

Corporate Governance

Oil Search is committed to adopting and implementing rigorous corporate governance practices across all our activities. We support this commitment by reporting our governance practices transparently and openly to help investors make informed investment decisions and so all stakeholders can have trust and confidence in our approach.

Read more about our commitment to rigorous corporate governance practices here:

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Statement of Compliance

Commitment to Good Governance

Oil Search is committed to adopting and implementing rigorous corporate governance practices across all activities. The Company supports this commitment by transparently and openly reporting its governance practices so investors can make informed investment decisions.

ASX Corporate Governance Principles and Recommendations

Oil Search has reported against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (CGC Recommendations) each year since their first release in 2003. Oil Search has followed all the CGC Recommendations in the 3rd Edition during the 12 months ended 31 December 2016.

In reporting against the CGC Recommendations for 2016, this Corporate Governance Statement:

- addresses the CGC Recommendations consecutively; and
- includes cross references to information that is not included in this Statement, but is located in the **2016 Annual Report** or on the Company website.

Principle 1: Lay Solid Foundations For Management and Oversight

Role of the Board and Management

Oil Search's internal systems and procedures are designed to support the Board in providing strategic guidance for the Company and effective management oversight. The Board carries out these duties in accordance with its defined responsibilities, as detailed in the Company's **Constitution**.

Oil Search has formalised and defined the functions reserved for the Board and those delegated to management in a **Board Charter**. The Charter defines the Board's duties to facilitate accountability to the Company and its shareholders. (*Recommendation 1.1*)

The selection and recruitment process for appointing a new Director to the Board involves a rigorous search and verification programme, usually supported by an external recruitment firm that specialises in Board appointments. To ensure the person selected is fit and proper to serve on the Oil Search Board, reference checks and enquiries are conducted regarding their education, career history, capabilities and experience. There is also an extensive interview process with the Chair and other Board members. (*Recommendation 1.2*)

To assist the Company's shareholders in making an informed decision about whether to vote in favour of a Director standing for election or re-election, the Notice of Meeting for the Annual Meeting contains the candidate's biographical details. These include a career summary; a list of other directorships and material outside interests; the date of their first appointment to the Board; and a statement as to whether the Board considers the Director to be independent and supports her or his election or re-election. (*Recommendation 1.2*)

The Company has a written contractual agreement with each Director and senior executive. Among other matters, each agreement addresses: term of appointment; roles, duties and obligations, including compliance with Company policies and procedures; remuneration arrangements; and indemnity and insurance arrangements. In addition, the Director's letter of appointment outlines the circumstances under which a Director can seek independent advice at the expense of the Company, rights of access to corporate information, and continuous disclosure obligations regarding relevant shareholdings in the Company. (*Recommendation 1.3*)

The Group Secretary is accountable to Board, through the Chair, and is responsible for facilitating the proper functioning of the Board. . Each Director is entitled to communicate directly with the Group Secretary and a decision on the appointment or removal of the Group Secretary requires Board approval. (*Recommendation 1.4*)

Diversity and Inclusion

An engaged and diverse workforce contributes to improved operating performance and the delivery of strategic objectives. Oil Search is therefore committed to promoting diversity across the Company at all levels, including within the Board.

The Board has approved a **Diversity & Inclusion Policy** for the Company that reflects this commitment. It

includes the requirement for setting and reporting on measurable objectives for increasing diversity, including the representation of PNG citizens and women in leadership roles. *(Recommendation 1.5)*

The **Diversity & Inclusion Policy** is supplemented by a Diversity and Inclusion Strategy. This contains measurable targets approved by the Board and plans at the business unit and function level that actively engage line managers in delivering diversity goals. Progress against diversity and inclusion targets is reported quarterly to the Board People and Nomination Committee.

Additional information on the Company's Diversity and Inclusion Strategy, including progress against diversity targets as well as other diversity indicators, can be found in the **2016 Annual Report** and the **2016 Social Responsibility Report**. Papuan Oil Search Limited's Workplace Gender Equality Report is publically available from the Company website. *(Recommendation 1.5)*

A summary of diversity indicators as at 31 December 2016 is provided in Table 1 below. *(Recommendation 1.5)*

Table 1

| DIVERSITY IN SENIOR MANAGEMENT AND GOVERNANCE ROLES | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| % Women in organisation as a whole | 20% | 21% | 22% | 22% | 23% | 25% |
| % Women in senior management roles | 10% | 13% | 14% | 15% | 18% | 21% |
| % PNG nationals in senior management roles | 23% | 22% | 21% | 16% | 21% | 23% |
| % Women on the Oil Search Board | 0% | 0% | 11% | 11% | 11%* | 22%* |
| % PNG nationals on the Oil Search Board | 22% | 22% | 22% | 22% | 22% | 22% |

* Calculation based on the Directors as at the date of the respective Financial Report.

Additional information on the Company's Diversity and Inclusion Strategy can be found in the **2016 Annual Report** and the **2016 Social Responsibility Report**.

Board and Senior Management Performance

The Oil Search Board conducts a formal review process for the Board and individual Directors. Each Director completes a detailed questionnaire covering their own performance and that of the whole Board, the Board Committees and the Chair. The Chair then meets with each Director to review their responses to the questionnaire and to provide feedback on how the Director has performed during the year.

This formal review process was conducted in 2015 and was supplemented by an online Board governance survey for Directors and members of the executive team. Priorities identified from that review were progressed during 2016. The next review is planned for 2017. The Committee Chairs conducted questionnaire-based performance reviews for their respective Committees during 2016. (*Recommendation 1.6*)

The Board and the Managing Director review the performance of senior executives every year.

The Managing Director conducts an annual performance review with the senior executive team. The performance of each senior executive during the year is assessed against individual and corporate key performance indicators and agreed deliverables. The Board also assesses the performance of the Managing Director. The Chair meets with the Managing Director to provide feedback on that assessment.

Performance evaluations for the Managing Director and the senior executive team were carried out in the reporting period in accordance with this process. (*Recommendation 1.7*)

Principle 2: Structure the Board to Add Value

Oil Search recognises that an effective Board facilitates the efficient discharge of the duties imposed by law on Directors and contributes to the delivery of the Company's strategic objectives. Accordingly, Oil Search has structured its Board so that it:

- Has a proper understanding of, and the competencies to deal with, the current and emerging issues in Oil Search's business.
- Exercises independent judgement.
- Encourages enhanced Company performance.
- Effectively reviews and challenges management's performance.

There are four Board Committees:

- Audit and Financial Risk Committee;
- Corporate Actions Committee;
- Health, Safety and Sustainability Committee; and
- People and Nominations Committee.

During 2016, following an extensive selection process, the Board for the first time appointed a distinguished PNG citizen to each of the above Committees, apart from the Corporate Actions Committee, to serve as an Independent Member of the Committee. The Independent Members bring specialist skills and a depth of knowledge on PNG to enhance the effective functioning of the respective Committees. These appointments also assist the Independent Members in adding to their governance and commercial skills and experience, and is consistent with the Company's continued investment in PNG's future and specifically an aim of growing the pool of capable, well-rounded business leaders within PNG.

People and Nominations Committee

The Board People and Nominations Committee has a written **Charter** that details its role and responsibilities, composition, structure and membership requirements.

At all times during 2016 the People and Nominations Committee consisted of:

- Non-Executive Directors that were independent.
- An independent Chair, who was not Chair of the Board.
- A minimum of three members.

The members of the Board People and Nominations Committee, their qualifications, the number of Committee meetings held and attendance at meetings during 2016 are detailed in the Directors' Report section of the [2016 Annual Report](#). (*Recommendation 2.1*)

Board Composition

The Company believes its Board should consist of Directors with an appropriately diverse mix of skills and experiences that are compatible with the Company's operating activities, geographic focus and strategic direction. During 2016, the Board again reviewed and refined a skills matrix that records its target mix of skills, experience and technical capabilities. The skills and experience of the Company's current Directors have been mapped against this matrix to identify potential gaps compared to the target mix of capabilities – see Table 2 (*Recommendation 2.2*).

The matrix is used to support the process of briefing the recruitment firm or firms selected to search for a prospective new Director if and when a Board vacancy arises. It is also used to assist in defining the ongoing Board education programme.

Table 2

| SKILLS AND EXPERIENCE | BOARD | AUDIT AND FINANCE RISK | HEALTH, SAFETY AND SUSTAINABILITY | PEOPLE NOMINATION |
|---|--------------|-------------------------------|--|--------------------------|
| TOTAL DIRECTORS | 9 Directors* | 5 Directors | 6 Directors | 5 Director |
| OIL & GAS INDUSTRY EXPERIENCE SENIOR EXECUTIVE EXPERIENCE IN THE OIL AND GAS INDUSTRY INCLUDING IN-DEPTH KNOWLEDGE OF STRATEGY, MARKETS, COMPETITORS, OPERATIONAL ISSUES, TECHNOLOGY AND REGULATORY CONCERNS. | 5 Directors | 2 Directors | 4 Directors | 2 Director |
| PNG/GOVERNMENT RELATIONS SENIOR MANAGEMENT OR EQUIVALENT EXPERIENCE IN PNG: FAMILIARITY WITH NATIONAL AND REGIONAL POLITICAL, CULTURAL, REGULATORY AND BUSINESS ENVIRONMENTS. | 7 Directors | 3 Directors | 5 Directors | 3 Director |

| | | | | |
|---|----------------|----------------|-------------|------------|
| <p>FINANCE & AUDIT SENIOR EXECUTIVE OR EQUIVALENT EXPERIENCE IN FINANCIAL ACCOUNTING AND REPORTING, CORPORATE FINANCE AND INTERNAL FINANCIAL CONTROLS, INCLUDING ABILITY TO PROBE THE ADEQUACIES OF FINANCIAL AND RISK CONTROLS.</p> | 6 Directors | 4 Directors | 4 Directors | 2 Director |
| <p>RISK MANAGEMENT EXPERIENCE WORKING WITH AND APPLYING BROAD BASED RISK MANAGEMENT FRAMEWORKS IN VARIOUS COUNTRIES, REGULATORY OR BUSINESS ENVIRONMENTS.</p> | 7 Directors | 4 Directors | 5 Directors | 3 Director |
| <p>M&A EXPERIENCE MANAGING, DIRECTING OR ADVISING ON MERGERS, ACQUISITIONS, DIVESTMENTS AND PORTFOLIO VALUE OPTIMISATION.</p> | 6 Directors | 4 Directors | 4 Directors | 4 Director |
| <p>GLOBAL EXPERIENCE SENIOR MANAGEMENT OR EQUIVALENT EXPERIENCE IN GLOBAL LOCATIONS, EXPOSED TO A RANGE OF POLITICAL, CULTURAL, REGULATORY AND BUSINESS ENVIRONMENTS.</p> | 6 Directors | 3 Directors | 5 Directors | 2 Director |
| <p>CAPITAL PROJECTS: FINANCING/ PROJECT MANAGEMENT EXPERIENCE IN AN INDUSTRY WITH PROJECTS INVOLVING LARGE-SCALE CAPITAL OUTLAYS AND LONG-TERM INVESTMENT HORIZONS.</p> | 6 Directors | 4 Directors | 4 Directors | 3 Director |
| <p>REMUNERATION (PEOPLE & NOMINATIONS) BOARD PEOPLE &</p> | 8 Directors | 5 Directors | 5 Directors | 4 Director |

| | | | | |
|---|-------------|-------------|-------------|------------|
| NOMINATIONS COMMITTEE MEMBERSHIP OR MANAGEMENT EXPERIENCE IN RELATION TO TALENT MANAGEMENT AND REMUNERATION, INCLUDING INCENTIVE PROGRAMMES AND PENSIONS / SUPERANNUATION AND THE LEGISLATION AND CONTRACTUAL FRAMEWORK GOVERNING REMUNERATION. | | | | |
| HSE SUSTAINABILITY/CORPORATE SOCIAL RESPONSIBILITY EXPERIENCE RELATED TO WORKPLACE HEALTH AND SAFETY, ENVIRONMENT, SOCIAL RESPONSIBILITY AND COMMUNITY. | 7 Directors | 4 Directors | 4 Directors | 3 Director |

* Mr Rick Lee as Chairman is an ex-officio member of each of the Board sub-committees and is included in the above analysis.

Director Independence

Details of the Oil Search Directors in office at 7 April 2017 are shown in Table 3 (*Recommendation 2.3*):

Table 3

| NAME OF DIRECTOR | TERM IN OFFICE | QUALIFICATIONS/HONOURS | STATUS |
|-------------------------------|--|--|-------------|
| RJ Lee (Chair) | Director since May 2012 Chair since February 2013 | BEng (Chem) (Hons), MA (Oxon), FAICD, AM | Independent |
| PR Botten (Managing Director) | Director since October 1994 | BSc, ARSM, CBE | Executive |
| G Aopi | Director since May 2006 | BEc, BAC, MBA, CBE | Executive |

| | | | |
|-----------------|------------------------------|--|-------------|
| KG Constantinou | Director since April 2002 | OBE | Independent |
| E Doyle | Director since February 2016 | BMath (Hons), MMath, PhD, FAICD | Independent |
| AJ Kantsler | Director since July 2010 | BSc (Hons), PhD, GAICD, FTSE | Independent |
| MP Togolo | Director since October 2016 | CBE, BEcon (Hons), MA (Econ), MA (Geography) | Independent |
| KW Spence | Director since May 2012 | BSc (Hons) | Independent |
| FE Harris | Director since January 2017 | BCom, FAICD, FCA (Aust) | Independent |

The Board considers each Oil Search Director (other than the Managing Director, Peter Botten and Executive Director, Gereia Aopi) to be an independent director. As such, seven of the nine directors - a majority of the Board - are independent (*Recommendation 2.4*).

The independence of Directors is assessed regularly. To avoid doubt, only Non-Executive Directors (that is, Directors who are not members of Oil Search management) can be considered independent. The Board takes account of all relevant circumstances when determining whether a Director is free from any external interest or any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company. In determining materiality, the Board has regard, among other things, to the matters detailed in paragraph 3.3 of the [Board Charter](#).

The independent Directors meet during the year to discuss Board matters without the presence of the Executive Directors or other senior executives.

The Chair of the Board is an independent Director and has no executive responsibilities, including those of the Chief Executive Officer. (*Recommendation 2.5*)

Director Induction and Ongoing Education

New Directors participate in an induction programme so they can understand Oil Search's strategic objectives, values and culture, financial performance, operations and risk management systems. The induction process also covers the Company's Code of Conduct and other corporate policies that Board members must comply with, as well as administrative and procedural arrangements that promote the effective functioning of the Board.

A programme of continuing education is offered to all Directors, including the practice of inviting external industry and subject specialists to present to the Board on matters of general relevance to the Company. During 2016, the Board received presentations from external experts on board composition and the outlook for the global LNG market.

Board members visit the Company's operating facilities at least annually. (*Recommendation 2.6*)

Principle 3: Act Ethically and Responsibly

Oil Search actively promotes ethical and responsible decision-making.

Oil Search's **Code of Conduct** is based on the Company's values and behaviours and represents our commitment to uphold ethical business practices and meet applicable legal and regulatory requirements.

Oil Search has seven policies which support the Code: Social Responsibility, Health, Safety, Environment and Security (HSES), Corruption Prevention, Diversity and Inclusion, Share Trading, Public Disclosure and Drug and Alcohol.

The policies have been approved by the Board and are core to our internal governance structure. They set the Company's expectations of all employees on key areas of importance to the Company and therefore define how we operate.

Every new Oil Search employee and on-site 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. Refresher training and compliance monitoring is conducted periodically. (*Recommendation 3.1*)

Principle 4: Safeguard Integrity in Corporate Reporting

Oil Search recognises the importance of being able to independently verify and safeguard the integrity of the Company's financial reporting and has a structure in place to achieve this, including:

- The Board Audit and Financial Risk Committee, which is responsible for review and consideration of the financial statements.
- A process to ensure the independence and competence of the Company's external auditors.

At all times during 2016, the Board Audit and Financial Risk Committee consisted of:

- Non-Executive Directors that were independent,
- an independent Chair who was not Chair of the Board, and
- a minimum of three members.

The Board Audit and Financial Risk Committee has a **Charter** that details its role and responsibilities, composition, structure and membership requirements.

The members of the Audit and Financial Risk Committee, their qualifications, attendance at meetings held during 2016, and the number of meetings held are detailed in the Directors' Report section of the **2016 Annual Report**. (*Recommendation 4.1*)

The external auditors attended all Board Audit and Financial Risk Committee meetings in 2016. They held discussions at each meeting with Committee members without management present.

Internal auditing activities are carried out by Oil Search's Assurance and Compliance function, with assistance from external consulting firms as required.

Financial Statements

Before the Company's financial statements are finalised for approval and release to the market, the Board Audit and Financial Risk Committee reviews the statement and supporting materials prepared by management

and the external auditors. All Board members are requested to attend the Board Audit and Financial Risk Committee meetings where the half-year and full-year financial statements are reviewed.

Both the Managing Director and the Chief Financial Officer issue detailed certifications and declarations to the Board and the external auditors in accordance with Section 295A of the Australian *Corporations Act 2001(Cth)*. These certifications and declarations are supported by a comprehensive questionnaire and certification process across the Company's broader management team. (*Recommendation 4.2*)

External Auditor

Oil Search's approach is to appoint an internationally recognised external audit firm with expertise in the resources sector.

Deloitte Touche Tohmatsu was appointed the Company's auditor in May 2002. The Board Audit and Financial Risk Committee reviews the performance of the external auditor and the rotational plan for external audit partners and recommends the tendering and selection of the external auditor to the Board. The external audit was last tendered in March 2009 to a range of qualified international audit firms, with Deloitte Touche Tohmatsu successful in resecuring the role. The re-appointment of Deloitte Touche Tohmatsu was approved at the 2016 Annual Meeting.

Deloitte Touche Tohmatsu's professional requirements mandate that each lead audit partner rotates from his or her client after no more than five years of service. That policy is followed for the Oil Search assignment and a partner rotation occurred in 2015.

The external auditor is required to attend the Company's Annual Meeting, where shareholders are invited to submit questions on the Company's financial statements and the audit process. The Deloitte Touche Tohmatsu lead audit partner for the Company's audit attended the 2016 Annual Meeting in Port Moresby. (*Recommendation 4.3*)

Principle 5: Make Timely and Balanced Disclosure

Oil Search promotes timely and balanced disclosure of all material matters with mechanisms that ensure compliance with ASX Listing Rules requirements namely:

- All investors have equal and timely access to material information concerning the Company, including its financial position, performance, ownership and governance.
- Company announcements are factual and presented in a clear and balanced way, including disclosure of both positive and negative information.

Oil Search has written policies designed to ensure compliance with ASX Listing Rules disclosure requirements (in particular ASX Listing Rule 3.1-3.1B), accountability at a senior manager level for that compliance, and the integrity of information contained in external disclosures. This approach is documented in the **Public Disclosure Policy**. (*Recommendation 5.1*)

Although not required by PNG corporate law, Oil Search demonstrates its commitment to maintaining good governance practice by electing to include a Remuneration Report in the Directors' Report section of the 2016 Annual Report. The 2016 Remuneration Report complies with section 300A of the Australian *Corporations Act 2001(Cth)* and has been audited by Deloitte Touche Tohmatsu.

Principle 6: Respect The Rights of Security Holders

Oil Search's [Public Disclosure Policy](#) is designed to promote effective communication with shareholders, by supporting the provision of readily accessible, balanced and understandable information about the Company.

When the Company holds major investor briefings such as the half year and full year results presentations, electronic facilities (e.g. webcasting and teleconferencing) are used to facilitate wider participation. The presentation transcripts are loaded onto the Company website promptly afterward so investors who were unable to participate can access the information.

The Oil Search website is regularly updated to give all shareholders ready access to balanced and factual information about the Company's business activities, financial and operating performance, key events calendar and governance practices. All ASX and POMS0X releases are lodged on the website immediately after release to the ASX and POMS0X and documents are archived on the website for more than a decade. *(Recommendation 6.1)*

The website details how investors may contact the Company's Investor Relations team. It also contains contact details for the Company's external share registry, including a general enquiry line, fax number and email details. Shareholder queries are answered promptly, comprehensively and courteously.

Investor Engagement

Oil Search has a structured investor engagement programme to develop and maintain effective two-way communication between the Company and the market. The Company's Investor Relations function is responsible for providing clear, meaningful and timely information on the activities and financial performance of the Company to enhance the market's understanding and trust. It does this through regular telephone contact, one-on-one and group meetings and desk presentations. Market participants include institutional investors, private shareholders, equity analysts and the financial media.

