPORATE ACTIONS COMMITTEE

### Members



1 executive director



4 non-executive directors



**Chair:** RJ Lee

### Responsibilities

Assists the Board to fulfil corporate governance responsibilities in relation to potential mergers, major acquisitions and divestments, capital raisings and other corporate initiatives as delegated by the Board.

## HEALTH, SAFETY AND SUSTAINABILITY (HSS) GROUPS

### Members



All employees are members of an HSS Group and attendance is recorded.

### Responsibilities

- Monthly HSS Group meetings are the primary mechanism through which employees engage on HSS performance and initiatives. There is a cascading structure that includes all employees.
- HSS Group 1 is a senior management committee responsible for reporting and evaluating material health, safety, environment, security and social responsibility issues and updates to the Board HSS Committee.

---

## Policies and procedures

To ensure Oil Search delivers consistently strong performance over the long term, it is critical that the behaviour of all employees and contractors meets an agreed set of shared values and standards. Oil Search's management system, Our Way defines the policy and procedure setting and Company-wide ways of working.

The Oil Search Code of Conduct is based on the values and behaviours contained in Our Way and represents Oil Search's commitment to uphold ethical business practices and meet applicable legal and regulatory requirements. For further information on the Code of Conduct, and how it is applied, see the Code of Conduct section.

Oil Search has seven policies:

- **Social Responsibility**
- **Health, Safety, Environment and Security**
- **Corruption Prevention**
- **Diversity and Inclusion**
- **Share Trading**
- **Public Disclosure**
- **Drug and Alcohol**

These policies are the core of our internal governance structure. They are direction from the Oil Search Board to the senior management team on key areas of importance to the Company and therefore define how we operate. Every new Oil Search employee and contractor must complete online training on Oil Search's, Corruption Prevention, HSES, and Share Trading policies as well as the Code of Conduct when they commence work.

The principles contained in these policies are translated into minimum performance requirements, the detail of which is outlined in standards and procedures. Adherence with standards and procedures is compulsory for all employees and contractors, with ultimate accountability for compliance resting with business unit management. The standards and

procedures are often supported by guidelines, which provide detailed advice on how to meet the relevant requirements.

Frameworks support the implementation of the requirements of these documents for complex, critical activities such as process safety, integrated planning, and knowledge management. These link together various elements, such as standards, systems, and teams and define a clear and consistent way of working.

A number of Oil Search's policies, standards and procedures are currently being amended or new ones drafted as the Company progressively updates Our Way. This process is being utilised to more effectively integrate consideration of social responsibility aspects, particularly human rights, across many of the Company's processes. Before finalisation of all new and updated procedures, performance requirements and frameworks are challenged by a group of senior representatives from across the Company, including from the Social Responsibility team. This work will continue in 2016 and contractors, with ultimate accountability for compliance resting with business unit management. The standards and procedures are often supported by guidelines, which provide detailed advice on how to meet the relevant requirements.

Frameworks support the implementation of the requirements of these documents for complex, critical activities such as process safety, integrated planning, and knowledge management. These link together various elements, such as standards, systems, and teams and define a clear and consistent way of working.

A number of Oil Search's policies, standards and procedures are currently being amended or new ones drafted as the Company progressively updates Our Way. This process is being utilised to more effectively integrate consideration of social responsibility aspects, particularly human rights, across many of the Company's processes. Before finalisation of all new and updated procedures, performance requirements and frameworks are challenged by a group of senior representatives from across the Company, including from the Social Responsibility team. This work will continue in 2016.

---

## Risk and assurance

Oil Search adopts a proactive approach to managing risks and assurance. The objective of the Company's approach to risk and assurance is to provide the Board and senior management team with a comprehensive view of all key risks.

Oil Search's management system, Our Way, defines the governance and assurance processes that ensure work is conducted in accordance with the Company's performance requirements and that risk and compliance obligations are understood and appropriately managed.

There are three lines of assurance:

- 1. Primary accountability:** Business Unit management is responsible for identifying and managing risks and operating in compliance with Oil Search's performance requirements
- 2. Corporate assurance:** Functions provide specialist assurance to Business Unit management on key areas
- 3. Independent assessment:** Oil Search's internal audit programme tests the design and operating effectiveness of internal controls to ensure compliance with policies, plans, procedures, business objectives and significant legislative and regulatory requirements for the Oil Search Board. This programme also includes elements of supplier performance, such as business resilience, compliance and aviation safety.

Oil Search's risk management approach includes the identification, measurement, evaluation, monitoring, reporting and controlling or mitigation of current and emerging risks across the Company. Risks for inclusion in the Company's overall risk profile are identified through a series of regular workshops and confirmed with representatives from across the business. This includes social responsibility risks such as those relating to the health and safety of our workforce, the environment, climate change, security, human rights, and fraud and corruption.

For an overview of Oil Search's material business risks, see page 66 of Oil Search's 2015 Annual Report.

## **RISK AND ASSURANCE IN THE SUPPLY CHAIN**

Oil Search's ability to manage ethical, environmental and human rights considerations within the supply chain is an important risk management and social responsibility consideration.

The Company encourages and expects suppliers to act in a safe and responsible manner that aligns with Oil Search's standards around integrity, sustainable development, personal safety, environmental protection and good governance.

These expectations are increasingly being incorporated into all contract terms, with clauses in place covering:

- **Legal compliance**
- **Compliance with the Oil Search Code of Conduct**
- **Environmental protection**
- **Local staffing**
- **Health and safety**

Since 2014, Oil Search standard contracts and purchase agreements have included a clause to uphold Oil Search's zero tolerance for corruption, specifically corrupt payments.

Each PNG Lanco has an agreed work plan to ensure ongoing compliance with laws and regulations, such as paying superannuation and publishing financial performance. Compliance is monitored by Oil Search contract owners and Lanco representatives and the Company provides assistance if it is needed.

Oil Search has begun development of a Responsible Supply Chain Strategy and this work will continue in 2016.

---

## **Our commitment**

Our Company vision is focused on generating top-quartile returns for shareholders through excellence in socially responsible oil and gas exploration and production.

Oil Search has long believed that conducting business in a socially responsible manner is a strategic and moral imperative. It protects Company value by ensuring operational stability enabling the achievement of strategic objectives, whilst also fulfilling societal obligations.

Our performance focuses on: strong, enduring and enabling local relationships and partnerships; a skilled local workforce and leadership; and an unwavering commitment to the sustainable development of PNG. As PNG's largest

company, employer and investor, this commitment is an important part of Oil Search's social licence. Our contribution to the economic and social development of PNG, including the Company's sustainable development programmes and support for critical infrastructure delivery, all help to maintain a stable operating environment. Within this environment we can achieve our business objectives, and the lives of the people of PNG are improved through positive development outcomes.

The Company's approach is guided by a clear Company Vision, supported by Values, Behaviours and Social Responsibility Principles. These values and principles are realised through our governance structure, policies and procedures, our workforce management, and stakeholder engagement.

---

## Stakeholder Engagement

Effective engagement is important to managing the expectations and understanding the views, interests and concerns of all our stakeholders. It helps build the relationships required to help the Company achieve its objectives, such as negotiating land access, and gaining government permits and approvals. As a PNG oil and gas company, Oil Search recognises it manages a number of issues that are important to stakeholders.

To ensure Oil Search can maximise the benefits to the Company from responding proactively to stakeholder interests and concerns, Oil Search conducts regular engagement with all key stakeholders. These interactions and communications are targeted to meet their various needs and expectations. An overview of the engagement conducted in 2015, and the key social responsibility themes raised is summarised in the table below.

The results of on-going stakeholder engagement, peer benchmarking and media scanning captures an indication of our stakeholders' view on the Company's actions and performance as well as the issues facing the industry. Oil Search also participates in a number of social responsibility initiatives aimed at the oil and gas industry or particular cross-cutting issues such as human rights.

The themes that arise through this engagement and participation inform strategy setting, team and individual work-plans and key performance indicators. In order to be prepared for areas of change that may impact the Company in the medium term, Oil Search also draws on these sources to identify emerging issues, trends and risks. These are reported regularly to the Board HSS Committee and inform forward planning.

In 2015, the social responsibility team commenced a process of sharing stakeholder insights with the relevant business area owners to ensure they understand the nature of the issue and can consider how best to respond to it in their team and individual work-plans. This will continue in 2016, to support delivery of Oil Search's forward social responsibility objectives.

The stakeholder themes identified also inform the content of the Company's annual social responsibility reporting. For further information on social responsibility reporting and participation at Oil Search, see Reporting and Participation.



## ENGAGEMENT IN 2015

Shareholders and Investors			
Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• Annual reports, website and webcasts</li> <li>• One-on-one meetings</li> <li>• Half-year and full-year results and presentations</li> <li>• Quarterly reports</li> <li>• Regular stock exchange announcements</li> <li>• Annual international investor road shows and field trips.</li> </ul>	<ul style="list-style-type: none"> <li>• Providers of capital</li> <li>• Rate our performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of accurate information</li> <li>• Access to management</li> <li>• Open effective and transparent communication.</li> </ul>	<ul style="list-style-type: none"> <li>• Company changes and impact on workforce</li> <li>• Effective benefits distribution</li> <li>• Succession planning</li> <li>• Delivery against expectations</li> <li>• Support and expertise provided by Oil Search to non-operated projects</li> <li>• Significance of power business.</li> </ul>
Environmental, Social Governance (ESG) analysts			
Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• Annual reports, website and webcasts</li> <li>• Annual Social Responsibility Roundtable</li> <li>• One-on-one meetings, calls or emails on request</li> <li>• Participation in CDP Carbon and Water</li> <li>• Participation in Dow Jones Sustainability Index questionnaire</li> <li>• Review of analyst company profiles</li> <li>• Annual results and presentations.</li> </ul>	<ul style="list-style-type: none"> <li>• Inform providers of capital</li> <li>• Assess ESG performance</li> <li>• Influence public and investor perception.</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of accurate information</li> <li>• Open effective and transparent communication</li> <li>• Support for reports, questionnaires, benchmarks and rankings.</li> </ul>	<ul style="list-style-type: none"> <li>• Company changes and impact on workforce</li> <li>• Relationships with landowners in PNG</li> <li>• Response to climate change</li> <li>• Corruption prevention measures</li> <li>• Human rights management</li> <li>• Good governance practices and governance of social responsibility</li> <li>• Safety, including consideration of safety in short-term incentives.</li> </ul>
Business partners, suppliers and contractors			
Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• Site visits and audits</li> <li>• One-on-one meetings</li> <li>• Contractor induction and on-going training programmes</li> <li>• Business development,</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of expertise</li> <li>• Sharing resources</li> <li>• Raising industry standards</li> <li>• Performance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Supply chain sustainability</li> <li>• Performance and risk management</li> <li>• Relationship management</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to leverage host community and government relationships</li> <li>• Capability to deliver environmental and social planning work to support</li> </ul>

### Business partners, suppliers and contractors cont.

<p>governance and safety support programmes for PNG landowner companies and cooperatives</p> <ul style="list-style-type: none"> <li>• Contract negotiations</li> <li>• Project management coordination.</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship management.</li> </ul>	<ul style="list-style-type: none"> <li>• Contract requirements</li> <li>• Business development.</li> </ul>	<p>environmental and social planning work to support development.</p>
--	--	--	---

### Communities

Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• Resident Village Liaison Officer network</li> <li>• Regular visits to villages by senior management, community, health, and Oil Search Foundation staff</li> <li>• Direct meetings with community leaders and representatives</li> <li>• Community development programmes</li> <li>• Socio-economic and health surveys</li> <li>• Monthly community newsletters</li> <li>• Annual reports, website and social media.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide social licence to operate</li> <li>• Contribute to a stable and safe operating environment</li> <li>• Diverse and resilient local economies.</li> </ul>	<ul style="list-style-type: none"> <li>• Business or employment opportunities</li> <li>• Partner for development.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and transparent benefits distribution</li> <li>• Provision of services not adequately provided by government – health care etc.</li> <li>• Land access and compensation</li> <li>• Employment and business opportunities</li> <li>• Impact of operations on the environment and traditional livelihoods.</li> </ul>

### Workforce

Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• Annual career development planning process</li> <li>• Training and development</li> <li>• Annual Reports</li> <li>• Employee newsletters</li> <li>• Website, social media and intranet</li> <li>• Presentations and direct meetings</li> <li>• Bi-annual employee social responsibility survey</li> <li>• Whistle-blower Hotline.</li> </ul>	<ul style="list-style-type: none"> <li>• Key asset to delivering Company strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Employment opportunities</li> <li>• Learning and development opportunities</li> <li>• Career progression</li> <li>• Working for a company that is socially responsible.</li> </ul>	<ul style="list-style-type: none"> <li>• Company changes and impact on workforce headcount</li> <li>• Career planning and opportunities for PNG national employees</li> <li>• Development of skilled domestic workforce and leadership pathways.</li> </ul>








## Government

Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<ul style="list-style-type: none"> <li>• One-on-one meetings</li> <li>• Infrastructure Tax Credit Scheme submissions and reviews</li> <li>• Participation in government forums, initiatives and working groups</li> <li>• Submissions on relevant legislation, such as tax and energy</li> <li>• Facilitate logistics to site or host communities</li> <li>• Licence applications and permits.</li> </ul>	<ul style="list-style-type: none"> <li>• Permits and licences</li> <li>• Investor and partner for development</li> <li>• Regulatory expectations and management</li> <li>• Effective governance and judicial system</li> <li>• Social licence to operate.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue (partner and taxes) from resources for development of country</li> <li>• Partners for development</li> <li>• Skills and experience in project delivery e.g. infrastructure</li> <li>• Local employment, business development and training.</li> </ul>	<ul style="list-style-type: none"> <li>• Permits and licences</li> <li>• Infrastructure delivery</li> <li>• Domestic power supply</li> <li>• Regional development planning.</li> </ul>





## Non-government and industry organisations

Examples of how we interact	Why they are important to us	Why engagement with Oil Search is important to them	Key social responsibility themes raised
<p>Oil Search has high levels of participation or involvement with:</p> <ul style="list-style-type: none"> <li>• PNG Chamber of Mines and Petroleum</li> <li>• Business Council of PNG</li> <li>• Australian PNG Business Council</li> <li>• United Nations Global Compact</li> <li>• Extractives Industries Transparency Initiative</li> <li>• Oxfam</li> <li>• Sponsorship and presentations at regional industry and not-for-profit conferences.</li> </ul>	<ul style="list-style-type: none"> <li>• Specialist skills and expertise</li> <li>• Local networks and experience</li> <li>• Resources</li> <li>• Sharing knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>• Partners for sustainable development investment and initiatives</li> <li>• Different skills set and experience</li> <li>• Social responsibility performance and knowledge sharing.</li> </ul>	<ul style="list-style-type: none"> <li>• Effective and transparent benefits distribution</li> <li>• Payments to government transparency</li> <li>• Capacity building for oil and gas industry</li> <li>• Response to drought in PNG</li> <li>• Local supplier development</li> <li>• Effective governance of natural resources</li> <li>• Sustainable development priorities and partnership opportunities</li> <li>• Social responsibility emerging issues.</li> </ul>





## Progress Against 2015 Social Responsibility Objectives

The Fundamentals		
Planned actions	Status	Action taken
Develop the post-2015 Social Responsibility Strategy.	 <b>In Progress</b>	Evaluation and concept development work completed and internal consultation commenced. Social responsibility objectives for the Company will be set for 2017-2019 as part of the strategy formulation process.
Finalise the Responsible Supply Chain Strategy and commence implementation.	 <b>In Progress</b>	Risk assessment and evaluation work undertaken. Further work postponed until Company restructure implemented and new related roles and responsibilities known.
Develop a post-2016 Climate Change Strategy.	 <b>In Progress</b>	A scope document and white paper were developed to inform Oil Search's understanding of the potential risks and opportunities presented by climate change. The scope was endorsed by the Board HSS Committee. Strategy development will be completed by the end of 2016.
Continue integration of the Our Way management system into the business.	 <b>In Progress</b>	A cross-company group from all business units and functions was established to lead the review and endorsement of company-wide procedures. Four new company-wide frameworks designed to ensure clear and consistent ways of working around risk management, process safety, planning and opportunity delivery. Implementation will continue in 2016.
Integrity and Transparency		
Planned actions	Status	Action taken
Work collaboratively with PNG Government to develop PNG oil and gas industry.	 <b>In Progress</b>	In December Oil Search submitted a short-to-medium term plan to the Department of Petroleum and Energy to improve its data management capabilities. The cost of implementing the plan's recommendations would be met by industry members via the Chamber of Mines and Petroleum. The Company also continued to support the Minister for Petroleum and Energy towards the objective of transitioning the Department to an Authority.
Sustainable Development		
Planned actions	Status	Action taken
Develop a multi-year PNG Sustainable Development Strategy for implementation in 2016.	 <b>Not Met</b>	Postponed until Company restructure implemented, and related roles and responsibilities known. To be integrated into other 2016 deliverables.
Refine Oil Search Health Foundation Strategy to support expansion and formulate a leadership framework that will complement this.	 <b>Complete</b>	Oil Search Foundation focus redefined and five-year strategy established outlining its approach to expanding activities from solely public health to a broader scope with objectives relating to women's protection and empowerment, and educations and leadership in PNG.

## Sustainable Development








Planned actions	Status	Action taken
Develop a multi-year PNG Sustainable Development Strategy for implementation in 2016.	 <b>Not Met</b>	Postponed until Company restructure implemented, and related roles and responsibilities known. To be integrated into other 2016 deliverables.
Refine Oil Search Health Foundation Strategy to support expansion and formulate a leadership framework that will complement this.	 <b>Complete</b>	Oil Search Foundation focus redefined and five-year strategy established outlining its approach to expanding activities from solely public health to a broader scope with objectives relating to women's protection and empowerment, and educations and leadership in PNG.
Investigate options to improve domestic power supply in PNG.	 <b>Complete</b>	Oil Search's power business established in 2015, gathering together a team focused on exploring commercially viable options to generate local power solutions from biomass and gas.
Deliver PNG Government approved public infrastructure projects in PNG under the Infrastructure Tax Credit Scheme (ITCS).	 <b>In Progress</b>	Two key national ITCS projects (National Football Stadium and redevelopment of Government offices in Port Moresby) to reach practical completion by early 2016. Preparations commenced for the construction of the Erave to Samberigi road, scheduled to be completed in 2017. Oil Search worked on 17 other ITCS projects in PNG, primarily education and health facility upgrades in host communities and road construction.

## People and Organisation

Planned actions	Status	Action taken
Develop a multi-year PNG Sustainable Development Strategy for implementation in 2016.	 <b>Not Met</b>	Postponed until Company restructure implemented, and related roles and responsibilities known. To be integrated into other 2016 deliverables.
Refine Oil Search Health Foundation Strategy to support expansion and formulate a leadership framework that will complement this.	 <b>Complete</b>	Oil Search Foundation focus redefined and five-year strategy established outlining its approach to expanding activities from solely public health to a broader scope with objectives relating to women's protection and empowerment, and educations and leadership in PNG.
Investigate options to improve domestic power supply in PNG.	 <b>Complete</b>	Oil Search's power business established in 2015, gathering together a team focused on exploring commercially viable options to generate local power solutions from biomass and gas.
Deliver PNG Government approved public infrastructure projects in PNG under the Infrastructure Tax Credit Scheme (ITCS).	 <b>In Progress</b>	Two key national ITCS projects (National Football Stadium and redevelopment of Government offices in Port Moresby) to reach practical completion by early 2016. Preparations commenced for the construction of the Erave to Samberigi road, scheduled to be completed in 2017. Oil Search worked on 17 other ITCS projects in PNG, primarily education and health facility upgrades in host communities and road construction.



## People and Organisation

Planned actions	Status	Action taken
Complete skills gap analysis of leadership team.	 <b>Complete</b>	Comprehensive evaluation of the senior management team completed by a Board-appointed consultant, resulting in the identification and commencement of targeted development priorities to support long-term succession planning.
Complete restructure of the Company into Business Units and Functions.	 <b>Complete</b>	Operating Model (four key Business Units – PNG, Gas Development, Exploration, and Corporate supported by Functions) tested, updated and implemented in line with key 2015 goal of right-sizing the organisational and resourcing structure to ensure the right skill sets and corporate cost base to deliver priority LNG projects in a low oil price environment.
Increase percentage of females in leadership roles by 2017.	 <b>On Track</b>	The percentage of females in the senior management team increased in 2015 to 18% from 15% in 2014. Two new General Manager roles were filled by females.
Increase percentage of PNG citizens in leadership roles by 2017.	 <b>On Track</b>	The percentage of PNG citizens in leadership roles increased to 21% in 2015 from 16% in 2014. This reflects efforts to ensure national representation throughout the Company's transformation process in 2015.
Increase percentage of female graduates and apprentices by 2017.	 <b>On Track</b>	The percentage of female graduates and apprentices increased in 2015 to 36% and 38% from a respective 28% and 21% in 2014.
Increase representation of females and PNG citizens in succession plans for leadership and management roles.	 <b>On Track</b>	The percentage of female and PNG citizen employees in the 2015 succession plan remained constant at 27% and 22% respectively.
Implement diversity and inclusiveness training as part of Oil Search leadership development programmes.	 <b>Achieved</b>	Cultural awareness assessment and training was added to the Accelerated Development and Graduate Programmes. 100% of participants in 2015 completed this training.

# Integrity and Transparency

Oil Search works in environments with varying cultural norms and ethical standards. Wherever we operate, the Company applies a consistent approach to integrity and transparency issues at all times and adopts and advocates for principles and standards that promote ethical business practices. As a signatory to the United Nations Global Compact, Oil Search seeks to prevent corruption in all its forms. We do this by: encouraging employees and business partners to decry unlawful business practices; contributing to public policy debate; advocating for change; and promoting greater transparency. All employees and contractors must comply with the Oil Search Code of Conduct, Corruption Prevention Policy and Social Responsibility Policy.

---

## Code of Conduct

The Oil Search Code of Conduct represents the Company's commitment to upholding ethical business practices that meet or exceed applicable legal requirements. Oil Search believes a consistent and principled approach to conduct builds trust and generates loyalty with stakeholders. The Code of Conduct applies to all directors, employees, contractors, consultants, agents, advisors and representatives engaged by Oil Search and related companies.

Everyone who carries out Company business is expected to understand, be familiar with and practice the Code. Formal training in the Code is provided to new employees and in-house contractors during induction. Ongoing awareness and refresher sessions are conducted approximately every two years or as significant updates to the Code occur.

The Code is periodically updated to reflect changing internal and external standards and obligations.

Breaches of the Code must be reported and failure to comply with the Code may result in disciplinary action, including termination of employment. Breaches of applicable laws may be referred to the relevant authorities.

The Oil Search Integrity Committee monitors adherence to the Code of Conduct and reports breaches and the resulting corrective actions to the Oil Search Board. Senior management and members of the Oil Search Board are required to annually certify their compliance with the Code.

The results of investigations into Code of Conduct breaches are reported publicly every year.

---

## Corruption prevention

Oil Search operates in jurisdictions that are perceived as having high levels of bribery and corruption risk. Oil Search has zero tolerance of corruption and, as such, the Company requires that employees, contractors and any third parties acting on our behalf perform their duties ethically, honestly, responsibly and diligently, and in full compliance with the law, the Code of Conduct and the Corruption Prevention Policy.

Oil Search's expectations in six key corruption prevention areas are detailed in the following procedures:

- **Whistle-blower protection**
- **Recognising and avoiding corrupt behaviour and activity**
- **Rules for offering, accepting and recording gifts and entertainment**
- **Managing conflicts of interest**
- **Prohibiting political contributions**
- **Conducting due diligence of joint venture partners and agents**

A Company-wide fraud risk assessment is undertaken regularly to confirm risks and check controls are adequate enough to minimise the likelihood and significance of fraud. Major supplier contracts contain corruption prevention clauses and Oil Search conducts annual reviews of supplier performance to confirm compliance.

Training on Oil Search's corruption prevention requirements is mandatory for all employees and contractors during induction and compulsory refresher training is run every two years. The training process includes an online training module featuring recognisable realistic scenarios. Regular updates to the key elements of the Corruption Policy are communicated to staff via the Company intranet and emails.

Any instance of corruption, fraud or bribery can be reported via the Oil Search Whistle-blower Hotline or other contact points, as outlined in the Speaking out section.

The Board Audit and Financial Risk Committee oversees the completion of mandatory corruption prevention training and regularly reviews all fraud and corruption instances.

