

Social Responsibility Strategy



To successfully deliver the objectives of our Company strategy and create value for shareholders, we identify and respond to social responsibility issues that are important to our stakeholders and our business.

Oil Search's 2020 Social Responsibility Strategy is guided by the principles of our [Social Responsibility Policy](#), is integrated with the Company's broader strategic objectives and vision and has been endorsed by the Board. It prioritises initiatives and improvement areas with the greatest business value and provides a framework for optimising the positive impact of our social responsibility activities.

The Strategy focuses on the achievement of two measurable goals that address our contribution to the socio-economic development of PNG, align with the PNG Government's strategic goals and reflect our commitment to continuous performance improvement.

Making a positive contribution to sustainable development in PNG remains a critical part of both our Company and Social Responsibility strategies. We see sustainable development as an important means through which we can manage socio-political stability, and believe the success of PNG underpins the success of Oil Search.

Making PNG lives better

We aspire to set the standard for private sector contribution to sustainable development in PNG

Proud of what we do and how we do it

We seek to adopt industry best practice to manage material social responsibility issues, exceeding stakeholder expectations for governance, environmental and social performance wherever we can

- Work collaboratively with government, communities and other partners in innovative ways.
- Generate shared value and a sustainable positive impact in PNG.
- Embed social responsibility considerations into how we work.
- Ensure continued improvement in areas of our performance that are important to stakeholders.
- Be transparent about our priorities, performance and challenges.

Engaging and empowering our employees

We seek to provide a workplace that celebrates diversity and supports learning and development and drives high performance

- Actively engage with and listen to employee ideas and perspectives.
- Provide skills management, development and learning opportunities that support continued employability and business needs.

Demonstrating our progress and the positive impact of our commitment to social responsibility is increasingly important, not only for our own people and community partners but for governments, host communities, our shareholders and other stakeholders. We

publicly report our progress against our Social Responsibility Strategy every year in our [Social Responsibility Report](#) and benchmark our performance against a number of leading sustainability indices and surveys.

Social responsibility

Click play to listen to Oil Search Managing Director Peter Botten highlight our commitment to social responsibility



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:

- [Corporate Governance Statement](#)
- [Board Governance](#)
- [Shareholder communication](#)
- [Board committees](#)
- [Risk and Assurance](#)
- [Policies and Standards](#)



Corporate Governance Statement

Commitment to good governance

Oil Search is committed to adopting and implementing rigorous corporate governance practices across all activities. We support this commitment by transparently and openly reporting our 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. We followed all the CGC Recommendations in the 3rd Edition during the 12 months ended 31 December 2017 outlined in our [Corporate Governance Statement](#).

In reporting against the CGC Recommendations for 2017, this [Corporate Governance Statement](#):

- Addresses the CGC Recommendations consecutively; and
- Includes cross references to information that is not included in this Statement and is located in the [2017 Annual Report](#) or on the Company website.

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 Director receives written correspondence 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 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 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 for appointment 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 the Company's 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.

Among 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 their 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 from an independence perspective.

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

Board performance evaluation

Each year, a performance evaluation determines the effectiveness of the Board, Board Committees, individual Directors and the Chair. The evaluation involves:

- A questionnaire completed by each Director,
- A one-on-one meeting between the Chair and 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.

Several procedures ensure we comply with continuous disclosure requirements. These help to 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.

Aside from Corporate Actions Committee, each Board Committee has a PNG citizen that is an Independent Committee 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. See the [Corporate Governance Statement](#) for more information.

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

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 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 . <p>Establishing the remuneration policy for Directors, executives and other employees.</p> | <ul style="list-style-type: none"> Executive Directors: One Non-Executive Directors: Six Chair: RJ Lee Independent Committee Members: None |

COMMITTEES

Audit and Financial Risk Committee

- Assisting the Board to fulfil its corporate governance and oversight responsibilities in relation to financial reporting, accounting policies, internal control systems, internal audit 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.

- Executive Directors: None
- Non-Executive Directors: Four
- Chair: FE Harris
- Independent Committee Members: One
- Regular attendees from senior management team:
 - 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.

- Executive Directors: None
- Non-Executive Directors: Four
- Chair: AJ Kantsler
- Independent Committee Members: One
- 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 climate change, health, safety, process safety, environment, community and other matters related to social responsibility.
- Endorsing our annual social responsibility reporting.
- Reviewing compliance with laws and regulations that apply to our operations in relation to health, safety and sustainability, and international sustainability frameworks and initiatives.