In addition, the Company's senior management team undertakes domestic and international investor roadshows and participates in investor and industry forums and conferences, both locally and overseas. The Board Chair regularly meets with institutional investors and other stakeholders.

The proactive engagement process extends to other relevant stakeholders, including government officials and regulators, local communities and Non-Government Organisations. *(Recommendation 6.2)*

More information on the Company's stakeholder engagement approach is in the [Stakeholder Engagement](#) section of the Oil Search website.

Oil Search's [Public Disclosure Policy](#) sets out the procedures and tools the Company adopts to encourage participation at general meetings.

Shareholder Meetings and Communications

As the Company is incorporated in PNG, Oil Search's Annual Meetings are held in Port Moresby. The meetings are webcast so shareholders located both within and outside PNG can participate. Oil Search's [Constitution](#) requires the Annual Meeting Chair to allow a reasonable time for shareholders at the meeting to question, discuss and comment on the management of the Company. *(Recommendation 6.3)*

The Company and its share registry, Computershare, offer facilities for shareholders to receive Company and registry communications electronically, and to communicate either through email or by using one of the website contact options. *(Recommendation 6.4)*

Principle 7: Recognise and Manage Risk

Oil Search recognises that risk management is a fundamental component of managing its oil and gas business and has developed an extensive system of risk oversight, management, reporting and internal control and compliance monitoring.

Risk Management Framework

The Oil Search Board conducts an annual review of the Company's risk management framework. This review covers the process for reporting on the identification, assessment and management of material business risks, including Board and Board Committee reviews of material business risk reports prepared by management.

Oil Search has procedures for the oversight and management of material business risks arising within the oil and gas environment. These are based on managing the hazards and exposures inherent in the Company's business activities. Oil Search's risk profile incorporates the following areas of exposure:

- ▾ Strategic and business;
- ▾ Asset and operations management;
- ▾ Governance;
- ▾ Financial and commodity;
- ▾ Information technology;
- ▾ Societal factors (including community and other stakeholders);
- ▾ Health, safety and security;
- ▾ Environmental; and
- ▾ Human resources.

Oil Search has developed risk management processes to address each of these areas.

Governance of Risk Management

The overall oversight of the Company's risk management framework resides with the Board. However, the Board has delegated oversight of specific risk categories to the Board Committees.

The Board Audit and Financial Risk Committee supports the Board in reviewing the systems and processes employed to manage the Company's financial risks, as set out in its Charter. The details of this Board Committee are set out in the previous section on Principle 4.

The Board Health, Safety and Sustainability Committee assists the Board in monitoring the performance of the Company in respect of health, safety and sustainability risks, including environmental exposures. Its role is to oversee the strategies and processes adopted by management in these areas and to review whether the Company's performance is in accordance with the Board's policies and expectations.

At all times during 2016, the Health, Safety and Sustainability Committee consisted of:

- ▾ A majority of independent Non-Executive Directors.
- ▾ An independent Chair.
- ▾ A minimum of three members.

The Board Health, Safety and Sustainability Committee has a **Charter** that details its role and responsibilities, composition, structure and membership requirements.

The members of the Board Health, Safety and Sustainability Committee, their qualifications and attendance at meetings held during 2016, are detailed in the Directors' Report section of the 2016 Annual Report, together with the number of meetings held. (*Recommendation 7.1*)

The Board requires management to design and implement a risk management and internal control system to manage the Company's material business risks. During 2016, management regularly reported to the Board on

these material business risks and the Board reviewed the risk management framework. (*Recommendations 7.2*)

In developing its risk management systems, Oil Search has considered its legal obligations and its responsibilities to various interest groups. Oil Search recognises that many groups, including shareholders, employees, customers, suppliers, creditors, consumers, landowners, government authorities, NGO's and the broader community (both locally and internationally) have a legitimate interest in the Company's risk management policies and procedures. Oil Search takes account of the potential impacts and consequences for all stakeholders when assessing risk exposures.

Oil Search's risk management framework is based on the International Standard for Risk Management, ISO 31000. Aspects of other internationally-developed risk frameworks, such as the Enterprise Risk Management (ERM) Model, which was developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO), have been incorporated as appropriate.

Oil Search has identified its material business risks and actively manages them. All material business risks that arise during the Company's activities have clearly defined management ownership and accountability for reporting to the Board and Board Committees in accordance with the respective Charters.

Assurance and Compliance

Oil Search's Assurance and Compliance function is responsible for managing the internal audit function. As part of its duties, the Assurance and Compliance function provides independent assurance on the adequacy and effectiveness of the Company's risk management framework and the completeness and accuracy of risk reporting by management.

The Assurance and Compliance function conducts annual risk-based audits and reviews based on a plan agreed with senior management, the Board Audit and Financial Risk Committee and the Board Health, Safety and Sustainability Committee. The Head of Assurance and Compliance has access to all members of the management team and the right to seek information and explanations from any staff member or contractor.

The Head of Assurance and Compliance is independent of the external auditor, with unfettered access to the Chair of the Board Audit and Financial Risk Committee, including regular private meetings. The Head of Assurance and Compliance is also required to attend and report at the Board Audit and Financial Risk Committee and the Board Health, Safety and Sustainability Committee meetings. The Assurance and Compliance function is itself reviewed by external consultants on a five-year cycle. The Board Audit and Financial Risk Committee reviews the performance of the Head of Assurance and Compliance and approves his/her appointment and termination. (*Recommendation 7.3*)

Material Risks

A summary of the material risks that the Company is potentially exposed to, and the measures taken to mitigate these risks, is set out in the Operating and Financial Review section of the Directors' Report in the [2016 Annual Report](#). (*Recommendation 7.4*)

Principle 8: Remunerate Fairly and Responsibly

Oil Search's remuneration approach is to ensure the level and composition of remuneration for all employees is competitive and reasonable and that the relationship between remuneration and corporate and individual performance is clearly defined.

As described in the earlier section about Principle 2, Oil Search has a Board People and Nominations Committee. Its composition, members' qualifications, the number of Committee meetings held during 2016 and

attendance during 2016 are detailed in the Directors' Report section of the [2016 Annual Report](#).
(*Recommendation 8.1*)

Remuneration Structure

Oil Search clearly distinguishes the structure of Non-Executive Director remuneration from that of Executive Director and senior executive remuneration. Oil Search's policy in relation to remuneration is detailed in the Remuneration Report in the Directors' Report section of the [2016 Annual Report](#). (*Recommendation 8.2*)

The payment of any equity-based remuneration is made in accordance with plans approved by shareholders. Oil Search has a Long-Term Incentive Plan that gives the Board the flexibility to grant employees Performance Rights, Share Rights and Restricted Shares. Non-Executive Directors do not participate in these plans.

Within the aggregate amount approved by shareholders, the fees of the Chair and Non-Executive Directors are set at levels in line with the responsibilities of those Directors and the time they spend discharging their duties. When setting fees, the level of fees paid to Directors of similarly sized companies is also considered. Non-Executive Directors are not entitled to retirement benefits.

Senior executive remuneration packages include short-term and long-term performance-based components. Rights granted to senior executives under the Performance Rights Plan are linked to the long-term return to shareholders from investing in Oil Search. Performance Rights only vest if performance hurdles are satisfied. These are designed to reward total shareholder return out-performance relative to comparator groups.

Further details of the terms and conditions of Short-term and Long-term Incentive Plans are set out in the Remuneration Report in the Directors' Report section of the [2016 Annual Report](#).

Employee Share Plan Hedging Prohibition

Oil Search's [Share Trading Policy](#) expressly prohibits employees from entering into transactions in financial products that limit the economic risk of participating in unvested entitlements under equity-based remuneration schemes. (*Recommendation 8.3*)

Board Governance

The Board is accountable to shareholders for the performance of our business. It oversees and directs our business strategy, providing independent oversight for how it is executed and delivered by our management team.

Roles and Responsibilities of the Board

Our Board's principal responsibility is to provide strategic guidance to our business. It's also responsible for effectively monitoring the management team and safeguarding the rights and interests of shareholders and other stakeholders.

A number of Board Committees, which are made up of smaller groups of Directors and Independent Committee Members, deal with complex issues or specialised areas. They make recommendations to the full Board, which is collectively responsible for the resulting decisions.

The Board delegates day-to-day business management to our Managing Director.

The **Board Charter** outlines the Board's specific responsibilities, powers and functions. These include strategic direction, risk management, performance monitoring and establishing values and policies.

Each of our Directors receives a Letter of Appointment that sets out the key terms of their appointment. In addition, we require new Directors to execute a Deed of Access and Indemnity that:

- Grants the Director certain rights of access to Company information.
- Provides the Director with certain indemnities and insurance arrangements.
- Imposes obligations on the Director to provide information concerning potential conflicts of interest and to meet our continuous disclosure obligations.

See **Board** for the names, experience, and terms in office for our current Directors and Independent Committee Members.

Selection, Appointment or Election of the Board

In line with best practice governance, we are committed to ongoing Board renewal. This requires a regular turnover of Directors supported by a rigorous recruitment, selection and verification process.

Having a Board with diverse skills and experiences aligns with the principles of our Diversity and Inclusion Policy and ensures robust decision-making.

The Board People and Nominations Committee is responsible for reviewing candidates against any skills gaps on the Board. It uses a matrix that records the skills, experience and technical capabilities of current Directors against the target mix of capabilities. The matrix includes oil and gas expertise, government relations, finance and audit, risk management, mergers and acquisitions, global experience and remuneration.

The Committee uses the results of the matrix review to brief the selected specialist recruitment firm or firms. As well as specific skills, we look for individuals who are leaders in their field and committed to excellence.

To help shareholders make an informed decision when voting for a Director who is standing for election or re-election, the Notice of Meeting for the Annual General Meeting contains the candidate's biographical details and a supporting statement from the Board.

Once a person is proposed to be appointed as a Director, they undergo thorough reference checks and an extensive interview process with the Chair and other Board members before being formally engaged.

New Directors participate in an induction programme that helps them understand our strategic objectives, values and culture and how our operations are managed. It also covers the Oil Search Code of Conduct, other applicable corporate policies and relevant administrative and procedural arrangements.

We offer an annual education programme to all our Directors and they visit our operating facilities at least once a year.

Director Independence and Other Appointments

The Board acknowledges that Directors should have no relationships that could materially interfere with their objectivity when making decisions, assessing management information and advice, setting policy or carrying out their overall responsibilities.

Amongst the key criteria are being independent from management and the absence of any business relationship that could materially interfere with the Director's:

- independent judgment,

- ability to provide a strong, valuable contribution to the Board's deliberations, or
- ability to act in Oil Search's best interests.

The Board acknowledges that Directors may be invited to sit on the Board of other companies. We believe such appointments can benefit our Company by broadening the Director's experience and knowledge. To ensure each Director has enough time and commitment to fulfill their obligations to us, the Board's People and Nominations Committee may limit the number of other directorships.

Each Director is responsible for notifying the Chair and Group Secretary about any external positions, appointments or arrangements that could create a potential conflict of interest relevant from an independence perspective.

See [Board](#) for details of all our current Director's' external appointments.

Board Performance Evaluation

Each year, a performance evaluation is conducted to determine the effectiveness of the Board, Board Committees, individual Directors and the Chair. The evaluation involves a combination of the following:

- a questionnaire that is completed by each Director,
- a one-on-one meeting between the Chair with each Director to discuss their responses, and/or
- a report for the full Board outlining the evaluators' findings, recommendations and suggestions.

The Board assesses the Managing Director's performance annually and provides feedback through the Chair.

The Managing Director reviews the performance of each member of the senior management team every year against a variety of individual and corporate key performance indicators and agreed deliverables. For information on senior management and other employee performance management approaches, see [Performance and Remuneration](#).

Remuneration for Non-Executive Directors

Only Non-Executive Directors receive fees. These reflect their respective duties and responsibilities and the time required to make a meaningful and effective contribution to Company affairs.

At the 2012 Annual General Meeting, our shareholders voted to cap the total funds available for remunerating Non-Executive Directors at A\$2,500,000 a year. Any changes to the cap must be approved by a general resolution put to our shareholders.

The fees and fee cap are reviewed periodically by the Board. When doing so, the Board may draw on the recommendations and advice of external independent remuneration consultants, who benchmark the fees against market rates for Non-Executive Directors.

The review takes into account:

- the level of fees paid to Non-Executive Directors of other Australian listed corporations of a similar size and complexity to Oil Search,
- the scale of our current and planned activities,
- the responsibilities of each Non-Executive Director, and
- The level of work we require of our Board members.

In addition to Board and Board Committee fees, Non-Executive Directors are entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred in attending Board, Board Committee or shareholder meetings.

There is no share plan for our Non-Executive Directors.

For further information on Board governance and remuneration, see our latest [Annual Report](#).

For information on senior management and other employee remuneration and incentives, see [Performance and Remuneration](#).

Shareholder communication

We are committed to the timely and balanced disclosure of all material matters to shareholders and the wider investment community and to engaging with them through regular two-way communication.

Oil Search Limited is listed on the Port Moresby Stock Exchange (POMSox) and the Australian Securities Exchange (ASX) under the code OSH. It also has a sponsored American Depositary Receipt facility.

We have in place a number of procedures which ensure compliance with our continuous disclosure requirements. These help ensure that trading in our securities occurs in an informed marketplace.

All our shareholder communications comply with ASX Listings Rules around disclosure. Our [Public Disclosure Policy](#) documents how we do this.

We are committed to:

- Providing all investors with equal and timely access to material information concerning our company, including its financial position, performance, ownership and governance.
- Making company announcements that are factual and presented in a clear and balanced way that discloses both positive and negative information.
- Ensuring we do not selectively or inadvertently disclose materially price sensitive information
- We provide clear, meaningful and timely information on Company activities, performance and governance

As Oil Search is incorporated in PNG, our Annual Meetings are held in Port Moresby. To facilitate wider participation by shareholders inside and outside PNG, we webcast this and other shareholder meetings and load the transcripts onto the [Releases](#) section of our website as soon as possible. We also regularly update the [Releases](#) section of our website with information about our business activities, financial and operating performance, key events calendar, ASX announcements and governance practices. All online documents are archived for more than a decade.

Members of our senior management team regularly undertake domestic and international investor roadshows and participate in investor and industry forums, both locally and overseas. Our Board Chair meets regularly with shareholders and members of the wider investment community. Communication with shareholders is largely driven by the Managing Director and the General Manager Investor Relations and Communications.

See [Stakeholder Engagement](#) for further detail on how we engage with shareholders and other stakeholders.

Board committees

Our Board Committees play an important role in the Board's focus on strong corporate governance and effective risk management. They address key elements of how we deliver our strategic objectives and how we engage with stakeholders, ultimately protecting our company, people and reputation.

There are four Board Committees: Audit and Financial Risk; People and Nominations; Health, Safety and Sustainability; and the Corporate Actions Committee. The Board Committees are governed by charters that are approved by the Board. These are reviewed annually.

With the exception of the Corporate Actions Committee, each Board Committee has a PNG citizen Independent Member, who provides ready access to local experience, knowledge and networks. These appointments reflect our continued investment in PNG's future and align with our aim of enhancing the local pool of capable, well-rounded business leaders.

The membership of each Board Committee can be found in the [Board](#) section and the charters in [Board and Board Committee charters](#).

Board and Board Committees' Structure and Responsibilities

| NAME | RESPONSIBILITIES | PARTICIPANTS |
|------------------------------------|---|---|
| Oil Search Board | <ul style="list-style-type: none"> ▾ Setting and endorsing the strategic direction on all matters of importance to Oil Search. ▾ Making sure the necessary resources are available for us to achieve our objectives in a socially responsible manner. ▾ Setting Oil Search's vision, values and standards of conduct and ensuring these are adhered to. ▾ Establishing a framework of prudent and effective controls that enable risk to be assessed and managed. ▾ Monitoring management and safeguarding the rights and interests of shareholders and other stakeholders. ▾ Establishing the remuneration policy for Directors, executives and other employees. | <ul style="list-style-type: none"> ▾ Directors: Seven Non-Executive Directors, two Executive Directors ▾ Chair: R Lee |
| BOARD COMMITTEES | | |
| Audit and Financial Risk Committee | <ul style="list-style-type: none"> ▾ Assisting the Board to fulfil its corporate governance and oversight responsibilities in relation to financial reporting, accounting policies, internal control systems, internal audit | <ul style="list-style-type: none"> ▾ Directors: Four independent Non- Executive Directors ▾ Independent Member: One ▾ Chair: AJ Kantsler ▾ Regular attendees from senior management team: |

and compliance functions, external audit functions and Oil Search's process for managing compliance with laws and regulations.

- Affirming that all identified material financial risks arising during the Group's activities have clearly defined ownership and oversight within the Board and Board Committee structure.

- Managing Director
- Chief Financial Officer
- Head of Assurance and Compliance
- Group Financial Controller
- General Manager Treasury

People and Nominations Committee

- Providing advice and recommendations to the Board regarding the remuneration of Directors, executives and other employees.
- Providing advice and recommendations to the Board regarding the skills needed and available for the Board to be able to discharge its duties and add value.
- Reviewing and overseeing the implementation of the Code of Conduct.
- Overseeing the establishment and monitoring of strategies to promote diversity and inclusiveness, setting objectives on diversity and inclusiveness and reviewing progress against these objectives.

- Directors: Four Non-Executive Directors
- Independent Member: One
- Chair: K Spence
- Regular attendees from senior management team:
 - Executive General Manager Human Resources
 - General Manager Human Resources
 - Rewards and Systems Manager
 - General Manager Planning and Business Projects

Health, Safety and Sustainability Committee

- Overseeing Oil Search's strategies, processes and performance relating to health, safety, security and social responsibility, including human rights and climate change.
- Ensuring our social responsibility performance and direction aligns with the Board's policies and expectations.
- Reviewing potential operational risks in relation to health, safety, process safety, environment, community and other matters related to social responsibility.

- Directors: Four Non-Executive Directors, one Executive Director
- Independent Member: One
- Chair: E Doyle
- Regular attendees from senior management team:
 - Executive General Manager Technical Services
 - General Manager Safety and Risk
 - General Manager Stakeholder Engagement and Social Responsibility
 - General Manager Health and Shared Services

- ▾ Endorsing our annual social responsibility reporting.
- ▾ Reviewing compliance with laws and regulations applicable to operations in relation to HSS and international sustainability frameworks and initiatives.
- ▾ Foundation representative: Executive Director of the Oil Search Foundation

Corporate
Actions
Committee

- ▾ Assisting 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.
- ▾ Directors: Four Non-Executive Directors, one Executive Director
- ▾ Independent Member: None.
- ▾ Chair: RJ Lee

Board and Board Committee charters

- ▾ [Board Charter](#)
- ▾ [Audit and Financial Risk Committee Charter](#)
- ▾ [Corporate Actions Committee Charter](#)
- ▾ [Health, Safety & Sustainability Committee Charter](#)
- ▾ [People and Nominations Committee Charter](#)

Risk and Assurance

We adopt a proactive approach to managing risks and assurance so our Board and senior management team have a comprehensive view of all key risks and the strategies employed for their management.

Our management system, 'Our Way', defines the governance and assurance processes. This ensures that employees conduct their work in accordance with our performance requirements and that risk and compliance obligations are understood and appropriately managed.

In line with the ISO standard 31000 - Risk Management, our risk management approach includes the identification, measurement, evaluation, monitoring, reporting and controlling or mitigation of current and emerging risks for inclusion in the Company's risk profile. This profile is multilevel; it includes an overall organisational profile, supported by subsidiary profiles that are maintained by all areas of the business. Oversight of these profiles and their management is provided at various levels across the business at management and specific risk governance forums.

To manage risks across our organisation in line with Our Way, we have three lines of assurance:

1. **Primary accountability** – Business Unit managers are responsible for identifying and managing risks to company and business unit objectives, and for operating in compliance with our performance requirements.
2. **Corporate assurance** – Functions challenge and provide specialist support and assurance to Business

Unit managers in managing identified risks.

3. **Independent assessment** – Our internal audit programme tests the design and operating effectiveness of internal controls to ensure they comply 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.

The risks identified and managed include financial, operational and 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 our material business risks and how we respond, see pages 69 - 78 of our 2016 Annual Report.

Policies and Standards

To ensure we deliver consistently strong performance over the long term, it is critical that all our employees and contractors behave in a way that meets an agreed set of shared values and standards.

These are set out in the relevant policies, through which the Board directs the Company on key areas of importance that define how we operate. The commitments in these documents form the core of our internal governance structure.

Our Way defines how we set our policies and procedures and Company-wide ways of working. A number of our standards and procedures are being amended and new ones drafted as Our Way is progressively updated.