---

## Speaking out

Oil Search expects employees, contractors, joint venture partners, customers and other stakeholders to report suspected violations of Company procedures or corrupt practices. This includes conduct that:

- **Involves bribes or inducements**
- **Is dishonest, fraudulent or corrupt**
- **Is illegal**
- **Is negligent, directly or indirectly resulting in a substantial waste of Oil Search funds**
- **Is detrimental to Oil Search's interests**
- **Involves unsafe work practices, danger to public health or safety or the environment**



Suspected breaches can be reported to an employee's line manager or to one of the following:

- **General Counsel**
- **A compliance team member**
- **Human Resources**

Suspected breaches can also be reported in confidence and anonymously through the Oil Search Whistle-blower Hotline. The Hotline is managed by an independent third party, and languages other than English are available.

Details are available at: [www.oilsearchhotline.deloitte.com.au](http://www.oilsearchhotline.deloitte.com.au)

The identity of the person making the disclosure is protected as far as the law permits. Where practicable, Oil Search will consult with them before informing government agencies.

Oil Search prohibits any form of retaliation against anyone for raising a concern or reporting a suspected breach of Company Code, Policies or the law. Retaliation is itself grounds for discipline, including dismissal.

---

## Public policy engagement

Oil Search supports open and transparent dialogue with legislators and senior policy makers as a means of ensuring good corporate citizenship.

As one of PNG's largest companies, with expertise and operations in a number of regions, Oil Search seeks to engage with governments, parliamentarians, industry groups and other people with the ability to shape policies that impact our business and our stakeholders. The Company provides these policy makers with information and advice in areas of interest and relevance in order to promote informed decision-making.

Oil Search's opinions are often sought by policy makers wishing to obtain an industry-specific perspective or insights into broader socio-economic issues. As a socially responsible operator, Oil Search contributes with integrity and engages in an accurate, factual, transparent and meaningful way. The Company restricts such engagements to issues where we have a legitimate business interest i.e. when a proposed action may directly affect our operations.

In PNG, Oil Search regularly engages with government officials and other policy makers, particularly the Department of Petroleum and Energy (DPE). Having an efficient DPE is crucial for the success of the PNG oil and gas industry. Oil Search supports the DPE in a number of ways, including providing feedback on policy and has actively supported steps to transform the Department into a Statutory Authority. Oil Search believes the conversion of the DPE into a Petroleum and Energy Authority would enable more effective service provision to the industry. We are collaborating with other industry members on joint advisory initiatives that would increase the DPE's efficiency in key areas such as data management.

Oil Search's Stakeholder Engagement team is responsible for leading these engagements. Our government engagement specialists work with people throughout the business to identify priority areas that may impact the Company's ability to achieve our vision. Overall responsibility for coordination, analysis and development of responses and engagement with government officials in PNG rests with the Executive General Manager Stakeholder Engagement.

Oil Search is politically neutral and does not make financial contributions to any government official, political party, political party official, election committee or political candidate. The Company prohibits payment of bribes, kickbacks, inducements or illegal payments of any kind that might influence a government official of any country in connection with their duties or obtain a business advantage. The taking up of political office may be deemed a conflict of interest. Employees considering taking up political office must notify the Company and, depending on the country of employment, may be required to resign from their employment with the Company. These commitments are embedded in Oil Search's Human Resource Manual, Code of Conduct and the Corruption Prevention Policy.

The Company also participates in advocacy and policy engagement by belonging to industry associations. These associations draw on the skills and experience of members and shape the industry's collective response to public policy issues. The Company does not employ serving politicians for engagement on its behalf or public affairs agencies for political monitoring or strategic advice.

Oil Search is a member of a number of associations and networks engaged in policy including:

- **PNG Chamber of Mines and Petroleum**
- **Business Council of PNG**
- **Extractive Industries Transparency Initiative**
- **Transparency International PNG**

---

## Payments Transparency

Oil Search pays millions of dollars every year in royalties, taxes, dividends, levies and other fees and charges to governments in countries where we operate. The Company is committed to responsible and fair payments management and transparency across our global operations.

The fiscal regime underpinning these payments in each country is governed by local legislation and specific terms of agreements between Oil Search and the national governments. Governments are responsible for investing the revenues in the economic and sustainable development of their countries and communities, to ensure the country's future prosperity.

Stakeholder interest in payments made by large companies to governments is increasing. This is demonstrated by international developments such as legislation in the US and European Union that requires companies to disclose certain payments to governments.

### **WHY IS TRANSPARENCY IMPORTANT?**

Payments to government are the most significant financial contribution Oil Search makes at a national level. Oil Search supports improved transparency around how these payments are received and spent.

We do this because being transparent:

- Empowers policy makers and citizens in resource-rich countries to ensure wealth generated by extractive industries is used to fund economic and sustainable development and reduce aid dependency

- Enables investors to better assess the financial and political risks to which extractive companies are often exposed
- Fosters a more stable operating environment and level playing field for the industry.

It also mitigates the risk of corruption and enables populations to hold their governments to account over the exploitation of non-renewable natural resources.

PNG was ranked 139 in Transparency International's 2015 Corruption Perceptions Index, while Tunisia was 76 and Iraq 161. The Index assessed 169 countries on a scale where number one is the least corrupt.

### **OIL SEARCH'S COMMITMENT TO PAYMENTS TRANSPARENCY**

Our commitment to transparency is underpinned by:

- The principles in Oil Search's Social Responsibility Policy, in particular Operating with Integrity, Generating Shared Value and Enhancing Social Licence
- Commitment to Principle 10 of the UN Global Compact
- History of strong levels of advocacy for the Extractive Industries Transparency Initiative (EITI) in PNG.

In 2013 Oil Search became a Supporting Company for the EITI, a global standard that promotes openness and accountability. Oil Search is one of six extractive representatives on PNG's EITI Multi-Stakeholder Group (MSG).

For some years Oil Search has voluntarily publicly disclosed payments to the PNG Government. In 2012 the Company published its first Transparency Report, which provided more detail and demonstrated a viable company-reporting model. To see all payments that Oil Search makes to governments in countries where we have operated since 2009, refer to the Oil Search website's Data Centre.

### **IN PAPUA NEW GUINEA**

As PNG's largest company, investor and employer, Oil Search pays a significant proportion of the country's corporate income tax, royalties, development levies and development incentive revenues.

The petroleum industry is primarily governed by the Oil and Gas Act (1998) and the Income Tax Act (1959). The Oil and Gas Act (1998) gives the PNG Government the option of participating in Oil Search's projects to a maximum 22.5% equity interest, of which 2% must be granted to host community land-owners. The application of the fiscal regime to particular projects in the oil and gas industry is governed by the terms of the agreements between the PNG Government and developers.

In 2014 the EITI Board approved PNG's application to become an EITI candidate country and in 2016 PNG issued its first EITI report.

Oil Search has actively encouraged revenue transparency and supported PNG's journey towards EITI compliance for many years. The Company will continue to work with the PNG Government, civil society and industry peers to support the implementation of the EITI in PNG.

### **TRANSPARENCY AND TAX STRATEGY**

Tax paid by Oil Search is a significant revenue source for the PNG Government and represents one of the Company's

largest socio-economic contributions to other countries where we operate.

As a socially responsible operator, the Company seeks to achieve a stable, fair and sustainable effective tax rate that is competitive and undertaken in full compliance with the intent of the law. Oil Search does not engage in aggressive tax minimisation strategies. The principles of this approach are underpinned by Oil Search's Code of Conduct, specifically ethics, and the Company's values.

We maintain a transparent and constructive dialogue with governments and tax authorities regarding the Company's tax approach and disclosures. This supports efforts to enhance tax system effectiveness, such as through engagement on tax reform and commitments associated with being an Extractive Industries Transparency Initiative Supporting Company.

Oil Search's internal tax compliance procedures help ensure alignment across our business to meet the Company's tax principles and obligations. The Board Audit and Financial Risk Committee is responsible for overseeing the Company's tax management.

Oil Search has subsidiaries incorporated in the British Virgin Islands and the Cayman Islands. Both locations are long-established financial centres that allow Oil Search to hold its various exploration interests in the Middle East and North Africa through a simplified holding structure rather than a series of locally domiciled companies. The use of these companies has a minimal effect on the Company's effective tax rate.

All taxes paid by Oil Search are disclosed on a country-by-country basis in the Data Centre and page 60 of the 2015 Annual Report contains an explanation of Oil Search's effective tax rate in 2015.

The Company has formal tax agreements in place with the Tunisian and Kurdistan Regional Governments and the PNG Government for the PNG LNG Project, providing long-term certainty for authorities and stakeholders and a stable operating environment for Oil Search.

In 2016 the Company will continue to formalise tax management systems and processes – including tax risk identification, assessment and reporting – as part of the development of the Company's management system.

# Sustainable Development

Being committed to sustainable development is an important part of Oil Search's social licence. By playing a vital role in the economic and social development of the countries in which we operate, our sustainable development programmes help to maintain a stable operating environment, whilst improving development outcomes for the people of PNG.

Oil Search's approach to sustainable development is collaborative, relying on the formation of close relationships with key stakeholders such as host communities, governments and our development partners. Built on mutual trust, these relationships help to ensure the Company's development programmes are effectively targeted, efficiently managed and continuously improved. They also play an important role in our risk management strategy.

To maximise the benefits for host communities and for Oil Search, our sustainable development investment focuses on programmes that support and supplement government activities in key areas of social importance such as public health, access to power and education. In addition, Oil Search supports and helps to develop local businesses in order to boost the economy and facilitate skills transfer.

---

## Sustainable development fundamentals

The principles and commitments in Oil Search's Social Responsibility Policy underpin our approach to sustainable development. Oil Search's sustainable development activities are a visible demonstration to local stakeholders of Oil Search's commitment to helping them achieve their priorities. Our programmes actively contribute to local stability and growth and directly support successful completion of Company operations.

Priorities and projects are selected with consideration of government priorities, host community needs and expectations and Oil Search's ability to deliver a positive outcome. These principles apply in every country in which the Company operates, although the scale and on-ground delivery method may differ to suit local context. Current development priorities in PNG are: community health, leadership and education, women's protection and empowerment, livelihoods and enterprises, access to power, and supporting benefits distribution.

Sustainable development programmes and projects are implemented by the Oil Search Foundation (the Foundation) and the Company's power business, as well as the Oil Search Health Service, Community Affairs and Social Responsibility teams.

Oil Search is the founder and principal donor to the Oil Search Foundation, having contributed US\$28 million between 2011 and 2015. In 2015 Oil Search committed in excess of US\$50 million in funding to support the Foundation's work from 2016 to 2020. Its structure and capabilities make the Oil Search Foundation an important component of Oil Search's sustainable development approach in PNG.

In 2015 the Oil Search Foundation expanded its focus on health to also include women's protection and empowerment and leadership and education. These were identified as areas where the Foundation could best contribute to PNG's most important sustainable development goals.

For further information on the Oil Search Foundation visit: <http://www.oilsearchfoundation.org/>

Understanding the actual and potential social impacts of Oil Search's operations and sustainable development projects is challenging but essential to ensuring activities are appropriately targeted, planned and managed. The Foundation has a detailed performance framework in place and Oil Search's sustainable development investment and output data and statistics are available from the Data Centre. The Company continues to pursue opportunities to strengthen impact measurement and reporting across all its sustainable development programmes.

The Executive General Manager Stakeholder Engagement is the executive sponsor for sustainable development activities in PNG and is on the Oil Search Foundation Board and the Oil Search Board HSS Committee. Regular updates on Foundation and Oil Search sustainable development activities are provided to the Board HSS Committee.

---

## Community health

### **Delivering public health programmes to host communities through the Oil Search Foundation and the Company's Health Services.**

Most of Oil Search's operating locations are rural and remote, often lacking adequate public health care services and infrastructure. At times there is a marked difference between services available to members of Oil Search's workforce and those available to local people.

Oil Search has provided host communities with access to health services since 1992. The Company has delivered targeted public health programmes in Hides since 1995 and Kutubu since 2005.

The Oil Search Foundation has delivered Oil Search's community health programmes in PNG since 2011. The Foundation aligns its health programmes with PNG's national health priorities and seeks opportunities to help strengthen the country's health systems, processes and service delivery. It works in partnership with the National Department of Health, provincial and local-level governments, and international donors. Current Foundation health focus areas include: reproductive health, including childbirth and post-natal care, child immunisation, controlling malaria, HIV testing, treatment, counselling and awareness, and tuberculosis.

In addition to the work of the Foundation, Oil Search has a network of on-site clinics and associated medical resources across our operations that provide curative medicine and emergency response services for members of the workforce and local community. The Oil Search Health Service supports the Foundation with the provision of clinical expertise when required. Agreements with Port Moresby General Hospital and the Divine Word University provide the opportunity for medical students to learn from Oil Search health specialists, either in the lecture hall or through placement at an Oil Search clinic.

Through Oil Search's participation in the Infrastructure Tax Credit Scheme, the Company also supports the PNG Government's development and maintenance of health care facilities in host communities.

---

## Supporting benefits distribution

### **Working with government to ensure the cash and non-cash benefits of oil and gas revenues flow to the community efficiently and effectively.**

Distribution of government revenues from the oil and gas industry in PNG is governed by the Oil & Gas Act. When this distribution and the resulting development do not meet host community and national expectations, it can threaten the stability of Oil Search's operating environment. Actively assisting the PNG Government to distribute the revenue's cash and non-cash benefits in a timely manner is therefore a priority for the Company and increasingly important with the flow of revenues from the PNG LNG Project commencing in 2015.

The Company acts within the existing legislative framework through a variety of approaches and structures designed to ensure the best outcomes for host communities and the people and development of PNG. These methods seek to leverage Oil Search's expertise and resources, such as programme planning and infrastructure project delivery. Where Oil Search identifies an opportunity to assist, the Company may approach the relevant government agency to determine if a partnership is possible. At other times, it may be at the government's request.

One of the most effective methods of infrastructure delivery for the PNG Government is the PNG Infrastructure Tax Credit Scheme (ITCS). Oil Search has participated in this scheme since 2003, and in the more recent National Infrastructure Tax Credit Scheme (NITCS) since 2013. The ITCS develops projects of significance to host communities and to the country, focusing on health, education, police and justice, and local road infrastructure such as the Erave to Samberigi road, a major transport link for the country. NITCS projects are those of national importance, including the construction of PNG's National Football Stadium, and upgrade of government offices in Port Moresby.

Other mechanisms trialled include the Shared Responsibility Model (SRM). This model, developed by Oil Search and ExxonMobil, proposed a similar arrangement to that of the ITCS: the operators would be delegated responsibility for delivering the non-cash (infrastructure) benefits stipulated in the 2009 PNG LNG Umbrella Benefits Sharing Agreement. The SRM was approved in principle by the PNG Government's National Executive Council in 2013 but has yet to be operationalised.

In addition to infrastructure support, wherever it is possible within the legislative framework, Oil Search aims to support the PNG Government in effectively distributing or utilising cash benefits from oil and gas projects for the direct benefit of communities. However, success in these areas ultimately depends on government action. Our approaches include:

- Assistance with writing development plans at local government level
- Logistical support for government community identification and consultation activities, such as the Landowner ID Programme for the PNG LNG Project
- Promotion of the direct distribution of cash benefits to communities by the operator to eliminate any intermediaries.

This approach helps to improve the translation of government revenues from oil and gas into tangible benefits and improvements for local economies. Alongside Oil Search's other sustainable development activities and commitments, it helps to combat the potential for a resource curse and ultimately creates a stable operating environment.

---

## Access to power

### **Working with PNG public entities to deliver reliable, competitively priced power in PNG.**

With one of the world's lowest levels of access to electricity, delivery of reliable, competitively priced power in PNG is a priority due to its economic, health and educational benefits. Helping to improve access to power is a sensible

extension of Oil Search's core business expertise, aligns with the PNG Government's development priorities, and supports a stable operating environment.

Oil Search has been exploring the potential for a biomass power plant in PNG's Morobe Province and for cost-effective, gas-fired generation in the Southern Highlands Province for a number of years. In 2015, Oil Search entered into two Power Purchase Agreements with PNG Government-owned PNG Power Ltd as part of a long-term strategy to develop solutions for PNG's power sector. The agreements covered the Markham Valley Biomass project, a partnership between Oil Search and Aligned Energy, and the Highlands Independent Power Producer, designed to provide gas-fired power to the Hela and Southern Highlands Provinces.

As well as having a tangible, positive benefit on the Company's host communities, Oil Search expects these projects to generate a commercial rate of return for investors and partners.

---

## Livelihoods and local enterprise development

### **Supporting the creation of economically independent communities and improving reliability within Oil Search's supply chain by utilising and helping to build strong local businesses.**

A lack of meaningful business or employment opportunities in rural host communities intensifies pressure on Oil Search to directly provide jobs or benefits. Local businesses often face barriers to accessing opportunities in the Company's supply chain due to limited capability or poor governance. However, their inclusion has several benefits. It supports Oil Search's social licence to operate, helps to mitigate landowner-related conflict, contributes to host communities' economic development, and helps the PNG Government to meet small-to-medium enterprise development policy objectives.

Oil Search supports PNG landowner company (Lanco) suppliers through targeted programmes. On-site business development specialists support local enterprise development, Oil Search staff are seconded to help build up management systems and advise on business structures, training is provided to Lanco directors to improve governance and financial management, and Lanco staff are provided with personal and process safety training. Oil Search also looks for opportunities to expand the use of Lancos, such as through embedding a requirement for their use into contracts Oil Search holds with other suppliers.

The Company also supports local women by helping with the formation of agricultural cooperatives and providing learning opportunities around basic business and agricultural skills. The women are provided with seeds and materials and sell their produce to Oil Search or at local markets as a source of independent income. In 2015, Oil Search supported five women's cooperatives with more than 300 female participants from seven villages.

Oil Search's approach to supplier development is supported by local purchasing guidelines introduced in 2013. These include: creating opportunities for local businesses to provide high-quality goods, services and skills to support our operations, and prioritising local procurement where the business can meet specified standards under commercially acceptable terms.

Other Company-supported enterprise development projects in PNG are delivered by our partners, including the investigation by Business for Development into the viability of creating a pork husbandry and production business in the PNG Highlands.



## Leadership and education

### **Improving access to tertiary education by supporting education infrastructure development and through targeted sponsorships.**

Education plays a critical role in sustainable development. For individuals, access to education opportunities improves employment prospects, develops more sustainable livelihoods, improves health outcomes, and empowers women. For communities, education promotes local stability and a resilient economy and helps to provide a diverse and skilled workforce.

Oil Search's education-focused development activities help to elevate the profile and importance of a good education within host communities, which sometimes struggle to see the value of an education due to the flow of direct cash benefits.

Through Oil Search's participation in the Infrastructure Tax Credit Scheme, the Company supports the PNG Government in the development and maintenance of primary and secondary school facilities in host communities. In addition, Oil Search works directly with these communities to improve local education infrastructure through Community Area Planning (CAP) projects.

Oil Search also helps local teachers to keep teaching – a change to PNG legislation in 2011 meant a number of experienced teachers were unable to continue teaching without further training. Since 2011, 36 primary teachers from host community schools have completed this training with Oil Search's support.

Oil Search provides financial support to students wishing to complete a tertiary qualification in medicine, teaching, business, agriculture or trades i.e. plumbing or mechanics. The Company's financial support for tuition, accommodation and travel makes a difference to many university students from communities close to Oil Search operations, who would otherwise not be able to support themselves. Recipients are nominated by host communities and applications are assessed by Oil Search to ensure a balance of gender and village of origin. The final allocation decision is made by community representatives and Oil Search.

The technical and vocational skills that participants develop during Oil Search's graduate development and vocational programmes can easily be transferred to other industries. These programmes not only provide Oil Search with access to the best future specialists in PNG, they make a key contribution to the country's broader socio-economic development.

In 2016, the Oil Search Foundation will develop a new programme to address key barriers to education, including basic literacy for women and children, improving tertiary education readiness at secondary school level, and improving leadership skills.

For further information on the Oil Search Foundation visit: <http://www.oilsearchfoundation.org/>

---

## Women's protection and empowerment

### **Tackling the personal, community and business impacts of gender-based violence and other inhibitors of gender equality.**

Gender-based violence greatly impacts the lives of many women in countries where Oil Search operates. It represents

one of the biggest hurdles to women's empowerment and equality in both society and the workplace.

Oil Search's women's protection and empowerment (WPE) approach includes initiatives both with host communities and across the Company in four focus areas:

- 1. Policy:** ensuring Oil Search and Foundation policies, standards, procedures and strategies support, promote and align with the principles of women's protection and empowerment.
- 2. Tools and knowledge:** providing knowledge and tools for PNG-based staff to enable them to be advocates and agents of change, particularly in relation to family and sexual violence.
- 3. Community:** supporting PNG community activities that address WPE, ensuring they are culturally sensitive and responsive to local needs and that they add value to, rather than duplicate, existing programmes.
- 4. Leadership and partnership:** demonstrating leadership to our private sector peers by addressing WPE internally and externally in partnership with the PNG Government and key stakeholders, and communicating on progress.

This approach seeks to align with, support and extend existing Oil Search initiatives and activities such as diversity and inclusion, citizen development, and health and sustainable development projects and programmes.

The Company and the Oil Search Foundation implement the initiatives outlined in the Women's Protection and Empowerment Strategy with the support of the Women's Protection and Empowerment Committee, a voluntary employee committee.

---

## Supporting community organisations

### Investing in and working with local communities through partner organisations.

Oil Search's investment in community organisations aims to build their capacity and effectiveness. By working with local partners, Oil Search can leverage local expertise and knowledge and make greater progress towards shared development outcomes. In addition, championing causes that are meaningful to employees and the people of PNG improves their engagement with Oil Search.

A Sponsorship and Donations Committee in Port Moresby oversees the Company's corporate donations programme. Employees at all locations find out about and participate in causes and events supported by Oil Search at monthly HSS Group meetings. Our field operations teams in PNG and Kurdistan distribute items such as wheelbarrows, generators, milling machines and sewing machines directly to local cooperatives and institutions, many of which are run by women, to help these grass-roots organisations have a direct and meaningful impact.

When choosing charities and initiatives, we consider their alignment with Oil Search's community development priorities as well as employee requests and feedback. The Company's support for community organisations is largely directed towards those focused on community health and women's protection and empowerment.

Oil Search regularly contributes to a number of community organisations including:

- **Community Development Initiative (CDI) Foundation**

- **Evangelical Church of Papua New Guinea**
- **Cancer Foundation of Papua New Guinea**
- **Papua New Guinea Cancer Relief Society**

The Company also supports staff participation in a number of charity sports events in Port Moresby, including those organised by the City Mission, the Salvation Army, the Malaysian Association of Papua New Guinea, Sir Buri Kidu Heart Institute and the PwC Foundation.

To find out more, email [social.responsibility@oilsearch.com](mailto:social.responsibility@oilsearch.com).

# Responsible Operator

As a responsible operator, Oil Search is committed to understanding and minimising the negative impacts its activities may have on employees and contractor staff, local community members and the environment, whilst also identifying and maximising opportunities. Oil Search operates with the goal of incident free operations. Oil Search has a precautionary approach to managing its negative environmental and social impacts. It includes maintaining the integrity of operational assets and being prepared for emergencies as well as ensuring staff and contractors are safe and secure. It requires regular engagement with communities on how operations may affect them, and ensuring their land, culture, prosperity and rights are protected..

---

## Environment

Oil Search's oil and gas production operations in PNG are in some of the most remote and environmentally sensitive regions in the world. Working with hydrocarbons can pose a significant risk to the natural environment and Oil Search's facilities and management system are designed to reduce these risks to the lowest reasonable levels possible. The Company's environmental management system in PNG is certified as ISO 14001 compliant. All of Oil Search's exploration and production activities must meet environmental standards outlined in permits or legislation or the Company's environmental performance requirements, whichever is more stringent.

### BIODIVERSITY PROTECTION

Oil Search's operations in PNG extend over large areas of high-biodiversity value. These ecosystems support a variety of species and are a key contributor of goods, services and cultural meaning to local communities. Potential destruction of this biodiversity is a high-profile issue and Oil Search's response focuses on mitigating potential biodiversity impacts. For instance, the presence of endangered species is identified during impact assessments so sites of value can either be avoided altogether where possible, or any potential effect is minimised and the local community compensated.