- Executive Directors: None
 - Non-Executive Directors: Three
 - Chair: EJ Doyle
 - Independent Committee Members: One
 - Oil Search Foundation representative: Executive Director of the Oil Search Foundation
 - 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
-

- 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.

- Executive Directors: One
- Non-Executive Directors: Three
- Chair: RJ Lee
- Independent Committee Members: None

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.

Oil Search's management system, 'Our Way', defines our governance and assurance processes. This ensures employees conduct their work in accordance with our performance requirements and our 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 maintained by all areas of the business. Regular review of new and emerging risks is a requirement of the Company's risk governance process, and risk profiles are updated as required.

Oversight of these profiles and their management is provided at various levels across the business at management and specific risk governance forums. The Risk Management team has visibility of registers across the business and monitors them for links that may impact the ratings for the likelihood of, or consequences of, risks that are formally or informally connected.

We conduct sensitivity analysis for relevant performance indicators using economic models and use the outcomes to inform our investment decisions.

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 our policies, plans, procedures, business objectives and significant legislative and regulatory requirements. 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 our latest [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' is the Oil Search Management System that defines how we set our policies and procedures and Company-wide ways of working.

Stakeholder engagement



Strong, mutually respectful relationships with key stakeholders are essential for 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 any individual or organisation who is either directly or indirectly affected by our Company's actions or who can impact or influence our decision making.

Oil Search's stakeholder typically include:

- Governments and regulators
- Shareholders, lenders and analysts
- Business partners, suppliers and contractors
- Communities
- Our people
- Non-government and industry organisations

We monitor our interactions with these groups so we can identify and understand priority 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.

See our [Social Responsibility Report](#) for more information on how we have engaged with stakeholders and the key topics raised during the reporting year.



Methods of engagement

We target our 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 stakeholders regularly, honestly, ethically and constructively about all matters of importance to them and our Company,
- Ensuring they are sufficiently informed about our plans and are adequately consulted,
- Being accessible and responsible, and engaging in a culturally appropriate manner, and
- 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' expectations and 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, work-plans and performance indicators. 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.

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 (UNGC) 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 practise 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, including 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 the Compliance Manager, reports to the Board and its Committees on material breaches of the Code and corrective action taken.



Corruption prevention

Oil Search has 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, our Code of Conduct and the [Corruption Prevention Policy](#).

Our procedure on corruption prevention 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 select 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.

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.

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 the largest Papua New Guinean 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

Oil Search belongs to several associations and networks engaged in policy, these are listed in the [Memberships and Commitments](#) section of our website.

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 the largest Papua New Guinean 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, and
- Fosters stronger local institutions and governance and, as a result, a more stable operating environment and level playing field for our industry.

It also helps to mitigate the risk of corruption and enables populations to hold their governments to account.

Our commitment to transparency is underpinned by:

- The principles in our [Social Responsibility Policy](#), especially Operating with Integrity, Generating Shared Value and Maintaining and Enhancing Social Licence,
- Our commitment to Principles of the UN Global Compact, specifically Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery, and
- Our corporate and local 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 as part of our Transparency Report and in our [Data Centre](#).

We became an EITI Supporting Company in 2013 and actively participate in PNG's EITI Multi-Stakeholder Group (MSG). We support the introduction of a public register of beneficial ownership of resource companies and licence interests in PNG and Australia.

In 2014, the EITI Board approved PNG's application to become an EITI candidate country. We 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 Oil Search Group includes seven subsidiaries incorporated in the British Virgin Islands, six of which are incorporated to hold exploration interests in the Middle East. Any income from these investments is subject to tax in accordance with the tax laws of the jurisdiction where the exploration licences are located. This structure provides stability and flexibility in relation to potential future divestment or equity raising in relation to each jurisdiction and has minimal effect on our tax obligations in all relevant jurisdictions. The seventh subsidiary is an in-house finance company in the British Virgin Islands with no material profits.

The Oil Search Group also maintains a former exploration subsidiary in the Cayman Islands. This subsidiary is a dormant legacy company. These holding companies have provided no tax benefits to the group, nor were they established with that purpose.

After incurring substantial exploration costs that are non-deductible for tax in any jurisdiction, Oil Search is in the process of withdrawing from exploration activities in the Middle East.