Stakeholder Engagement

Strong, mutually respectful relationships with key stakeholders are essential for our business success and for achieving our vision. By communicating with and engaging stakeholders, we can keep up with their evolving priorities and concerns, ensure we respond appropriately and inform them of what we are doing.

Identifying and understanding our stakeholders

We consider stakeholders to be anyone who is affected by our Company's actions or can impact or influence our decisions. This includes:

- Groups and individuals on whose services or products we directly or indirectly depend.
- Those for whom we have a current or future legal, commercial or ethical responsibility.
- Those who rely on immediate action from us for wider environmental, social or economic reasons.

We monitor our interactions with these groups so we can identify and understand key stakeholders and ensure we engage with them appropriately. This includes identifying and mapping their level of influence, capacity to engage, relationships with other key stakeholders and major concerns.



Methods of engagement

We target these interactions and communications to meet the information needs and expectations of different stakeholders.

All members of our senior management team play a key role in stakeholder engagement. Our approach includes:

- Engaging them continuously during all stages of a project.
- Engaging honestly, ethically and constructively about all matters of importance to them and our Company.
- Ensuring stakeholders are sufficiently informed about our plans and are adequately consulted.
- Being accessible and responsible, and engaging in a culturally appropriate manner.
- Proactively monitoring emerging societal issues and trends.



Effective Engagement

Oil Search's stakeholder engagement standards and procedures outline our principles and minimum performance requirements. We conduct key stakeholder mapping every year — or more frequently if required — and develop Stakeholder Engagement Plans to support specific projects or upcoming events.

The Oil Search [Public Disclosure Policy](#) outlines our commitment to providing accessible, balanced and understandable Company information to promote effective communication with our shareholders. We also conduct perception surveys with investors to gauge the effectiveness of our engagement with the investment

community.

The themes we identify from ongoing stakeholder engagement, along with peer benchmarking and media and social media analysis, provide an overall view of stakeholders' perceptions of our actions and performance as well as the issues facing the industry. They inform our forward planning and annual reporting, other Company communications, team and individual work-plans and KPIs. These and other stakeholder matters are reported regularly to the Board HSS Committee and management committees.

Our opinions are often sought by policy-makers wishing to obtain an industry-specific perspective or insights into broader PNG socio-economic issues. As a socially responsible operator, we contribute with integrity and engage in an accurate, factual, transparent and meaningful way. We restrict such engagements to issues where we have a legitimate business interest i.e. when a proposed action may directly affect our operations.

See [Public Policy Engagement](#) for further detail on how we interact with governments on policy.

How we interact and key issues of concern

Government

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|--|---|--|--|
| <ul style="list-style-type: none"> ▾ Permits and licences ▾ Investor, joint venture partner and partner for development ▾ Regulatory expectations, compliance and management ▾ Effective governance and judicial system ▾ Social licence to operate | <ul style="list-style-type: none"> ▾ Revenue (partner and taxes) from resources for development of country ▾ Development partners ▾ Skills and experience in project delivery e.g. infrastructure ▾ Local employment, business development and training | <ul style="list-style-type: none"> ▾ One-on-one meetings ▾ Participation in government forums, initiatives and working groups ▾ Submissions on relevant legislation e.g. tax and energy ▾ Support departmental effectiveness by providing logistics, information and advice as requested ▾ Licence applications and permits ▾ Infrastructure Tax Credit Scheme submissions and reviews | <ul style="list-style-type: none"> ▾ Support for infrastructure delivery ▾ Domestic power supply obligations ▾ Energy Policy and climate change ▾ Biodiversity protection ▾ Benefits distribution |

Shareholders, investors and analysts

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|--|---|--|---|
| <ul style="list-style-type: none"> ▾ Providers of capital ▾ Rate our performance ▾ Influence public and investor perception ▾ Reflect community sentiment and expectations | <ul style="list-style-type: none"> ▾ Provision of accurate information ▾ Access to management ▾ Open effective and transparent communication ▾ Support for reports, questionnaires, benchmarks and rankings | <ul style="list-style-type: none"> ▾ Regular results announcements, reports, webcasts and presentations ▾ One-on-one meetings ▾ Annual international investor road shows and field trips ▾ Annual Investor Social Responsibility Roundtable ▾ Participation in CDP Carbon and Water initiative ▾ Review of analysts' company profiles ▾ Response to ad hoc queries ▾ Annual perception surveys | <ul style="list-style-type: none"> ▾ Opportunities for project integration ▾ Impact of and response to civil unrest in the Hela Province ▾ Approach in a lower for longer oil price environment ▾ Readiness for a carbon constrained future ▾ Human rights awareness and management ▾ Effective and transparent benefits distribution ▾ Process safety |

Business partners, suppliers and contractors

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|--|---|--|--|
| <ul style="list-style-type: none"> ▾ Provision of | <ul style="list-style-type: none"> ▾ Responsible | <ul style="list-style-type: none"> ▾ Site visits and audits | <ul style="list-style-type: none"> ▾ Ability to |

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> expertise, services and equipment ▾ Sharing resources ▾ Raising industry standards ▾ Performance and risk management ▾ Relationship management | <ul style="list-style-type: none"> supply chain management ▾ Performance and risk management ▾ Relationship management ▾ Contract requirements ▾ Business development | <ul style="list-style-type: none"> ▾ One-on-one meetings ▾ Contractor induction and ongoing training programmes ▾ Business development, governance and safety support programmes for PNG landowner companies and cooperatives ▾ Contract negotiations ▾ Project management coordination | <ul style="list-style-type: none"> leverage host community and government relationships ▾ Capability to deliver environmental and social planning work to support development ▾ Ongoing employment opportunities and Lanco structures |
|--|--|--|--|

Communities

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|---|---|---|---|
| <ul style="list-style-type: none"> ▾ Provide social licence to operate ▾ Contribute to a stable and safe operating environment ▾ Diverse and resilient local economies ▾ Provider of labour, services and equipment | <ul style="list-style-type: none"> ▾ Business or employment opportunities ▾ Development partner | <ul style="list-style-type: none"> ▾ Resident Village Liaison Officer network and committees ▾ Regular visits to villages by senior management, Community, Health and Oil Search Foundation staff ▾ Direct meetings with community leaders and representatives ▾ Community development programmes ▾ Socio-economic and health surveys ▾ Monthly community | <ul style="list-style-type: none"> ▾ Effective and transparent benefits distribution ▾ Implementation of government commitments ▾ Access to infrastructure and services not adequately provided by government – health care, education etc. ▾ Land access and compensation ▾ Employment and business opportunities |

- newsletters
- Annual reports, website and social media

Our people

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|---|--|--|---|
| <ul style="list-style-type: none"> Key asset for delivering our strategy Advocates for us in the community Source of local knowledge and expertise | <ul style="list-style-type: none"> Employment opportunities Learning and development opportunities Career progression Working for a socially responsible company | <ul style="list-style-type: none"> Annual career development planning and performance process Training and development Annual reports Employee newsletters Website, social media and intranet Presentations and direct meetings Bi-annual employee social responsibility survey Whistle-blower Hotline | <ul style="list-style-type: none"> Company changes and impact on workforce headcount Leadership pathways for PNG citizen employees Gender diversity Development opportunities |

Non-Government and industry organisations

| WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|------------------------------|--|-----------------|---------------------------|
|------------------------------|--|-----------------|---------------------------|

THEM

- Specialist skills and expertise in key risk areas
- Local networks and experience
- Resources
- Sharing knowledge
- Partners for sustainable development investment and initiatives
- Different skills set and experience
- Contribute industry perspective
- Social responsibility performance and knowledge sharing
- Oil Search has high levels of participation or involvement with:
 - PNG Chamber of Mines and Petroleum
 - Business Council of PNG
 - Australian PNG Business Council
 - United Nations Global Compact
 - Extractives Industries Transparency Initiative
 - Voluntary Principles for Security and Human Rights
 - Australian Petroleum Production and Exploration Association
 - PNG Business Coalition for Women
 - Sponsorship and presentations at regional industry and not-for-profit conferences
- Transparency of payments to government
- Capacity building for oil and gas industry
- Local supplier development
- Sustainable development priorities and partnership opportunities
- Climate change

Identifying and understanding our stakeholders

We consider stakeholders to be anyone who is affected by our company's actions or can impact or influence our decisions. This includes:

- groups and individuals whose services or products we are directly or indirectly dependent on,
- those for whom we have a current or future legal, commercial or ethical responsibility, and
- those who rely on immediate action from us for wider environmental, social or economic reasons.

We monitor our interactions with these groups so we can identify, understand and profile key stakeholders and ensure we engage with them appropriately. This includes identifying and mapping their level of influence, capacity to engage, relationships with other key stakeholders and major concerns.

Methods of engagement

All members of our senior management team play a key role in engaging with stakeholders. However, our Stakeholder Engagement team is ultimately responsible for building and maintaining positive two-way relationships with external stakeholder groups and for ensuring we meet stakeholder expectations.

Our approach to engaging stakeholders includes:

- ▾ Engaging them continuously during all stages of a project.
- ▾ Engaging honestly, ethically and constructively about all matters of importance to them and our company.
- ▾ Ensuring stakeholders are sufficiently informed about our plans and are adequately consulted.
- ▾ Being accessible and responsible, and engaging in a culturally appropriate manner.
- ▾ Proactively monitoring emerging societal issues and trends.

We target these interactions and communications to meet the information needs and expectations of different stakeholders.

How We Interact and Key Issues of Concern

| STAKEHOLDER GROUP | WHY THEY ARE IMPORTANT TO US | WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM | HOW WE INTERACT | KEY TOPICS RAISED IN 2016 |
|--------------------------------------|--|---|--|---|
| Government | <ul style="list-style-type: none"> ▾ Permits and licences ▾ Investor, joint venture partner and partner for development ▾ Regulatory expectations, compliance and management ▾ Effective governance and judicial system ▾ Social licence to operate | <ul style="list-style-type: none"> ▾ Revenue (partner and taxes) from resources for development of country ▾ Development partners ▾ Skills and experience in project delivery e.g. infrastructure ▾ Local employment, business development and training | <ul style="list-style-type: none"> ▾ One-on-one meetings ▾ Participation in government forums, initiatives and working groups ▾ Submissions on relevant legislation e.g. tax and energy ▾ Support departmental effectiveness by providing logistics, information and advice as requested ▾ Licence applications and permits ▾ Infrastructure Tax Credit Scheme submissions and reviews | <ul style="list-style-type: none"> ▾ Support for infrastructure delivery ▾ Domestic power supply obligations ▾ Energy Policy and climate change ▾ Biodiversity protection ▾ Benefits distribution |
| Shareholders, investors and analysts | <ul style="list-style-type: none"> ▾ Providers of capital ▾ Rate our performance ▾ Influence public and investor perception ▾ Reflect community sentiment and expectations | <ul style="list-style-type: none"> ▾ Provision of accurate information ▾ Access to management ▾ Open effective and transparent communication ▾ Support for reports, questionnaires, benchmarks and rankings | <ul style="list-style-type: none"> ▾ Regular results announcements, reports, webcasts and presentations ▾ One-on-one meetings ▾ Annual international investor road shows and field trips ▾ Annual Investor Social Responsibility Roundtable ▾ Participation in CDP Carbon and Water initiative ▾ Review of analysts' company profiles ▾ Response to ad hoc queries ▾ Annual perception surveys | <ul style="list-style-type: none"> ▾ Opportunities for project integration ▾ Impact of and response to civil unrest in the Hela Province ▾ Approach in a lower for longer oil price environment ▾ Readiness for a carbon constrained future ▾ Human rights awareness and management ▾ Effective and transparent benefits distribution ▾ Process safety |
| Business partners, | <ul style="list-style-type: none"> ▾ Provision of expertise, services and | <ul style="list-style-type: none"> ▾ Responsible supply chain management | <ul style="list-style-type: none"> ▾ Site visits and audits ▾ One-on-one meetings ▾ Contractor induction and | <ul style="list-style-type: none"> ▾ Ability to leverage host community and government |

| | | | | |
|---|---|--|---|---|
| suppliers and contractors | <ul style="list-style-type: none"> equipment Sharing resources Raising industry standards Performance and risk management Relationship management | <ul style="list-style-type: none"> Performance and risk management Relationship management Contract requirements Business development | <ul style="list-style-type: none"> ongoing training programmes Business development, governance and safety support programmes for PNG landowner companies and cooperatives Contract negotiations Project management coordination | <ul style="list-style-type: none"> relationships Capability to deliver environmental and social planning work to support development Ongoing employment opportunities and Lanco structures |
| Communities | <ul style="list-style-type: none"> Provide social licence to operate Contribute to a stable and safe operating environment Diverse and resilient local economies Provider of labour, services and equipment | <ul style="list-style-type: none"> Business or employment opportunities Development partner | <ul style="list-style-type: none"> Resident Village Liaison Officer network and committees Regular visits to villages by senior management, Community, Health and Oil Search Foundation staff Direct meetings with community leaders and representatives Community development programmes Socio-economic and health surveys Monthly community newsletters Annual reports, website and social media | <ul style="list-style-type: none"> Effective and transparent benefits distribution Implementation of government commitments Access to infrastructure and services not adequately provided by government – health care, education etc. Land access and compensation Employment and business opportunities |
| Our people | <ul style="list-style-type: none"> Key asset for delivering our strategy Advocates for us in the community Source of local knowledge and expertise | <ul style="list-style-type: none"> Employment opportunities Learning and development opportunities Career progression Working for a socially responsible company | <ul style="list-style-type: none"> Annual career development planning and performance process Training and development Annual reports Employee newsletters Website, social media and intranet Presentations and direct meetings Bi-annual employee social responsibility survey Whistle-blower Hotline | <ul style="list-style-type: none"> Company changes and impact on workforce headcount Leadership pathways for PNG citizen employees Gender diversity Development opportunities |
| Non-Government and industry organisations | <ul style="list-style-type: none"> Specialist skills and expertise in key risk areas Local networks and experience Resources Sharing knowledge | <ul style="list-style-type: none"> Partners for sustainable development investment and initiatives Different skills set and experience Contribute industry perspective Social responsibility performance and knowledge sharing | <p>Oil Search has high levels of participation or involvement with:</p> <ul style="list-style-type: none"> PNG Chamber of Mines and Petroleum Business Council of PNG Australian PNG Business Council United Nations Global Compact Extractives Industries Transparency Initiative Australian Petroleum Production and Exploration Association PNG Business Coalition for Women Sponsorship and presentations at regional industry and not-for-profit conferences | <ul style="list-style-type: none"> Transparency of payments to government Capacity building for oil and gas industry Local supplier development Sustainable development priorities and partnership opportunities Climate change |

Effective engagement

Oil Search's stakeholder engagement standards and procedures outline our principles and minimum performance requirements. We conduct key stakeholder mapping every year — or more frequently if required — and develop Stakeholder Engagement Plans to support specific projects or upcoming events.

The Oil Search [Public Disclosure Policy](#) outlines our commitment to providing accessible, balanced and understandable company information to promote effective communication with our shareholders. We also conduct perception surveys with investors to gauge the effectiveness of our engagement with the investment community.

The themes we identify from ongoing stakeholder engagement, along with peer benchmarking and media and social media analysis, provide an overall view of stakeholders' perception of our actions and performance as well as the issues facing the industry. They inform our forward planning and annual reporting, other company communications, team and individual work-plans and KPIs. These and other stakeholder matters are reported regularly to the Board HSS Committee and management committees.

Our 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, we contribute with integrity and engage in an accurate, factual, transparent and meaningful way. We restrict such engagements to issues where we have a legitimate business interest i.e. when a proposed action may directly affect our operations.

See [Public Policy Engagement](#) for further detail on how we interact with governments on policy.

Integrity and Transparency

We work in environments with varying cultural norms and ethical standards, including some jurisdictions that are perceived as having high levels of bribery and corruption risk. Wherever we operate, we apply a consistent approach to integrity and transparency issues.

As a signatory to the United Nations Global Compact and a proactive EITI Supporting Company, we seek to prevent corruption in all its forms. We do this by requiring employees and business partners to adopt ethical business practices, contributing to public policy debate, advocating for change and promoting greater transparency.

All our employees and contractors must comply with the [Oil Search Code of Conduct, Corruption Prevention Policy](#) and [Social Responsibility Policy](#).

Read more about how we work with integrity and transparency here:

- ▾ [Operating with Integrity](#)
- ▾ [Public policy engagement](#)
- ▾ [Payments transparency](#)
- ▾ [Principled tax strategy](#)



Operating with Integrity

The Oil Search Code of Conduct represents our commitment to upholding ethical business practices that meet or exceed applicable legal requirements. We believe a consistent and principled approach to conduct builds trust and generates stakeholder support.

The **Code of Conduct** applies to all Directors, employees, contractors, consultants, agents, advisors and representatives engaged by us and our related companies.

Everyone who carries out Company business is expected to understand and practice the Code. We provide compulsory training to new employees and consultants during induction and conduct ongoing awareness and refresher training sessions annually, or when there are significant updates to the Code.

If an employee fails to comply with the Code, this may result in disciplinary action up to termination of employment. We expect employees to report any breaches and, if any applicable laws have been broken, we will report this to the relevant authorities. Every year, we publish the number of Code of Conduct breaches that result in a disciplinary action warranting a written warning or termination of employment, to demonstrate our commitment to managing this serious issue.

Senior management and members of the Board are obliged to certify their compliance with the Code each year. The Oil Search Integrity Committee, consisting of all members of the executive leadership team, Head of Assurance and Compliance, General Manager Stakeholder Engagement and Social Responsibility and Compliance Manager, reviews serious breaches of the Code of Conduct and ensures such incidents and the resulting corrective actions are reported to our Board.



Corruption prevention

We have a zero tolerance approach to bribery and corruption and expect 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](#).

Our Corruption Prevention Procedure outlines our expectations in relation to:

- 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, and
- conducting due diligence of joint venture partners and agents.

Our Assurance and Compliance team periodically conducts Company-wide fraud risk assessments to ensure our controls remain strong enough to minimise the likelihood and significance of fraud. All our supplier contracts include corruption prevention clauses and we check compliance during supplier performance reviews.

Training on our corruption prevention requirements is mandatory for all employees and consultants during induction and we run compulsory refresher training every two years. We communicate updates to the Corruption Prevention Policy through the Company intranet and staff emails.

Our Board Audit and Financial Risk Committee is informed of the completion rates of mandatory corruption prevention training and is notified of all fraud and corruption incidents.

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.

Speaking out

We expect employees, contractors, joint venture partners, customers and other stakeholders to report suspected violations of our 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 Company funds,
- is detrimental to our interests, or
- involves unsafe work practices or is a danger to public health, safety or the environment.

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

- General Counsel,
- a Compliance team member, or
- 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

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

We prohibit any form of retaliation against someone who raises a concern or reports a suspected breach of our Code of Conduct, Policies or the law. We regard retaliation as grounds for discipline, including dismissal.

Speaking out

We expect employees, contractors, joint venture partners, customers and other stakeholders to report suspected violations of our 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 company funds,
- is detrimental to our interests, or
- involves unsafe work practices or is a danger to public health, safety or the environment.

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

- General Counsel,
- a compliance team member, or
- 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.

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will consult with them before informing government agencies.

We prohibit any form of retaliation against someone who raises a concern or reports a suspected breach of our Code of Conduct, Policies or the law. We regard retaliation as grounds for discipline, including dismissal.

Public policy engagement

We support open and transparent dialogue with legislators and senior policy-makers as a means of ensuring good corporate citizenship and sensible regulatory outcomes.

As PNG's largest company, with expertise and operations in several regions, we seek to engage with governments, parliamentarians, industry groups and others with the ability to shape policies that impact our business and stakeholders. We provide these policy-makers with information and advice in areas of interest and relevance so we can promote informed decision-making.

Policy-makers wishing to obtain an industry-specific perspective or insights into broader socio-economic issues often seek our opinions. As a socially responsible operator, we contribute with integrity and engage in an accurate, factual, transparent and meaningful way. We restrict such engagements to issues where we have a legitimate business interest i.e. when a proposed action may directly affect our operations.

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

We also participate in advocacy and policy engagement by belonging to industry associations. These draw on the skills and experience of members to shape the industry's collective response to public policy issues. We don't employ serving politicians for engagement on our behalf or public affairs agencies for political monitoring or strategic advice.

Oil Search belongs to or supports several associations and networks engaged in policy, including:

- ▾ PNG Chamber of Mines and Petroleum,
- ▾ Business Council of PNG,
- ▾ Extractive Industries Transparency Initiative,
- ▾ Transparency International PNG,
- ▾ Australian Petroleum Production and Exploration Association,
- ▾ Institute of National Affairs.

We are politically neutral and don't make financial contributions to any government official, political party, political party official, election committee or political candidate. We prohibit payment of bribes, kickbacks, inducements or illegal payments of any kind that might influence a government official to obtain a business advantage for us.