At an operational level, procedures are in place to support the maintenance of biodiversity values such as land access, erosion control, invasive species management and land rehabilitation. Baseline studies are undertaken for all new projects that gather information on the local ecology such as the presence of rare and threatened flora, fauna and other habitats. The information informs an assessment of likely impacts, ensuring appropriate management and mitigation measures are adopted.

All sites are rehabilitated based on agreed land use for the community, with rehabilitation projects signed off by local communities to ensure they are satisfied with the outcomes and process. Revegetation surveys are undertaken at disturbed sites and routine invasive species monitoring and weed-control programmes are in place.

### WATER CONSUMPTION AND PRODUCTION

Compared to other industries, the oil extraction process places a relatively low demand on ground and surface water resources. Oil Search does, however, recognise the importance of local water resources in support communities and ecosystems.

For Oil Search, the most significant water risks relate principally to over-extraction or groundwater contamination, both of which could affect the uses of water by the environment and community. Most of the Company's PNG operations are carried out in areas of karst limestone where groundwater systems interconnect with surface streams and rivers that provide water to host communities.

To manage water-related risks, mitigation and management measures are included in environmental management plans for each location and tailored to the associated activities. For example, prior to drilling, Oil Search undertakes baseline monitoring, both upstream and downstream, of water courses potentially impacted by the Company's activity. Monitoring continues throughout the drilling activity and after it has ceased to ensure the local environment has not been impacted. Ecological effects assessments also occur at surface-water extraction locations and pollution controls are established at all potential pollution sources. In addition, Oil Search monitors how water used in camps and for fire-fighting impacts surface water sources shared with communities, especially during drought periods.

All water extraction and discharge activities are subject to regulatory approval and review and are tightly scrutinised by local communities. Limits are set and monitored by the environmental regulator and included in Oil Search's environmental permits. Water quality surrounding our areas of activity is regularly monitored to ensure concentrations are within acceptable limits. Monitoring of compliance against the permits takes place annually.

## **WASTE, EFFLUENTS AND SPILLS MANAGEMENT**

Given the underdeveloped waste-processing infrastructure in PNG, one of the biggest challenges for Oil Search is the ability to process and dispose of waste. An innovative approach is required to ensure effective and sustainable waste management.

On-site management processes are in place for waste segregation into disposal streams including incineration, landfill, compost, recycling and reuse. Oil Search is committed to exploring opportunities to reduce the volume of waste produced and incinerated. Strict handling processes are in place for hazardous waste such as medical waste, battery acid storage, and sewage effluents. Regular training is provided to waste-management personnel and site-wide waste management awareness campaigns are conducted regularly.

Volume and quality parameters for any off-site discharges in PNG are set and monitored by the environmental regulator and included in Oil Search's environmental permits.

Oil Search facilities and operational practices and procedures are designed to reduce the risk of spills and ensure an effective emergency response should a spill occur. The Company's approach to reducing the potential occurrence and impact of a spill comprises engineering and process improvements, underpinned by a culture of awareness and engagement at the operational level.

Routine housekeeping inspections are conducted to ensure potential sources of spills and releases are appropriately managed, and response mechanisms and equipment such as spill kits are available and functioning. Although Oil Search has no producing offshore wells, marine spill risks at the terminal facilities and near water bodies are managed through strict hydrocarbon transfer processes. Marine spill response equipment is maintained onshore at Oil Search's supply base in Kopi.

## Health and Safety

Safety is the primary consideration in everything Oil Search does; respecting the life and wellbeing of employees, contractors and communities. A safe work environment can only be ensured if all work is planned and executed properly. Oil Search's goal is to work in a calculated and controlled environment by ensuring that equipment is well maintained, work procedures are in place to ensure safe operations and that staff are well-trained. Management of safety at Oil Search ensures the company has the right systems and processes in place to ensure the safety of employees and contractors as well as a focus on preventing low frequency, catastrophic events.

### PERSONAL SAFETY

Personal safety management focuses on the prevention of common workplace injuries such as slips, trips, falls and being struck by objects. Personal safety is promoted through regular line management feedback and discussion sessions, hazard analysis, auditing, drills, and the continuous review and improvement of procedures and practices.

Leaders at all levels demonstrate their commitment to safety through active involvement with their teams – including regular site visits – and by encouraging employee participation and innovation.

Oil Search's 10 Life Preserving Behaviours cover activities such as job planning, use of safety-critical devices, hazard recognition and working around suspended loads. Procedures addressing safety risk assessments and key safety risk areas such as working at heights, lifting and hoisting, rotating machinery, stored energy sources such as pressure vessels or piping, and electrically charged equipment, support the implementation of these behaviours.

Safety messages are continually reinforced through various internal communications channels, such as 'safety moments' during Board, HSS Group and other team meetings, alerts, intranet or newsletter articles, and email broadcasts. Mandatory training is regularly provided for all employees and contractors to ensure they are equipped with the knowledge and skills to identify safety hazards and respond appropriately. In PNG, outstanding safety behaviour is acknowledged through a weekly safety award programme.

Everyone is expected to report unsafe acts and is empowered to stop work should they be concerned about the manner in which work is being undertaken.

### CONTRACTOR SAFETY

Contractors are highly valued partners and their participation in safety management is essential for achieving incident-free operations. Oil Search expects contractors to embrace our safety culture and the principles of the Oil Search Health, Safety, Environment and Security (HSES) Policy are included in contractual arrangements.

On-site contractor safety performance is included in Oil Search's safety statistics, reported internally through HSS Groups and externally, and contractor performance is a factor in the Company's short term incentive scheme. All on-site contractor staff complete a mandatory Oil Search safety induction.

The majority of work conducted in PNG by contractors on behalf of Oil Search – including most of the work in remote locations – is undertaken by local landowner companies (Lancos). Lancos may work directly for Oil Search or for other international contractors Oil Search engages, and often require additional support and guidance in their overall safety performance. As a result, a number of controls and capacity-building programmes are in place relating to Lanco safety.

These include:

- **Scorecards:** These feature key performance indicators (KPIs) such as number of tool box talk meetings, safety tours and hazard cards. The scorecards enable Oil Search to develop tailored engagement based on a Lanco's previous and current performance.
- **Training:** Oil Search provides Lanco contractors with personal safety training and the support of dedicated safety advisors. There are safety specialists at each location who provide safety support as needed to contractors.
- **Audits:** To ensure compliance, regular audits are conducted on safety systems implementation and workforce performance. Audit results are discussed with Lancos to encourage a culture of continuous improvement. Lanco safety performance is further encouraged through the Lanco Safety Incentive Scheme.

## EMERGENCY PREPAREDNESS AND CRISIS MANAGEMENT

Oil Search's Crisis, Emergency and Incident Management System (CEIMS), provides a common Company-wide process to respond to adverse events and minimise negative impacts on Oil Search.

CEIMS includes: pre-defined protocols for Incident and Emergency Management Teams, role descriptions for team members, and an online training programme.

Its priorities include ensuring the safety and security of personnel and assets, protecting the environment and Oil Search's corporate reputation, and supporting the Company's long-term business objectives.

To support the system, Oil Search is using a secure 24/7 web-based communication and information-sharing platform. The platform enables virtual participation in a response and supports detailed record keeping and online training.

The CEIMS is built around a common understanding of the four CEIM phases:

- 1. Anticipate, Assess and Prepare**
- 2. Respond**
- 3. Recover**
- 4. Review and Learn**

The system consists of a four-tiered, cross-functional response capability based on the severity of an actual or potential event. The focus of each tier aligns with the team's capability, the severity of the event and which part of the Company is affected. Standardised notification and activation thresholds in the CEIMS Severity Matrix ensure consistency and objectivity when assessing events.

The tiered approach enables appropriate resources to respond to an event in a timely manner, so strategies can be defined, and actions undertaken, to contain an event and prevent the escalation of adverse consequences.

## SECURITY

Political and social instability continue to feature in countries where Oil Search operates. Security threats include violent criminal activity and civil unrest in PNG, and terrorism and sectarian conflict in the Middle East. These represent risks to the Company, members of our workforce and host communities.

Oil Search's approach to security management aligns with industry best practice and consists of: monitoring and assessing threats, identifying and mitigating risks, analysing their criticality, and limiting vulnerabilities to protect our workforce, assets and operations. This risk-based, intelligence-led approach enables timely identification, analysis and response to threats. A robust threat assessment methodology provides a consistent and objective assessment of threats through qualitative and quantitative descriptions of threat levels – weightings that inform impact and utilisation of security controls and responses. Each site has a Security Management Plan that is implemented by security teams across the Company.

Importantly, however, our first line of defence is to build strong and enduring relationships with communities.

## HEALTH

Supporting the physical and mental wellbeing of Oil Search employees and contractors improves workforce effectiveness and stability.

Oil Search's Health Service ensures employees and contractors are healthy and fit for work, addresses occupational health risks and provides vaccinations and travel advice. The Service provides employees with access to quality health facilities and information at all locations.

Most of Oil Search's workforce is located on site, often in remote locations with scarce health care services or facilities. The nature of the work means workers must be protected against hazards such as exposure to extreme temperatures, hazardous substances as well as endemic and lifestyle diseases.

Oil Search recognises that fatigue, poor health and inadequate emergency medical responses can cause or exacerbate the consequences of incidents. Staff members have periodic medical check-ups and are regularly briefed on health themes, such as fatigue management for rotational workers, lifestyle choices or disease management at HSS Group meeting or job starts. Tailored nutrition and exercise plans aim to improve the long-term health of employees with high-risk health conditions or wishing to achieve specific health goals. All permanent sites have fitness and sports facilities and participation in classes and competitions is encouraged.

Oil Search's Health Risk Management Procedure outlines how health-risk assessments are conducted to ensure identification of health hazards that pose a risk to Oil Search and/or the public. It includes identification of health hazards, assessment of risks, control of risks, and communication of information. A health and safety risk assessment is required for all new business activities.

Oil Search's Health Service is coordinated from the Port Moresby and Sydney offices, with clinics at each site providing care that is consistent with international health standards. For remote operations – such as during seismic or drilling operations – a temporary medical clinic is established to provide staff and contractors with primary and occupational medicine, nursing and ancillary services.

The Health Service collaborates with the Safety department to identify associated risks. Regular updates on health trends and performance are provided to the senior management team via the HSS Group 1. Oil Search uses industry-based assessment tools to assess the Company's compliance with a number of health performance indicators.

Where public health service gaps exist, the Medical Service provides treatment and care of sick or injured members of host communities and undertakes community-based health awareness and illness prevention activities. It also provides clinical advice and support to the Oil Search Foundation. See the Sustainable Development section for further

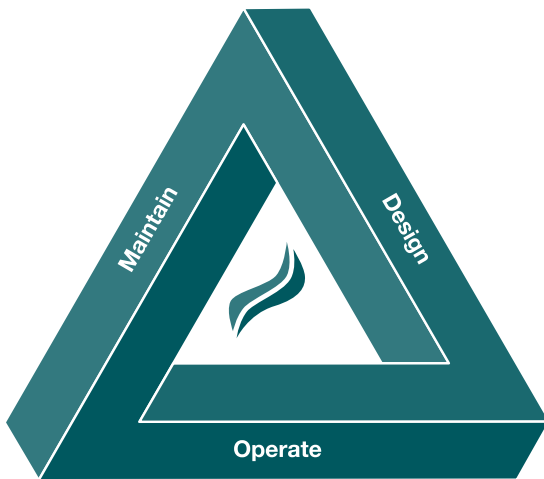


information on Oil Search's community health initiatives and activities, and those of the Oil Search Foundation.

## PROCESS SAFETY

Process safety is a coordinated approach to ensuring the Company's operational assets can perform as needed while ensuring the safety of people and protecting the environment. A strong process safety management system is critical as a catastrophic event in the oil and gas industry can result in multiple fatalities and widespread environmental, economic and reputational damage.

## PROCESS SAFETY FRAMEWORK



The principles of Oil Search's process safety approach are:

- **Design:** designing and engineering our facilities, pipelines, and wells so that they are inherently safe.
- **Maintain:** inspecting, testing and maintaining our equipment so that our operations run safely and reliably.
- **Operate:** operating our facilities, pipelines, wells and rigs as they were designed to be run, that is, within the safe-design limits set by the designers.

Their implementation is supported by Oil Search's Leadership Behaviours.

Underpinning the principles are process safety controls (barriers) that are put in place to prevent serious hazardous events and to mitigate the outcome if a hazardous event occurs. Key controls include our design standards, hazard analysis processes, identification and maintenance programmes for safety-critical equipment, prestart-up safety reviews, management of change and control of work. Key controls used to mitigate the outcome from major events include detection and shut-down systems, fire and explosion protection systems, and emergency response.

Process safety performance is tracked using a mix of leading and lagging performance indicators as recommended by the International Association of Oil and Gas Producers. The Process Safety Steering Group, led by the Managing Director, oversees delivery of the Process Safety Improvement Plan, a multi-year plan developed in 2013 to inform a series of risk-based improvements to Oil Search's overall approach to managing process safety.

## Climate Change

Oil Search acknowledges the link between human activity and climate change and that the issue is important to the PNG Government, the responsible investment community and many national and international stakeholders. The company expects controls aimed at reducing the volume of greenhouse gases emitted will be introduced in the future in PNG. The impact of regulatory change is currently being considered in the evaluation and development of a new Climate Change Strategy. Oil Search's climate change approach and performance is overseen by the HSS Committee.

### REGULATORY CHANGE

Oil Search currently has no operations in a country with an emissions-trading scheme or other carbon-pricing mechanism. The Company routinely engages with regulatory and other government agencies that have an interest in environmental matters and participates in opportunities to engage on upcoming legislation. In PNG we routinely engage with the government on climate change policies and legislation.

For further information on how Oil Search contributes to the public policy debate in the countries where it operates, see the Advocacy and Public Policy section.

### THE ROLE OF NATURAL GAS

Natural gas is a viable transition fuel, generating significantly less carbon emissions than alternative fossil fuels. The Company's primary business is the supply of gas to the PNG LNG Project, where the gas is liquefied and then shipped to customers in Asia. Switching to natural gas from carbon alternatives can present immediate opportunities for our customers to reduce carbon emissions, especially in the power generation sector.

### TRANSPARENT REPORTING AND ENGAGEMENT

Oil Search reports on the Company's climate change risks and impacts as well as emissions performance. We have participated in the CDP Carbon disclosure initiative since 2010 and Oil Search is represented on the Australian Petroleum Production and Exploration Association (APPEA) Climate Change and Energy Policy Committee. Information on climate change and how employees can reduce their personal impact is provided during events such as World Environment Day and at HSS Group meetings.

Oil Search's current Greenhouse Gas Abatement Strategy expires in 2016 and development of a new strategy is underway. For further information, see the Performance update.

### EMISSIONS REDUCTIONS

New asset project developments represent the most significant emissions reduction opportunities. As such it is a requirement that all new developments must be planned and designed in a manner that reduces emissions. For existing assets, the Company's approach to emissions reduction includes taking advantage of opportunities to reduce emissions as part of ongoing facility maintenance and flare management. Oil Search monitors the emissions performance of all operated assets and is on track to achieve the Company's target of reducing emissions intensity in 2016 by 12%, against a 2009 baseline.

Oil Search also monitors the local air quality in host communities. Environment permits set ambient air quality thresholds that ensure that these emissions remain within safe levels for human health and the environment.

## Society

Low levels of development around many of Oil Search's operations means the Company's presence has the potential to have a significant bearing on the day to day lives of local communities. Managing the nature of this presence, how employees and Oil Search contractors interact and engage, as well as contributing to inclusive local sustainable development, directly supports the stability of the local operating environment. Ensuring the Company has the trust and support of local communities and stakeholders underpins the long-term success of the Company.

### ENGAGEMENT AND CONSULTATION

Developing strong, mutually beneficial relationships with community members and consulting with individuals or groups who are interested in or impacted by Company activities protects Oil Search's social licence to operate. The Company seeks to involve communities in decision making wherever possible and to obtain representation of all perspectives within the community.

Oil Search's PNG field operations are located on customary land. Consequently, all community engagement and consultation considers local land-use rights, culture and history. On-site community affairs specialists (all PNG nationals) and a network of resident Village Liaison Officers (VLOs) enable a tailored, localised approach. Information dissemination, negotiations and engagement consider local decision-making customs and conventions. A Village Liaison Committee is established for all our exploration, drilling or associated activities. These provide a transparent forum in which all parties can participate.

Regular visits to villages are conducted by community affairs specialists. During these visits, concerns or grievances can be raised and development projects or sponsorship opportunities discussed. All visits and commitments made are recorded centrally.

### HUMAN RIGHTS

Respect for human rights underpins a socially responsible approach to Oil Search's operations in host countries and across our supply chain. It helps us to maintain good community relations and a responsible operating environment.

Our approach aligns with the UN Guiding Principles for Business and Human Rights:

- **Respect internationally recognised human rights**, including the rights of indigenous peoples, by seeking to avoid, cause or contribute to adverse human rights impacts from our activities, and if any impacts inadvertently occur, taking action to mitigate or address them.
- **Respect laws wherever we operate.**
- **Have and continue to undertake appropriate due diligence of our activities and management controls.**
- **Support appropriate access to remedy when required.**

The Company's commitment to respecting human rights is captured in the Social Responsibility Policy and demonstrated by an ongoing commitment to the principles of the United Nations Global Compact. Company-wide management of human rights-related issues is the responsibility of the Stakeholder Engagement Function with specialist input from key business areas such as Security, Procurement and Contracting, and Community Affairs. Human rights performance is overseen by the General Manager Stakeholder Engagement and Social Responsibility with oversight

from the Board HSS Committee.

Improved integration of human rights management controls into corporate security, stakeholder engagement, contracting, social impact assessment and grievance management procedures is underway.

### **GRIEVANCE MANAGEMENT**

Providing effective channels for expressing and resolving grievances and concerns reduces the risk of escalation and ensures community concerns are appropriately addressed.

Community members can raise matters when a member of the Community Affairs team visits, at any Oil Search site or via the resident VLO. The grievances and Oil Search's response are recorded centrally. Material grievances are reported to the senior management team and the Board HSS Committee. This approach ensures grievances relating to Oil Search's activities can be raised easily and in a culturally appropriate manner.

At times, Oil Search can be the most visible outside presence in local communities. Grievances may be raised on matters that do not relate directly to Oil Search's activities – for example, inter-clan disputes or dissatisfaction with government. If not addressed, these issues can undermine the stability of Company operations, so Oil Search may play an intermediary or facilitator role – for example, by transporting government officials to the site to address the grievance.

### **LAND ACCESS AND RESETTLEMENT**

Oil Search is committed to avoiding or minimising displacement or involuntary resettlement during land access, use and acquisition. In PNG, the majority of host communities are land-connected people who are greatly impacted by any change or restriction to their historical land access and use rights. Oil Search respects these rights and avoids locations with cultural significance.

Oil Search has established long-term, positive relationships with land owners and local authorities in villages that host our operations. The Company negotiates land access contracts in good faith and in a respectful and reasonable manner, as embedded in our land access procedures.

When working on land held under customary tenure, the approvals provided in licence conditions are meaningless until the impacted community agrees, so the Company consults with landowners to obtain their consent. The negotiations typically cover employment of community labour (subject to skills availability), business development opportunities, and land access.

Compensation is paid to local landowners in PNG for land use, or clearing of vegetation around operational areas. Compensation and land rental amounts are set in accordance with Valuer-General rates as required by the PNG Oil & Gas Act and paid transparently with relevant community and government representatives present. If there are disputes over land ownership, land damage compensation or land rentals, funds are held in trust until a resolution facilitated by government representatives is agreed to by all parties.

Until late 2015, Oil Search had not had to resettle any members of its host communities. Oil Search's land access and resettlement procedures are currently being redrafted to align with national legislation and industry best practice performance standards.

## IMPACT MANAGEMENT

Understanding the actual and potential social impacts of Oil Search's operations and sustainable development projects is challenging but essential. It underpins the Company's approach to social responsibility, helping to realise opportunities and mitigate negative impacts.

A social impact assessment is conducted for all new operations and projects. The scope of this assessment depends upon the scale and duration of the activity. Opportunities to generate positive impacts, such as through local procurement or employment, are also identified. In PNG, this process is preceded by social mapping and landowner identification that ensures Oil Search understands and works within the area's unique social structures and norms.

Oil Search conducts a biennial socio-economic survey covering approximately 50 villages in the Hela, Gulf and Southern Highlands provinces to measure trends across a range of topic areas such as demographics, education levels, literacy, water supply, sanitation, village infrastructure, nutrition and expenditure patterns. Survey results are reported to the PNG Government and used to inform sustainable development planning. The results are available in the Downloads section.

Oil Search continues to work on improving how we measure the social impact of our sustainable development programmes and activities. Sustainable development investment and output data is available from the Data Centre.

# People and Organisation

The oil and gas industry is highly diversified by commodity, geography and market and presents unique challenges to its workforce. To succeed, Oil Search must attract, develop and retain teams of highly talented and skilled people who are motivated to innovate, lead and learn. As PNG’s largest company, Oil Search plays a leadership role in employment practice, helps to expand the national skills base and is a major economic contributor.

As well as competitive reward and benefit arrangements and opportunities for upskilling and career development, Oil Search focuses on creating a fair, equitable working environment that values diversity and promotes equal opportunity. Offering high levels of local employment creates close economic and social ties to host communities that are an important part of the Company’s social licence to operate. The Company is proud to have a dedicated, hard-working and high-achieving workforce.

## Oil Search Leadership Behaviours

The six Oil Search Leadership Behaviours describe how employees and contractors at Oil Search are expected to work. These behaviours are incorporated into all employees’ annual performance assessments, graduate training, leadership development and recruitment guides.



Behaviour	Accountable	Culturally aware	Forward thinking	Resourceful	Working together	Leading others
<b>We</b>	<i>Take ownership of outcomes</i>	<i>Connect across the globe</i>	<i>Think things through</i>	<i>Take the initiative</i>	<i>Communicate &amp; collaborate</i>	<i>Guide &amp; develop our people</i>
<b>Definition</b>	Taking ownership and holding self and others to account for delivery of actions and outcomes.	Is approachable, aware and sensitive to cultural differences, adapts to people and environments.	Analyses and integrates information to determine the best course of action, priorities and plans.	Intensifies and acts on opportunities to improve the business and deliver results.	Works cooperatively, builds relationships with others to achieve goals.	Inspires and develops people to perform effectively and reach their potential.

## Workforce management

Oil Search’s approach to workforce management is captured in the human resources standard that covers requirements relating to remuneration and benefits, diversity, leave entitlements, anti-discrimination, grievance resolution, notification periods and performance management. These are tailored at each operational location to address local requirements

and meet or exceed local legislation requirements.

The six Oil Search Leadership Behaviours describe how employees and contractors at Oil Search are expected to work. These behaviours are incorporated into all employees' annual performance assessments, graduate training, leadership development and recruitment guides.

Every year, Oil Search conducts a talent review and succession planning for senior management and other critical roles. The Human Resource team also annually reviews workforce management processes to identify opportunities for improvement, benchmarking them externally, where possible. A quarterly planning process, attended by the senior management team, ensures the Company has the required capability and human capital to support future opportunities.

A 2014 review identified labour rights in the supply chain as an area of potential human rights risk for Oil Search. Previously, Oil Search had worked with individual suppliers to help resolve labour rights issues such as the timely payment of superannuation and wages by PNG landowner companies. A more systemic response to this risk will be implemented as part of the Human Rights Improvement Plan and Sustainable Supply Chain Strategy.

Oil Search works respectfully with employee representative bodies or trade unions. The principles contained in the Code of Conduct, Social Responsibility Policy and Oil Search's Human Resource Standard support the creation of a workplace environment in which employees can meet without discrimination or harassment.

Any disputes or complaints about workplace practices are responded to in accordance with the employee grievance principles outlined in Oil Search's Human Resource Standard or the Code of Conduct, including those reported via the Oil Search Whistle-blower Hotline.

---

## Training and development

Investing in employee development enables Oil Search to ensure we have a workforce of competent people who are willing and able to achieve the Company's objectives and a pipeline of people who are ready to transition into leadership roles. Workforce agility, empowerment and innovation are critical to the Company's success, especially during periods of change.