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

We have a formal tax agreement in place with the PNG Government for the PNG LNG Project, which provides our Company with a stable environment and long-term certainty for authorities and our shareholders. The PNG Government confirmed its commitment to fiscal stability for PNG LNG in 2017 with amendments to the Income Tax Act 1958.

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](#), and our [Social Responsibility](#) and [Climate Change](#) policies

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 achieve or exceed those outlined in permits or legislation. Our procedure governing environmental management outlines key requirements for implementing this for all Oil Search assets and activities. Our procedures on environmental assessment provide requirements to systematically identify and assess environmental aspects, potential impacts and their related risks throughout the asset/activity lifecycle.

We engage directly with government authorities to understand local environmental laws and guidelines and, where appropriate, contribute to the development of environmental legislation. To minimise the impacts of our activities on the environment and to ensure effective control, all of 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 ambient air quality, meteorological characteristics affecting pollutant dispersion and other sources of emissions to ensure we don't exceed air quality thresholds defined by legislation.

During the planning and design phase, we assess the potential air quality impacts of all new projects and modifications to existing facilities. Our procedure on environmental management 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 noise, dust and odour to avoid environmental nuisance.

Waste, effluents and spills management

Underdeveloped supporting infrastructure, limited access to recycling and disposal facilities and unestablished regulation and legal procedures in PNG makes waste processing and disposal challenging. We therefore work towards reducing the volume of waste we produce and to continually improve our processes for managing the storage, handling, transportation and disposal of waste produced by Oil Search activities.

We are committed to reducing the volume of waste we produce and incinerate. Our procedures on environmental management identify the minimum acceptable strategy, methods and hierarchy of controls for all stages of waste production, management and disposal. 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

We recognise the importance of local water resources to associated ecosystems and host communities, so we seek to reduce our consumption and manage our use of water in a sustainable manner.

The most significant water risks we face relate principally to over-extraction or groundwater contamination, both of which could affect the use 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 develop water balance models and undertake flow gauging before extracting water. This helps us identify the maximum sustainable volume of water that can be extracted without impacting the environment or downstream users. 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. 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 and regularly for all our permanent operational sites.

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

While Oil Search's operations in PNG extend over large areas of high biodiversity value, our physical footprint is small. We actively work to manage any impacts we may have, recognising that these ecosystems support a variety of species and contribute to the livelihood and sustenance of local communities.

We are committed to minimising our impacts on biodiversity by ensuring we understand and respond proactively to biodiversity risks. Oil Search has a formal position for entry into sensitive areas which includes areas with high biodiversity value; areas providing life-sustaining ecosystems; and areas with high cultural heritage significance. Comprehensive requirements for identifying and managing this is integrated into our procedures on environmental assessment and management.

In 2016, a biodiversity risk assessment of all our licence and adjoining areas identified the following key biodiversity risks:

- Habitat reduction from land clearing,
- Habitat degradation resulting from the spread of pests and weeds,
- Local species extinction due to increased hunting, and
- Reduced availability of resources for flora and fauna caused by increasing human population.

To better assess these risks at specific locations, 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 to ensure we adopt appropriate management and mitigation measures to protect biodiversity value.

Biodiversity is protected during our operations by implementing erosion control, invasive species management and land rehabilitation. We conduct revegetation surveys at disturbed sites and have routine invasive species monitoring and weed-control programmes.

Effectively rehabilitating any land disturbed by our activity is essential for reducing our overall environmental impact and protecting our social licence to operate. The baseline environmental study identifies and informs suitable rehabilitation 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 liaise with local landowners and regulators to agree on the management principles and rehabilitation outcomes.

These measures help ensure we remain prepared for any future changes in legislation such as more restrictive biodiversity laws or the introduction of mandatory biodiversity offsets, and continue to meet changing investor and other stakeholder expectations.

We actively engage with the PNG Conservation and Environment Protection Authority (CEPA). We also work with local communities to protect and enhance the biodiversity of their land.

Health, safety and security

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.

Each year, Oil Search's internal audit function develops an annual Health, Safety and Environment audit plan. This is reviewed and approved by the Board Health, Safety and Sustainability Committee (HSSC). The audit plan is focused on key business risks identified through risk assessments, incidents or past audits, as well as new activities. Audits are completed by suitable and qualified personnel, with actions assigned for completion. Audit findings are reviewed by the Board HSSC, which also tracks the closure of high risk action items.

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 a Health, Safety and Sustainability (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 providing updates to the Board HSSC.