We regard the taking up of political office as a potential conflict of interest for our employees and Directors. Anyone who is considering it must notify us. Directors standing for election must resign, whilst an employee may be required to resign from their job.

These commitments are embedded in the Oil Search Human Resource Manual, [Code of Conduct](#) and [Corruption Prevention Policy](#).

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. As we are PNG's largest company, this makes up a large proportion of the country's total private sector income and is one of our most significant socio-economic contributions. We support and advocate improved transparency around how these payments are received and spent.

Transparency is important because it:

- 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 stronger local institutions and governance and, as a result, a more stable operating environment and level playing field for our 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.

Our commitment to transparency is underpinned by:

- The principles in our [Social Responsibility Policy](#), especially Operating with Integrity, Generating Shared Value and Enhancing Social Licence.
- Our commitment to Principle 10 of the UN Global Compact.
- Our support for the implementation of the Extractive Industries Transparency Initiative (EITI) in PNG.

We have actively encouraged revenue transparency and are long-time supporters of PNG's journey towards EITI compliance. For many years we published and promoted our payments in local newspapers and we have voluntarily disclosed our payments to governments in countries where we operate. To see these payments from 2009 onwards, visit the [Data Centre](#).

More recently, we became an EITI Supporting Company in 2013 and actively participate in PNG's EITI Multi-Stakeholder Group (MSG).

In 2014, the EITI Board approved PNG's application to become an EITI candidate country and in 2017 PNG issued its second EITI report. We'll continue to work with the PNG Government, civil society and industry peers to support implementation of the EITI in PNG.

Principled tax strategy

We pay taxes in full compliance with the intent of the law and do not engage in aggressive tax minimisation strategies. This socially responsible approach is consistent with the Oil Search Code of Conduct's focus on ethics, integrity and our Company values.

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

The Company's internal tax compliance procedures ensure our business is committed to our tax principles and meeting our tax obligations. The Board Audit and Financial Risk Committee is responsible for overseeing our tax management and has endorsed our tax strategy.

We have subsidiaries incorporated in the British Virgin Islands and the Cayman Islands. Both locations are

long-established financial centres that allow us to hold our 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 our tax obligations in all relevant jurisdictions.

We disclose all the taxes we pay on a country-by-country basis in the [Data Centre](#). Page 70 of the 2016 Annual Report contains an explanation of Oil Search's effective tax rate in 2016.

We have a formal tax agreement in place with the PNG Government for the PNG LNG Project, which provides our Company with a stable operating environment and long-term certainty for authorities and our shareholders.

Responsible Operator

As a responsible operator, Oil Search is committed to understanding and minimising any negative impacts our activities may have on our employees and contractor staff, local community members and the environment, while also identifying and maximising efficient business operations.

Our commitments in relation to the management of water, waste, biodiversity, land management, health protection, safety and security, and emissions reduction are outlined in our [Health, Safety, Environment and Security Policy](#).

To ensure our staff and contractors are safe and secure, we operate with the goal of incident-free operations by maintaining the integrity of operational assets, being prepared for emergencies, and investing in a comprehensive safety management strategy and infrastructure.

When managing potentially negative environmental and social impacts on the wider community and local environment, we take a precautionary approach. This involves regular engagement with communities on how our operations may affect them and ensuring their land, culture, prosperity and rights are protected.

Environment

Our oil and gas production operations in PNG take place in some of the most remote and environmentally sensitive regions in the world. Extracting and processing hydrocarbons can pose a risk to the natural environment, so our facilities and management systems have been designed to manage these risks to the lowest level that is reasonably possible.

All our exploration and production activities must meet our environmental performance requirements, which meet or exceed those outlined in permits or legislation. We engage directly with government authorities to understand local environmental laws and guidelines and, where appropriate, contribute to the development of environmental legislation. Our drilling, production, processing, refining and export activities in PNG operate under an environmental management system that is certified as ISO 14001 compliant.

Air quality management

Air emissions such as NO_x, SO_x and volatile organic compounds (VOCs) can significantly impact the environment. They primarily arise from the combustion of fuels such as natural gas, kerosene and diesel. We are committed to monitoring and reducing our impacts on ambient air quality.

We conduct regular monitoring of NO_x, SO_x, VOCs, particulate gas and vapour exposure to ensure we don't exceed the levels outlined in the World Health Organisation's Air Quality Guidelines.

During the planning and design phase, we assess the potential air quality impacts of all new projects and modifications to existing facilities. Our Environmental Management Procedure ensures we don't buy any ozone depleting substances and we are phasing out the use of existing stock.

In addition to air emissions, we regularly monitor dust and odour to avoid environmental nuisance.

Waste, effluents and spills management

Given the underdeveloped supporting infrastructure in PNG, one of our biggest challenges is waste processing and disposal. To ensure effective and sustainable waste management, we must be innovative.

We are committed to reducing the volume of waste we produce and incinerate. Our on-site management processes help people to segregate waste into different disposal streams, including incineration, landfill, compost, recycling and reuse.

We have strict handling processes for hazardous waste such as medical waste, battery acid storage and sewage effluents. These are managed and disposed of in accordance with the principles of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. We provide regular training for waste management personnel and conduct site-wide waste management awareness campaigns.

The volume and quality parameters for off-site discharges in PNG are set and monitored by the environmental regulator and are included in our environmental permits.

For Oil Search, oil spill preparedness and response is a cross-disciplinary activity that starts with robust planning. All our facilities and operational practices and procedures are designed to reduce the risk and impact of spills and ensure an effective emergency response. Our ongoing approach comprises engineering and process improvements underpinned by a culture of operational awareness and engagement. We also conduct routine inspections to ensure potential sources of spills and releases are appropriately managed.

We ensure site-specific pollution prevention and containment facilities are incorporated into site design. This includes storing hydrocarbons, hazardous chemicals, fuels and lubricants within designated containment facilities and making sure response mechanisms and equipment such as spill kits are available and functioning. We store any on-site chemicals in accordance with the relevant material safety data sheet (MSDS), manufacturers' recommendations and legislation.

Although we have no producing offshore wells, we manage marine spill risks at our terminal facilities and near water bodies through strict hydrocarbon transfer processes. Marine spill response equipment is maintained onshore at our supply base in Kopi.

Water use and extraction

Compared to other industries, the conventional oil extraction process places a relatively low demand on ground and surface water resources. We do, however, recognise the importance of local water resources to the associated ecosystems and host communities, so we seek to reduce our consumption.

The most significant water risks we face relate principally to over-extraction or groundwater contamination, both of which could affect the uses of water by the environment and communities. Most of our 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, we undertake flow gauging before extracting water, so we can identify the impacts associated with different extraction volumes. We conduct ecological effects assessments at surface water extraction locations and establish pollution controls at potential pollution sources.

All the Company's water extraction and discharge activities are subject to regulatory approval and review and

are closely scrutinised by host communities. The environmental regulator sets and monitors water quality criteria, which are included in our environmental permits. To ensure our impacts have been minimised and we maintain compliance, the water quality surrounding our areas of activity is regularly monitored — both upstream and downstream — throughout a drilling activity and after it has ceased.

We include mitigation and management measures in our environmental management plans for each location and tailor them to the associated activities. We also monitor how water usage in our camps and for fire-fighting impacts the surface water sources we share with communities, especially during droughts.

Biodiversity protection and site rehabilitation

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 heritage to local communities.

We are committed to minimising our impacts on biodiversity. This includes ensuring we understand and respond proactively to the biodiversity risks posed by our activities and avoiding areas of high biodiversity value entirely if necessary.

We undertake baseline studies for all new projects to gather information about key aspects of the local ecology, such as the presence of rare and threatened flora, fauna and habitats, as defined by the International Union for Conservation of Nature Red List of Threatened Species. We use the results of these studies to ensure we adopt appropriate management and mitigation measures to protect biodiversity value.

Several of our procedures protect biodiversity, including erosion control, invasive species management and land access and rehabilitation. We conduct revegetation surveys at disturbed sites and routine invasive species monitoring and weed-control programmes are in place.

Effectively rehabilitating any land disturbed by our activity is essential to reducing our overall environmental impact and protecting our social licence to operate. During the planning phase for any proposed locations that may be subject to disturbance, we conduct a baseline environmental assessment to identify potential impacts arising from planned activities. This informs mitigation measures which are included in an Environmental Management Plan. To ensure the Plan meets or exceeds our permit or legislative requirements and is consistent with community and government needs and expectations, we agree the management principles and rehabilitation outcomes with local landowners and regulators.

In addition, we work with local communities to protect and enhance the biodiversity of their land, as we are doing with the Lake Kutubu Wildlife Management Area Committee.

Safety

The goal of our safety management strategy is to have the right systems and processes in place to always keep our employees, contractors and host communities safe. We create a carefully controlled work environment where equipment is well maintained, work procedures ensure safe operations and staff are well trained. This includes being prepared for emergencies and crises, and protecting the security of staff and operations across the business.

Personal safety

Oil Search's personal safety management approach focuses on the prevention of common workplace injuries such as slips and trips.

We promote personal safety through feedback and discussion, hazard analysis, audits and drills, and are

committed to continually improving safety performance. We track leading and lagging safety indicators and regularly review and update Company procedures and practices.

Our 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.

All employees are members of an HSS Group and monthly HSS Group meetings are the main way they engage on HSS performance and initiatives. The Group structure of cascading forums and the associated communications ensure issues reach the appropriate level of management.

The structure starts with HSS Group 1. Chaired by our Managing Director, Group 1 is responsible for reporting and evaluating material health, safety, environment, security and social responsibility issues and updates to the Board HSS Committee.

The Company's '10 Life Saving Rules' outline our expectations for conducting activities such as working at height and working around suspended loads. These rules are supported by procedures that address related topics such as safety risk assessments and key safety risk areas.

We regularly reinforce safety messages through internal communication. Regular mandatory training for employees and contractors ensures they have the knowledge and skills to identify safety hazards and respond appropriately. In PNG, we acknowledge outstanding safety behaviour through a weekly safety awards programme.

We expect all employees and contractors to assess jobs for potential risks, before starting and while completing the task. Everyone is empowered to stop work if they have safety concerns.

Contractor safety

Contractors' participation in safety management is essential for achieving incident-free operations. Several measures ensure they operate to the same safety standards and objectives as Oil Search.

These include a contractual requirement to abide by the principles of our **Health, Safety, Environment and Security (HSES) Policy** and a mandatory safety induction for all contractor staff. We monitor contractor safety against our internal safety standards and applicable regulation and industry benchmarks. For high-risk activities, we expect contractors to have a comprehensive safety management system.

We include contractor safety performance in our overall safety statistics and in our short-term incentive scheme.

Most of the work conducted in PNG by contractors is undertaken by Lancos working either directly for us or for other contractors we engage. As they often require additional safety support and guidance, we have a number of controls and capacity-building programmes and run a Lanco Safety Incentive Scheme.

Process safety

Process safety in the oil and gas industry focuses on the major hazards typically associated with drilling and production activities. Left uncontrolled, these hazards can lead to loss of life, environmental damage, and loss of assets due to toxic releases, fires or explosions. The goal of process safety management is to ensure that proper systems and procedures are in place to control the hazards. Demonstrating that effective preventative and mitigating controls are in place provides assurance that process safety is being properly managed.

The principles of our process safety approach are:

- **Design:** Designing and engineering our facilities, pipelines and wells so they are inherently safe.
- **Maintain:** Inspecting, testing and maintaining our equipment so our operations run safely and reliably.
- **Operate:** Operating our facilities, pipelines, wells and rigs as they were designed to be run i.e. within the

safety margins set by the designers.



Underpinning these principles is our Process Safety Management Framework, which outlines process safety controls and performance requirements that we put in place to prevent serious hazardous events and mitigate the outcome if one occurs. The framework focuses on four key elements:

- **Leadership** — including commitment and responsibility, legislative compliance, competency, workforce involvement and communication.
- **Risk identification and assessment** — including hazard identification, risk assessments and documentation, records and knowledge management.
- **Risk management** — including procedures, management of change, control of work and contractor management.
- **Review and improvement** — including incident reporting and investigation, audit, assurance and management review.

Ensuring our staff are fully aware of the safety implications of all elements of their roles is a key part of maintaining safe operations. Our Competency Assurance Programme outlines the competencies required for each safety-critical role. Any gaps that we identify inform the direction and content of related training materials.

We provide a number of tools to help our staff understand the principles of process safety so they can apply them to their role. These include: bowtie diagrams to illustrate safety-critical control measures; safety-critical risk manuals that highlight key operating parameters; and real time monitoring of equipment performance to ensure our plants operate safely and reliably within their design operating envelopes.

Our process safety performance is overseen by the Process Safety Steering Group, consisting of senior and operations management team members. We track it using a mix of lagging (Tier 1 and Tier 2) and leading (Tier 3 and Tier 4) indicators, as defined by the International Association of Oil and Gas Producers (IOGP). Our process safety indicators include:

- Releases greater than 50 kg during a one-hour period (Tier 1 and Tier 2 measures).
- Average number of safety alarms per day (Tier 3 measure).
- Compliance with maintenance schedules for safety-critical equipment (Tier 4 measure).
- Compliance with schedules for monitoring well pressures to ensure the mechanical integrity of our wells (Tier 4 measure).

We regularly benchmark our performance against members of the IOGP and conduct both internal and independent assurance activities around our process safety performance. From January 2017, process safety performance is a component of the short-term incentive scheme for our senior management.

See [Performance and Incentives](#) for more information.

Emergency preparedness and crisis management

Our goal is to create a controlled work environment where our people and assets are safe and our impacts on the environment and host communities are minimised. Contingency measures are important in case of an unplanned event, and having a robust emergency and crisis response helps us to minimise the impact of such an event.

Our Crisis, Emergency and Incident Management System (CEIMS) provides a consistent, Company-wide process to respond to adverse events, minimising any negative impacts. The system includes pre-defined protocols for Incident and Emergency Management Teams, role descriptions, and online training programmes.

It provides a secure, 24/7 web-based communication and information-sharing platform that enables our people to participate virtually in a response, and supports detailed record keeping.

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

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

The system consists of a four-tiered, cross-functional response team that is assembled based on the severity of an actual or potential event. The tiered approach enables appropriate resources to provide a timely response to an event, so strategies can be defined, and actions undertaken, to contain an event and prevent escalation.

The focus of each tier aligns with the team's capability, the severity of the event and which part of our Company is affected. If an incident requires an emergency response, teams based at each site respond immediately to mitigate its severity. Where an event is likely to affect other sites, site-based emergency teams use the CEIMS to coordinate a response. Standardised notification, activation thresholds and live updates in the CEIMS Severity Matrix ensure consistency, objectivity, and real time responses when we assess and manage events.

Security

Our operations face security threats that include violent criminal activity and civil unrest in PNG, and terrorism and sectarian conflict in the Middle East. These represent risks to our Company, members of our workforce and host communities.

Our approach to security management aligns with industry best practice and our commitment to the Voluntary Principles for Security and Human Rights. It consists of:

- Monitoring and assessing threats in real time and through scenario-based exercises.
- Identifying and mitigating risks, analysing their criticality, and limiting vulnerabilities to protect our workforce, assets and operations.

Our robust assessment methodology provides a consistent, objective threat assessment. It uses qualitative and quantitative descriptions of threat levels and weightings to inform the impact of the related security controls and responses and how we use them. Each site has its own Security Management Plan.

Our strong and enduring relationships with host communities – including sustainable development activities – underpin our ability to apply this risk-based, intelligence-led approach to identifying, analysing and responding to threats.

Health

Oil Search is committed to protecting and improving the health of our employees and contractors.

Coordinated from our Port Moresby office, our Medical and Occupational Health Service oversees the management of all aspects of health hazards and risks, including workplace health, occupational and environmental hygiene, medical emergencies, management of ill health, fitness-for-work and health promotion. We ensure our service is inclusive, reliable and evidence-based by using a transparent governance process.

Clinics at every operational and project site provide our personnel with medical and health care that matches international standards.

The Oil Search Health Risk Management Programme outlines how we identify and assess risks and health hazards that may affect our workforce or the public. It covers the assessment, management and communication of occupational and environmental risks, including the identification and classification of health hazards.

Our employee wellbeing programme provides staff and contractors with the information and support they need to make informed health decisions and is closely aligned with our fitness for work requirements. The programme receives specialist input as required. It promotes a proactive and positive approach to health management and, through structured interventions, supports high-risk individuals.

Where local government health care services are challenged, we treat ill or injured community members, including medical evacuations. See [Community Health](#) for further information about our community health initiatives and activities, and those of the Oil Search Foundation.

Climate Change

Climate change is a significant global issue that poses a challenge to affordable and sustainable energy provision. No one sector can supply an effective response to this issue. It requires a coordinated effort by companies, governments and communities. We believe that all energy sources have a role to play in meeting global energy demand, and each has its challenges. The consensus of multiple scenarios is that oil and gas will continue to have a major role to play, and that natural gas will be pivotal in the transition to a low-emission energy system.

Position

While Oil Search is not a signatory to the [Oil and Gas Climate Initiative](#), our view aligns with the intent and principles of the Initiative.

We support efforts — including those of the PNG Government — to move towards implementing an effective global climate agreement. We also advocate establishing and implementing a clear, stable policy framework that supports a global warming trajectory of 2°C. This will help the energy industry in making informed decisions and effective and meaningful contributions to addressing climate change. Market mechanisms such as an emissions trading scheme or other carbon-pricing mechanism are an efficient response, and we support these and other measures that improve certainty.

The challenge is to meet growing energy demands while ensuring supply is sustainable and affordable. Meeting it means that investment today in gas, renewables and technologies that reduce greenhouse gases, such as carbon capture and storage (CCS), will greatly contribute to reducing the cost and impact of climate change for future generations.

Although oil will remain an important part of Oil Search's portfolio mix in the medium-term, we have a gas-

dominant portfolio and growth strategy. With some of the most competitive operating and planned LNG projects in the industry, we remain resilient to a low-price, carbon-constrained environment.

We will monitor new technologies such as CCS and, when feasible, seek to adopt and integrate low-emissions technologies into our investments, including non-operated projects. However, compared to our peers, Oil Search's scale, age of directly operated assets, largely non-Operator status for new developments, and limited geographic scope make it impractical for us to:

- Invest in research and development of new technologies such as CCS.
- Make additional material inroads in energy efficiency or emissions reductions for existing operated plant.

Our proposed significant investment in the Papua LNG Project is consistent with our low-cost, gas-dominated strategy. We will support Operator efforts to ensure the project minimises emissions, is climate change compatible, and contributes positively to PNG's climate change goals.

We're committed to managing and understanding the regulatory, reputational and market risks of climate change to our business. This includes maintaining open lines of communication on the topic with a broad range of stakeholders, including governments, investors and non-governmental organisations, as well as transparently reporting our emissions and energy consumption performance.

The draft Financial Standards Board Task Force on Climate Related Financial Disclosures (TCFD) were released in December 2016, with consultation closing in February 2017. These draft recommendations will not be formally adopted until June 2017. In anticipation, Oil Search considered earlier versions in the development of our strategy and our planned disclosures. However, we will not be fully compliant until the recommendations are formally adopted and we have an opportunity to evaluate them in their final form. Any opportunities identified for improvements to our disclosure will be iteratively integrated into our public materials.

We participate in [CDP](#) and have submitted a response to CDP Carbon since 2010 and CDP Water since 2014. Our latest responses are available from the [Downloads](#) section.

We will collaborate with our peers and partners to:

- Improve efficiency e.g. through project integration.
- Adopt technological innovation to reduce greenhouse gas emissions where feasible.
- Provide access to low emission, gas and biomass sourced energy in collaboration with local and national authorities, as well as other stakeholders.
- Consider participating in multi-stakeholder initiatives.

Outlook

We conduct exhaustive modelling of various long-term supply and demand scenarios for oil and LNG, based on input from a variety of authoritative sources. We encapsulate these scenarios in a range of commodity price outlooks, including material downside cases reflecting weaker sustained long term demand for our products. The economic viability of existing assets is then tested against the same downside economic cases.

In relation to 2C resilience planning, we are working to develop a clearer understanding of the energy market adjustments and consequent potential energy price impacts consistent with the achievement of the 2C target globally. We will look to model downside scenarios consistent with those impacts once we have completed that work.

We have also considered a combination of the scenario analyses conducted by leading energy authorities, including the International Energy Agency¹ and Wood Mackenzie², and our major oil and gas peers.

Due to expected energy efficiency measures and the progression to less energy-intensive economies, the growth in global energy demand is predicted to slow. However, it is uncertain how quickly this will take place.