Annual individual performance reviews, professional development opportunities and competency assurance are key elements in Oil Search's training and development approach. Each employee is encouraged to develop and work towards an Individual Development Plan and to access learning throughout their career using channels such as:

- Competency-based vocational assessment and development
- Online and face-to-face internal training modules covering key aspects such as the Code of Conduct, corruption prevention and human rights
- 44 Harvard Manage Mentor self-directed leadership and professional skills development modules online
- Short courses to familiarise non-technical staff with the oil and gas industry and in business skills such as report writing and project management
- Higher education opportunities in PNG and Australia

- Formal and informal mentoring and coaching
- Local and overseas placements

Organisational development specialists oversee the Company's training and development programme. Courses and participation are captured in a company-wide learning management system. The system enables employees to identify their role-specific training needs and to access a record of their training. Key elements of training and development performance, such as the results of the Accelerated Development, Graduate and Apprentice Programmes, are reported regularly to the Board People and Nominations Committee.

Oil Search provides employees valuable opportunities to gain experience, skills and vocational qualifications. The Company works closely with PNG education institutions to ensure we continue to attract the highest calibre new recruits.

### **LEADERSHIP DEVELOPMENT**

Oil Search recognises the importance of developing the leadership capability of current and upcoming leaders to deliver the Company strategy. Oil Search's leadership development approach reinforces not only the capabilities it seeks in leaders but also Company values and behaviours.

The Oil Search Accelerated Development Programme is a 12-month programme focused on developing and equipping the Company's next generation of leaders. The programme includes in-depth psychometric assessments and 360-degree performance reviews, three residential programmes and personalised executive coaching sessions. Each participant has a customised development plan and is teamed with two Executive General Managers who mentor them for the duration of the programme. Involvement in discrete projects (often outside their immediate responsibilities), on-the-job learning and personal reflection are an integral part of the development experience for participants.

### **GRADUATE AND APPRENTICE PROGRAMMES**

Oil Search recognises the strategic value in recruiting new talent. Oil Search sources graduates and apprentices and provides structured development opportunities to build skilled and experienced new talent in the industry. In PNG and other countries where Oil Search operates, entry-level opportunities with real professional growth potential are rare, so it is difficult to obtain the required experience and skills externally. These programmes are therefore an important component of the Company's socio-economic contribution to PNG.

Since 2006, Oil Search has hired and trained local graduates in PNG from various technical disciplines including oil and gas, production and maintenance engineering, environmental management and finance. Over the past decade, the retention rate among Oil Search graduates has averaged more than 70%. The Company's Graduate Development Programme includes job placements to ensure exposure to various parts of the Company, two residential programmes to develop personal and business leadership skills and ongoing support and monitoring. The three-year programme is structured to involve senior graduates in the development of junior recruits to provide valuable on-the-job perspectives on life at Oil Search.

Oil Search's Apprentice Programme takes four years to complete and consists of four streams: Process Technology, Fitting and Machining, Electrical and Mechanical trades. Some Electrical apprentices are dual-traded in Instrumentation. Participants are employed by KutMor, a PNG landowner company, receiving a combination of on-the-job and in-house training from Oil Search. Certain trades also receive externally based training. Sometimes apprentices are



moved to different sites or areas to ensure they receive exposure to a broad cross-section of activities. The Apprentice Programme is structured to meet or exceed the expectations of the PNG National Apprenticeship Training Board and forms part of Oil Search's Competency Assurance Programme.

For further information on these programmes, visit the Oil Search careers page.

---

## Diversity and inclusion

Supporting diversity and inclusion means creating an inclusive workplace that promotes the skills and insights of people who respect and appreciate differences. Having a diverse workforce that reflects the areas where the Company operates strengthens our capability and resilience. As outlined in our Diversity Policy, diversity at Oil Search encompasses consideration of gender, ethnicity, age and culture.

Oil Search's approach to managing diversity and inclusion focuses on identifying and tackling cultural and systemic barriers. A Diversity and Inclusion Strategy guides the diversity performance of the Company towards the objective of ensuring a fair, equally accessible and diverse workplace environment. For some roles – including Board members – recruitment requirements ensure the consideration of at least one female candidate. Diversity targets are in place for succession plans and employees seeking greater flexibility are able to purchase additional annual leave. The Oil Search Women's Network provides a semi-structured opportunity for women across the Company to support and learn from each other.

Both gender and ethnicity are elements of the selection criteria for participation in the Accelerated Development Programme (ADP) and Graduate and Apprentice Programmes. In 2015, women made up more than 36% of Oil Search's graduates and 38% of Oil Search's apprentices. Thirty-five per cent of the Company's ADP participants were PNG nationals and 53% were women.

In 2016, implementation of a Citizen Development Programme will commence. This will provide dedicated resources focussed on the progression of PNG national employees through all levels of management, using a combination of on-the-job experiences and coaching. Cultural awareness training is included in both the Accelerated Development and Graduate Programmes and for all employees during induction.

To the extent that the law permits, Oil Search collects data on workforce age, nationality, and gender to support our diversity efforts. Performance against diversity targets is included in senior management performance indicators, monitored on a quarterly basis by the Diversity Council and Board People and Nomination Committee and disclosed publicly in annual corporate reporting.

### ADDRESSING THE IMPACT OF GENDER-BASED VIOLENCE

Gender-based violence impacts the lives of many Oil Search employees and their families as well as members of the communities in the countries where we operate. Over 90% of women in PNG experience violence in their lifetime, severely impacting their wellbeing and productivity. This issue represents one of the biggest hurdles to equality and empowerment. As PNG's largest employer, Oil Search has the ability to influence dialogue on this issue by demonstrating leadership and increasing awareness internally and externally. Addressing gender-based violence therefore forms a key part of Oil Search's social responsibility approach, in particular the Company's approach to health,

diversity and sustainable development.

In 2015, a dedicated Women's Protection and Empowerment role was established and based at Port Moresby, providing oversight of the delivery of Oil Search and Oil Search Foundation initiatives across four focus areas: internal processes, tools and knowledge, community support and building awareness. Implementation is supported by an employee steering committee and progress is monitored by the Board HSS Committee and the Oil Search Foundation Board.

## **DISCRIMINATION PREVENTION**

Oil Search is committed to providing an equal opportunity work environment that is free of harassment, bullying, discrimination and victimisation of any kind. These commitments are contained in Oil Search's Code of Conduct and Human Resource Standard.

These documents make it clear that Oil Search will not tolerate discrimination, harassment, bullying or other victimisation, define and explain discrimination and where it is most likely to occur, and outline the approach the Company takes in response to a discrimination allegation. This approach aligns with or exceeds local legislative requirements in each of the countries where Oil Search operates.

The steps employees can take to raise an instance or situation they feel may be discrimination is outlined in the Human Resource Standard. They can also report instances of discrimination via the Company's Whistle-blower Hotline.

Each year, Oil Search conducts a gender and nationality pay equality review to ensure there is no bias.

---

## **Performance and incentives**

A well-structured performance management programme, fair and equitable remuneration and competitive benefits and incentives enable Oil Search to attract and retain suitably qualified and skilled talent. This is of particular importance due to the high levels of competition within the industry for certain skills sets. Oil Search is committed to paying above the minimum wage in PNG and elsewhere.

Oil Search offers a range of employee benefits for full-time and part-time permanent employees in PNG. These include health care, education allowances, transport to and from work, life insurance, parental leave and an employee share scheme. All benefits are available to all employees, with the exception of the employee share scheme, which is not available for fixed-term contract employees.

All employees and contractors have access to Oil Search's on-site health facilities and medical services. Should they or their family members need support to resolve work or life challenges, or improve their health and wellbeing more generally, they also have access to the Employee Assistance Programme, an externally provided, confidential counselling service.

Employee performance is assessed in two ways: progress towards a set of personal key performance indicators (KPIs), and alignment with the Oil Search leadership behaviours. The KPIs align with team objectives and the overall objectives for the Company. Mid-year and full-year performance reviews are conducted with each employee's manager.

All permanent employees participate in the short-term incentive (STI) scheme. Performance is assessed using the STI scorecard, determined each year by the Board, underpinned by progress against team and individual key performance

indicators, as well as the Oil Search leadership behaviours. The STI scorecard consists of a range of measures directly linked to the Company's objectives, including our social responsibility performance. In 2015, Total Recordable Injury Frequency and High Potential Incident Rates represented 10% of the overall scorecard weighting. If one fatality occurs, the percentage available is reduced to five per cent, and if two fatalities occur, it is reduced to zero.

For further information on Board members and senior management remuneration, see the remuneration report section of the 2015 Annual Report.

# Reporting and Participation

Oil Search is committed to transparently reporting on the Company's approach to managing important aspects of social responsibility. This includes providing a balanced and timely view on performance across these areas to enable stakeholders such as shareholders, investors and host communities and governments to review and compare our performance and provide informed feedback. Social responsibility reporting at Oil Search continually evolves in line with changing Company priorities and risks, and stakeholder expectations.

## REPORTING OUR PERFORMANCE

The content for the 2015 Social Responsibility Report microsite reflects issues that have been highlighted as important through stakeholder engagement, benchmarking, media analysis and Company strategy analysis setting, as outlined in the Fundamentals section. Our approach to managing these issues and recent updates on performance has been reported under the five key elements of social responsibility at Oil Search: Fundamentals, Integrity and Transparency, Sustainable Development, Responsible Operator and People and Organisation.

The Reporting Index outlines how international reporting frameworks have been addressed in Oil Search's reporting, including the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, GRI Oil and Gas Sector Supplement and the International Petroleum Industry Environmental Conservation Association (IPEICA) Sustainability Reporting Guidelines. The Report's quantitative data has been compiled in accordance with the 2015 Oil Search Basis of Preparation Document, available from the Downloads section.

Representatives from across Oil Search work with the Social Responsibility team to compile Oil Search's annual social responsibility reporting. All the information in the Company's annual social responsibility reporting is reviewed by the senior management team and endorsed by the Board HSS Committee. Oil Search also participates in global and industry-based reporting initiatives such as the Carbon Disclosure Project (CDP). The Company has submitted a response to CDP Carbon since 2010 and CDP Water since 2014. Oil Search's responses are available from the Downloads section.

## INDEPENDENT ASSURANCE

External assurance enhances the credibility and transparency of Oil Search's social responsibility data among our stakeholders and helps identify improvements for future reporting. Oil Search obtains independent assurance over selected social responsibility data in accordance with Australian Standards on Assurance Engagements ASAE 3000. The Assurance Statement outlines the scope and basis of the assurance provided.

Oil Search's social responsibility reporting has been subject to independent assurance since 2011. It is the Company's intention to continue obtaining assurance over these disclosures and we will look to expand and strengthen the scope of this assurance as our systems and processes mature. The assurance findings are presented to senior management and the Board HSS Committee. As Oil Search's social responsibility reporting assurance provider is also Oil Search's financial assurance provider, our relationship is subject to similar independence and approval processes. The Oil Search Board Audit & Financial Risk Committee is aware of this and all other work done for Oil Search by our financial assurance provider.

## MEMBERSHIP AND COMMITMENTS



The United Nations Global Compact (UNGC) consists of 10 Principles that offer guidance on what constitutes leading practice in sustainability, including human rights, labour, anti-corruption and the environment. As signatory to the UNGC since 2011, Oil Search annually reports on progress towards implementing the 10 Principles.



Oil Search is an active member of the UNGC local area network in Australia and participates regularly in leadership groups on anti-corruption, environment and human rights. Oil Search is represented on the Global Compact Network Australia's Board, the Governance & Nominations Committee and is Chair of the Sustainable Development Leadership Group.



The Extractive Industries Transparency Initiative (EITI) is a coalition of governments, companies and civil society. It promotes a global transparency standard that encourages more openness around the payments that governments receive for the use of natural resources. Oil Search has been an EITI Supporting Company since 2013 and has published payments data since 2012. When requested, Oil Search contributes payment data for inclusion in national reconciliations.



The International Association of Oil & Gas Producers (IOGP) represents members from the international oil and gas industry. It seeks to promote safe, responsible, and sustainable operations. Oil Search became a member of the IOGP in 2005 and submits safety and environmental data annually for inclusion in the IOGP's industry performance reports. Oil Search is represented on the Security Committee.



The Business Coalition for Women is a group of companies and corporate leaders who are working together to drive positive change for women and businesses in PNG. Oil Search became a member in 2015 and participates in a number of working groups including the Addressing Violence Working Group.

## RATINGS AND AWARDS



The Dow Jones Sustainability Indices (DJSI) are a benchmark of companies that are implementing sustainable best practices. Oil Search has been included in the DJSI Australia Index since 2013 and has submitted a response to the DJSI questionnaire since 2014.



Oil Search was also listed in the 2016 DJSI Sustainability Yearbook, which includes companies that performed within the top 15% of their industry and within 30% of their industry leader's score. Oil Search was awarded the RobecoSAM Industry Mover Medal for achieving the largest proportional improvement in sustainability performance compared to the previous year within our industry's top 15%.



Oil Search has been included in the FTSE4GOOD Index since 2015. To be included in the index, companies must meet a set of globally recognised ESG criteria covering a diverse set of themes including human rights, labour standards, climate change, water, waste, anti-corruption and risk management.



Oil Search is listed in the STOXX Global ESG Leader Index. This includes leading global companies in terms of environmental, social and governance criteria, based on ESG indicators provided by Sustainalytics.



In 2012 and 2015 Oil Search was included in the Vigeo World 120 Index. Included companies that demonstrate the highest level of assurance within their universe for their ability to integrate ESG objectives and manage related risks.



Oil Search has been selected for inclusion in the Ethibel Excellence Investment Register since March 2015. Companies that perform better than average in their sector in corporate social responsibility are selected for inclusion.



At the 2015 East Coles Corporate Performance Awards, Oil Search received 2nd overall and 1st in the energy category for best ESG. Within the energy sector, Oil Search also won best company, CEO and Board. The awards are based on research conducted by East Coles into analysts' (fund managers and brokers) opinions of S&P/ASX200 companies.

# 2015 Performance Summary

## Message from the Managing Director and Health, Safety and Sustainability Committee Chair

Significant drops in global oil and gas prices in 2015 made it a challenging year for the industry. Nonetheless, Oil Search delivered strong growth, producing over 29 million barrels of oil equivalent (mmbobe), the Company's largest result ever. This achievement was made possible by a stable operating environment in PNG. Our social responsibility activities, particularly sustainable development, remain fundamental to maintaining this stability.

Recognition of the challenges posed by a low-price environment on the PNG economy meant Oil Search's sustainable development investment and activities increased in 2015. In addition to continuing our established programmes directly with host communities and local governments, we made a number of changes that expanded our development activities into other areas aligned with PNG Government priorities.

One of the most significant developments was the transition of the Oil Search Health Foundation to the Oil Search Foundation. Two new areas – women's protection and empowerment, and leadership and education – were added to the scope of the Foundation, acknowledging its proven positive social impact on public health in PNG to date. In 2015, Oil Search contributed US\$8 million to the Foundation and committed in excess of US\$50 million over the next five years, consolidating the Foundation's role as one of Oil Search's most important sustainable development contributions.

By the end of the year, key National Infrastructure Tax Credit Scheme projects in Port Moresby that were undertaken by Oil Search on behalf of the PNG Government were effectively completed. We established a power business and are working with PNG Power Ltd to help provide reliable power to up to one million people, many of whom currently have no access to electricity. We delivered financial and in-kind assistance to support the immediate continuity of the Hela Provincial Hospital and have established a unique public-private partnership to build longer-term capacity and service delivery to this remote community. In addition, the Company responded quickly to one of PNG's worst droughts, working collaboratively with governments, landowner companies and affected communities in an extensive disaster relief operation.

While we ended the year in a better position than many of our peers, Oil Search was not immune to the impact of downward pricing trends. Responding to a changing marketplace, we conducted a comprehensive business optimisation programme to ensure Oil Search remained adaptable and was ready to take advantage of growth opportunities in PNG. The review led to a number of outcomes aimed at improving Company readiness for change. This included simplifying the organisational structure and a reduction in staff numbers. Other outcomes included strengthening our employee development approach for PNG citizens in order to increase their representation in leadership roles and taking steps to strengthen a culture of continuous improvement. These initiatives will be progressively rolled out in 2016.

As a responsible operator, safety is always a priority, and despite a number of changes in the Company in the second half of the year, Oil Search's safety performance was strong. In 2015, there were no Lost Time Injuries and the Total Recorded Injury Rate declined for the third consecutive year. Process safety performance remained steady in 2015 as the benefits of many of the engineering improvements implemented during the year have yet to be realised.

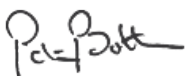
The Company remains committed to supporting the UN Global Compact principles and, in December, the Board endorsed becoming a signatory to the Voluntary Principles on Security and Human Rights. Ensuring the Company is aligned with societal trends and expectations enables us to continually improve our performance and effectiveness. During the year there were developments in two key areas internationally: the release of the Sustainable Development Goals and the outcomes and momentum on climate change from the UN Conference of the Parties in Paris. Oil Search will further explore the resulting implications and opportunities in 2016.

Oil Search encourages and supports transparency at a Company, industry and government level. Responding to stakeholder requests for greater detail on our approach to managing certain areas of the Company and recent performance, we expanded our social responsibility disclosures to include new areas such as our tax strategy and public policy engagement. We have also strengthened the level of independent assurance over our social responsibility disclosures. Our third annual social responsibility roundtable provided an opportunity for valuable two-way discussion with the responsible investing community about our response and performance in priority areas, and this informed the changes in our reporting approach.

The road to achieving excellence in social responsibility is long. It is therefore gratifying that, in 2015, Oil Search's progress was recognised in several external awards programmes and rating systems, including those acknowledging industry leadership and performance improvement in sustainability.

Looking ahead, the 'lower for longer' oil price environment and upcoming PNG elections will continue to place pressure on the ability of the PNG Government and Oil Search to maintain a stable operating environment in 2016. While we have made many organisational changes, the PNG LNG Project is performing strongly and growth prospects in PNG are good, Oil Search will continue to adapt by exploring opportunities for further efficiency improvements. Contributing to a stable operating environment in PNG by ensuring the people of PNG can see and experience the benefits of our operations will continue to be a core value-protecting strategy in 2016.

**Peter Botten – Managing Director**



**Keith Spence – HSS Committee Chair**



---

## Performance at a Glance

### **Oil Search Foundation mandate expanded**

To include women's empowerment and protection, leadership and education, as well as health.

### **Oil Search has been included on the FTSE4Good Index for the 1st time**

In addition, Oil Search was included on the DJSI Australia Index for the 3rd time – recognising Oil Search's strong social responsibility management and performance.



### **Oil Search awarded the RobecoSAM Industry Mover Medal**

This means Oil Search achieved the largest proportional improvement in sustainability performance compared to the previous year.

### **15% increase in total greenhouse gases emitted**

Greenhouse gas emissions were 830 in 2014 and 958 ktCO<sub>2</sub> – e in 2015 due to the commencement of production from high CO<sub>2</sub> wells. However we remain on track to meet our reduction target.

### **13% reduction in greenhouse gas emission intensity**

Largely due to a 30% increase in gross annual production. Oil Search remains on track to meet its emissions reduction target at the end of 2016.

### **Oil Search Board completed human rights training**

This training expanded their understanding of human rights in the context of Oil Search's duties and obligations.

### **2 power agreements signed with PNG Power Limited**

These agreements outline how Oil Search will support the PNG Government to improve power access for the people of PNG. US\$830,000 provided in drought relief support in PNG

### **US\$109 million paid by Oil Search to governments where we operate**

This includes payments to the PNG, Regional Kurdish, Yemeni, Australian and Tunisian governments as royalties, taxes, dividends, levies and other fees and charges.

### **9 infrastructure projects completed in PNG under the Infrastructure Tax Credit Scheme**

In 2015, Oil Search managed a US\$213 million portfolio of infrastructure projects on behalf of the PNG Government, funded under various Infrastructure Tax Credit Schemes. US\$81 million was spent to progress 19 projects in 2015.

### **US\$466 million contributed to PNG's socio-economic development**

This includes total payments to government, suppliers, shareholders, employee costs and sustainable development investment. Zero Lost Time Injuries

### **>US\$50 million committed by Oil Search to the Oil Search Foundation over the next 5 years**

Contributions to the Foundation in 2015 included a US\$8 million contribution from Oil Search as well as logistical and personnel support.

### **US\$830,000 provided in drought relief support in PNG**

The relief provided included provision of emergency food and water in drought affected areas in the Southern Highlands, Hela and Gulf Provinces.

### **0 Lost Time Injuries**

This contributed to a slight year-on-year improvement in Total Recordable Injury Rate from 1.97 in 2014 to 1.91 in 2015.

### **New crisis management system approved**

Contributions to the Foundation in 2015 included a US\$8 million contribution from Oil Search as well as logistical and personnel support.

### **Oil Search became a member of the PNG Business Coalition for Women**

Oil Search joined BCFW's Addressing Violence Working Group. This forms part of the Company's Women's Protection and Empowerment Strategy.



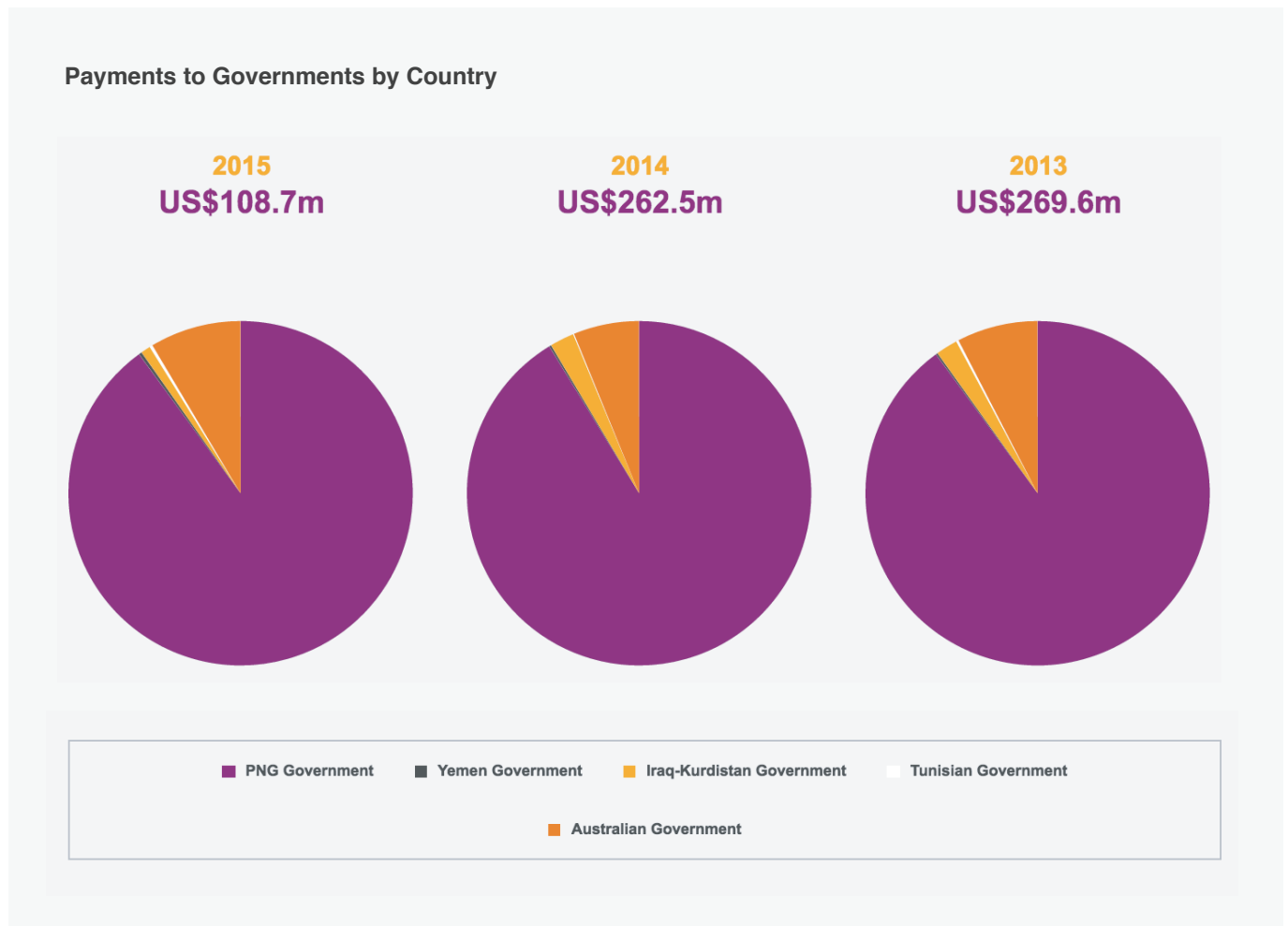
### **Walking to end violence against women**

Over 200 Oil Search employees, contractors and partners participated in a number of events across Oil Search location held to align with the UNiTE to End Violence against Women campaign.