Oil Search'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 landowner companies (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 exposures, 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. Process safety performance was added as a component of the Short-Term Incentive Scheme for our senior management in January 2017.

See [Performance and Remuneration](#) 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.

On 26 February 2018, a magnitude 7.5 earthquake struck in the PNG Highlands, followed by a series of aftershocks. Oil Search is working with governments and aid agencies to support the significant activity being undertaken to restore vital infrastructure and urgently provide much needed supplies to communities. To find out more about Oil Search's earthquake relief efforts, click [here](#) .

Security

Our operations face security threats that include violent criminal activity and civil unrest in PNG. 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 on Security and Human Rights (VPSHR). 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.

See our annual [VPSHR Report](#) for more information on how we engage with security.

Health

Oil Search is committed to protecting and improving the health of our employees and contractors. Our Medical Service is built on a Company-wide ethos that the success of our business is dependent on the health and wellness of our people.

Our Medical and Occupational Health Service team comprises of professionals who oversee the management of all aspects of health hazards and risks, including workplace health, occupational and environmental hygiene, medical emergencies and management of ill health, fitness-for-work and health promotion.

Well-equipped clinics at every operational and project site provide our personnel with medical and healthcare that matches international standards. We ensure our service is inclusive, reliable and evidence-based by using a transparent governance process.

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

Our company-wide 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.

Oil Search manages its own medical emergency response and patient evacuation system and, with the assistance of internal and external logistics providers, our response is equal to international best practice. Senior staff with advanced clinical skills and evacuation experience maintain the high level of readiness required for swift leadership in emergency care and evacuation.

Where local government healthcare services are challenged, we treat ill or injured community members, including assistance with 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 the challenge of meeting growing energy demands while ensuring supply is sustainable and affordable. No single sector or technology can tackle this complex issue alone. It requires a coordinated approach 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 own positives and 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.

We support efforts to move towards implementing an effective global climate agreement and advocate for governments to establish a clear, stable policy framework that supports a global warming trajectory of 2°C. This will help the energy industry make informed decisions and effective and meaningful contributions to address 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.

Disclosure

The Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) released our [Climate Change Resilience Report](#) aligns our reporting and disclosures with the recommendations and we have provided a TCFD reference guide at the back of the Report. As we consult with our key stakeholders we will continue to evolve our disclosures.

Climate Strategy

As an oil and gas company, we recognise it is impossible to decouple climate change from our Corporate Strategy: the two must be fully integrated.

Oil Search's Corporate Strategy is focused on having a globally competitive energy portfolio that is sustainable over the long term. The Corporate Strategy is refreshed periodically via our integrated planning framework process, which produces updated Strategic Objectives approximately every three years.

Reflecting on climate risks, global climate policy trends and the climate scenario analysis has reinforced Oil Search's Corporate Strategy of focusing on a globally competitive energy portfolio that is sustainable over the long term.

The Climate Change Strategy is consistent with our [Climate Policy](#) and aligns with our [Social Responsibility Policy](#) and strategies. It helps to ensure the Company is prepared for future carbon constraints and that we understand the potential risks and impacts to our business.

We designed our Climate Change Strategy to operationalise our corporate climate commitments to embed climate risk into our decision-making, strategy development and risk management practices.

Given rapidly changing stakeholder expectations and changes to technology and government policies, we expect our Climate Change Strategy to continue to evolve and to be regularly updated.

HOW OUR CLIMATE CHANGE STRATEGY ALIGNS WITH CORPORATE OBJECTIVES

| Reduce Risk | Enhance Value | Responsible Operator |
|--|---|--|
| Internal carbon price for investment and design decisions | Embed findings of climate scenario analysis into Corporate Strategy | Assist PNG to meet its climate and development objectives |
| Incorporate climate risk into strategy and decision-making processes | Include climate performance Key Performance Indicators as a component in management Short Term Incentives | Reduce emission intensity of our portfolio |
| Conduct physical climate risk assessments | Investigate renewable power opportunities in PNG | Support host government efforts to establish policy frameworks for 2°C |

The [Climate Change Resilience Report](#) provides detailed information on how this strategy is operationalised including climate metrics and targets, climate adaptation impacts, how we assist PNG meet its climate development objectives and our

engagement on climate policy. The Report also includes detailed climate scenario analysis, which indicates long-term resilience and continued economic value generation for Oil Search in a range of decarbonisation scenarios, including a 2°C pathway.