Despite the slow-down, CO₂ emissions are still expected to grow by 10-25% between now and 2035². The extent of growth depends on the demand outlook for coal, and on energy demands in India and China. As carbon and climate change policy is enacted, a robust global supply outlook and decreasing energy costs are likely to increase inter-fuel competition, including a probable increase in non-fossil fuels' share of the global energy mix.

Non-fossil fuels such as solar, wind and biomass are expected to grow the fastest. By 2035, 40–50% of global power output will come from hydro, nuclear, solar, wind and biomass. Within the fossil fuel energy sources, we anticipate natural gas will grow the most, rising in all sectors, including power, industry, residential, commercial and transport. While oil demand will remain robust, growth is likely to slow due to an upward trend in demand for non-oil fuel alternatives and more fuel-efficient technologies.

Predicting the outlook beyond 2035 presents many challenges. These include uncertainties around how future government policy developments may accelerate energy efficiency improvements, shifts to lower-carbon fuels, technological advances and renewable supply.

¹ International Energy Authority Energy and Air Pollution World Energy Outlook 2016.

² Various Wood Mackenzie sources, including *Energy view to 2035: comparison with IEA, BP & XOM* (March 2016), *Carbon Constrained Scenario* (November 2015)

Risk and governance

Our Board HSS Committee is charged by the Oil Search Board to oversee the Company's strategies, processes and performance relating to health, safety, security and social responsibility, including human rights and climate change. The Board HSS Committee endorses our Climate Change Strategy and governs the management of the risks and opportunities posed by climate change to our assets.

In October 2016, the Committee endorsed and the Board approved our Climate Change Strategy.

Monthly HSS Group 1 meetings are the primary way that management is informed of and addresses climate change performance and initiatives.

Members of our senior management team are financially incentivised to manage longer-term risks that could impact on the value of the Company, including climate change risk, via the operation of the 'at risk' component of executive remuneration. Executives participate in a long-term incentive (LTI) plan, with payments under the plan linked to the relative shareholder returns generated by the Company compared to a global peer group of oil and gas companies and to the 50 largest companies listed on the Australian Securities Exchange. Failure to effectively address climate change risk would be expected to translate into relative underperformance in terms of creating long-term, sustainable shareholder value and hence impact on the realisation of LTI benefits.

Currently, Oil Search doesn't operate in any country with an emissions trading scheme or other carbon-pricing mechanism. We believe our existing investment sensitivity analysis, including commodity price downside scenarios, would encompass any carbon pricing impacts on cash-flow and investment economics. During 2017, we will evaluate the adoption of a shadow carbon price for inclusion in the investment decision-making process.

Climate change risks are assessed at least annually as part of our corporate risk management approach and broader strategic planning and decision-making. Those risks are also assessed as part of the Board-led strategic reviews conducted at regular intervals.

Our most material climate change risks include:

- Changes in demand for our products.
- Emerging policy and regulations that create uncertainty, increase operating costs and raise expectations for our engagement on the topic.
- Reputational impacts, driven by stakeholder activism and increasing societal expectations.

Climate change risks and opportunities*

| RISK TYPE | | DESCRIPTION | FINANCIAL IMPACTS | OUR RESPONSE** |
|--------------------|-------------------------|--|---|--|
| Physical Risks | Acute | Physical impact of more intense weather on investments. | Damage to physical assets; disruptions to operations, supply chains etc. | Embed internal procedures to ensure potential climate impacts are considered in design and construction of new/upgraded assets. |
| | Chronic | Physical impact of more frequent catastrophic weather events. | Degradation of, or limitations on, resources. Increased community needs/expectations following catastrophic events. | Embed internal procedures to ensure potential climate impacts are considered in design and construction of new/upgraded assets. Support community emergency preparedness and response (if required). |
| Non-Physical Risks | Policy/Legal/Litigation | Legislation and regulation to address climate change and risks associated with policy-driven transitions (transition risks and liability risks). | Compliance costs; liabilities; restrictions on use of carbon-intensive assets; stranded assets. | Retain dominance of gas in portfolio mix. Retain focus on low-cost assets. Maintain engagement with PNG Climate Change Development Authority and PNG policy-makers. Embed internal procedures to reduce emissions/improve energy efficiency in all maintenance/upgrades and new assets, as well as Life of Asset planning. |
| | Technology | Changes in supply, demand and competition; re-pricing of carbon-intensive assets. | Investment in new technology required; write-offs of existing technology. | Monitor emerging issues and technology developments. Fast-follower adoption of feasible technological solutions. |
| | Market/Economic | Changes in supply, demand and competition; re-pricing of carbon-intensive assets. | Asset impairment; viability of certain business models; Company or securities valuation. | Evaluate adoption of shadow carbon price. Advocate for market mechanisms as the most efficient response. Monitor global and local regulatory changes and trends. |
| | Reputation | Damage to reputation stemming from association with an asset or company. | Damage to brand value; lost revenue; additional expenditure. | Proactively engage with joint venture partners to develop project opportunities and publish climate change position statement and design philosophy. Advocate for a climate-compatible approach in project design, development and operation. Increase accountability, including: <ul style="list-style-type: none"> ▼ Corporate KPIs relating to the Climate Change Strategy. ▼ Establishing and reporting progress against targets. |
| | Reputation | Damage to reputation by targeted shareholder activism or divestment. | Damage to brand value; declining access to finance. | Adopt a gas-dominant portfolio. Align with the Oil and Gas Climate Initiative, to the extent possible given scale and geographic scope of assets. Have strategy and positioning as part of the solution, with proactive support for PNG country goals (including power solutions) and advocacy for market mechanism. Issue clear public position statements on aspects of interest to stakeholders. Transparent public reporting on views, risks and performance, including addition of equity emissions reporting. |
| Opportunities | Financial | Commercial benefits stemming from the transition to a lower- | Identification of new revenue streams; improved operating | Use our Power Strategy: contribute to helping PNG meet goals by increasing access to energy and through promoting |

| | | | |
|------------------------------|--|---|--|
| | carbon economy. | efficiency; enhanced market pricing and transparency; accelerated technological innovation. | both biomass and the use of gas as a transition fuel/fuel switch. Evaluate opportunities for offsets between the power business and Oil Search. |
| Reputation/ Financial | Alignment with PNG sustainable development and climate change goals for adaptation and mitigation. | Maintenance of stable operating environment. Ability to leverage existing initiatives. | Integrate opportunities for community renewables and other adaptation goals (e.g. water and sanitation) into PNG Sustainable Development Strategy where appropriate. Investigate provision of our onshore weather data to CSIRO/Bureau of Meteorology/PNG National Weather Service to support climate change science and modelling project. Communicate malaria and climate impacts and the role of Oil Search Foundation in preventing malaria. Support PNG disaster response capability development and response. |

* This table has been adapted and customised from the Task Force on Climate-Related Financial Disclosures, Phase 1 Report (2016).

** These initiatives may be ongoing.

Strategy

Over the past few years, there have been many developments relating to climate change. As a result, we conducted a robust situation analysis in 2016 to inform a new Climate Change Strategy.

This Strategy aligns with the principles of our Social Responsibility Policy and Strategy and our PNG Sustainable Development Strategy (which is under development in 2017). It helps to ensure Oil Search remains prepared for future carbon constraints and that we understand the potential risks and impacts to our business. While developing the Strategy, we assessed likely scenarios and proposed key positions, as outlined in earlier sections.

Given rapidly changing stakeholder expectations, technology and markets, this Strategy will continue to evolve and will be updated at least once a year.

Reducing the impact of operational emissions

As a socially responsible oil and gas producer, reducing our greenhouse gas emissions is an important element of our Climate Change Strategy.

Oil Search's emissions in 2016 were 941 ktCO₂-e and our emissions intensity 46 ktCO₂ -e/mmmboe. This represents a 50% reduction in emissions intensity and a 33% reduction in overall emissions against a 2009 baseline, exceeding our intensity target of a 12% reduction in emissions intensity by 2016 against a 2009 baseline. This achievement was predominantly due to ongoing flare reduction initiatives and, to a lesser extent, the gradual shift in composition of production from largely oil to oil and gas.

We obtain annual independent assurance over our greenhouse gas emissions data. For further information about our emissions performance since 2009, visit the [Data Centre](#).

The age of Oil Search's operated assets makes it impractical for us to continue making material inroads into energy efficiency or emissions reductions. In addition, as a growing business, future investment decisions may have a material impact on our forecast emissions profile. We have not set a new emissions target post 2016. This decision will be reviewed once we have greater business certainty over these current strategic variables.

We will continue to monitor new technologies and seek to adopt and integrate low-emissions technologies,

where feasible, into new investments and non-operated projects.

Our project planning and design procedures mandate that energy efficiency and emissions reductions are considered at the outset and during the design phase of all new projects. They require that options for reducing greenhouse gas emissions from operating sites are periodically identified and reviewed, to demonstrate that emissions have been reduced to the extent practicable in asset design and operation.

Climate change adaptation impacts

Ensuring operations, investments and communities are resilient to the physical impacts of climate change is critical to the long-term sustainability of the Company.

The effects of climate change will impact some existing physical and non-physical business risks and potentially expose us to new ones. See the Climate Change risks and opportunities analysis for further detail.

We consider climate change risks when developing projects and in our Life of Asset planning procedures. Our Engineering Risk Management Procedure requires potential impacts from climate change variability on new facilities and infrastructure to be identified and assessed as part of the engineering risk process. The assessment outcomes must be incorporated into engineering design decisions, in accordance with our Engineering Design Procedure.

Assisting PNG to meet its climate and development objectives

PNG has one of the world's lowest levels of access to power, with only approximately 13% of the population connected to the electricity grid. Those who are connected pay very high prices, and much of the energy is generated from diesel.

The significant economic, health and educational benefits mean that energy supply improvements are essential if PNG is to achieve its development goals. The PNG Government has set a goal of connecting 70% of the population to the power grid by 2030, using varied power solutions.

PNG has committed to transitioning to 100% renewable energy by 2030, if donor funding is available. Scalable renewable energy solutions will need to be rapidly introduced for PNG to meet this target. By implementing our Power Strategy, Oil Search will help the PNG Government to meet its Intended Nationally Determined Contribution (INDC) and commitments under the Paris Agreement by encouraging the adoption of gas as a transition fuel to displace diesel.

The Highlands Power Project, an Oil Search public-private partnership agreement with PNG Power Limited (PPL), seeks to provide cost-effective on- and off-grid gas-powered electricity to households, schools and hospitals in the Hela and Southern Highlands Provinces. Our domestic LNG initiative aims to develop and utilise discovered but undeveloped gas resources for multiple coastal industrial and consumer locations within PNG.

Since 2010, we have invested over US\$30.3 million into the development of a biomass power plant in PNG. The PNG Biomass Power Project in Markham Valley will use wood chips from existing and new plantation trees that are grown and sustainably harvested in the Morobe Province to provide low-cost, reliable biomass power to the Lae Region.

The PNG Biomass Power Project is supported by a 25-year Power Purchase Agreement (PPA) that we signed with PPL in December 2015. Under the PPA, the project will generate up to 30 megawatts (MW) of renewable, biomass-fired, reliable baseload power for the Ramu grid, with deliveries commencing in 2019.

PNG lacks meteorology and biodiversity data, hampering efforts to consistently and reliably measure the impacts of climate change. Oil Search has a strong database of information in project impact areas and will investigate opportunities to share it so we can support PNG's efforts to adapt to climate change in the medium- and longer-term.

Engaging on climate policy

As one of PNG's largest companies and a socially responsible operator, we seek to engage with governments, industry groups, landowners, and other people with the ability to shape policies that impact our business and stakeholders. We do this with integrity and in an accurate, factual, transparent and meaningful way.

We actively engage with regulatory and other government agencies, including the PNG Climate Change Development Authority (CCDA), on proposed and existing legislation and commitments related to climate change. We belong to the CCDA industry stakeholder group.

We are also members of several [associations and networks](#) and monitor and engage with these groups in PNG to ensure their submissions and research in this area align with our position on climate change.

As we have no operations or exploration interests in Australia, we don't actively engage in the Australian energy or climate change policy debate.

We disclose our policy recommendations, submissions and proposals annually in our [Social Responsibility Report](#).

For a full list of Oil Search's trade association memberships and further information about our principles for engaging with government on public policy, see [Public Policy Engagement](#).

Working with peers to build a collective response

Achieving the trajectory required to meet a 2°C of global warming scenario will require a collective response. To speed up progress, our approach to climate change is underpinned by engagement and involvement in national and industry initiatives.

Due to Oil Search's largely non-operator status, a key way to reduce our overall climate change risk and impact is to work with our partners and advocate for climate-compatible approaches to the project design, development and operation of non-operated assets. An example of this is improving overall efficiency through project integration.

Our Australian entity is a member of the Australian Petroleum Production and Exploration Association (APPEA). This provides Oil Search with a useful forum for information and to contribute knowledge and best practice. Whilst we monitor the Australian climate change dialogue, we have no operations or exploration interests in Australia and therefore we do not actively engage or contribute to the Australian domestic energy or climate change public policy debate.

We are assessing the benefits of being members of other multi-stakeholder initiatives, such as IPIECA, the Oil and Gas Climate Initiative and the Zero Flare Management Initiative.

Society

Oil Search's presence has the potential to have a significant impact — both positive and negative — on the day-to-day lives of host communities, so having the trust and support of local stakeholders is important for our success. We have never experienced a material interruption to our operations from community unrest, demonstrating the enduring strength and quality of these relationships.

Coupled with the general socio-political complexity of PNG, the stability of the local operating environment depends on how our employees and contractors interact and engage with local communities, and on how we contribute to inclusive sustainable development.

Human rights

Respect for human rights and the desire to do no harm underpin a socially responsible approach to our operations in host countries and across our supply chain. This helps us to maintain strong community relations and a responsible operating environment.

Oil Search is a signatory to the [Voluntary Principles on Security and Human Rights](#) and our human rights approach aligns with the [UN Guiding Principles for Business and Human Rights](#):

- Respect international norms of behaviour and recognised human rights, including the rights of Indigenous peoples, by seeking to avoid causing or contributing to adverse human rights impacts from our activities.
- If any impacts inadvertently occur, act to mitigate or address them. While we have a significant commitment to sustainable development, first and foremost we are committed to 'doing no harm'.
- Respect laws wherever we operate.
- Have and continue to undertake appropriate due diligence of our activities and management controls.
- Support appropriate access to remedies when required.

Our commitment to respecting human rights is captured in our [Social Responsibility Policy](#) and demonstrated by our ongoing commitment to the Principles of the [United Nations Global Compact](#).

Company-wide, we manage our human rights checks and balances by integrating them into our day-to-day processes for each functional area, with specialist input when required from key business areas such as Security, Procurement and Contracting, and Community Affairs. Our General Manager Stakeholder Engagement and Social Responsibility is responsible for ensuring our human rights controls are appropriate, with oversight from the Board HSS Committee.

We are working to improve the integration of human rights management controls into our corporate security, stakeholder engagement, contract management, social impact assessment, land access and resettlement, and grievance management procedures.

Engagement and consultation

Developing strong, respectful relationships with community members and consulting with individuals or groups who are interested in or impacted by our activities protects our social licence to operate. Wherever possible, we seek to involve communities in decision-making and to gather the views of everyone who's affected, including women and other marginalised or vulnerable groups.

Our PNG field operations are located on land held under customary law, so any approvals provided in our licence conditions must be validated with landowners to be effective. On-site Community Affairs specialists (all PNG nationals) and a network of resident Village Liaison Officers (VLOs) enable us to take a tailored, localised approach. All our community engagement and consultation considers local land use rights and cultural heritage and practices. Our information dissemination, negotiation and engagement activities consider local decision-making customs and conventions.

We establish a Village Liaison Committee for all our exploration, drilling or associated activities. This provides a transparent forum in which all parties can participate and make community-led decisions about the opportunities and impacts that affect them.

Our Community Affairs specialists make regular visits to the villages, providing the opportunity for communities to raise concerns or grievances and discuss development projects or sponsorship opportunities. All the visits and resulting commitments are recorded centrally.

Grievance management

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

Community members can raise matters whenever a member of the Community Affairs team visits, at any of our sites or through the resident VLO. We record the grievance centrally, assess it for potential risk or impact, and elevate or respond to it accordingly. Material grievances are reported to the senior management team and the Board HSS Committee. This approach ensures grievances relating to our activities can be raised easily and in a culturally appropriate manner.

At times, we can be the most visible outside presence in remote communities. Grievances may be raised on matters that do not relate directly to our activities, such as inter-clan disputes or dissatisfaction with government. If they are not addressed, these issues can undermine our operational stability, so we may play an intermediary or facilitator role – for example, by transporting government officials to the site to address the community grievance.

Land access and resettlement

We are committed to avoiding or minimising displacement or involuntary resettlement during any necessary land access, use or acquisition. Most host communities are Indigenous, land-connected people who are greatly impacted by any change or restriction to their historical land access and use rights. We respect these rights and avoid locations with cultural significance.

Our approach to land access, acquisition and resettlement activities is outlined in our Land Access and Resettlement Procedure, which aligns with national legislation, human rights and industry best practice performance standards. Our procedure details steps to avoid or minimise involuntary displacement and to effectively manage rare occasions of displacement and any required livelihood restoration.

We have established long-term, positive relationships with landowners and local authorities in villages that host our operations.

When engaging with host community members regarding land access, we:

- Negotiate land access agreements in good faith and in a respectful and reasonable manner.
- Consult with landowners to obtain their consent. These consultations typically cover impact and term of the proposed use or access, employment and business development opportunities.
- Put in place a community land use agreement, and a resettlement and livelihood restoration plan and agreements if displacement or relocation is required.
- Pay compensation and land rental amounts to local landowners for land use in accordance with the PNG Valuer-General rates, as required by the PNG Oil & Gas Act. We assess and pay this compensation transparently, in the presence of relevant community and government representatives or independent observers.
- Hold funds in trust if there are disputes over land ownership, land damage compensation or land rentals, until government representatives facilitate a resolution that all parties agree to.

Impact management

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

Our approach to impact management is outlined in our Social Impact Assessment and Management Procedure.

We conduct social impact screening or a social impact assessment for all new operations and projects. The assessment's scope depends on the scale and duration of the activity. We also identify opportunities to generate positive impacts, such as through local procurement or employment. This process is preceded by socio-economic baseline assessments, and in PNG social mapping and landowner identification. These

ensure we understand and work 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. This measures indicators across a range of areas, such as demographics, education levels, literacy, water supply, sanitation, village infrastructure, nutrition and expenditure patterns. We report the survey results to the PNG Government and use them to inform our sustainable development planning. The results are available in the [Downloads section](#).

We continue to work on improving how we measure and evaluate the social impact of our sustainable development programmes and activities. Our sustainable development investment and output data is available from the [Data Centre](#).

Sustainable Development

Oil Search aspires to excellence in socially responsible oil and gas exploration and production. Our unwavering commitment to making a significant sustainable development contribution, especially in PNG, will play a major role in achieving this vision. Being a successful development partner is an important part of our social licence and is integrated into our corporate strategy.

The Company's 2020 Social Responsibility Strategy places an even greater emphasis on the strategic importance of sustainable development. One of the Strategy's two goals is to make PNG lives better by undertaking sustainable development activities that set the industry standard. Two major objectives are linked to this goal: having a meaningful sustainable impact beyond the lives of our projects, and extending our reach through partnerships with government and other local stakeholders.

Both objectives will be addressed in our PNG Sustainable Development Strategy, which is under development. The Strategy will provide a concise framework for our sustainable development approach. It will confirm our priority areas and provide clearly defined outcomes, related initiatives, and a monitoring and evaluation framework.

We are using two measures of success for our sustainable development activities. These are: seeing a measurable improvement in sustainable development indicators for the identified priority areas, and for Oil Search to be publicly recognised as a private sector leader in PNG sustainable development.



This approach continues our long history of delivering sustainable development outcomes in PNG in the key

This approach continues our long history of delivering sustainable development outcomes in PNG in the key areas of health, education and leadership, livelihoods and local enterprise development, women's protection and empowerment, and access to power. Every year, the Oil Search Foundation, our Community Affairs team, Medical and Occupational Health Service, infrastructure building teams and Oil Search Power Holdings Ltd make a significant difference to PNG communities.

The Executive General Manager Stakeholder Engagement and Social Responsibility oversees our sustainable development approach and is a member of the Oil Search Foundation Board and the Oil Search Board HSS Committee.

Regular updates on our sustainable development activities are provided to the Board HSS Committee.

The Company is the founder of, and principal donor to, the [Oil Search Foundation](#), which plays a significant role in our ability to deliver community health services. Its structure and unique capabilities make it an important and visible aspect of our sustainable development approach in PNG. As well as health services, the Foundation contributes towards our leadership and education, and women's empowerment and protection priorities.