# Integrity and Transparency

Oil Search’s ongoing commitment to operating with integrity and supporting transparency drove several related activities in 2015. Oil Search participated in PNG Government stakeholder engagement processes during the year, addressing two relevant legislative areas: taxation and energy. The Company also acted to make the Department of Petroleum and Energy (DPE) more effective as its current capacity and institutional constraints inhibit oil and gas industry growth. Oil Search proposed a new, more efficient data management plan and supported the Department’s proposed transformation into an Authority.

The Company continued to play an active role on PNG’s EITI Multi-Stakeholder Group throughout 2015 and contributed Company data to PNG’s first EITI report, which was released in early 2016.



## Code of Conduct breaches

During the year Oil Search investigated 21 reported breaches of the Company’s Code of Conduct. Four investigations related to breaches reported via the Whistle-blower Hotline, two of which occurred in late 2014 and two in 2015.

The Code of Conduct breaches related to harassment or bullying, drugs and alcohol, computer usage, fraud, safety,

share trading and undertaking secondary employment without permission. Investigation resulted in seven warning letters being issued, five records of discussion being held, two resignations, five terminations and two where no further action was required.

In 2015, Oil Search strengthened the Company's Code of Conduct reporting and analysis by centralising data capture and improving breach category definitions. The refresh of the Code of Conduct continued during 2015 and will be completed in 2016.

---

## Corruption prevention training rolled out

Company-wide training on corruption prevention standards and procedures continued in 2015. By the end of the year, almost 90% of employees and contractors had completed the mandatory training. Internal broadcasts on key elements such as the Gift and Entertainment Policy occurred throughout the year to maintain awareness and assist compliance.

Training completion rates are being monitored by the Board Audit & Financial Risk Committee and in 2016 support will be provided to ensure the remaining employees – many of whom work in remote locations – complete the training

---

## Short-term assistance for PNG petroleum regulatory body

The PNG Department of Petroleum and Energy (DPE) has stewardship over PNG's oil and gas licence, geological and production data sets – a significant data set consisting of large paper-based and digital files. In December 2015 Oil Search submitted a short-to-medium term plan to the DPE for improving its data management capabilities and thus its effectiveness. The cost of implementing the plan's recommendations would be met by industry members via the Chamber of Mines and Petroleum.

The Company also continued to support the Minister for Petroleum and Energy to progress the bill for the transition of the Department into an Authority. At the time of release, the bill had yet to be tabled in Parliament.

---

## Contributions to policy development in PNG

In 2013, the PNG Government announced a comprehensive review of the PNG tax regime. In 2014 and 2015, the PNG Tax Review Committee released consultation papers addressing PNG tax issues. In response to these papers, Oil Search made two submissions in 2014 and five in 2015 on the following topics:

---

- **Mining and Petroleum Tax**
- **Corporate International Taxation**
- **Goods and Services Tax**
- **Other Indirect Taxes**

- **Personal and Retirement Income Tax**
- **Tax Incentives**
- **Capital Gains Tax**

Oil Search's submissions are publicly available from the PNG Tax Review website: <http://taxreview.gov.pg/submissions/>

Also during the year, the PNG Department of Public Enterprises released a draft Energy Policy with a number of implications for the power sector in PNG, including substantial changes to PNG Power Limited. Oil Search participated in workshops held by the Department to gather industry and other stakeholders' feedback and submitted a consolidated response to the draft Policy in August. Oil Search focused on areas of most relevance to the Company and its expertise, recommending that the Department consider:

- **Restricting the oil and gas industry recommendations in the draft Policy to domestic market obligations**
- **Maintaining flexibility in domestic market obligations and not applying a fixed percentage**
- **Taking a measured and phased approach to reforming PNG Power Ltd**
- **The need to create a National Energy Authority at this stage.**

The submission also included a response from a biomass perspective from the PNG Biomass project operator Aligned Energy.

# Sustainable Development

Despite a challenging oil price environment in 2015, Oil Search continued the Company's long term commitment to supporting the development and interests of the PNG people, particularly our host communities and employees. Oil Search's activities in 2015 were informed by analysis of current and future trends and the results of the 2014 Strategic Review, which clearly identified how the Company's sustainable development programmes underpin a stable operating environment and the success of all strategic initiatives.

The two most significant developments during the year were the commencement of the power business and an increase in the mandate of the Oil Search Foundation to include women's protection and empowerment and leadership and education. Adding these two focus areas to its remit will expand the Foundation's proven positive social impact beyond health and help strengthen Oil Search's ability to maintain PNG as a stable place in which to do business.

---

## Oil Search's Socio-economic Contribution to PNG in 2015

### **Total Contribution in PNG: US\$466m**

#### **Suppliers: US\$246m**

Including payments made to PNG Landowner Companies, State Owned Enterprises and all other suppliers paid in Kina.

#### **Community: US\$91m**

Including contributions to the Oil Search Health Foundation, community development projects, education sponsorships, partnerships, other donations and amounts spent on behalf of the PNG Government to deliver Tax Credit Scheme projects.

#### **Government: US\$71m**

Including royalty, development levy, directors tax, petroleum tax, salary and wages tax, other government taxes and other government fees and charges paid to the PNG Government.

#### **Employees: US\$28m**

Including employee training, salary, wages, benefits and other employee expenses.

#### **Stakeholders: US\$30m**

Including dividends paid to shareholders in PNG, including the PNG Government.

- 
- US\$81 million spent on infrastructure projects managed under the Infrastructure Tax Credit Scheme, an increase from US\$42 million in 2014
  - US\$61 million committed by the Oil Search Board to the Oil Search Foundation to support sustainable development in PNG from 2016 to 2020
  - 38% of PNG supplier contract expenditure paid to local PNG suppliers

- 9 Community Area Planning (CAP) projects completed in PNG
  - 24 students graduated from tertiary education institutions with support from Oil Search including 13 women
  - 5 students financially supported to complete Diploma in Education Primary In-service (DEPI)
  - 54 community members trained in farming techniques
  - 11 male and 36 female business owners attended basic financial literacy and business skills training with support from Oil Search
  - 22 PNG Landowner Company employees who completed basic company director training with support from Oil Search
  - 11 community development projects and in-kind donations to improve sanitation, water, power, sports and education in Kurdistan
  - 45 representatives of domestic violence support services received first aid training with the support of Oil Search in partnership with the National Capital District Commission Family Sexual Violence Action Committee
- 

## Building on the Foundation's Success

In 2014, the Oil Search Health Foundation identified that there would be opportunities to leverage their success in strengthening PNG's public health system into other sustainable development areas.

During 2015, Oil Search determined the areas in which the Foundation might best be able to contribute to sustainable development in PNG. Two new programme streams were agreed: women's protection and empowerment, and leadership and education.

In preparation for implementing its expanded mandate from 2016, planning was undertaken in 2015 and the Oil Search Health Foundation was renamed the Oil Search Foundation.

The Foundation five-year strategy is supported by a comprehensive performance framework and a five-year funding commitment by Oil Search in excess of US\$50 million. The performance framework will improve monitoring, evaluation and communication of progress as well as forward planning. A stronger alignment with Oil Search's overall sustainable development approach will create more opportunities to leverage synergies with the Company and result in greater cost-effectiveness.

During 2015, the Foundation continued to target maternal and child health by supporting the vaccination of over 5,000 children, equipping delivery rooms with electricity and running water and training nurses and midwives to safely deliver babies in remote locations.

The Foundation also helped to ensure continued low malaria rates in our partner communities and improved access for HIV patients to life-saving treatment programmes. The Foundation was proud to support the achievement of the goal of zero transmission of HIV from mothers to babies in Hela province.

Oil Search invested US\$8 million in the Foundation in 2015 to enable delivery of these signature programmes in local communities and continued to provide logistical and personnel support.

### **WITH THE SUPPORT OF THE FOUNDATION IN 2015**

With the support of the Foundation in 2015:

- 3 new HIV testing sites commenced in the Hela Province, making the total 36
- 19 health workers attended a four-day training session conducted by World Vision on tuberculosis screening and management practices, aligned with the PNG National Department of Health's Tuberculosis Control Programme
- 976 patients in Kutubu were referred to Mendi General Hospital after being screened by visiting eye specialists at community health facilities.
- 9,958 vaccines were administered and 1,826 children received worming treatment in Kutubu as part of the Special Integrated Routine EPI Strengthening Programme administered in collaboration with the Southern Highlands Provincial Government

---

## **Accelerating improved community access to electricity**

Oil Search is supporting the PNG Government to significantly increase the percentage of the population with access to electricity. Contributing to the acceleration of community access to power aligns with the PNG Government's development priorities and supports ongoing community stability and our social licence.

In December 2015, Oil Search expanded the Company's commitment to domestic power supply with the signing of the Highlands Independent Power Project (HIPP) Agreement with the government-owned PNG Power Limited (PPL). This agreement will expand PNG's existing electricity grid into previously poorly or not serviced areas in the Southern Highlands and Hela Provinces. Establishing gas-fired electricity generation capability leverages existing assets and capability, and directly benefits local communities by providing access to reliable electricity.

Also in 2015, Oil Search supported PPL by upgrading the existing Tari power plant and providing fuel to run the generators. These contributions enabled the commencement of a continuous power supply to Tari that provided immediate benefits. These include immediate 24-hour power to critical facilities in Tari such as hospitals and schools and useful insights into consumption that will support planning activities for larger potential projects under the HIPP Agreement.

Under the HIPP Agreement, construction of a 2MW gas-fired power plant in the Hela Province is due to commence in 2016. The plant will source gas from the Hides gas field.

In December, Oil Search and Aligned Energy as operator for the PNG Biomass joint venture signed a power purchase agreement with PPL under which the PNG Biomass Project will deliver up to 30MW of biomass-fired base load power to the Ramu Grid. A final investment decision is scheduled in 2017, which if made, will lead to the construction of an initial 15MW unit expected to come online in the first half of 2019.



As part of the Biomass Project, forestry trials continued throughout the year in collaboration with the PNG Forest Institute and PNG Forest Authority. The plantation operations will provide significant local employment and economic development opportunities. In addition to direct employment on the project and seedling nurseries being managed by local Lancos, research has commenced into the possibility of allowing local community growers to intercrop and run livestock in the plantations to provide them with an additional income stream.

In 2016, the Biomass Project will conduct environmental and social impact analysis, assessment and community consultation to obtain the relevant permits and community consent. Land acquisition will also begin in preparation for production.

---

## Supporting infrastructure development

In 2015, Oil Search managed a US\$213 million portfolio of infrastructure projects on behalf of the PNG Government funded under various Infrastructure Tax Credit Schemes (ITCS). The value of work completed in 2015 was US\$161 million, with the remaining US\$52 million to carry over into 2016. This portfolio of infrastructure projects included 17 General ITCS projects and two projects under the National ITCS. US\$81 million was spent by Oil Search on behalf of the government to progress these 19 projects in 2015, nine of which were completed by year-end. Approximately US\$70 million spent in 2015 was on work provided by PNG-registered companies and suppliers.

Two of the largest projects were the National Football Stadium and the redevelopment of government offices in Port Moresby. By early 2016 these key national ITCS projects reached practical completion. The development of the stadium provides PNG with a facility that complies with international rugby league requirements, enabling the hosting of national and international sporting events. The government offices, Marea House (since renamed Sir Manasupe Haus) will provide much needed office space to support more efficient and effective government operations.

Preparations commenced for the construction of the 45km Erave to Samberigi road, which is scheduled to be completed in 2017. This road will connect the Gulf Province to the Southern Highlands Province and is identified by the PNG National Executive Council as one of five critical missing transport links for the country.

Elsewhere in PNG, Oil Search worked on 17 ITCS projects. During the year upgrades to eight education facilities were completed and the buildings handed over to the PNG Government. The Komo Ajakaiba road was also substantially completed and opened for public use during 2015. Installation of the remaining bridges is scheduled to be completed in 2016.

Since 2014, Oil Search has been working with one district and three local-level governments (LLGs) within host communities to assist them with drafting five-year development plans. This process has helped to ensure local government planning and budgeting occurs in accordance with legislative requirements, including the requirement for community input. The plans also support a more coordinated approach to development activities at district level – for example, ensuring funding for the ongoing maintenance of ITCS projects will be available. To date, plans have been completed for the Nipa-Kutubu District and Kutubu LLGs. Drafting for East and West Kikori LLGs is well under way and will be completed in 2016. Oil Search has been asked to commence a similar process with the Erave LLG in 2016.

## Support for PNG development priorities

In September 2015 Oil Search submitted a paper to the PNG Parliamentary Referral Committee on Health and Family Welfare's inquiry into violence against women and children in PNG that outlined the Company's approach on the issue and made a number of recommendations.

These included engaging the public when developing a national strategy or response, and ensuring any resulting strategy was underpinned by a robust monitoring and evaluation framework.

Active engagement with the government and other stakeholders on issues relating to violence against women is one of four key components of Oil Search's women's protection and empowerment approach. The Company recognises that gender-based violence can impact women's participation and performance in the workforce and the economy, and that it threatens the stabilising role women play in PNG communities.

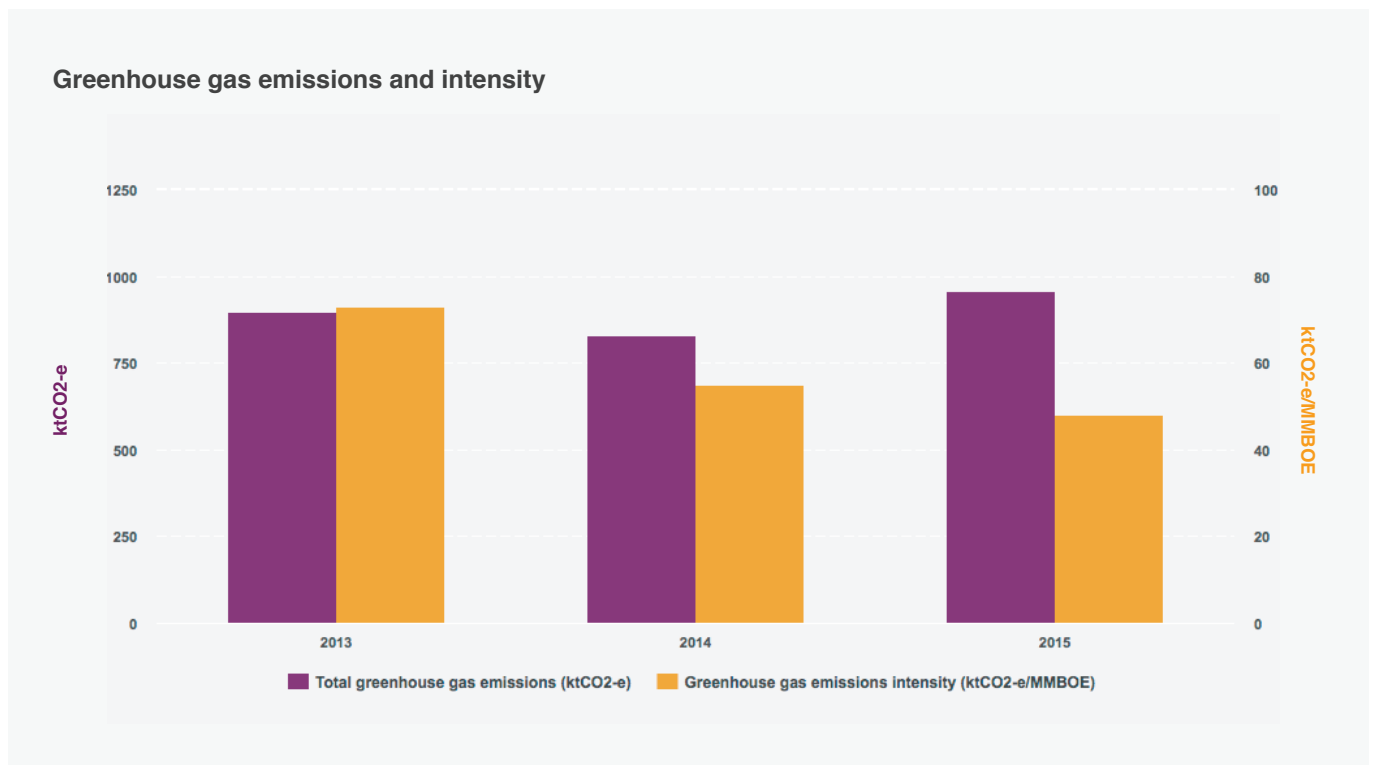
In August, Oil Search participated in stakeholder engagement sessions coordinated by the Department of National Planning and Monitoring to inform an assessment of PNG's performance against the UN Millennium Development Goals.

# Responsible Operator

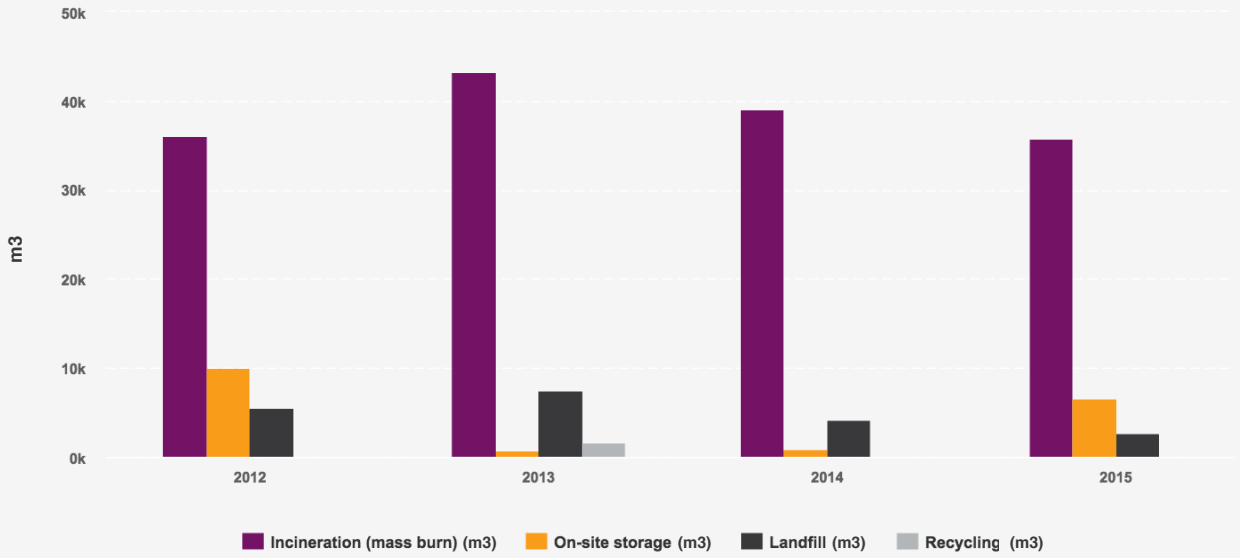
Oil Search’s commitment to operating responsibly was evident across the business in 2015. There was steady progress in key focus areas, new approaches were applied and the Company responded quickly to community crises. Two stand out achievements were achieving formal sign off for Oil Search’s new crisis and emergency management system and improved personal safety performance.

Planning began on Oil Search’s new Climate Change Strategy, with initial actions focussed on building Company understanding of the key issues and reaching agreement on an appropriate scope. The year presented a major environmental and community crisis in the form of widespread drought in PNG; Oil Search cooperated with governments and affected communities in an extensive disaster relief operation.

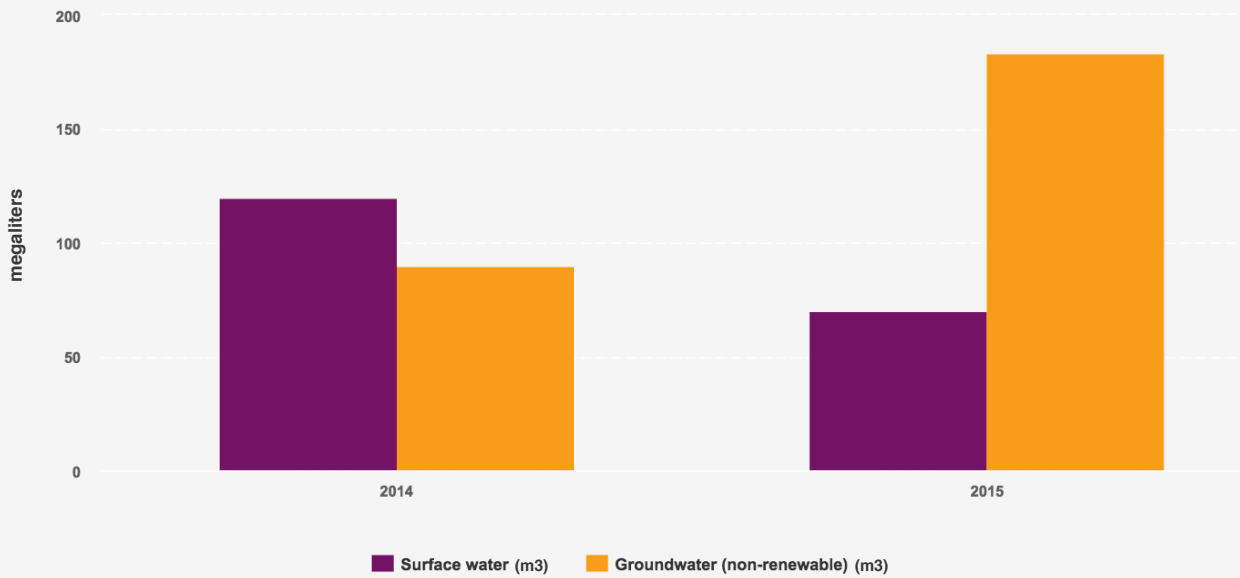
Cooperation was also key when, for the first time, the Company had to temporarily relocate a small host community. This resulted in the successful application of our new resettlement procedure.



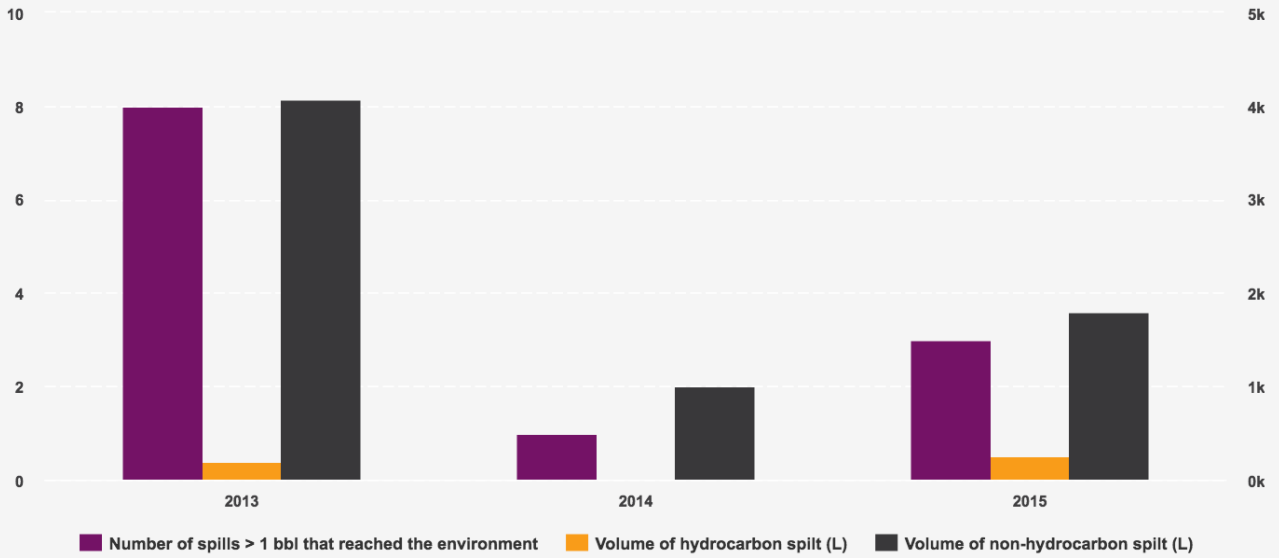
### Volume of waste disposed by disposal method



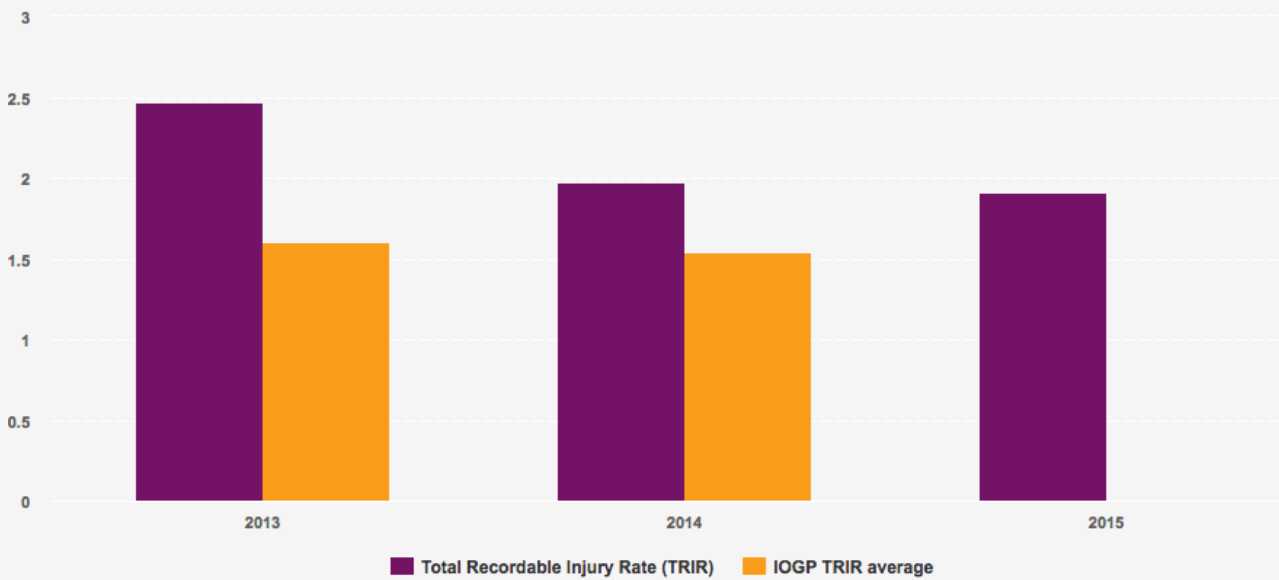
### Water withdrawals by source



### Spills that reach the environment



### Total recordable injury rate



## 2015 By The Numbers

- 0 safety incidents resulting in a Lost Work Day Case
  - 8% decline in Total Recordable Injury Rates to 1.82, from 1.97 in 2014
  - 5<sup>th</sup> socio-economic survey of host communities in PNG completed
  - US\$830,000 contributed by Oil Search towards drought relief efforts in PNG
  - 100% of field vehicles fitted with an in-vehicle monitoring system to monitor speed and use
  - 24 staff in Port Moresby received anti-carjacking training
  - 3rd year running, Oil Search's Field Response Team won PNG National Mines Emergency Response Challenge
  - 15% increase in total greenhouse gases emitted from 830 in 2014 to 958 ktCO<sub>2</sub> – e due to the commencement of production from high CO<sub>2</sub> wells
  - 13% reduction in greenhouse gas emissions intensity from 55 to 48 ktCO<sub>2</sub> – e/mmboe meaning Oil Search remains on track to meet its emissions reduction target at the end of 2016
  - 1.91 recordable injuries per million hours worked, a slight improvement from 1.97 in 2014.
- 

## Personal safety performance improved

Despite the significant number of changes in the workforce in the second half of the year, Oil Search's safety performance improved slightly year on year. The Company's Total Recordable Incident Rate (TRIR – incidents per 1 million work hours) during 2015 was 1.91 compared with a 2014 TRIR of 1.97. Furthermore, no Lost Work Day Cases were reported during 2015. This indicates that the most severe injuries – those resulting in days away from work – were eliminated.

These results were driven by a continued emphasis on governance and leadership at all levels and a workforce that is committed to the goal of incident-free operations.

During 2015 the RISE programme was introduced to PNG's field operations to increase employee participation in safety management and promote a culture that values both process and personal safety. The programme is based on quarterly themes: Reviewing prior year performance, Improving by completing action plans designed to close gaps, Substantiating gains through a six-month review of progress and adjusting as needed, and Evaluating results at year-end. To increase engagement and participation, the RISE programme also included awards for innovation focused on a different element each quarter, supplemented by a monthly communications campaign.

## Embedding process safety into the management system

Throughout 2015 the Company continued to implement the actions contained in the Process Safety Improvement Plan (PSIP). The PSIP has focused on: updating hazard and operability studies, identifying potential major accident events, and systematically reviewing the current status of the controls for preventing identified potential major accidents. Gaps in the controls are being addressed on a risk-based, prioritised basis.

In 2015 there were substantial gains in managing the risks associated with the integrity of Oil Search's producing wells in PNG. Assessments confirmed that all wells are safe and identified opportunities to further reduce risk. These opportunities are being addressed on a risk-prioritised basis. Work also commenced on embedding Oil Search's approach to managing process safety into the Company's management system. Once complete, this will help provide assurance that process safety is properly managed and ensure gains achieved through the implementation of the PSIP are sustained.

Process safety event (PSE) performance remained flat in 2015 as the effects of many of the engineering improvements outlined in the PSIP are yet to be realised. There were three Tier 1 PSEs and five Tier 2 PSEs reported compared with three Tier 1 and four Tier 2 PSEs during 2014.

---

## Development of new climate change strategy progressed

Oil Search's five-year Greenhouse Gas Abatement Strategy is due to expire at the end of 2016. In 2015, a number of steps were taken to develop the next iteration of the Company's climate change position and strategy in preparation for 2017 onwards.

These included the production of a white paper that helped to inform Oil Search's understanding of the current market risks of climate change and explored the potential risks and opportunities presented by regulatory and policy changes affecting supply and demand. This paper was used to inform strategy scoping, which was subsequently endorsed by the Board HSS Committee in October.

Strategy development will be completed by the end of 2016. The new strategy is being developed by Oil Search's social responsibility and environmental specialists with input from an advisory group of representatives from other parts of the Company including commercial, project development and investor relations.

In collaboration with the oil and gas industry, PNG is working to reduce emissions by transitioning to a low-carbon economy. During the year, the PNG Office of Climate Change and Development (OCCD) released the Climate Change (Management) Act, which was passed by the PNG Parliament in July. The umbrella Act establishes the framework and administrative processes to implement the PNG Climate Change Policy.

As a member of the OCCD's Technical Working Group, Oil Search provided input into PNG's Intended Nationally Determined Contributions (INDCs), and where appropriate, will support government efforts to achieve PNG's target.

In 2015, Oil Search's total greenhouse gases emitted increased 15% from 830 ktCO<sub>2</sub> – e in 2014 to 958 ktCO<sub>2</sub> – e. This was largely due to the commencement of production from high CO<sub>2</sub> wells in the Company's Agogo field. A 30% increase in production to 20 mmbbl in 2015, however, meant emissions intensity decreased from 55 to 48 ktCO<sub>2</sub> – e

## Crisis and emergency system upgraded

In 2014 an assessment of the Oil Search Crisis and Emergency Management System was conducted against good practice. An improvement plan was agreed with management and development of a new system commenced.

In 2015, the new Crisis Emergency and Incident Management System (CEIMS) was approved by the senior management team and implementation across the Company commenced. CEIMS provides a common Company-wide process to respond to adverse events and minimise negative impacts on Oil Search, host communities and the environment. Aligned with international best practice, the system has an interactive web-based platform and a tiered approach that ensures event responses are timely and appropriate.

To enhance Oil Search's response capability, refreshed Crisis Management Team (CMT), Emergency Management Team (EMT) and Incident Management Team (IMT) training exercises commenced in 2015 will continue in 2016.

---

## Human rights activities progressed

During the year, work continued on implementing changes identified during the 2014 human rights risk review. In August, members of the Oil Search Board and senior management team attended training that expanded their understanding of human rights in the context of Oil Search's duties and obligations.

In December, the Board endorsed the Company's application to become a signatory to the Voluntary Principles on Security and Human Rights with the intention of submitting the application in early 2016.

Another area of focus in 2015 was identifying opportunities to strengthen community grievance reporting and handling. A review was conducted to understand how well the Company's database and procedures for capturing and managing community disputes support more rigorous analysis of human rights risks. The review identified opportunities for further improvement to documentation, internal reporting and workflow that will be addressed in 2016.

The development of an updated draft land acquisition and resettlement procedure was fast-tracked by the requirements of the Muruk drilling campaign, which provided an opportunity to apply some of the proposed principles and requirements. As part of the campaign, Oil Search had to temporarily relocate 15 households and gardens at the Kobalu settlement. Oil Search has not previously had to resettle any communities as alternative options have always been able to be identified. However in this instance, the area's complex topography required flight path restrictions to ensure a safe approach for helicopters, so villages located under the approach were relocated for approximately 12 months to ensure their safety. Relocation, livelihood and compensation planning included: security of tenure and cultural considerations, physical and economic loss, re-establishment of both temporary and permanent homes and gardens, and the impact on women and vulnerable persons. All the families accepted the compensation offered and have moved to a nearby location of their choice for the duration of the operation.

Greater consideration of human rights risks and impacts was incorporated into Oil Search's Social Responsibility Policy and company risk framework, as well as embedded into draft land acquisition and resettlement, and social impact procedures. The two procedures are due to be approved for adoption in 2016.



## Continual improvements to waste and water management

During the year, the fabrication of a new waste incinerator commenced at Oil Search's main waste management area in PNG. A new modern incinerator will mean a significant improvement in reliability and efficiency compared to the existing incinerator, which is being refurbished and will be used as backup. Installation of the replacement incinerator will be completed in 2016 and will improve efficiency and air quality in and around Oil Search's waste management area.

The recent installation of automated weather stations, new water flow meters and improved stream gauging capability supported Oil Search's understanding of water levels at water extraction points to ensure water extracted did not have a detrimental impact on community water supplies.

Oil Search also continued to look for alternative waste disposal options and in 2015 commenced bio-remediation trials of hydrocarbon-contaminated sand, a by-product of production. The trials will be completed in 2016. If they are successful, this low-impact treatment method will be considered for implementation at other sites.

The total volume of waste generated in PNG in 2015 was just over 45,000 m<sup>3</sup>, in line with 2014 levels. Incinerator downtime during the year contributed to a reduction in volume of waste incinerated and an increase in waste stored compared to 2014.

---

## Drought relief provided to PNG communities

In 2015 PNG experienced some of the worst drought conditions in 18 years. The drought severely affected the viability of food crops and the availability of drinking water for many communities around Oil Search's operations.

Oil Search worked with the PNG Government's National Disaster Centre and provided logistical support and contributed US\$830,000 towards the provision of emergency food and water in drought-affected areas in the Southern Highlands, Hela and Gulf Provinces. Efforts began in Kutubu and Gobe in the Southern Highlands, Kopi in the Gulf and Hides in Hela in November 2015 and by year-end, had covered more than 27,000 people in 94 villages across three provinces. The sourcing and distribution of provisions was coordinated from Port Moresby with the cooperation of various teams and landowner company representatives at four Company facilities: Nogoli, Moro, Gobe and Kopi.

Even after the rains have returned, the impact of the drought will continue in 2016, due to the lead time required to re-establish food crops that are often the only food source in the impacted areas. Oil Search will continue to monitor the situation in local communities and provide further assistance if needed.

---

## Providing assistance to Hela Provincial Hospital

Following the announcement in 2015 of the departure of Hela Provincial Hospital's main service provider, Oil Search delivered financial and in-kind assistance, including through the Oil Search Foundation, to support continued operations.

As the only provincial and referral hospital in the area, the hospital would have struggled to maintain the same level of service to the Hela community – where the majority of the Company’s upstream operations are located – without Oil Search’s support.

The hospital’s newly appointed Board, chaired by Oil Search’s Managing Director Peter Botten, met for the first time in November 2015 to plan the transition. The Board is focused on finding medical staff prepared to relocate to the remote Hela Province. Oil Search has been assisting the hospital in a number of ways, including staff recruitment, refurbishing hospital wards, and ensuring a continued supply of water and electricity.

Oil Search’s support will continue in 2016.

---

## Cooperation helps to protect Lake Kutubu

Oil Search is engaged in an ongoing programme of collaboration and support with Lake Kutubu communities to help them better understand the lake and take responsibility for ongoing lake management.

During 2015 fish health and composition surveys were undertaken to provide the community with more information about lake dynamics. The results of these surveys have been provided to communities for their information.

With Oil Search’s support, three forums were conducted by the Lake Kutubu Wildlife Management Area (WMA) Committee during the year to discuss the findings of the surveys and explore management options. All were well received and well attended. One of the forums was a workshop with the Committee and other interested community members to identify community-led solutions for managing the lake and fish stocks that included:

- The use of alternative fish nets, which have been trialled in preparation for a net swap programme that will be rolled out in early 2016 once a sustainable and affordable supply of the nets is secured
- A broader community awareness programme about lake dynamics and fishing management that will commence in early 2016
- Other initiatives that are being further evaluated.

The collaborative approach has resulted in improved community engagement and interest in lake management and conservation. For example, Gesege village initiated steps to establish its own trial endemic fish-breeding programme. Oil Search is engaging with the Gesege villagers and the National Fisheries Authority to support and investigate the feasibility of these trials.

Oil Search and the WMA Committee are working together to formulate a simple community-led Lake Management Plan by mid-2016. The Plan will be owned by the WMA Committee.

---

## Providing support on the ground to JV partners

Oil Search seeks opportunities to support the operations of its joint venture partners by leveraging the Company's in-depth knowledge of PNG and strong relationships with host communities and all levels of government.

Oil Search is working closely with the PRL 3 Operator ExxonMobil to deliver the planned P'nyang South 2 appraisal well. This includes ongoing provision of environmental and community expertise and staff, and logistics for pad construction. In 2015 and early 2016, Oil Search supported the delivery of community awareness and a site-specific environmental and social impact assessment of the planned drilling activity.

As part of the PRL 3 joint venture, the Company also supported the Department of Petroleum and Energy and the Project operator to prepare for the Development Forum for the Production Development Licence award by supporting logistics and preliminary awareness with host communities. This forum is required to be undertaken as part of the PNG Governments community consultation and the Company will continue to support this process in 2016, pending the relevant regulatory approvals.

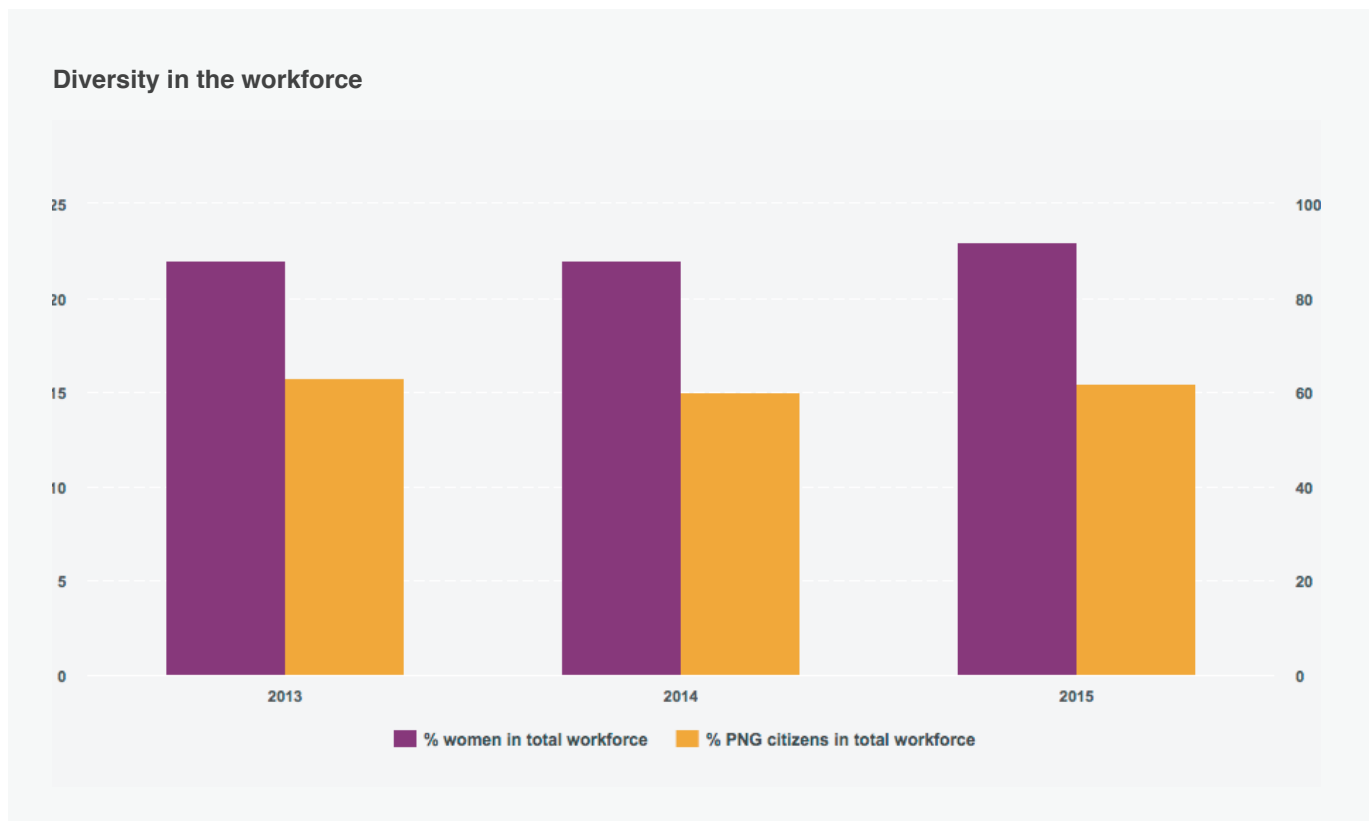
Also in 2015, two Oil Search community affairs specialist secondees took up senior site-based positions to support Total's development of the Elk-Antelope field.

# People and Organisation

2015 presented Oil Search with the challenge of how to continue the Company's strategic growth path while operating within a lower oil and gas price environment. The year's people and organisation focus was therefore on ensuring Oil Search was positioned to remain viable and sustainable, both now and long term. A comprehensive review recommended several people-focused efficiency measures, including a restructure. These have better aligned the Company with our vision, strategy and current operating environment.

To increase the number of PNG nationals in leadership roles, in the field and in Port Moresby, work began on a Citizen Development Programme (CDP). A dedicated General Manager will be hired in 2016.

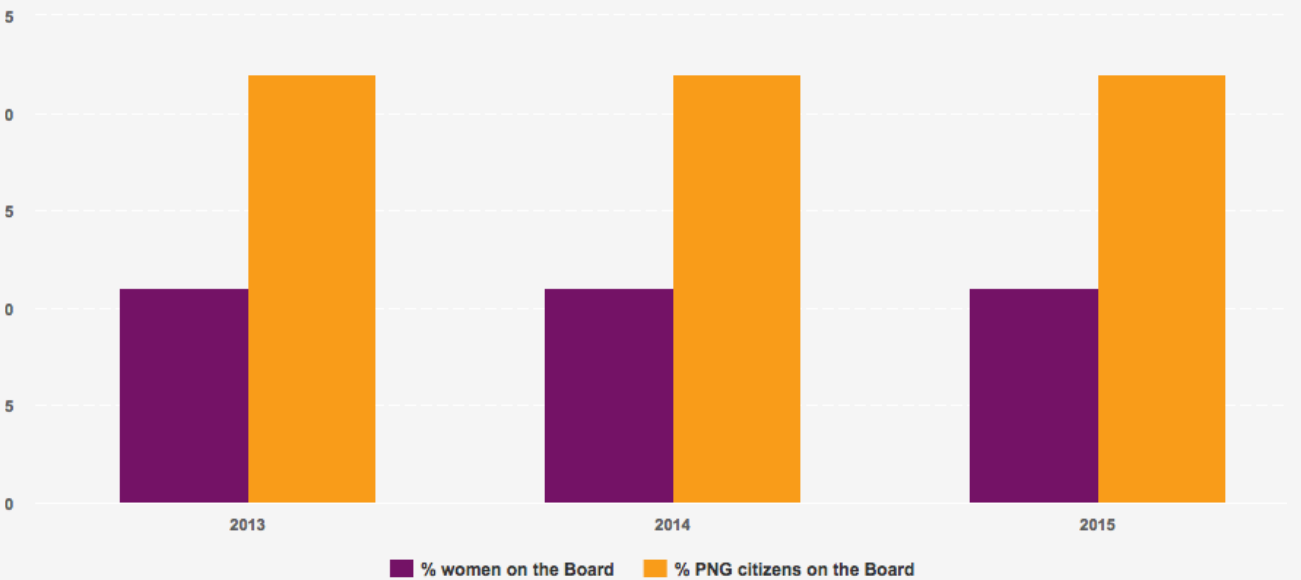
During 2015 Oil Search strengthened the Company's commitment to tackling gender-based violence and empowering women in the workforce and the community, particularly in PNG. A new position was created to lead the new strategy.



### Diversity in senior management



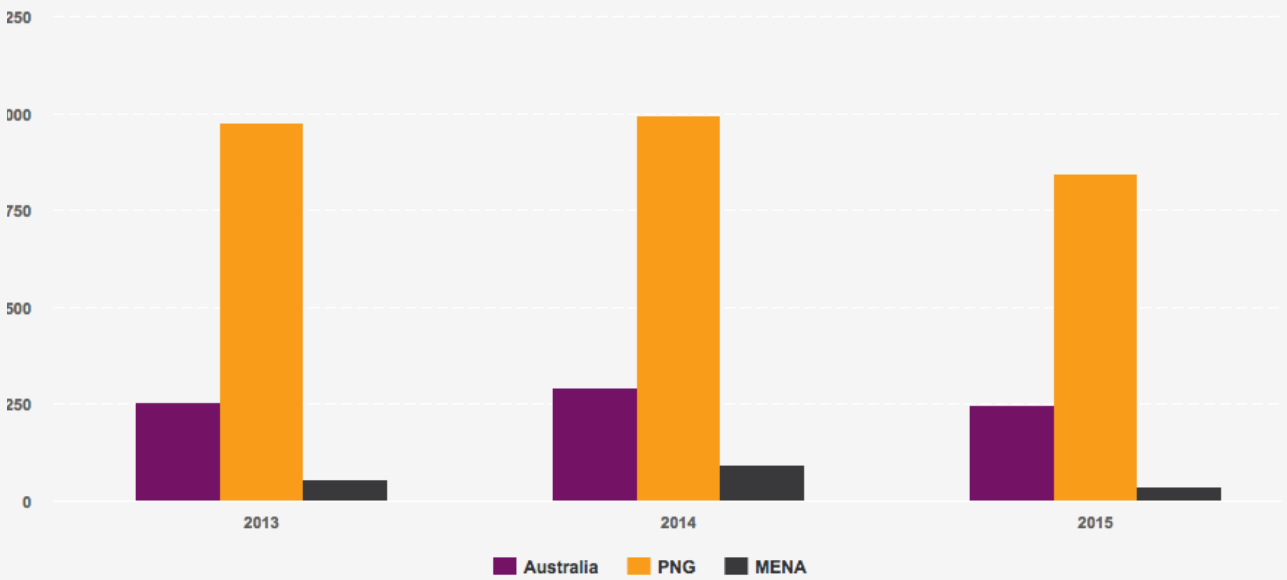
### Diversity in the Board



### Staff turnover by gender



### Workforce by location



## Transforming our business

In May, Oil Search undertook an examination of Company structure and strategy to prioritise opportunities within prevailing market conditions and ensure Company resources were being effectively employed. The review was undertaken by a dedicated project team of senior Oil Search employees and specialist external consultants, who reviewed existing planning, resources and processes.

The results of the review process included: simplifying the Company's organisational structure, rationalising production and operations support staff, and bolstering staff in areas considered critical to long term growth such as LNG growth and PNG exploration. The review recognised the importance of building and institutionalising organisational capability to protect and leverage relationships, processes, technology and information in key areas. These areas included stakeholder engagement, PNG exploration, project delivery and gas commercialisation. Wherever possible during this process, Oil Search sought to maintain the representation of PNG nationals and women, and ensure no group was unduly impacted.