We continue to pursue opportunities to strengthen impact measurement and reporting across all our sustainable development programmes. Understanding the social impacts of our operations and sustainable development projects is challenging, but it's essential for ensuring the activities are appropriately targeted, planned and managed and that their connection with our business is understood. The Foundation has a detailed performance framework in place and sustainable development investment and output data and statistics are available from the [Data Centre](#).



Read more about our contribution to sustainable development here:

- ▾ [Oil Search Foundation](#)
- ▾ [Community health](#)
- ▾ [Access to power](#)
- ▾ [Supporting benefits distribution](#)
- ▾ [Livelihoods and local enterprise development](#)
- ▾ [Leadership and education](#)
- ▾ [Women's protection and empowerment](#)
- ▾ [Supporting community organisations](#)

Oil Search Foundation

By working in close partnership with a range of stakeholders at the local and national level, Oil

Search Foundation addresses the country's significant challenges by delivering targeted programmes to improve the lives of Papua New Guineans.



As a key player in PNG's oil and gas industry, Oil Search believes that proactive participation in the development of the country by the corporate sector is not only needed, but an obligation. Being committed to sustainable development is an important part of maintaining our social license to operate. By playing a vital role in the economic and social development of PNG, our sustainable development programmes help to maintain operating stability, while improving development outcomes for the people of PNG.

The Oil Search Foundation is one of the more visible ways we are able to make this important contribution.

It makes good business sense and it ensures we can continue to be a socially responsible operator. The Foundation embodies our long-term commitment to building PNG's capacity to deliver better and sustainable development outcomes for its people.

With a long history in PNG since 1929, Oil Search values the work of the Foundation as core to operating responsibly for many more decades to come. As its founder and principal donor, Oil Search is committed to funding and building the Foundation into one of PNG's foremost development organisations.

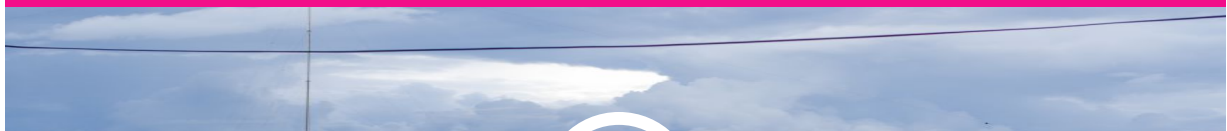
Read more at the [Oil Search Foundation website](#).



Caring for communities

By working in close partnership with a range of stakeholders at the local and national level, Oil Search Foundation addresses the country's significant challenges by delivering targeted programmes to improve the lives of Papua New Guineans.

Click the play button on the image to find out more





Community health

Most of our operating locations are in rural and remote areas that can lack adequate public health care services and infrastructure. Where there is a marked difference between services available to our workforce and those available to local people, this could present a risk to our operational stability.

We have provided host communities with access to health services since 1992.

Through our participation in the Infrastructure Tax Credit Scheme, we also support the PNG Government's development and maintenance of health care facilities in host communities.

The Oil Search Foundation has delivered our community health programmes in PNG since 2011. The programmes are aligned with PNG's national health priorities and the Foundation seeks out opportunities to help strengthen the country's health systems, processes and service delivery.

Foundation staff work in partnership with the National Department of Health, Provincial and local governments, and international donors. The Foundation continues to make material inroads in the following health focus areas:

- ▾ rehabilitating infrastructure,
- ▾ strengthening health systems (including information collection and analysis),
- ▾ reproductive health (including childbirth and post-natal care),
- ▾ child immunisation,
- ▾ controlling malaria and tuberculosis (TB),
- ▾ family and sexual violence, and
- ▾ HIV testing, treatment, counselling and awareness.

In addition to the work of the Foundation, we have a network of on-site clinics and medical resources across our operations run by our Medical and Occupational Health Service that can provide health care services to the local community as well as our workforce. See [Health](#) for more details. The Service also supports the Foundation by providing clinical expertise when required, such as at the Hela Provincial Hospital, as described in our latest [Social Responsibility Report](#).



Access to power

With one of the world's least accessible and most expensive power systems, delivering reliable, clean and competitively priced power in PNG is a priority for both the PNG Government and our company.

It's a logical extension of our core business expertise, aligns with the PNG Government's development and climate change priorities, and its significant economic, health and educational benefits contribute to a stable operating environment for our operations.

Oil Search Power Holdings Ltd, Oil Search's power business, is working with PNG Power Limited to strengthen the power value chain by creating sustainable long-term power options. Key projects include:

- ▶ PNG Biomass Power in Markham Valley – this project will use wood chips from new plantation trees, grown and sustainably harvested in the Morobe Province, to provide low-cost and reliable biomass power to the Lae Region.
- ▶ The Highlands Power Project – this alliance with PNG Power seeks to provide cost-effective, on- and off-grid gas powered electricity to households, schools and hospitals in the Hela and Southern Highlands Provinces.
- ▶ The Domestic LNG work stream – this aims to develop and utilise discovered but undeveloped gas

resources and other domestically produced fuel streams in PNG for multiple coastal industrial and consumer locations within PNG and potentially within the region.



Supporting benefits distribution

Distribution of Government revenues from the oil and gas industry in PNG is governed by the Oil & Gas Act. If this distribution and the resulting development implementation do not meet host community and national expectations, it can threaten the stability of Oil Search's operating environment.

For this reason, actively assisting the PNG Government to meet its obligations to distribute the revenue's cash and non-cash benefits in a timely manner is a priority for us. It's become increasingly important since the flow of revenues from the PNG LNG Project began in 2015.

We act within the existing legislative framework through a variety of approaches and structures that are designed to ensure the best outcomes for society. These approaches seek to leverage our expertise and resources, such as programme planning and infrastructure project delivery. Where we identify an opportunity to assist, we may approach the relevant Government agency to determine if a partnership is possible. Sometimes we help at the Government's request.

One of the most effective methods of infrastructure delivery for the PNG Government is the Infrastructure Tax Credit Scheme (ITCS). We have 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 e.g. 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 the upgrading of Government offices in Port Moresby.

In addition to infrastructure support, wherever it's possible within the legislative framework, we support the PNG Government to effectively distribute or deploy cash benefits from oil and gas projects for the direct benefit of communities. However, our success in these areas ultimately depends on Government action. Our approaches include:

- Assistance with preparing development plans at local government level.
- Logistical support for Government community identification and consultation activities, such as the Landowner Benefits Identification Programme (LOBID) for the PNG LNG Project.
- Supporting the dissemination of banking services to reduce the need for manual cash payments to

landowners.

- Promoting the direct distribution of cash benefits to communities by the Operator to eliminate any intermediaries.

These approaches are intended to improve the translation of Government revenues from oil and gas into timely tangible benefits and improvements for local economies while minimising our disruption risks.

Livelihoods and local enterprise development

A lack of meaningful business or employment opportunities in rural host communities intensifies pressure on Oil Search to directly provide jobs or benefits. In many areas, we are one of only a few employers.

While local enterprises often face barriers to accessing opportunities in our supply chain due to limited capability or poor governance, their inclusion has several benefits. It supports our social licence to operate, helps to mitigate landowner-related conflict, contributes to host communities' economic development, and helps the PNG Government to meet its small-to-medium enterprise development policy objectives. We therefore work closely with local enterprises to help them overcome common governance and capability obstacles through targeted programmes.

Our on-site business development specialists support local enterprise development; we second staff to help build up management systems and advise on business structures; we provide training to Lanco Directors to improve their governance and financial management; and Lanco staff are provided with personal and process safety training. We also seek opportunities to expand the use of Lancos by embedding a requirement for their use into contracts we hold with other suppliers.

We support local women by helping them to form agricultural cooperatives and providing training opportunities around basic business and agricultural skills. We provide the women with seeds and materials so they can sell their produce to us or at local markets to generate a source of income and economic independence.

We may also look at other enterprise development projects in PNG through partners such as [Business for Development](#), with which we are currently investigating the viability of creating a pork husbandry and production business in the PNG Highlands.

Since 2013, we've supported our approach to supplier development with local purchasing guidelines. 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.

Leadership and education

Education plays a critical role in sustainable development. For individuals, access to education opportunities improves their employment prospects, develops more sustainable livelihoods, improves health outcomes, and empowers women. For communities, education enhances the promotion of local stability and resilience and helps to provide a diverse and skilled workforce.

Our education-focused development activities help to elevate the profile and importance of a good education within host communities, which sometimes struggle to see its value due to the flow of direct cash revenues from oil and gas production.

Through participation in the Infrastructure Tax Credit Scheme, we support the PNG Government in the

development and maintenance of primary and secondary school facilities in host communities. In addition, we work directly with these communities to improve local education infrastructure through our Community Area Planning (CAP) projects.

We also help local teachers to keep teaching. A change to PNG legislation in 2011 meant some experienced teachers were unable to continue teaching without further training. Since then, 48 primary teachers from host community schools have completed this training with our support.

We provide financial support to a selection of students wishing to complete a tertiary qualification in medicine, teaching, business, agriculture, plumbing or mechanics. Our sponsorship of their tuition, accommodation and travel makes a difference to many university students from communities close to our operations, who would otherwise not be able to complete their education. Recipients are nominated by host communities and we assess the applications to ensure there's a balance of gender and village of origin. The final allocation decision is made jointly by community representatives and Oil Search.



Our **Graduate Development and Apprentice programmes** also develop technical and vocational skills that can easily be transferred to other industries. These programmes not only provide us with access to the best future specialists in PNG, they make a key contribution to the country's broader socio-economic development.

In 2017, the Oil Search Foundation will increase the reach and impact of our education commitment by overseeing the implementation of a new programme designed to address barriers to education. This will include empowering women and children through literacy, building on work to date in literacy for early childhood, and developing transformational leaders for PNG, beginning with the health sector.

For further information on the work of the Oil Search Foundation in education, visit:

<http://www.oilsearchfoundation.org/>

Women's protection and empowerment

Gender-based violence greatly impacts the lives of many women in our host communities and within our PNG workforce. It represents one of the biggest hurdles to women's empowerment and economic advancement, productivity and equality in both society and the workplace.

Our approach to women's protection and empowerment (WPE) includes working with our host communities and across our Company through:

1. **Policy** – Ensuring Oil Search and Foundation policies, procedures and strategies support, promote and align with best practice WPE principles.
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 such as WPE services offered by the Family Support Centre at Hela Provincial Hospital, 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, underpin or extend existing initiatives and activities such as our diversity and inclusion, citizen development, and health and sustainable development projects and programmes.

Together with the Oil Search Foundation, we 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

Our investment in community organisations aims to build their capacity and effectiveness. It also allows us to extend our reach through partnerships and to leverage our partners’ local expertise and knowledge so we can 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 us.

The Sponsorship and Donations Committee in Port Moresby oversees our corporate donations programme. Our field operations teams distribute items such as wheelbarrows, generators, milling machines and sewing machines, clothing and books. These are donated 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 our sustainable development priorities as well as employee requests and feedback. We direct most of our support for community organisations towards those focused on community health and women’s protection and empowerment.

Outside the Oil Search Foundation, the Company regularly contributes to a number of community organisations, including:

- ▾ Community Development Initiative (CDI) Foundation,
- ▾ Evangelical Church of Papua New Guinea,
- ▾ Papua New Guinea Cancer Foundation,
- ▾ Cheshire disAbility Services - Papua New Guinea,
- ▾ PNG Cancer Relief Society.

We also support staff participation in several 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 us](#).

People and Organisation

The oil and gas industry is highly diversified by commodity, geography and market and presents unique challenges for its workforce. To succeed, we must be an employer of choice in our industry so we can attract the best people.

As PNG's largest company, it's our responsibility to play a leadership role in employment practice by modelling best practice in areas such as paid parental leave, new home purchase support, superannuation top-up for staff taking maternity leave and supporting employees who are affected by family violence. We also help to expand the national skills base through our training and development programmes.

As well as competitive reward and benefit arrangements and opportunities for upskilling and career development, we focus 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 our social licence to operate.

- ▾ **Oil Search leadership behaviours**
- ▾ **Training and development**
- ▾ **Diversity and inclusion**
- ▾ **Performance and remuneration**
- ▾ **Workforce management**



Oil Search leadership behaviours

The six Oil Search Leadership Behaviours describe how we expect our employees and contractors to work. We incorporate these behaviours into all employees' annual performance assessments, graduate training, leadership development and recruitment guides.



| Behaviour | Accountable <i>take ownership of outcomes</i> | Culturally Aware <i>connect across the globe</i> | Forward Thinking <i>think things through</i> | Resourceful <i>take the initiative</i> | Working Together <i>communicate and collaborate</i> | Leading Others <i>guide and develop our people</i> |
|-------------------|---|--|---|---|---|--|
| Definition | 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; prioritises and plans | Identifies 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. |

Training and development

Oil Search provides employees with valuable opportunities to gain experience, skills and vocational qualifications. Investing in employee development enables us to: attract new talent; retain a workforce of competent people who are willing and able to achieve our objectives; and provide a pipeline of people who are ready to transition into leadership roles.

We recognise that workforce agility, empowerment and innovation are critical to our success, especially during periods of change, so we are committed to developing the knowledge, skills, competencies and attributes of all our employees.

Employee development at Oil Search includes online, face-to-face, external and on-the-job training, secondments, mentoring, coaching and higher education support. We adopt a 70:20:10 approach to individual development. This approach promotes three types of learning in that ratio: self-directed experiential learning; social learning through networking, coaching and mentoring; and structured learning through formal education. Each employee is encouraged to develop and work towards an Individual Career Development Plan with their manager and to seek learning opportunities throughout their career. All our employees participate in an annual individual performance review process.

Organisational development specialists oversee our training and development activities. Formal development programmes support staff development, ensure clear career pathways for current and future business leaders, and help us to recruit and grow new entrants to the industry. They are designed to reinforce and develop the Company's leadership capability and diversity, and instil values and behaviours that support the delivery of our Company strategy. Our programmes also help to build a pool of skilled and experienced talent at all levels in the industry in PNG and are an important component of our socio-economic contribution.

We promote new role opportunities through our internal job site. Where we are unable to find the right skills internally, local employment is encouraged as the next option whenever possible.

Our Company-wide learning management system captures training course participation and enables our employees and contractors to identify their role-specific training needs. Key training and development performance indicators are reported regularly to the Board People and Nominations Committee.



Leadership Development

Two programmes target the development of our current and future leaders: the Accelerated Development (ADP) and Citizen Development (CDP) Programmes.

The ADP identifies high performers with leadership potential and develops them through a 12-month programme that includes residential workshops and executive coaching sessions. Each participant has a customised development plan and is teamed with two Executive General Managers as mentors. Discrete projects (often outside their immediate responsibilities), on-the-job learning and personal reflection are an integral part of the development experience. This programme facilitates cross-departmental understanding and communication, and gives current and future leaders a broader awareness of the Company.

As a PNG company, we are committed to providing clear development pathways for our high-performing PNG citizen employees into leadership roles. We provide every CDP participant with an individually tailored programme that gives them the exposure, experience, education and support required to progressively take on greater leadership responsibility. Each participant and their supervisor is supported by a leadership coach.



Technical and Managerial Skills Development

Our Competency Assurance Programme ensures the technical competency of people in critical operational roles. We use a competency profile for each critical role to assess individual skills and the suitability of existing training materials. Where a gap exists, employees receive training and reassessment until the required level of competence is achieved. We benchmark our technical competency profiles against international and Australian best practice standards.

Our supervisors in PNG participate in 'Supervising Our Way', a series of workshops that ensure they have the right skills to lead successful teams. The programme comprises four modules covering core supervisory skills, safety critical skills, building teams and creating value. The first module, which was rolled out in 2016, includes leading a team, planning, work allocation and verification, workspace inspection, risk management, responding to unplanned events and handovers.

Graduates and Apprentices

Since 2006, we have hired and trained local graduates in PNG from various technical disciplines, including oil and gas production, maintenance engineering, environmental management and finance. Over the past decade, the retention rate among our graduates has averaged more than 70%. We work closely with PNG education institutions to ensure we continue to attract the highest calibre of new recruits.

Our 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 so they get valuable on-the-job perspectives on life at Oil Search.

Our 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 us. Certain trades also receive external training. We move apprentices to different sites or areas to ensure they are exposed to a broad cross-section of activities. We have structured our Apprentice Programme to meet or exceed the expectations of the PNG National Apprenticeship Training Board and it forms part of Oil Search's Competency Assurance Programme.

For further information on these programmes in 2016, see the latest [Social Responsibility Report](#).



Diversity and inclusion

Having a diverse and inclusive workforce that reflects the areas where we operate strengthens our capability and resilience. We aim to provide an equal opportunity work environment that's free of harassment and bullying and promotes decision-making that's unbiased and free of discrimination and victimisation.

As outlined in the [Oil Search Diversity and Inclusion Policy](#), diversity encompasses gender, ethnicity and age. The [Diversity Policy](#), the [Oil Search Code of Conduct](#) and our Human Resource Standards make it clear we won't tolerate discrimination, harassment, bullying or other victimisation, and outline how we approach a discrimination allegation.

Our Diversity and Inclusion Strategy focuses on increasing:

- ▶ Female and PNG national representation in leadership roles.
- ▶ Female and PNG national representation in our leadership and management level succession plans.
- ▶ Female representation in our Graduate Development and Apprentice Programmes.

We report our progress towards these objectives in our annual [Social Responsibility Report](#).



Our approach includes applying candidate gender diversity requirements for all external roles and removing

diversity marker information from resumes. This improves the diversity of candidates being considered and reduces the risk of personal bias during recruitment. Personal bias training for our senior managers occurred in 2016, and will be expanded in 2017.

Both gender and ethnicity are elements of our selection criteria for participation in our Accelerated Development Programme (ADP), Citizen Development Programme (CDP) and Graduate Development and Apprenticeship Programmes. For further information on these development programmes, see [Training and Development](#).

Flexible working arrangements are available, and employees can purchase up to two weeks' additional leave each year to help balance their personal and professional commitments. To support employees with family responsibilities, we continue paying superannuation payments to men and women who take unpaid parental leave, a point of difference for our Company in both Australia and PNG.

We recognise the impact gender-based violence can have on the wellbeing and productivity of employees and as such, we provide a safe environment and support to employees who are subject to violence. Our principles of support are outlined in the Family and Women's Protection Procedure. Our Women's Protection and Empowerment (WPE) Strategy, which includes elements of our Company processes and community-based activities, is overseen by the Board HSS Committee and the Oil Search Foundation Board. It is delivered by a dedicated WPE project manager and supported by an employee group, the Women's Protection and Empowerment Steering Committee.

The Oil Search Women's Network provides an informal opportunity for women across the Company to support and learn from each other.

To the extent that the law permits, we collect data on workforce age, nationality and gender to support our diversity efforts. Our drive to provide a workplace free of discrimination and victimisation of any kind aligns with or exceeds local legislative requirements in each of the countries where we operate.

Our diversity and inclusion performance, including instances of discrimination, is monitored on a quarterly basis by the Board People and Nomination Committee, and is included in key performance indicators for some executive managers.

Performance and remuneration

A well-structured performance management programme, paying people fairly for the work they do, and providing competitive benefits and incentives are key elements which enable us to attract, retain and motivate the right people to achieve our business objectives. We are committed to providing market-competitive remuneration and benefits which are above the minimum wage, and to rewarding sustained high performance in the form of consistent achievement against KPIs.

All our employees receive a market-competitive total fixed remuneration package. We benchmark remuneration annually against relevant local market salary surveys conducted by independent third parties.

Our permanent employees participate in a short-term incentive (STI) scheme which rewards individual contributions to team, business unit and overall Company performance. We assess overall Company performance using an STI scorecard. The scorecard consists of a range of operational, financial and business growth measures directly linked to our objectives, including: safety, production, cost management and profit, resource discoveries and achievement of strategic initiatives.

In 2016, Total Recordable Injury and High Potential Incident Rates represented 10% of the overall scorecard weighting. If one fatality occurs, the overall safety outcome is reduced by half, and if two fatalities occur, the overall safety outcome reduces to zero. We determine individual allocations from the STI pool with reference to

individual performance against job requirements and key performance indicators, as well as our leadership behaviours.



Provided they've demonstrated an acceptable level of personal performance, each employee can participate in our long-term incentive plan. This plan gives the Board the flexibility to grant employees equity incentives such as performance rights, share rights, and restricted shares, providing them with an opportunity to share in the long-term growth of the Company.