In response to the results of the review, the Brisbane office was closed, with a number of roles redeployed to Sydney. In the field, the production and operations support workforce was materially reduced, with a significant number of technical support roles relocated to Port Moresby or Sydney. An increased number of senior managers as well as roles and activities across the Company were progressively transitioned from Sydney and the field to the Port Moresby Head Office throughout the year. In early 2016, our Port Moresby office will move to new, larger offices to accommodate the workforce now based there.

Newsletter articles and other updates, including a video message from Managing Director Peter Botten, were issued throughout the review process to keep employees up to date on progress. Where people were made redundant, Oil Search provided generous financial packages and outplacement services to support them in obtaining employment elsewhere. Voluntary redundancies were offered to employees whose roles changed location. The restructure also resulted in the creation of new roles and, where suitable, these were offered internally before external recruiting commenced.

Throughout the business optimisation process, employees were asked to raise concerns and questions with their managers or through the Employee Assistance Programme.

At the end of 2015, a Performance and Innovation Programme (PIP) commenced. It aimed to: support a culture of continuous improvement, develop and embed high performing capability, deliver ongoing business improvements, and identify further improvement initiatives throughout the Company. The PIP's initial focus was initiatives that supported improved organisational efficiency and effectiveness, and cross-company integrated planning and production outcomes. These initiatives will be progressively rolled out in 2016.

---

## Advancing female and citizen employees into senior positions

Developing the skills of our national employees in PNG strengthens Oil Search's workforce and is an important element of the Company's socio-economic contribution. PNG citizens currently make up 84% of our workforce in PNG and 21% of the senior management team.

In 2015 the Company strengthened its employee development approach for PNG citizens. This included the identification of positions to be nationalised and determination of the potential development or recruitment needs to transition the role. The objective was to support delivery of Oil Search's diversity targets by increasing the number of PNG citizens in key leadership roles throughout the Company over the next five years.

From 2016, participants in the new Citizen Development Programme will have access to various development initiatives to prepare them for leadership roles, including a combination of training and on-the-job experiences supported by coaching. The programme aims to build the leadership experience and capability of PNG nationals in technical field-based and senior management roles. Recruitment commenced for a General Manager Citizen Development and a dedicated Organisation Development consultant to oversee the design and implementation of the programme. Specific development of supervisory skills and the practical management tools required to succeed in leadership roles will be a focus in 2016.

Also during the year, the Company updated the talent and succession planning process to strengthen consideration of diversity during selection. A succession planning review was conducted in April and the results were reported to the Board People & Nomination Committee. Twenty-two per cent of successors for senior management or other critical roles identified were nationals and 27% were females.

In 2015 Oil Search became a member of the Business Coalition for Women (BCFW) in PNG and joined its Addressing Violence Working Group. BCFW is a group of business leaders working to make positive change for women in business in PNG. It seeks to address inequality and gender-based violence and to enable members to benefit fully from female participation in the workforce.

To steward Oil Search's work in this area, the Company appointed a new Head of Women's Protection and Empowerment position to focus on support for women in the workforce and community. In October, the Board approved a five-year Women's Protection and Empowerment Strategy. A voluntary employee steering committee was established to guide implementation and champion the cause within members' teams and throughout the Company.

---

## Responding to gender-based violence

In November Oil Search conducted a number of events that aligned with the United Nations (UN) Secretary-General's 2015 UNiTE to End Violence against Women campaign. The campaign centred around the UN's International Day for the Elimination of Violence against Women on 25th November. More than 200 staff and contractors from five Oil Search sites, including the Sydney and Port Moresby offices joined walks to raise awareness of the issue with the local community and demonstrate Oil Search's stance. The initiative built on the success of a social media campaign in 2014 that involved Oil Search workforce and contractors. The walks were followed by morning tea sessions.

At our office in the Kurdistan Region of Iraq, a presentation by Oil Search's Senior Manager Corporate Security was followed by a staff discussion about the impact of violence – including 'honour killing' – on women, children and families and the role of women in the Kurdish military forces.

Addressing gender-based violence demonstrates the Company's commitment to respecting and supporting human rights and to advancing women's empowerment. Further violence awareness and support initiatives will be implemented within Oil Search and at host communities in 2016 as part of the Women's Protection and Empowerment Strategy.



## Embedding Leadership behaviours into performance management

The Oil Search Performance Management Process was updated in 2015 with the incorporation of the Company's six Leadership Behaviours and a refreshed rating scale. All elements of Oil Search's performance management system are now aligned and consistent with Company behaviours. Employee performance is assessed on the individual's contribution to the overall success of the Company and how well they demonstrate the behaviours.




As part of the update, employees were encouraged to attend face-to-face information sessions on the changes. Managers were trained in how to discuss the changes during employee briefings. To help reinforce what each behaviour is and how it applies in day-to-day activity, teams were encouraged to apply the behaviours to their usual activities such as in toolbox meetings and site inductions.

## Delivering results in the Apprentice Programme

Oil Search places a strong focus on developing new staff and upskilling current employees as part of the Company's commitment to diversity and inclusion, citizen development and skills development in PNG. In 2015, production and maintenance apprentices were periodically moved between operational areas to give them a better understanding of activities in different locations.

Oil Search process technician apprentice Jonathan Pirah won the PNG National Apprenticeship and Trade Testing Board (NATTB) 2015 Apprentice of the Year award. He was one of 13 finalists from organisations across PNG. Since 2006, eight Oil Search apprentices have won awards from the NATTB. The number of graduates and apprentices hired in the last three years has remained relatively consistent. In 2015, Oil Search supported 28 graduates and 50 apprentices.

## Progressing Against Oil Search's Diversity and Inclusion Goals

Objectives	Status	Progress in 2015
Increase percentage of females in leadership roles by 2017.	 <b>On Track</b>	The percentage of females in the senior management team increased in 2015 to 18% from 15% in 2014. Two new General Manager roles were filled by females.
Increase percentage of PNG citizens in leadership roles by 2017.	 <b>On Track</b>	The percentage of PNG citizens in leadership roles increased to 21% in 2015 from 16% in 2014. This reflects efforts to ensure national representation throughout the Company's transformation process in 2015.
Increase percentage of female graduates and apprentices by 2017.	 <b>On Track</b>	The percentage of female graduates and apprentices increased in 2015 to 36% and 38% from a respective 28% and 21% in 2014.

Objectives	Status	Progress in 2015
<p>Increase representation of females and PNG citizens in succession plans for leadership and management roles.</p>	<p> <b>On Track</b></p>	<p>The percentage of female and PNG citizen employees in the 2015 succession plan remained constant at 27% and 22% respectively.</p>
<p>5 Implement diversity and inclusiveness training as part of Oil Search leadership development programmes.</p>	<p> <b>Achieved</b></p>	<p>Cultural awareness assessment and training was added to the Accelerated Development and Graduate Programmes. 100% of participants in 2015 completed this training.</p>

# About This Report

This Social Responsibility Report microsite covers the performance and activities over which Oil Search Limited had operational control during the 2015 financial year (year end 31 December 2015).

It covers Oil Search's exploration and production activities in PNG, including those related to the PNG LNG Project over which Oil Search has operational control. Where noted, it also includes our operations and activities in the Kurdistan Region of Iraq and Tunisia, our offices in Dubai and Sydney, and the activities of the Oil Search Foundation. It does not cover the overall PNG LNG Project as operational control for this rests with ExxonMobil ([www.pnglng.com](http://www.pnglng.com)).

All financial figures are quoted in US dollars.

Oil Search publishes information on the Company's social responsibility management approach and performance in various formats in response to varying stakeholder information needs. Oil Search's social responsibility performance for 2015 has also been included in the Oil Search Annual Report 2015, Social Responsibility Summary Report 2015 and the Social Responsibility 2015 Brochure.

In accordance with the Australian Standard on Assurance Engagements 3000, Deloitte has provided independent limited assurance of agreed performance indicators and assertions contained within Oil Search's 2015 Social Responsibility Report against Oil Search's Basis of Preparation.

All Oil Search's 2015 social responsibility reporting, including Deloitte's assurance statement, is available from the Downloads page.

For more information on our approach to social responsibility reporting, see the Reporting and Participation page.

Enquiries and feedback are welcome. Please contact the Oil Search Social Responsibility team on [socialresponsibility@oilsearch.com](mailto:socialresponsibility@oilsearch.com)

---

This Social Responsibility Report microsite covers the performance and activities over which Oil Search Limited had operational control during the 2015 financial year (year end 31 December 2015).

It covers Oil Search's exploration and production activities in PNG, including those related to the PNG LNG Project over which Oil Search has operational control. Where noted, it also includes our operations and activities in the Kurdistan Region of Iraq and Tunisia, our offices in Dubai and Sydney, and the activities of the Oil Search Foundation. It does not cover the overall PNG LNG Project as operational control for this rests with ExxonMobil ([www.pnglng.com](http://www.pnglng.com)).

All financial figures are quoted in US dollars.

Oil Search publishes information on the Company's social responsibility management approach and performance in various formats in response to varying stakeholder information needs. Oil Search's social responsibility performance for 2015 has also been included in the Oil Search Annual Report 2015, Social Responsibility Summary Report 2015 and the Social Responsibility 2015 Brochure.

In accordance with the Australian Standard on Assurance Engagements 3000, Deloitte has provided independent limited



assurance of agreed performance indicators and assertions contained within Oil Search's 2015 Social Responsibility Report against Oil Search's Basis of Preparation.

All Oil Search's 2015 social responsibility reporting, including Deloitte's assurance statement, is available from the Downloads page.

For more information on our approach to social responsibility reporting, see the Reporting and Participation page.

**Enquiries and feedback are welcome.**

**Please contact the Oil Search Social Responsibility team on [socialresponsibility@oilsearch.com](mailto:socialresponsibility@oilsearch.com)**

# Glossary

**Accelerated Development Programme** – A 12-month programme focused on developing and equipping the Company's next generation of leaders

**Ambient air quality** – The quality of outdoor air in the surrounding environment

**Apprentice Programme** – A four-year programme with four streams: Process Technology, Fitting and Machining, Electrical and Mechanical trades

**Australian Standard on Assurance Engagements 3000** – Standard applied to assurance engagements other than audits or reviews of historical financial information

**Baseline** – A minimum or starting point used to measure change over time

**PNG Business Coalition for Women (BCFW)** – Group of companies and corporate leaders driving positive change for women and businesses in PNG

**Biomass power** – Electricity generated from the combustion of organic materials

**Bio-remediation** – Waste management technique involving the use of organisms to remove or neutralise pollutants from a contaminated site

**Barrels of Oil Equivalent (BOE)** – Factor used to convert volumes of different hydrocarbon production to barrels of oil equivalent; Oil Search uses a conversion rate of 6,000 cubic feet to one barrel of oil

**Business Unit** – Oil Search's Business Units are accountable for and manage all of the Company's work

**CEIMS** – Crisis, Emergency and Incident Management System

**CO<sub>2</sub>** – Carbon dioxide

**CO<sub>2</sub> – e** – Carbon dioxide equivalent, a standard unit for measuring greenhouse gases

**Community Area Planning (CAP) projects** – Community development projects where materials and funding from Oil Search are combined with community contributions such as labour and land

**Employee Assistance Programme (EAP)** – An externally provided, confidential counselling service for employees and their families

**Extractive Industries Transparency Initiative (EITI)** – Global standard that promotes open and accountable management of natural resources

**EITI Multi-Stakeholder Group (MSG)** – Group of representatives from civil society, government and the private sector tasked with progressing EITI in their country

**Endemic** – A plant or animal that is native or restricted to a certain area

**Expanded Program on Immunization (EPI)** – World Health Organization programme with the goal of achieving universal access to all relevant vaccines for all at risk by expanding target groups to include older children, adolescents and adults

**Environmental, Social and Governance (ESG)** – The non-financial issues and risks a company may encounter; also called sustainability, social responsibility and corporate social responsibility

**Fossil fuel** – A naturally occurring and finite fuel such as coal or gas, formed in the geological past from the remains of living organisms

**Functions** – Oil Search's functions assist the Corporate Business Unit to govern and also develop and provide resources and knowledge to Business Units

**Global Compact Network Australia (GCNA)** – The Australian chapter of the United Nations Global Compact

**Global Fund to Fight Aids, Tuberculosis and Malaria –**

International financing organisation that aims to attract and disburse additional resources to prevent and treat HIV and AIDS, tuberculosis and malaria

**Graduate Development Programme** – A three-year programme that exposes graduate recruits to various parts of the Company; includes job placements, two residential programmes to develop personal and business leadership skills and ongoing support and monitoring

**Greenhouse gas emission intensity** – The ratio of carbon dioxide emitted relative to production

**Greenhouse gases** – Gases that contribute to the greenhouse effect by absorbing infrared radiation e.g. carbon dioxide and chlorofluorocarbons

**GRI G4** – The Global Reporting Initiative G4 Sustainability Reporting Guidelines

**Host community** – Communities located in and around Oil Search's areas of operation

**HSS Committee** – Health, Safety and Sustainability Board Committee

**HSS Group 1** – Senior management group responsible for reporting and evaluating material health, safety, environment, security and social responsibility issues and updating the Board HSS Committee

**HSS Groups** – The mechanism by which all employees can provide input and feedback for HSS performance and initiatives

**Individual Development Plan** – A formal planning process that enables employees to input into and agree on a skills and experience development plan that aligns with their future career objectives

**Infrastructure Tax Credit Scheme (ITCS)** – A voluntary scheme in PNG whereby an agreed percentage of gross assessable income can be applied by companies such as Oil Search to approved infrastructure construction and maintenance projects; the ITCS is for local projects and the NITCS for national projects

**Intended Nationally Determined Contributions**

**(INDCs)** – Greenhouse gas emissions reductions or targets to which countries committed prior to the 2015 United Nations Climate Change Conference in Paris

**IOGP** – International Association of Oil and Gas Producers

**IPIECA** – International Petroleum Industry Environmental Conservation Association

**ISO 14001** – International standard for environmental management systems

**Karst limestone** – Area made up of limestone, a soft rock that dissolves in water over time, creating caves and holes

**KPI** – Key Performance Indicator

**ktCO<sub>2</sub> – e** – Kilotonnes of carbon dioxide equivalent

**Lanco** – PNG Landowner Company, formed by and representing local landowners

**Lanco Safety Incentive Scheme** – An Oil Search scheme designed to facilitate improvement in PNG Landowner Company safety performance

**LNG** – Liquefied natural gas

**Local PNG suppliers** – Oil Search suppliers that are paid in PNG Kina

**Lost Time Injuries (LTI)** – Fatality or Lost Work Day case; the number of LTIs is the sum of fatalities and Lost Work Day cases

**Lost Work Day Case** – Any work-related injury, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury; 'any day' includes rest days, weekend days, leave days, public holidays or days after ceasing employment

**Millennium Development Goals** – Eight United Nations time-bound and quantified goals for addressing extreme poverty; replaced on 1 January 2016 by the Sustainable Development Goals

**Mineral Resources Development Company (MRDC)** – 100% owned by the PNG Government, manages landowner equity interests in PNG mining and petroleum projects

**MW** – Megawatt, a unit of power equal to one million watts

**Oil & Gas Act** – Primary legislation governing petroleum (including oil and gas) exploration and production in PNG

**Operator** – Company or other legal entity that is responsible for managing oil and gas exploration, development and production

**Our Way** – Oil Search’s management system: defines the vision, values, Company culture and behaviours expected of our people and the governance, procedure setting and company-wide ways of working

**PNG** – Papua New Guinea

**PPA** – Power Purchase Agreement

**PPP** – Public-Private Partnership

**Practical completion** – A project that is completed in accordance with the contract and statutory regulations; if small jobs are outstanding, it is able to serve its intended purpose while they are finished

**Precautionary approach** – A risk management approach whereby a lack of full scientific certainty is not used as a reason for postponing cost-effective measures that will prevent environmental degradation if there are threats of serious or irreversible damage

**PRL** – PNG Petroleum Retention Licence

**Process safety** – A framework for managing the integrity of operating systems by applying good design principles, engineering, and operating and maintenance practices; deals with the prevention and control of events with the potential to release hazardous materials and energy

**Process Safety Improvement Plan (PSIP)** – A multi-year programme aimed at addressing gaps in design,

maintenance and operations of Oil Search’s plants, pipelines, production well and drilling rigs

**Production** – Figure used when calculating Oil Search’s greenhouse gas emission intensity: includes all oil, gas from the Hides Gas Field and associated gas from oil operations, including that exported to PNG LNG Project

**Referral hospital** – A hospital with the capacity, including availability of specialised medical personnel and more sophisticated technology, to take patients referred from more basic district hospitals

**Resource curse** – The paradox whereby countries with abundant resources, such as oil and gas, experience little social and economic growth and stability; the complex reasons include neglect of other industries and corruption

**RISE programme** – Oil Search’s RISE safety programme includes: Reviewing prior year performance, Improving by completing action plans designed to close gaps, Substantiating gains through a six-month review of progress and adjusting as needed, and Evaluating results at year-end

**Seismic survey** – A survey used to gain an understanding of rock formations beneath the earth’s surface and to identify areas likely to contain hydrocarbons

**Short-term incentive scheme** – A mechanism for rewarding employee performance whereby compensation is received for achieving the Company’s short-term business objectives

**Social mapping and landowner identification** – A process whereby information on the social make-up of a community, such as decision-making processes and land ownership, is gathered by the Operator in accordance with the PNG Oil and Gas Act and submitted to the PNG Government

**Shared Responsibility Model (SRM)** – A model developed by Oil Search and ExxonMobil, but not yet enacted by the PNG Government whereby as operators, they would be delegated responsibility for delivering the

non-cash (infrastructure) benefits stipulated in the PNG LNG Project Umbrella Benefits Sharing Agreement

**Stakeholders** – Groups of people inside and outside the Company that Oil Search has the ability to impact and that can impact, or have an influence on, Company outcomes

**Sustainable Development** – Development that meets the needs of the present without compromising the ability of future generations to meet their own needs; includes community and local economic development and sustainable use of natural resources

**Sustainable Development Goals** – United Nations goals for global sustainable development aimed at ending poverty, combatting climate change and fighting injustice and inequality by 2030

**Tier 1 incident** – A Tier 1 incident is an unplanned event in which more than 500kg of gas or liquid is released in a one-hour period

**Tok Pisin** – One of Papua New Guinea’s principal languages – commonly known as ‘pidgin’

**Total Recordable Injury Rate (TRIR)** – The total number of recordable injuries per million staff-hours worked

**UNiTE** – Launched in 2008 by the United Nations, the ‘UNiTE to End Violence against Women’ campaign is a multi-year effort aimed at preventing and eliminating violence against women and girls around the world

**United Nations Global Compact (UNGC)** – Voluntary business initiative based on CEO commitments to implement universal sustainability principles around human rights, labour rights, anti-corruption and the environment

**United Nations Guiding Principles for Business and Human Rights** – An authoritative global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity

**Valuer-General** – The Office of the Valuer General is a division of the PNG Department of Lands and Physical

Planning and is responsible for setting land values

**Village Liaison Committee (VLC)** – A committee comprising representatives from host communities that is brought together by Oil Search to help facilitate consultation, engagement, communication and cooperation

**Village Liaison Officer (VLO)** – A host community representative employed by Oil Search to facilitate communication between the community and the Company

**Voluntary Principles for Security & Human Rights** – A set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights

**Wildlife Management Area (WMA) Committee** – Committee of local community representatives that is responsible for managing the use of high value natural areas in PNG



# 7 Year Summary

INDICATOR	2015	2014	2013	2012	2011	2010	2009
<b>INTEGRITY AND TRANSPARENCY (US\$ MILLION)</b>							
Total paid to PNG Government*	97.8	239.6	242.5	309.4	260.5	182.6	143.9
Total paid to Yemen Government*	0.3	0.5	0.5	3.6	1	1	0.8
Total paid to Iraq-Kurdistan Government*	1	6	5.5	5.4	40.4	0	10
Total paid to Tunisian Government	0.3	0.2	0.6	0.1	0.1	0.1	0.1
Total paid to Australian Government	9.3	16.2	20.5	10.0	8.4	7.0	3.8
<b>SUSTAINABLE DEVELOPMENT</b>							
Total invested in sustainable development	9.6	7.8	8.2	6.6	6.3	3.2	3.1
Total spent on Infrastructure Tax Credit Scheme projects	81	42.3	10.7	5.4	4.7	2.2	4.4
Total paid to local PNG landowner companies	69.3	68.6	86.3	81.3	57	47.9	48.6
<b>RESPONSIBLE OPERATOR</b>							
<b>PERSONAL SAFETY</b>							
Total Recordable Injury Rate (TRIR)	1.91	1.97	2.47	2.64	1.85	1.96	1.16
Lost Time Injury Rate (LTIR)	0	0.49	0.59	0.54	0.44	0.59	0.12
Total Recordable Injuries	21	28	33	34	21	20	10
Lost Time Injuries	0	6	8	7	5	6	1
Fatalities	0	1	0	0	0	0	0
<b>PROCESS SAFETY</b>							
Total number of Tier 1 events	3	3	3	2	2	1	
Total number of Tier 2 events	5	4	9	5	12	2	
<b>HIGH POTENTIAL INCIDENTS</b>							
Total number of high potential incidents**	7	9					
<b>GREENHOUSE GAS EMISSIONS</b>							
Total greenhouse gas emissions (ktCO <sub>2</sub> -e)	958	830	898	918	1,021	1,105	1,405
Greenhouse gas emissions intensity (ktCO <sub>2</sub> -e/MMBOE)	48	55	73	80	85	78	93
<b>SPILLS</b>							
Number of significant spills	0	0	0	0	0	0	0
Number of spills > 1 bbl. that reached the environment	3	1	8	3	6	n/a	n/a
Volume of hydrocarbon and non-hydrocarbon spill (Litres)	2,045	1,000	4,266	1,479	18,762	n/a	n/a

**PEOPLE AND ORGANISATION**
**WORKFORCE**

Total number of employees	1,334	1,701	1,515	1,200	1,124	1,041	970
---------------------------	-------	-------	-------	-------	-------	-------	-----

**DIVERSITY**

% women in senior management	18	15	14	13	10	6	5
------------------------------	----	----	----	----	----	---	---

% PNG citizens in senior management	21	16	21	22	23	23	25
-------------------------------------	----	----	----	----	----	----	----

% women in total workforce	23	22	22	21	20	19	19
----------------------------	----	----	----	----	----	----	----

% PNG citizens in total workforce	62	60	63	64	66	68	67
-----------------------------------	----	----	----	----	----	----	----

\* These totals include both Oil Search and joint venture amounts; see the Basis of Preparation document for further information.

\*\* Prior to 2014 Oil Search used a different methodology to track high potential incidents.

# Integrity and Transparency

INDICATOR	REF	2015 US\$'000	2014 US\$'000	2013 US\$'000
<b>PAYMENTS TO GOVERNMENTS BY COUNTRY</b>				
<b>PAPUA NEW GUINEA</b>				
<b>TOTAL PAID TO THE INDEPENDENT STATE OF PNG</b>				
Royalties	G4-EC1	10,988	21,170	22,458
Development Levies		5,838	6,603	6,898
<b>TOTAL PAID TO NATIONAL PETROLEUM COMPANY OF PNG</b>				
Oil Search Share Dividend	G4-EC1	26,890	495	7,864
<b>TOTAL PAID TO PNG INTERNAL REVENUE COMMISSION</b>				
Oil Search Directors' Tax	G4-EC1	603	1,093	820
Petroleum Tax		1,389	127,633	130,958
Salary & Wages Tax		34,296	36,642	31,887
Other Govt. Taxes		17,559	44,433	32,487
<b>OTHER</b>				
Other Govt. fees and charges	G4-EC1	281	1,537	999
<b>Total</b>		<b>97,843</b>	<b>239,606</b>	<b>234,371</b>
<b>IRAQ - KURDISTAN REGIONAL GOVERNMENT (KRG)</b>				
Total paid to KRG Ministry of Natural Resources	G4-EC1	866	5,836	5,416
Total paid to KRG Ministry of Finance and Economy		210	199	79
<b>Total</b>		<b>1,077</b>	<b>6,035</b>	<b>5,495</b>
<b>YEMEN</b>				
Total paid to the Ministry of Oil & Minerals	G4-EC1	266	254	250
Total paid to the Ministry of Finance and Social Security Organisation		95	329	274
<b>Total</b>		<b>360</b>	<b>583</b>	<b>524</b>
<b>TUNISIA</b>				
ETAP (State Oil Company)	G4-EC1	95	95	113
Ministry of Finance		229	131	515
<b>Total</b>		<b>324</b>	<b>226</b>	<b>628</b>

AUSTRALIA				
Total paid to Australian Taxation Office	G4-EC1	9,336	16,173	10,551
Total paid to other Australian Government entities		6	9	7
<b>Total paid to the Australian Government</b>		<b>9,342</b>	<b>16,182</b>	<b>10,558</b>
<b>Total paid to governments</b>		<b>108,946</b>	<b>262,632</b>	<b>251,576</b>

## CONDUCT

NUMBER OF CODE OF CONDUCT BREACHES BY TYPE				
Computer Usage		4		
Drugs and alcohol		4		
Fraud		1		
Harassment and bullying		5		
Health, Safety, Environment & Security		2		
Outside Employment		1		
Share Trading		2		
<b>Total</b>		<b>19</b>	<b>16</b>	<b>18</b>

OIL SEARCH WHISTLE-BLOWER HOTLINE CALLS				
Number of calls to Oil Search's Whistle-blower hotline		2	2	0

# Sustainable Development

INDICATOR	REF	2015	2014	2013			
<b>SUSTAINABLE DEVELOPMENT INVESTMENT</b>							
<b>SUSTAINABLE DEVELOPMENT INVESTMENT</b>							
<b>SUSTAINABLE DEVELOPMENT INVESTMENT BY TYPE</b>							
Oil Search Health Foundation donation	G4-EC7	7,900	5,807	5,840			
Community Development Projects		385	626	299			
Community Education Sponsorships and Support		398	490	452			
Partnerships		895	791	1,304			
Other Donations		14	93	275			
<b>Total</b>		<b>9,591</b>	<b>7,807</b>	<b>8,170</b>			
<b>TOTAL SUSTAINABLE DEVELOPMENT INVESTMENT BY REGION</b>							
PNG	G4-EC7	9,485	7,584	8,028			
Middle East & North Africa		106	223	142			
<b>Total</b>		<b>9,591</b>	<b>7,807</b>	<b>8,170</b>			
<b>OTHER SUSTAINABLE DEVELOPMENT CONTRIBUTIONS (PNG)</b>							
Total payments to suppliers for Infrastructure Tax Credit Scheme projects	G4-EC7	81,042	42,363	10,725			
Total investment in power projects		5,045	3,054	2,991			
<b>SUSTAINABLE DEVELOPMENT PERFORMANCE</b>							
<b>PAPUA NEW GUINEA</b>							
<b>INFRASTRUCTURE TAX CREDIT SCHEME</b>							
Infrastructure Tax Credit Scheme projects completed	G4-EC7	9	3	1			
<b>OIL SEARCH COMMUNITY ASSISTANCE PROJECTS</b>							
Community Area Planning (CAP) Projects completed	G4-EC7	9	10	13			
<b>TERTIARY SPONSORSHIPS</b>							
		M	F	M	F	M	F
PNG students who received support from Oil Search whilst studying who graduated during the year	G4-EC7	11	13	15	11	15	9
<b>DIPLOMA IN EDUCATION PRIMARY IN-SERVICE (DEPI)</b>							
		M	F	M	F	M	F
Teachers who completed DEPI qualification with Oil Search support	G4-EC7	5	0	4	0	0	0

TRAINING		M	F	M	F	M	F
Attendees who completed life skills training sessions	G4-EC7	0	14	0	13	7	34
Attendees who completed financial literacy/basic business skills training sessions		11	36	20	50	0	0
Attendees who completed Landowner Company Directors' training		21	1	26	0	34	0
Attendees who completed agriculture training		0	54	79	231	20	50
<b>KURDISTAN REGION OF IRAQ</b>							
<b>COMMUNITY DEVELOPMENT PROJECTS</b>							
Community development projects completed in the Kurdistan Region of Iraq	G4-EC7	11		19		21	
<b>PNG SUPPLIERS AND CONTRACTORS PAYMENTS</b>							
<b>TOTAL PAYMENTS TO SUPPLIERS AND CONTRACTORS IN PNG</b>							
Suppliers and contractors paid in PGK	G4-EC9	160,620		117,069		150,638	
Suppliers and contractors paid in anything other than PGK		268,446		330,351		548,079	
State Owned enterprises		16,314		22,285		25,811	
Landowner Companies		69,330		68,551		86,306	
<b>Total</b>		<b>514,710</b>		<b>538,256</b>		<b>810,834</b>	
<b>PAYMENTS TO PNG LANDOWNER COMPANIES, BY COMPANY</b>							
Eurest Gigira Limited	G4-EC9	1,260		1,787		2,061	
Eurest Kikori Oil Limited		2,869		4,157		2,306	
Gigira Development Corporation		3,349		2,460		4,495	
Gobe Catering Limited		1,622		2,521		3,051	
Gobe Field Engineering Limited		3,157		3,814		3,092	
Gobe Freight Services Limited		4,931		5,878		7,701	
Kawaso Limited		1,667		2,205		3,262	
Kikori Oil Investments		0		76		546	
Kutubu Catering Limited		8,562		13,780		14,400	
Kutubu Security Services		2,547		2,439		2,360	
Kutmor Limited		17,269		9,367		5,108	
Maka Investment Corporation		3,663		3,663		5,548	
Mananda Umbrella JV		2,105		1,955		8,397	
Moran Ina Naga Limited		1,089		1,738		2,629	
Trans Wonderland Limited		2,682		12,709		21,337	
Yasuku Oil & Gas Investment		12,558		1		13	
<b>Total</b>		<b>69,330</b>		<b>68,551</b>		<b>86,306</b>	

**OIL SEARCH FOUNDATION**
**CONTRIBUTORS TO THE OIL SEARCH FOUNDATION (\$US'000)**

Global Fund to Fight AIDS, Tuberculosis and Malaria	1,066	6,490	14,027
DFAT Aid Programme (previously AusAid)	2,112	1,428	0
Oil Search Limited	7,900	5,807	5,840
Other	533	408	729
<b>Total</b>	<b>11,611</b>	<b>14,133</b>	<b>20,596</b>

**PROGRAMME PERFORMANCE INDICATORS**
**HIV**

1. Number of condoms distributed	184,906	404,832	499,441
2. Number of people who received an HIV test in the last 12 months and who know their results	17,431	19,958	17,956
3. Number of pregnant women who were tested for HIV and who know their results	4,870	5,355	4,824
4. Percentage of HIV-infected pregnant women who received antiretrovirals to reduce the risk of mother-to-child transmission	100%	97%	100%
5. Percentage of adults and children currently receiving antiretroviral therapy among all adults and children living with HIV	57.14%	72%	70.5%
6. Percentage of women and men aged 15-49 who had sexual intercourse with more than one partner in the past 12 months	23%	21.5%	17.4%
7. Percentage of women and men aged 15-49 who had more than one partner in the past 12 months who used a condom during their last sexual intercourse	9.30%	12.5%	14.7%
8. Percentage of women and men who are HIV infected	0.43%	0.34%	0.38%
9. Percentage of infants born to HIV-infected mothers who are infected	0%	0%	0%
10. Percentage of adults and children with HIV known to be on treatment 12 months after initiation of antiretroviral therapy	56%	52%	51%
# of clinics supported by the OSF HIV program	75	73	66

**MALARIA**

11. Number of people with access to anti-malarial treatment (at MSK or health facility)	8,000	8,000	8,000
12. Annual malaria parasite incidence (per 1,000 population)	3.38	1.75	35
13. Percentage of slides or rapid diagnostic tests found positive among all slides and rapid diagnostic tests	1.79%	1.90%	9.6%
14. Number of people with fever receiving anti-malarial treatment through home based management	4	6	61
# of MSKs	9	12	12
# of clinics supported by the OSF Malaria program	19	21	24

**MATERNAL AND CHILD HEALTH**

15. Number of antenatal care first attendances	512	606	600
16. Number of healthcare workers trained in Basic Emergency Management of Obstetric Care and/or Essential Obstetric Care	3	0	35

# Responsible Operator

INDICATOR	REF	2015	2014	2013
<b>ENVIRONMENT</b>				
<b>GREENHOUSE GAS EMISSIONS UNDER OPERATIONAL CONTROL</b>				
<b>GREENHOUSE GAS EMISSIONS BY SCOPE (KTCO2-E)</b>				
Scope 1 – Direct	G4-EN15 G4-EN16	953	825	893
Scope 2 - Indirect		5	5	5
<b>Total</b>		<b>958</b>	<b>830</b>	<b>898</b>
<b>GREENHOUSE GAS EMISSIONS AT SIGNIFICANT AREAS OF OPERATION (KTCO2 - E)</b>				
Gobe	G4-EN15 G4-EN16	175	179	181
Kutubu Refinery		41	45	51
Central Processing Facility (CPF)		354	335	387
Agogo Processing Facility (APF)		307	188	200
Hides		62	67	64
Kumul		11	9	8
Kopi and Moro		7	7	7
<b>Total</b>		<b>958</b>	<b>830</b>	<b>898</b>
<b>GREENHOUSE GAS EMISSIONS BY TYPE (KTCO2 - E)</b>				
Combustion	G4-EN15 G4-EN16	437	417	390
Flaring		108	124	216
Liquid fuels		44	50	53
Venting		281	173	174
Fugitives		83	61	60
Electricity		5	5	5
<b>Total</b>		<b>958</b>	<b>830</b>	<b>898</b>
<b>EMISSION COMPOSITION</b>				
Methane (ktCH4)	G4-EN15 G4-EN16	13	12	12
Carbon Dioxide (ktCO2)		689	580	642
<b>PRODUCTION GREENHOUSE GAS EMISSION INTENSITY</b>				
Gross annual production (mmboe)	G4-EN15 G4-EN16	20	15.1	12
Emissions intensity (ktCO2-e /mmboe)		48	55	73
Flaring intensity (ktCO2-e /mmboe)		5	8	17
Venting intensity (ktCO2-e /mmboe)		14	11	14



**ENERGY**
**DIRECT ENERGY CONSUMPTION (GJ)**

Total direct energy produced	G4-EN23	130,543,521	101,820,738	86,791,009
Total direct energy purchased		237,410	221,968	198,649
Total direct energy sold		120,431,094	91,741,734	75,722,125
Total direct energy consumption		8,600,486	8,307,977	7,759,744

**DIRECT ENERGY CONSUMPTION BY SOURCE (GJ)**

Associated Gas used as Fuel	G4-EN3	8,025,920	7,658,672	7,169,198
Liquid Fuel		574,565	649,305	590,546

**INDIRECT ENERGY**

Total electricity purchased and consumed (J)	G4-EN3	22,494	23,059	22,450
--	--------	--------	--------	--------

**ENERGY INTENSITY**

Energy intensity of oil and gas production (GJ/mmboe)	G4-EN3	457	583	745
---	--------	-----	-----	-----

**INVESTMENT IN RENEWABLE ENERGY (US\$'000)**

Total amount invested in biomass	G4-OG2	3,828	3,054	2,991
----------------------------------	--------	-------	-------	-------

**WASTE (M3)**
**WASTE GENERATED**

Hazardous	G4-EN23	2,705	2,759	5,659
Non-hazardous		42,462	41,535	47,512
<b>Total</b>		<b>45,167</b>	<b>44,295</b>	<b>53,171</b>

**VOLUME OF WASTE BY DISPOSAL METHOD**

Incineration (mass burn)	G4-EN23	35,810	39,140	43,266
On-site storage		6,656	930	755
Landfill		2,661	4,155	7,531
Recycling		71	69	1,619

**SPILLS THAT REACH THE ENVIRONMENT (L)**

Number of spills > 1 bbl. that reached the environment	G4-EN24	3	1	8
Volume of hydrocarbon spilt		250	0	200
Volume of non-hydrocarbon spilt		1,795	1,000	4,066
Number of significant spills		0	0	0
Number of significant spills from third parties under contractual obligations		0	0	0

WATER USE							
<b>PRODUCED WATER (MBBL.)</b>							
Volume of produced water re-injected	G4-OG5	4,033		4,038		5,806	
% produced water re-injected		100		100		100	
<b>WATER WITHDRAWALS (MEGA LITRES)</b>							
Surface water	G4-EN8	70		120		n/a	
Groundwater (non-renewable)		183		90		n/a	
HEALTH AND SAFETY							
RECORDABLE INJURIES AND INJURY RATES							
<b>TOTAL RECORDABLE INJURIES</b>							
Total number of recordable injuries	G4-LA6	21		28		33	
<b>TOTAL RECORDABLE INJURIES BY GENDER</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Fatalities	G4-LA6	0	0	1	0	0	0
Lost Work Day Cases		0	0	6	0	6	2
Medical Treatment Cases or Restricted Work Day Cases		19	2	20	1	25	0
<b>Total</b>		<b>19</b>	<b>2</b>	<b>27</b>	<b>1</b>	<b>31</b>	<b>2</b>
<b>RECORDABLE INJURIES BY REGION AND GENDER</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
PNG	G4-LA6	15	0	17	1	25	0
Middle East & North Africa		4	0	10	0	6	0
Australia		0	2	0	0	0	2
<b>RECORDABLE INJURIES BY EMPLOYEE TYPE</b>							
Recordable injuries by service company personnel		18		24		32	
Recordable injuries by Oil Search employees		3		4		1	
<b>HOURS WORKED</b>							
Oil Search employees	G4-LA6	3,130,659		3,305,602		2,966,155	
Contractors		7,850,248		10,919,866		10,396,636	
<b>Total</b>		<b>10,980,907</b>		<b>14,225,468</b>		<b>13,362,791</b>	
<b>INJURY FREQUENCY RATES</b>							
Total Recordable Injury Rate (TRIR)	G4-LA6	1.91		1.97		2.47	
Lost Time Injury Rate (LTIR)		0		0.49		0.59	
Oil Search employees Lost Time Injury Rate (LTIR)		0		0.61		0.34	
Contractors Lost Time Injury Rate (LTIR)		0		0.46		0.67	

PROCESS SAFETY							
TIER 1 AND 2 PROCESS SAFETY EVENTS BY BUSINESS ACTIVITY		TIER 1	TIER 2	TIER 1	TIER 2	TIER 1	TIER 2
Exploration	G4-OG13	0	0	0	0	0	0
Drilling		0	1	0	1	0	0
Production		3	4	3	3	3	9
HIGH POTENTIAL INCIDENTS AND RATES							
Total number of high potential incidents		7	9			n/a	
High potential incident rate		0.64	0.63			n/a	
MEDICAL EVACUATIONS (PNG)							
Number of community members evacuated		64	71			110	
Number of workforce members (Employee & Contractor) evacuated		43	40			54	
CLINIC VISITS							
TOTAL NUMBER OF PATIENTS TREATED (PNG)							
Community		3,503	4,128			3,905	
Workforce (Employee & Contractor)		17,283	16,978			20,448	
TOTAL NUMBER OF PATIENTS TREATED (AUS)							
Workforce (Employee & Contractor)		388	440			504	
TOTAL NUMBER OF PATIENTS TREATED (MIDDLE EAST & NORTH AFRICA)							
Workforce (Employee & Contractor) & Community		555	1,449			5,879	
<b>Total patients treated</b>		<b>21,836</b>	<b>22,995</b>			<b>30,736</b>	
CLINICS							
TOTAL NUMBER OF PERMANENT OIL SEARCH CLINICS							
Papua New Guinea		6	6			6	
Middle East & North Africa		0	0			0	
COMMUNITY ENGAGEMENT AND COMPENSATION (PNG)							
CONTACTS							
# of community meetings held		375	485			330	
# of field visits conducted		1,187	1,559			1,084	
# of community Oil Search contacts (interactions)		1,790	2,363			2,272	
ISSUE MANAGEMENT							
# of landowner issues raised		160	264			236	
# of landowner issues closed		135	234			145	

# People and Organisation

INDICATOR	REF	2014		2013		2012	
<b>WORKFORCE</b>							
<b>TOTAL WORKFORCE</b>							
Employees	G4-9, G4-10	1,334		1,701		1,515	
<b>TOTAL WORKFORCE BY EMPLOYMENT TYPE</b>							
		M	F	M	F	M	F
Permanent full time	G4-10	804	212	1,013	263	930	239
Permanent part time		4	10	3	11	1	11
Fixed term contract		57	31	64	19	58	22
Casual		4	7	3	6	14	12
Contractors		177	28	271	48	187	41
<b>Total</b>		<b>1,046</b>	<b>288</b>	<b>1,354</b>	<b>347</b>	<b>1,190</b>	<b>325</b>
<b>TOTAL WORKFORCE BY LOCATION</b>							
		M	F	M	F	M	F
Australia	G4-10	161	86	186	108	157	99
PNG		679	164	818	177	800	176
MENA		29	10	79	14	46	9
<b>Total</b>		<b>869</b>	<b>260</b>	<b>1,083</b>	<b>299</b>	<b>1,003</b>	<b>284</b>
<b>TOTAL WORKFORCE BY AGE</b>							
		M	F	M	F	M	F
< 30	G4-LA2	104	62	131	71	142	62
30 – 50		561	169	675	186	623	179
> 50		204	29	277	42	238	43
<b>Total</b>		<b>869</b>	<b>260</b>	<b>1,083</b>	<b>299</b>	<b>1,003</b>	<b>284</b>
<b>TOTAL WORKFORCE BY CATEGORY</b>							
		M	F	M	F	M	F
Graduates and apprentices	G4-10	43	13	54	12	76	19
Employees		185	94	239	113	345	133
Supervisors/professional or technical		304	81	373	89	334	85
Managers or technical specialists		277	59	348	73	188	37
Senior managers or technical experts		50	13	59	12	51	10
Executive management		10	0	10	0	9	0
<b>Total</b>		<b>869</b>	<b>260</b>	<b>1,083</b>	<b>299</b>	<b>1,003</b>	<b>284</b>

**WORKFORCE AND SENIOR MANAGEMENT DIVERSITY**
**DIVERSITY IN THE TOTAL WORKFORCE**

Number of female employees	G4-LA12 G4-EC6	260	299	284
% women in workforce		23%	22%	22%
Number of PNG citizens		705	828	812
% PNG citizens in workforce		62%	60%	63%

**DIVERSITY IN THE PNG WORKFORCE**

Number of female employees	G4-LA12 G4-EC6	158	169	176
% women in workforce		19%	17%	18%
Number of PNG citizens		705	828	812
% PNG citizens in workforce		84%	83%	83%

**DIVERSITY IN TOTAL SENIOR MANAGEMENT**

Number of females in Senior Management team	G4-LA12 G4-EC6	13	12	10
Number of PNG citizens in Senior Management team		15	13	15
Total number of Senior Management employees		73	81	70
% women in Senior Management team	G4-LA12	18%	15%	14%
% PNG citizens in Senior Management team		21%	16%	21%
% women in junior management positions, i.e. first line management		21%	18%	22%

**BOARD DIVERSITY**

Number of Board members	G4-LA12	9	9	9
% female		11%	11%	11%
% PNG Citizens		22%	22%	22%

**% PNG CITIZENS IN PNG WORKFORCE BY GENDER AND CATEGORY**

		M	F	M	F	M	F
Graduates and apprentices	G4-LA12 G4-EC6	5%	2%	6%	1%	8%	2%
Employees		23%	8%	24%	7%	38%	10%
Supervisors/professional or technical		29%	7%	28%	6%	24%	6%
Managers or technical specialists		19%	5%	21%	6%	9%	2%
Senior managers or technical experts		1%	1%	1%	0%	1%	0%
Executive management		0%	0%	0%	0%	0%	0%
<b>Total</b>		<b>77%</b>	<b>23%</b>	<b>80%</b>	<b>20%</b>	<b>80%</b>	<b>20%</b>

**% FEMALE AND MALE EMPLOYEES BY CATEGORY**

		M	F	M	F	M	F
Graduates and apprentices	G4-LA12	4%	1%	4%	1%	6%	1%
Employees		16%	8%	17%	8%	26%	10%
Supervisors/professional or technical		27%	7%	27%	6%	26%	7%
Managers or technical specialists		25%	5%	25%	5%	15%	3%

Senior managers or technical experts		1%	1%	1%	0%	1%	0%
Executive management		0%	0%	0%	0%	0%	0%
<b>Total</b>		<b>77%</b>	<b>23%</b>	<b>80%</b>	<b>20%</b>	<b>80%</b>	<b>20%</b>
<b>% FEMALE AND MALE EMPLOYEES BY CATEGORY</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Graduates and apprentices	<b>G4-LA12</b>	4%	1%	4%	1%	6%	1%
Employees		16%	8%	17%	8%	26%	10%
Supervisors/professional or technical		27%	7%	27%	6%	26%	7%
Managers or technical specialists		25%	5%	25%	5%	15%	3%
Senior managers or technical experts		4%	1%	4%	1%	4%	1%
Executive management		1%	0%	1%	0%	1%	0%
<b>Total</b>		<b>77%</b>	<b>23%</b>	<b>78%</b>	<b>21%</b>	<b>78%</b>	<b>22%</b>
<b>REMUNERATION</b>							
<b>RATIO OF BASIC SALARY BY GENDER AND EMPLOYEE CATEGORY – AUSTRALIA</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Graduates and apprentices	<b>G4-LA13</b>	n/a	n/a	n/a	n/a	n/a	n/a
Employees		1	1.12	1	1.07	1	0.99
Supervisors/professional or technical		1	0.93	1	0.93	1	0.96
Managers or technical specialists		1	1.04	1	0.99	1	0.97
Senior managers or technical experts		1	0.95	1	0.91	1	0.96
Executive management		n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>		<b>1</b>	<b>0.97</b>	<b>1</b>	<b>0.98</b>	<b>1</b>	<b>0.96</b>
<b>RATIO OF BASIC SALARY BY GENDER AND EMPLOYEE CATEGORY – PNG</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Graduates and apprentices	<b>G4-LA13</b>	1	1.12	1	1.10	1	1.14
Employees		1	1.03	1	1.09	1	1.05
Supervisors/professional or technical		1	1.03	1	1.07	1	1.08
Managers or technical specialists		1	1.1	1	1.12	1	1.24
Senior managers or technical experts		1	0.68	1	0.88	1	0.91
Executive management		n/a	n/a	n/a	n/a	n/a	n/a
<b>Total</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>1.03</b>	<b>1</b>	<b>1.05</b>
<b>TRAINING AND DEVELOPMENT</b>							
<b>% OF WORKFORCE WHO RECEIVED A PERFORMANCE REVIEW</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
% of workforce who received a performance review	<b>G4-LA11</b>	100%	97%	100%	98%	98%	95%
<b>% OF WORKFORCE WHO RECEIVED A PERFORMANCE REVIEW BY EMPLOYEE CATEGORY</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Graduates and apprentices	<b>G4-LA11</b>	100	100				
Employees		98	94				
Supervisors/professional or technical		100	100				

Managers or technical specialists		99	100				
Senior managers or technical experts		100	100				
Executive management		100	n/a				
<b>AVERAGE TRAINING AND DEVELOPMENT HOURS AND SPEND BY GENDER</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
Average hours of training and development per employee	<b>G4-LA9</b>	51.67	31.56	39.66	21.82	n/a	n/a
Average amount spent per employee on training and development (\$US)		\$638		\$3,384		\$1,920	
<b>AVERAGE TRAINING AND DEVELOPMENT HOURS BY EMPLOYEE CATEGORY</b>							
Graduates and apprentices*	<b>G4-LA9</b>	39	12				
Employees		16	15				
Supervisors/professional or technical		6	10				
Managers or technical specialists		6	10				
Senior managers or technical experts		4	9				
Executive management		13	10				
<b>RECRUITMENT AND RETENTION</b>							
<b>12 MONTH TURNOVER RATE FOR AUSTRALIA AND PNG BY AGE</b>		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
< 30	<b>G4-LA1</b>	14%	13%	7%	10%	4%	7%
30 – 50		23%	28%	7%	11%	10%	9%
> 50		41%	65%	8%	20%	13%	14%
<b>Total company turnover</b>		<b>26%</b>	<b>28%</b>	<b>7%</b>	<b>12%</b>	<b>10%</b>	<b>9%</b>
<b>RETURN TO WORK AND RETENTION RATES AFTER MATERNITY LEAVE</b>							
Number of employees entitled to maternity leave	<b>G4-LA3</b>	260	299			284	
Number of employees who took maternity leave		22	24			15	
Number of employees who returned after maternity leave		21	23			13	
Retention rate of employees who returned to work after maternity leave ended		95%	87%			100%	