We also offer a range of market-competitive employee benefits in addition to local statutory entitlements. For some benefits, Oil Search provides a minimum global standard, regardless of the local market or local statutory requirements. Examples include the provision of paid parental leave, continuing superannuation contributions for primary care-givers during periods of unpaid parental leave, and an annual leave purchase scheme which allows participants to purchase up to an additional two weeks of annual leave per year.

We provide other benefits based on their relevance to the location, including local market practice. In PNG, such benefits include: the provision of health care; education and housing allowances; superannuation; life insurance; transport to and from work; and a first home ownership scheme. In Australia, such benefits include superannuation, novated lease vehicles and salary continuance insurance. Generally, these benefits are available to all permanent employees, subject in some cases to a minimum service requirement.

For further information on Board members' and senior management's remuneration, see the remuneration report on pages 79 - 100 of the 2016 Annual Report.

Workforce management

At Oil Search, we recognise that the key to sustainable competitive advantage is our people. We are committed to engaging in good communication and honest dialogue with all employees so we can understand and address their concerns, encourage continual improvement and ensure their actions and outcomes are directly aligned with our broader business objectives.

We encourage two-way communication. Informal engagement occurs regularly between our employees and between employees and their line managers, including during lunch and learn sessions or during job start or other team meetings. We provide regular opportunities for formal engagement, such as participation in HSS Groups, discussion forums and performance reviews. We also arrange additional opportunities to discuss key issues during periods of significant change. See [Stakeholder Engagement](#) for an overview of all the engagement methods we employ.

All our employees and contractors have access to our 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 can access the Employee Assistance Programme, an externally provided, confidential counselling service. Our Family and Women's Protection Procedure outlines the support we provide should an employee experience family or sexual violence, including allowing them leave to move to safe accommodation or attend appointments.



We work respectfully with employee representative bodies and trade unions. The principles contained in our [Code of Conduct](#), [Social Responsibility Policy](#) and Human Resource Standards support the creation of a workplace environment in which our employees can meet without discrimination, harassment or retribution.

We respond to any disputes or complaints about workplace practices fairly and transparently, and the Human Resource team works directly with the employee's immediate manager to address the grievance. If they can't resolve a grievance, it's escalated to the senior management team and, if necessary, the Board.

Our approach to workforce management is outlined in our Human Resource Standards and [Code of Conduct](#). These address topics such as open communication with employees, remuneration and benefits, diversity, leave entitlements, anti-discrimination, grievance resolution, and performance management.

Our Human Resource Standards meet or exceed the requirements of the PNG Employment Act and other local equivalents. This mitigates the possibility of forced or underage labour within our direct workplace. However, we have identified that some labour disputes — such as the timely payment of superannuation and wages — are an area of potential risk in our supply chain. Such risks are evaluated and mitigated as part of pre-qualification procedures. We are implementing a more systemic response to this risk as part of our Human Rights Improvement Plan and Responsible Supply Chain Strategy development.

Performance

Social Responsibility

Maintaining a stable operating environment is always a strategic priority for Oil Search. It remained so in 2016 and is likely to become a greater priority in 2017 as fundamental global shifts continue. Changing societal expectations, rising nationalism and technological disruption are driving significant political, economic and social change.

[Read the 2016 Social Responsibility report here](#)



Find more here:

- ▾ [Reporting and Assurance](#)
- ▾ [Memberships and Commitments](#)
- ▾ [Ratings and Awards](#)
- ▾ [Downloads](#)
- ▾ [Data Centre](#)

Reporting and Assurance

At Oil Search, we are committed to transparently reporting on our 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, host communities and governments to review and compare our performance and provide informed feedback. Our social responsibility reporting continually evolves in line with changing Company priorities and risks and stakeholder expectations.

Reporting our performance

The content for our [2016 Social Responsibility Report](#) reflects issues that have been highlighted as important through stakeholder engagement, benchmarking, media analysis and Company strategy setting. We have reported our approach to managing these issues and recent updates on performance under three key themes: **Making PNG lives better**, **Proud of what we do and how we do it**, and **Engaging and empowering our people**.

The Reporting Index outlines how we have addressed international frameworks, 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, as well as the United Nations Sustainable Development Goals. We have compiled the Report's quantitative data in accordance with the 2016 Oil Search Basis of Preparation Document, which is available from the [Downloads](#) section.

Representatives from across the business work with the Social Responsibility team to compile our annual social responsibility reporting. All the information in our annual Social Responsibility Report is reviewed by the senior management team and endorsed by the Board HSS Committee.




We also participate in global and industry-based reporting initiatives such as CDP. We have submitted a response to CDP Carbon since 2010 and CDP Water since 2014. Our latest responses are available from the [Downloads](#) section.

Independent Assurance

External assurance enhances the credibility and transparency of our social responsibility data among our stakeholders and helps to identify improvements for future reporting. We obtain independent assurance over selected social responsibility data in accordance with Australian Standards on Assurance Engagements ASAE 3000. Our Assurance Statement outlines the scope and basis of the assurance provided.



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

Memberships and Commitments

| | |
|---|---|
|  | <p>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, we annually report on progress towards implementing the 10 Principles.</p> |
| UNVPS | <p>The United Nations Voluntary Principles for Security and Human Rights is a multi-stakeholder initiative that promotes the implementation of a set of principles that guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights. We were approved as a participant in December 2015.</p> |
|  | <p>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. We have been an EITI Supporting Company since 2013 and have published payments data since 2012. When requested, we contribute payment data for inclusion in national reconciliations.</p> |
|  | <p>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. We became a member of the IOGP in 2005 and submit safety and environmental data annually for inclusion in the IOGP's industry performance reports. We are represented on the Security Committee.</p> |
| APPEA | <p>The Australian Petroleum Production and Exploration Association is the peak national body representing Australia's oil and gas exploration and production industry. We became a member in 1998.</p> |
| BCFW | <p>The PNG Business Coalition for Women is a group of companies and corporate</p> |

leaders who are working together to drive positive change for women and businesses in PNG. We became a member in 2015 and participate in a number of working groups, including the Addressing Violence Working Group.

Ratings and Awards

| | |
|--|--|
|  <p>MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM</p> | <p>The Dow Jones Sustainability Indices (DJSI) are a benchmark of companies that are implementing sustainable best practice. We have been included in the DJSI Australia Index since 2013.</p> |
| <p>FTSE4GOOD</p> | <p>We have been included in the FTSE4GOOD Index since 2015. To be included, 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.</p> |
| <p>STOXX</p> | <p>We have been included in the STOXX Global ESG Leader Index since 2015. This includes leading global companies in terms of environmental, social and governance criteria, based on ESG indicators provided by Sustainalytics.</p> |
|  | <p>In 2012, 2015 and 2016 we were included in the Vigeo World 120 Index. Included companies demonstrate the highest level of assurance within their universe for their ability to integrate ESG objectives and manage related risks.</p> |
| <p>ETHIBEL EXCELLENCE</p> | <p>We have been included in the Ethibel EXCELLENCE Investment Register since 2015. This register includes companies that perform better than average in their sector in corporate social responsibility.</p> |
| <p>EAST COLES</p> | <p>We have won awards since 2015 at the East Coles Corporate Performance Awards in the energy category. In 2016, we won best ESG and CEO in the energy and materials category. The Awards are based on research conducted by East Coles into analysts' (fund managers and brokers) opinions of S&P/ASX200 companies.</p> |

Data Centre

[2016 Data Basis of Preparation](#)

[Excel extract](#)

Data tables

Integrity and Transparency

| PAYMENTS TO GOVERNMENTS BY COUNTRY (US\$'000) | | | |
|--|--------|---------|---------|
| INDICATOR | 2016 | 2015 | 2014 |
| PAPUA NEW GUINEA | | | |
| Total paid to PNG Government | 68,279 | 97,843 | 239,606 |
| Total paid to the Independent State of PNG | | | |
| Royalties | 8,403 | 10,988 | 21,170 |
| Development levies | 2,371 | 5,838 | 6,603 |
| Total paid to National Petroleum Company of PNG | | | |
| Oil Search Share Dividend | 7,470 | 26,890 | 495 |
| Total paid to PNG Internal Revenue Commission | | | |
| Oil Search Directors' tax | 637 | 603 | 1,093 |
| Petroleum Tax | 11,829 | 1,389 | 127,633 |
| Salary & Wages Tax | 26,860 | 34,296 | 36,642 |
| Other Govt. taxes | 9,900 | 17,559 | 44,433 |
| Other | | | |
| Other Govt. fees & charges | 809 | 281 | 1,537 |
| AUSTRALIA | | | |
| Total paid to Australian Government | 1,385 | 9,342 | 16,182 |
| Total paid to Australian Taxation Office | 1,380 | 9,336 | 16,173 |
| Total paid to other Australian Government entities | 5 | 6 | 9 |
| TUNISIA | | | |
| Total paid to Tunisian Government | 89 | 324 | 226 |
| ETAP (State Oil Company) | 0 | 95 | 95 |
| Ministry of Finance | 89 | 229 | 131 |
| IRAQ - KURDISTAN REGIONAL GOVERNMENT (KRG) | | | |
| Total paid to Kurdistan Government | 91 | 1,077 | 6,035 |
| Total paid to KRG Ministry of Natural Resources | 0 | 866 | 5,836 |
| Total paid to KRG Ministry of Finance and Economy | 91 | 210 | 199 |
| YEMEN | | | |
| Total paid to Kurdistan Government | n/a | n/a | n/a |
| Total paid to Yemeni Government | 0 | 360 | 583 |
| Total paid to the Ministry of Oil & Minerals | 0 | 266 | 254 |
| Total paid to the Ministry of Finance and Social Security Organisation | 0 | 95 | 329 |
| PAYMENTS TO GOVERNMENTS (US\$'000) | | | |
| INDICATOR | 2016 | 2015 | 2014 |
| Total payments to government | 69,844 | 108,946 | 262,632 |
| FINES PAID FOR NON-COMPLIANCE (US\$'000) | | | |
| INDICATOR | 2016 | 2015 | 2014 |

| | | | |
|--|---|---|---|
| Fines paid for non-compliance with laws and regulations | | | |
| Total fines paid | 0 | 0 | 0 |
| Anti-competitive | 0 | 0 | 0 |
| Environmental | 0 | 0 | 0 |
| Corruption | 0 | 0 | 0 |

PAYMENTS TO ASSOCIATIONS AND NETWORKS (US\$'000)

| INDICATOR | 2016 | 2015 | 2014 |
|---|------|------|------|
| Payments made to associations and networks engaged in policy | | | |
| Total payments made to associations and networks | 135 | n/a | n/a |
| PNG Chamber of Mines and Petroleum | 73 | n/a | n/a |
| Business Council of PNG | 4 | n/a | n/a |
| Extractives Industries Transparency Initiative (ETI) | 25 | n/a | n/a |
| Transparency International PNG | 1 | n/a | n/a |
| Australian Petroleum Production and Exploration Association | 32 | n/a | n/a |
| Institute of National Affairs PNG | 0 | n/a | n/a |

CONDUCT

| INDICATOR | 2016 | 2015 | 2014 |
|--|------|------|------|
| Number of code of conduct breaches by type | | | |
| Number of employee Code of Conduct breaches | 6 | 19 | 16 |
| Computer usage | 0 | 4 | n/a |
| Drugs and alcohol | 1 | 4 | n/a |
| Fraud | 0 | 1 | n/a |
| Harassment and bullying | 2 | 5 | n/a |
| Health, Safety, Environment & Security | 3 | 2 | n/a |
| Outside employment | 0 | 1 | n/a |
| Share trading | 0 | 2 | n/a |
| Discrimination | 0 | 0 | n/a |
| Oil Search Whistle-blower Hotline calls | | | |
| Number of calls to Oil Search's Whistle-blower Hotline | 0 | 2 | 2 |

People and Organisation

| INDICATOR | 2016 | | 2015 | | 2014 | |
|---|-------|-----|-------|-----|-------|-----|
| WORKFORCE | | | | | | |
| Total workforce | | | | | | |
| Total employees | 1,206 | | 1,334 | | 1,701 | |
| Total workforce by employment type | | | | | | |
| | M | F | M | F | M | F |
| Permanent full-time | 783 | 224 | 804 | 212 | 1,013 | 263 |
| Permanent part-time | 2 | 15 | 4 | 10 | 3 | 11 |
| Fixed-term contract | 43 | 33 | 57 | 31 | 64 | 19 |
| Casual | 3 | 3 | 4 | 7 | 3 | 6 |

| | | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|-----|
| Contractors | 85 | 15 | 177 | 28 | 271 | 48 |
| Total workforce by location | M | F | M | F | M | F |
| Total employees in PNG | 669 | 181 | 679 | 164 | 818 | 177 |
| Total employees in Australia | 155 | 92 | 161 | 86 | 186 | 108 |
| Total employees in MENA | 7 | 2 | 29 | 10 | 79 | 14 |
| Total workforce by age | M | F | M | F | M | F |
| <30 | 92 | 57 | 104 | 62 | 131 | 71 |
| 30-50 | 526 | 187 | 561 | 169 | 675 | 186 |
| >50 | 213 | 31 | 204 | 29 | 277 | 42 |
| Total workforce by category | M | F | M | F | M | F |
| Graduates and apprentices | 47 | 19 | 43 | 13 | 54 | 12 |
| Employees | 170 | 92 | 185 | 94 | 239 | 113 |
| Supervisors/professional or technical | 297 | 80 | 304 | 81 | 373 | 89 |
| Managers or technical specialists | 256 | 68 | 277 | 59 | 348 | 73 |
| Senior managers or technical experts | 52 | 16 | 50 | 13 | 59 | 12 |
| Executive management | 9 | 0 | 10 | 0 | 10 | 0 |

WORKFORCE AND SENIOR MANAGEMENT DIVERSITY

Diversity in the total workforce

| | | | |
|-----------------------------|-----|-----|-----|
| Number of female employees | 275 | 260 | 299 |
| % women in workforce | 25% | 23% | 22% |
| Number of PNG citizens | 709 | 705 | 828 |
| % PNG citizens in workforce | 64% | 62% | 60% |

Diversity in the PNG workforce

| | | | |
|-----------------------------|-----|-----|-----|
| Number of female employees | 173 | 158 | 169 |
| % women in workforce | 20% | 19% | 17% |
| Number of PNG citizens | 709 | 705 | 828 |
| % PNG Citizens in workforce | 83% | 84% | 83% |

Diversity in total senior management

| | | | |
|--|-----|-----|-----|
| Number of females in Senior Management team | 16 | 13 | 12 |
| Number of PNG citizens in Senior Management team | 18 | 15 | 13 |
| Total number of Senior Management employees | 77 | 73 | 81 |
| % PNG citizens in senior management | 23% | 21% | 16% |
| % Women in senior management | 21% | 18% | 15% |
| % women in junior management positions, i.e. first line management | 21% | 21% | 18% |

Board diversity

| | | | |
|-------------------------|-----|-----|-----|
| Number of Board members | 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 | 6% | 2% | 5% | 2% | 6% | 1% |
| Employees | 22% | 7% | 23% | 8% | 24% | 7% |
| Supervisors/professional or technical | 29% | 8% | 29% | 7% | 28% | 6% |
| Managers or technical specialists | 17% | 5% | 19% | 5% | 21% | 6% |
| Senior managers or technical experts | 1% | 1% | 1% | 1% | 1% | 0% |

| | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Executive management | 0% | 0% | 0% | 0% | 0% | 0% |
| Total | 76% | 24% | 77% | 23% | 80% | 20% |
| % female and male employees by category | M | F | M | F | M | F |
| Graduates and apprentices | 4% | 2% | 4% | 1% | 4% | 1% |
| Employees | 15% | 8% | 16% | 8% | 17% | 8% |
| Supervisors/professional or technical | 27% | 7% | 27% | 7% | 27% | 6% |
| Managers or technical specialists | 23% | 6% | 25% | 5% | 25% | 5% |
| Senior managers or technical experts | 5% | 1% | 4% | 1% | 4% | 1% |
| Executive management | 1% | 0% | 1% | 0% | 1% | 0% |
| Total | 75% | 25% | 77% | 23% | 78% | 21% |

REMUNERATION

| | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Ratio of basic salary by gender and employee category – PNG | M | F | M | F | M | F |
| Graduates and apprentices | 1 | 0.94 | 1 | 1.12 | 1 | 1.1 |
| Employees | 1 | 0.99 | 1 | 1.03 | 1 | 1.09 |
| Supervisors/professional or technical | 1 | 1.03 | 1 | 1.03 | 1 | 1.07 |
| Managers or technical specialists | 1 | 1.12 | 1 | 1.1 | 1 | 1.12 |
| Senior managers or technical experts | 1 | 0.87 | 1 | 0.68 | 1 | 0.88 |
| Executive management | n/a | n/a | n/a | n/a | n/a | n/a |
| Total remuneration ratio PNG | 1 | 1.05 | 1 | 1 | 1 | 1.03 |
| Ratio of basic salary by gender and employee category – Australia | M | F | M | F | M | F |
| Graduates and apprentices | n/a | n/a | n/a | n/a | n/a | n/a |
| Employees | 1 | 1.14 | 1 | 1.12 | 1 | 1.07 |
| Supervisors/professional or technical | 1 | 1.06 | 1 | 0.93 | 1 | 0.93 |
| Managers or technical specialists | 1 | 0.91 | 1 | 1.04 | 1 | 0.99 |
| Senior managers or technical experts | 1 | 1.18 | 1 | 0.95 | 1 | 0.91 |
| Executive management | n/a | n/a | n/a | n/a | n/a | n/a |
| Total remuneration ratio AUS | 1 | 1.02 | 1 | 0.97 | 1 | 0.98 |

TRAINING AND DEVELOPMENT

| | | | | | | |
|--|-------------|----------|-------------|----------|-------------|----------|
| % of workforce who received a performance review | M | F | M | F | M | F |
| % of workforce who received a performance review | 100% | 99% | 100% | 97% | 100 | 98 |
| % of workforce who received a performance review by employee category | M | F | M | F | M | F |
| Graduates and apprentices | 100% | 100% | 100% | 100% | n/a | n/a |
| Employees | 99% | 98% | 98% | 94% | n/a | n/a |
| Supervisors/professional or technical | 100% | 100% | 100% | 100% | n/a | n/a |
| Managers or technical specialists | 100% | 100% | 99% | 100% | n/a | n/a |
| Senior managers or technical experts | 100% | 100% | 100% | 100% | n/a | n/a |
| Executive management | 100% | n/a | 100% | n/a | n/a | n/a |
| Average training and development hours and spend by gender | | | | | | |
| Average hours of training and development per employee | 37.48,16.52 | | 51.67,31.56 | | 39.66,21.82 | |
| Average amount spent per employee on training and development (US\$) | 589 | | 638 | | 3,384 | |
| Average training and development hours by employee category | | | | | | |
| Graduates and apprentices | 6.41 | | 39.38 | | 12 | |

| | | | | | | |
|--|-------|-------|-----|-----|----|-----|
| Employees | 3.97 | 16.03 | 15 | | | |
| Supervisors/professional or technical | 20.51 | 6.25 | 10 | | | |
| Managers or technical specialists | 3.54 | 5.53 | 10 | | | |
| Senior managers or technical experts | 3.32 | 4.23 | 9 | | | |
| Executive management | 4.5 | 13 | 10 | | | |
| Development programme participation (% of workforce involved) | | | | | | |
| Accelerated Development Programme | 1% | 1% | n/a | | | |
| Citizen Development Programme | 7% | n/a | n/a | | | |
| Graduate Development Programme | 3% | 1% | n/a | | | |
| Apprentice Programme | 3% | 2% | n/a | | | |
| Supervisor Development Programme | 11% | n/a | n/a | | | |
| RECRUITMENT AND RETENTION | | | | | | |
| 12-month turnover rate (%) | | | | | | |
| Voluntary turnover rate | 15% | n/a | n/a | | | |
| Voluntary turnover rate | n/a | 6% | 6% | | | |
| Involuntary turnover rate | 8% | 8% | 2% | | | |
| Total | 23% | 20% | 9% | | | |
| 12-month turnover rate for Australia and PNG by age (%) | | | | | | |
| | M | F | M | F | M | F |
| <30 | 9% | 11% | 14% | 13% | 7% | 10% |
| 30-50 | 15% | 10% | 23% | 28% | 7% | 11% |
| >50 | 18% | 16% | 41% | 65% | 8% | 20% |
| Total Company turnover | 15% | 11% | 26% | 28% | 7% | 12% |
| Return to work and retention rates after maternity leave | | | | | | |
| Number of employees entitled to maternity leave | 275 | 260 | 299 | | | |
| Number of employees who took maternity leave | 24 | 22 | 24 | | | |
| Number of employees who returned after maternity leave | 23 | 21 | 23 | | | |
| Retention rate of employees who returned to work after maternity leave ended (%) | 96% | 95% | 96% | | | |
| Internal movement and opportunities | | | | | | |
| % of open positions filled by internal candidates | 62% | 53% | 26% | | | |
| Number of employees promoted | 35 | n/a | n/a | | | |

Responsible Operator

| | | | |
|---|-------------|-------------|-------------|
| CLIMATE CHANGE | | | |
| INDICATOR | 2016 | 2015 | 2014 |
| GREENHOUSE GAS EMISSIONS UNDER OPERATIONAL CONTROL * | | | |
| Total greenhouse gas emissions (ktCO₂-e) | | | |
| GHG total | 941 | 958 | 830 |
| Greenhouse gas emissions by scope (ktCO₂-e) | | | |
| GHG by Scope 1 emissions | 937 | 953 | 825 |

| | | | |
|--|-----|-----|-----|
| GHG by Scope 2 emissions | 5 | 5 | 5 |
| Greenhouse gas emissions at significant areas of operation (ktCO₂-e) | | | |
| Gobe | 186 | 175 | 179 |
| Kutubu Refinery | 32 | 41 | 45 |
| Central Processing Facility (CPF) | 365 | 354 | 335 |
| Agogo Processing Facility (APF) | 278 | 307 | 188 |
| Hides | 61 | 62 | 67 |
| Kumul | 12 | 11 | 9 |
| Kopi and Mbro | 8 | 7 | 7 |
| Greenhouse gas emissions by type (ktCO₂ - e) | | | |
| Combustion | 438 | 437 | 417 |
| Flaring | 114 | 108 | 124 |
| Liquid fuels | 40 | 44 | 50 |
| Venting | 261 | 281 | 173 |
| Fugitives | 84 | 83 | 61 |
| Electricity | 5 | 5 | 5 |
| Emission composition | | | |
| Methane (ktCH ₄) | 13 | 13 | 12 |
| Carbon dioxide (ktCO ₂) | 679 | 689 | 580 |
| Production greenhouse gas emission intensity | | | |
| Gross annual production (mmboe) | 20 | 20 | 15 |
| GHG emissions intensity (ktCO ₂ -e/mmboe) | 46 | 48 | 55 |
| Flaring intensity (ktCO ₂ -e/mmboe) | 6 | 5 | 8 |
| Venting intensity (ktCO ₂ -e/mmboe) | 13 | 14 | 11 |
| *Our 2016 scope 1 greenhouse gas emissions were calculated using a global warming potential for methane of 21 per the IPCC Second Assessment Report (1995). For further information, please see the 2016 Basis of Preparation. | n/a | n/a | n/a |

ENERGY

Direct energy consumption (GJ)

| | | | |
|-------------------------------|-------------|-------------|-------------|
| Total direct energy produced | 135,005,512 | 130,543,521 | 101,820,738 |
| Total direct energy purchased | 264,010 | 237,410 | 221,968 |
| Total direct energy sold | 124,285,468 | 120,431,094 | 91,741,734 |
| Total energy consumed | 8,553,579 | 8,600,486 | 8,307,977 |

Direct energy consumption by source (GJ)

| | | | |
|-----------------------------|-----------|-----------|-----------|
| Associated gas used as fuel | 8,032,283 | 8,025,920 | 7,658,672 |
| Liquid fuel | 521,296 | 574,565 | 649,305 |

Indirect energy

| | | | |
|--|--------|--------|--------|
| Total electricity purchased and consumed (J) | 23,700 | 22,494 | 23,059 |
|--|--------|--------|--------|

Energy intensity

| | | | |
|---|-----|-----|-----|
| Energy intensity of oil and gas production (GJ/mmboe) | 469 | 457 | 583 |
|---|-----|-----|-----|

Investment in renewable energy (US\$'000)

| | | | |
|----------------------------------|--------|-------|-------|
| Total amount invested in biomass | 12,317 | 3,828 | 3,054 |
|----------------------------------|--------|-------|-------|

ENVIRONMENT

| | | | |
|------------------|-------------|-------------|-------------|
| INDICATOR | 2016 | 2015 | 2014 |
|------------------|-------------|-------------|-------------|

WASTE (M3)**Waste generated**

| | | | |
|-----------------------|--------|--------|--------|
| Hazardous | 2,820 | 2,705 | 2,759 |
| Non-hazardous | 39,116 | 42,462 | 41,535 |
| Total waste generated | 41,936 | 45,167 | 44,295 |

Volume of waste by disposal method

| | | | |
|--------------------------|--------|--------|--------|
| Incineration (mass burn) | 31,948 | 35,810 | 39,140 |
| On-site storage | 3,710 | 6,656 | 930 |
| Landfill | 5,589 | 2,661 | 4,155 |
| Recycling | 689 | 71 | 69 |

SPILLS THAT REACH THE ENVIRONMENT

| | | | |
|---|-------|-------|-------|
| Number of spills > 1 bbl. that reached the environment | 4 | 3 | 1 |
| Volume of spills hydrocarbon spills (L) | 900 | 250 | 0 |
| Volume of non-hydrocarbon spills (L) | 1,790 | 1,795 | 1,000 |
| Number of significant spills | 0 | 0 | 0 |
| Number of significant spills from third parties under contractual obligations | 0 | 0 | 0 |

WATER USE**Produced water (mbl)**

| | | | |
|--------------------------------------|-------|-------|-------|
| Volume of produced water | 5,432 | 4,033 | 4,038 |
| Volume of produced water re-injected | 5,412 | 4,033 | 4,038 |
| % produced water re-injected | 100 | 100 | 100 |

Water withdrawals (mega litres)

| | | | |
|-----------------------------|-----|-----|-----|
| Surface water | 129 | 70 | 120 |
| Groundwater (non-renewable) | 253 | 183 | 90 |
| Total water withdrawn | 382 | 253 | 211 |

HEALTH AND SAFETY

| INDICATOR | 2016 | | 2015 | | 2014 | |
|-----------|------|--|------|--|------|--|
|-----------|------|--|------|--|------|--|

RECORDABLE INJURIES AND INJURY RATES**Total recordable injuries**

| | | | | | | |
|-------------------------------------|----|--|----|--|----|--|
| Total number of recordable injuries | 12 | | 21 | | 28 | |
|-------------------------------------|----|--|----|--|----|--|

Total employee recordable injuries by gender

| | | | | | | |
|--|---|---|---|---|---|---|
| Fatalities | M | F | M | F | M | F |
| Lost Work Day Cases | 0 | 0 | 0 | 0 | 2 | 0 |
| Medical Treatment Cases or Restricted Work Day Cases | 0 | 0 | 1 | 2 | 1 | 1 |

Total Company service personnel recordable injuries by gender

| | | | | | | |
|--|---|---|----|---|----|---|
| Fatalities | M | F | M | F | M | F |
| Lost Work Day Cases | 0 | 0 | 0 | 0 | 1 | 0 |
| Medical Treatment Cases or Restricted Work Day Cases | 2 | 0 | 0 | 0 | 4 | 0 |
| | 9 | 1 | 18 | 0 | 19 | 0 |

Recordable injuries by region and gender

| | | | | | | |
|----------------------------|----|---|----|---|----|---|
| Papua New Guinea | M | F | M | F | M | F |
| Middle East & North Africa | 10 | 1 | 15 | 0 | 17 | 1 |
| Australia | 1 | 0 | 4 | 0 | 10 | 0 |
| | 0 | 0 | 0 | 2 | 0 | 0 |

Hours worked

| | | | |
|----------------------|-----------|------------|------------|
| Oil Search employees | 2,304,181 | 3,130,659 | 3,305,602 |
| Contractors | 5,530,252 | 7,850,248 | 10,919,866 |
| Total hours worked | 7,834,433 | 10,980,907 | 14,225,468 |

Injury frequency rates

| | | | |
|---|------|------|------|
| Total Recordable Injury Rate (TRIR) | 1.53 | 1.91 | 1.97 |
| Lost Time Injury Rate (LTIR) | 0.26 | 0 | 0.49 |
| Oil Search employees Lost Time Injury Rate (LTIR) | 0 | 0 | 0.61 |
| Contractors Lost Time Injury Rate (LTIR) | 0.36 | 0 | 0.46 |

PROCESS SAFETY

| Tier 1 and 2 process safety events by business activity | Tier 1 | Tier 2 | Tier 1 | Tier 2 | Tier 1 | Tier 2 |
|---|--------|--------|--------|--------|--------|--------|
| Total events | 0 | 2 | 3 | 5 | 3 | 4 |
| Exploration | 0 | 0 | 0 | 0 | 0 | 0 |
| Drilling | 0 | 0 | 0 | 1 | 0 | 1 |
| Production | 0 | 2 | 3 | 4 | 3 | 3 |

HIGH POTENTIAL INCIDENTS AND RATES

| | | | |
|--|------|------|------|
| High Potential Incident rate (HIPO) | 1.79 | 0.64 | 0.63 |
| Total number of High Potential Incidents | 14 | 7 | 9 |

MEDICAL EVACUATIONS (PNG)

| | | | |
|---|-----|----|----|
| Number of community members evacuated | 109 | 64 | 71 |
| Number of workforce members (employee & contractor) evacuated | 33 | 43 | 40 |

CLINIC VISITS

Total number of patients treated (PNG)

| | | | |
|-----------------------------------|--------|--------|--------|
| Community | 3,992 | 3,503 | 4,128 |
| Workforce (employee & contractor) | 14,794 | 17,283 | 16,978 |

Total number of patients treated (AUS)

| | | | |
|-----------------------------------|-----|-----|-----|
| Workforce (employee & contractor) | 350 | 388 | 440 |
|-----------------------------------|-----|-----|-----|

Total number of patients treated (Middle East & North Africa)

| | | | |
|---|--------|--------|--------|
| Workforce (employee & contractor) & Community | 0 | 555 | 1,449 |
| Total patients treated | 19,136 | 21,729 | 22,995 |

EMPLOYEE HEALTH AND WELLBEING

| | | | |
|---|-----|-----|-----|
| Employee staff medicals conducted | 592 | 587 | n/a |
| Personalised health assessments conducted (PNG) | 440 | 398 | n/a |

SOCIETY

| INDICATOR | 2016 | 2015 | 2014 |
|-----------|------|------|------|
|-----------|------|------|------|

COMMUNITY ENGAGEMENT AND COMPENSATION (PNG)

Contacts

| | | | |
|---|-------|-------|-------|
| # of community meetings held | 231 | 375 | 485 |
| # of field visits conducted | 860 | 1,187 | 1,559 |
| # of community Oil Search contacts (interactions) | 1,170 | 1,790 | 2,363 |

Issues management

| | | | |
|------------------------------|----|-----|-----|
| # of landowner issues raised | 90 | 160 | 264 |
| # of landowner issues closed | 68 | 135 | 234 |

| | | | |
|---|-----|-----|-----|
| Total direct cash payments to the community (US\$'000) | | | |
| Land rental cash payments to community | 254 | 252 | 301 |
| Land compensation cash payments to community | 339 | 807 | 491 |

Sustainable Development

| SUSTAINABLE DEVELOPMENT INVESTMENT (US\$'000) | | | | | | |
|---|-------------|---------|-------------|----|-------------|----|
| INDICATOR | 2016 | | 2015 | | 2014 | |
| SOCIO-ECONOMIC CONTRIBUTION IN PNG | | | | | | |
| Socio-economic contribution by stakeholder | | | | | | |
| Total paid to suppliers | 148,393 | 246,264 | 207,905 | | | |
| Total paid to shareholders | 7,604 | 29,588 | 5,976 | | | |
| Total paid to employees | 21,110 | 27,724 | 30,910 | | | |
| Total paid to community | 46,143 | 90,634 | 49,947 | | | |
| Total payments to PNG government | 60,808 | 70,953 | 239,111 | | | |
| Total socio-economic contribution to PNG | 284,058 | 465,163 | 533,849 | | | |
| SUSTAINABLE DEVELOPMENT INVESTMENT | | | | | | |
| Total sustainable development investment | 13,934 | 9,591 | 7,807 | | | |
| Sustainable development investment by type | | | | | | |
| Oil Search Foundation donation | 12,294 | 7,900 | 5,807 | | | |
| Community Development Projects | 580 | 385 | 626 | | | |
| Community education sponsorships and support | 236 | 398 | 490 | | | |
| Partnerships | 503 | 895 | 791 | | | |
| Other donations | 321 | 14 | 93 | | | |
| Total sustainable development investment by region | | | | | | |
| PNG | 13,855 | 9,485 | 7,584 | | | |
| Middle East & North Africa | 79 | 106 | 223 | | | |
| OTHER SUSTAINABLE DEVELOPMENT CONTRIBUTIONS (PNG) | | | | | | |
| Total payments to suppliers for Infrastructure Tax Credit Scheme projects | 32,209 | 81,042 | 42,363 | | | |
| Total investment in power projects | 16,687 | 5,045 | 3,054 | | | |
| SUSTAINABLE DEVELOPMENT PERFORMANCE | | | | | | |
| INDICATOR | 2016 | | 2015 | | 2014 | |
| PAPUA NEW GUINEA | | | | | | |
| Infrastructure Tax Credit Scheme | | | | | | |
| Infrastructure Tax Credit Scheme projects completed | 0 | 9 | 3 | | | |
| Oil Search community assistance projects | | | | | | |
| Community Area Planning (CAP) Projects completed | 14 | 9 | 10 | | | |
| Tertiary sponsorships | | | | | | |
| PNG students who received support from Oil Search whilst studying who graduated during the year | M | F | M | F | M | F |
| | 6 | 3 | 11 | 13 | 15 | 11 |

| Diploma in Education Primary In-Service (DEPI) | M | F | M | F | M | F |
|--|----------|----------|----------|----------|----------|----------|
| Teachers who completed DEPI qualification with Oil Search support | 11 | 1 | 5 | 0 | 4 | 0 |
| Training | M | F | M | F | M | F |
| Attendees who completed life skills training sessions | n/a | n/a | 0 | 14 | 0 | 13 |
| Attendees who completed financial literacy/basic business skills training sessions | 0 | 68 | 11 | 36 | 20 | 50 |
| Attendees who completed Lanco Directors' training | 22 | 0 | 21 | 1 | 26 | 0 |
| Attendees who completed agriculture training | 0 | 0 | 0 | 54 | 79 | 231 |
| Attendees who complete basic bookkeeping training run by OSL Community Affairs | 3 | 11 | n/a | n/a | n/a | n/a |

KURDISTAN REGION OF IRAQ

Community Development Projects

| | | | |
|--|---|----|----|
| Community Development Projects completed in the Kurdistan Region of Iraq | 0 | 11 | 19 |
|--|---|----|----|

PNG SUPPLIER AND CONTRACTOR PAYMENTS

| INDICATOR | 2016 | 2015 | 2014 |
|---|---------|---------|---------|
| Total payments to suppliers and contractors in PNG | | | |
| Suppliers and contractors paid in PGK | 83,947 | 160,620 | 117,069 |
| Suppliers and contractors paid in anything other than PGK | 198,041 | 268,446 | 330,351 |
| State Owned Enterprises | 12,158 | 16,314 | 22,285 |
| Lancos | 52,289 | 69,330 | 68,551 |
| Total paid to PNG suppliers and contractors | 346,435 | 514,710 | 538,256 |

Payments to PNG Lancos, by company

| | | | |
|---|--------|--------|--------|
| Eurest Gigira Limited | 0 | 1,260 | 1,787 |
| Eurest Kikori Oil Limited | 0 | 2,869 | 4,157 |
| Gigira Development Corporation | 3,957 | 3,349 | 2,460 |
| Gobe Catering Limited | 0 | 1,622 | 2,521 |
| Gobe Field Engineering Limited | 4,036 | 3,157 | 3,814 |
| Gobe Freight Services Limited | 3,378 | 4,931 | 5,878 |
| Kawaso Limited | 1,374 | 1,667 | 2,205 |
| Kikori Oil Investments | 0 | 0 | 76 |
| Kutubu Catering Limited | 0 | 8,562 | 13,780 |
| Kutubu Security Services | 1,894 | 2,547 | 2,439 |
| Kutmor Limited | 8,093 | 17,269 | 9,367 |
| Maka Investment Corporation | 1,938 | 3,663 | 3,663 |
| Mananda Umbrella JV | 1,228 | 2,105 | 1,955 |
| Moran Ina Naga Limited | 1,184 | 1,089 | 1,738 |
| Trans Wonderland Limited | 11,894 | 2,682 | 12,709 |
| Yasuku Oil & Gas Investment | 0 | 12,558 | 1 |
| PNG Mining and Petroleum Hospitality Services | 13,313 | n/a | n/a |
| Total paid to PNG Lancos | 52,289 | 69,330 | 68,551 |

OIL SEARCH FOUNDATION

| INDICATOR | 2016 | 2015 | 2014 |
|---|-------|-------|-------|
| CONTRIBUTORS TO THE OIL SEARCH FOUNDATION (\$US'000) | | | |
| Global Fund to Fight AIDS, Tuberculosis and Malaria | 5,611 | 1,066 | 6,490 |
| DFAT Aid Programme (previously AusAID) | 485 | 2,112 | 1,428 |

| | | | |
|--------------------|--------|--------|--------|
| Oil Search Limited | 12,294 | 7,900 | 5,807 |
| Other | 226 | 533 | 408 |
| Total | 18,616 | 11,611 | 14,133 |

PROGRAMME PERFORMANCE INDICATORS

Coverage

| | | | |
|---|-------|-----|-----|
| Total number of clinics supported by OSF | 49 | n/a | n/a |
| Number of outreach patrols and clinics delivered by OSF supported health facilities | 1,277 | n/a | n/a |
| Number of health facility support visits conducted by OSF staff | 585 | n/a | n/a |

HIV

| | | | |
|--|---------|---------|---------|
| Number of condoms distributed | 131,800 | 184,906 | 404,832 |
| Number of people who received an HIV test in the last 12 months and who know their results | 14,101 | 17,431 | 19,958 |
| Number of pregnant women who were tested for HIV and who know their results | 4,532 | 4,870 | 5,355 |
| Percentage of HIV negative infants born to HIV-infected mothers from OSF supported facilities | 1 | n/a | n/a |
| Number of infants born to HIV-infected mothers within the OSF support programme who are infected | 1 | n/a | n/a |

Malaria

| | | | |
|---|----|-----|-----|
| Percentage of slides or rapid diagnostic tests found positive among all slides and rapid diagnostic tests | 0 | 0 | 0 |
| Number of confirmed community "positive" malaria cases from OSF supported health facilities | 13 | n/a | n/a |

Maternal and Child Health

| | | | |
|---|-------|-----|-----|
| Number of attendances at OSF supported Family Support Centres | 1,174 | n/a | n/a |
| Number of women receiving antenatal care at OSF supported health facilities | 5,626 | n/a | n/a |
| Number of children below five years of age who attended MCH clinics, who are below 80% weight for age | 8,333 | n/a | n/a |
| Number of births attended by skilled personnel at OSF supported health facilities | 3,754 | n/a | n/a |
| Percentage of OSF supported health facilities that have running water to the delivery room | 1 | n/a | n/a |

Literacy and education

| | | | |
|--|----|-----|-----|
| Number of children attending the OSF supported Buk bilong Fkinini literacy library | 80 | n/a | n/a |
|--|----|-----|-----|

Training

| | | | |
|---|-------|-----|-----|
| Number of community healthcare staff attendances at capacity building training by OSF | 1,972 | n/a | n/a |
|---|-------|-----|-----|

Immunisations

| | | | |
|---|--------|-----|-----|
| Number of children who are immunised against measles at OSF supported health facilities | 2,841 | n/a | n/a |
| Total number of vaccination across all OSF supported health facilities | 60,000 | n/a | n/a |

Financial

| INDICATOR | 2016 | 2015 | 2014 |
|-------------------------------------|-----------|-----------|-----------|
| Revenue (US\$ 000) | 1,235,908 | 1,585,728 | 766,265 |
| Total net annual production (mmboe) | 30.24 | 29.25 | 19.27 |
| EBIT (US\$ 000) | 381,031 | 692,640 | 895,180 |
| EBITDAX (US\$ 000) | 852,203 | 1,151,282 | 1,256,983 |
| Profit before income tax (US\$ 000) | 185,032 | 108,255 | 584,992 |
| Net profit after tax (US\$ 000) | 89,795 | 39,381 | 353,218 |
| Core profit (US\$ 000) | 106,701 | 359,890 | 533,811 |

| | | | |
|--|-------|-------|-------|
| Average realised oil and condensate price (US\$/bbl) | 45.04 | 51.36 | 99.79 |
| Average realised LNG and gas price (US\$/mmBtu) | 6.36 | 9.44 | 13.94 |