Climate governance

The Oil Search Board oversees our climate risk management and its potential to influence and inform our Corporate Strategy and decision-making. Our Board HSS Committee oversees the Company's strategies, processes and performance relating to health, safety, security and social responsibility, including 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.

The Executive Leadership Team (ELT) establishes the structures, reporting lines, and responsibilities to oversee the management of our key risks, including climate change. Oil Search's business units are accountable for managing these risks.

ELT members are financially incentivised to manage longer-term risks that could impact on the value of the Company, including climate risk, through the at-risk component of executive remuneration. From 2018, a component of the short-term incentive (STI) scheme will be linked to the use of our internal carbon price.

Executives also participate in a long-term incentive (LTI) plan, with payments 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 risk would be expected to translate into relative under-performance in terms of creating long-term, sustainable shareholder value and impact on LTI benefits.

Climate risks and opportunities

Oil Search's corporate risk management process aims to ensure we have appropriate strategies for managing key risks to our objectives. Climate risks are assessed at least quarterly as part of our corporate risk management process and reviewed annually during the broader strategic planning and any decision-making processes. We regularly monitor and assess transitional climate risks and broader societal trends and issues through our scenario analysis and strategy planning processes. Climate risks are also assessed during the Company's regular Board-led strategic reviews.

Our material corporate climate risks and controls include:

| RISK TYPE | RISK DESCRIPTION | TIME HORIZON | CONTROLS |
|------------------------|---|-----------------------------|---|
| Transition risk | Changes in demand for our products due to emission reduction policies or technological changes. | Long-term | Climate scenario analysis |
| Operating costs | Increase in operating costs of our long-life assets due to carbon pricing policies or other market mechanisms or regulations. | Medium and long-term | Internal carbon price |
| Reputation risk | Reputational impacts, driven by stakeholder activism and increasing societal expectations that negatively impact our social licence to operate. | Short, medium and long-term | Enhanced disclosure in line with TCFD recommendations. Monitoring of changing expectations |
| Physical | Physical impact of climate on our assets and on the communities where | Long-term | Physical climate risk |

Detailed discussion of the Company's climate risks and opportunities can be found in the Oil Search [Climate Change Resilience Report](#).

Emissions performance

We report our GHG emissions performance in our annual [Social Responsibility Report](#) and [Data Centre](#).

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 experience minimal material interruptions 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.

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.

Many of 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 community-nominated Village Liaison Committee (VLO) 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 at any of our sites through the resident VLO or during routine visits by our Community Affairs team. 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 HSSC. 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.

We are developing procedures for land access and resettlement outlining our approach to land access, acquisition and resettlement activities in alignment with national legislation, human rights and industry best practice performance standards. This 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 or other acceptable parties facilitate a resolution that is agreed by all parties.

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.

We are updating our procedure on social impact assessment and management; outlining our approach to impact management.

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 socio-economic surveys to measure 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.

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](#).

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. Together with our commitment to sustainable development, this helps us to maintain strong community relations and a responsible operating environment.

Human rights

Our commitment

Our [Social Responsibility Policy](#) identifies our high level commitment to human rights.

Oil Search is a signatory to the UN Global Compact and a corporate participant in the [Voluntary Principles on Security and Human Rights](#) (VPSHR). Our human rights approach also considers and aligns with the [UN Guiding Principles for Business and Human Rights](#).

These important initiatives inform our approach and affirm our commitment to:

- 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,
- Undertake human rights due diligence and consider human rights in our risk and impact assessments,
- 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 grievance mechanisms and appropriate remedies when required.

Oversight and governance

The Board HSSC is responsible for overseeing human rights risk management and material security related matters and our senior managers have a management KPI relating to the VPSHR Implementation Plan.

Our cross-functional VPSHR Steering Committee is chaired by the Executive General Manager of our PNG Business Unit, with executive and senior subject matter experts in areas of human rights, security, operations, social responsibility and community affairs. This Committee meets regularly to oversee and discuss progress in implementing our VPSHR Implementation Plan, ensures adherence to the Memorandum of Understanding (MoU) with the Royal PNG Constabulary (RPNGC) and monitors, reviews and investigates any security incidents with alleged or potential human rights breaches.

Management regularly reports on performance against the Human Rights Plan and any material community grievances to the Board HSSC.

Corporate human rights strategy, approach and functional assurance are led by our General Manager Stakeholder Engagement and Social Responsibility, while our discipline leads in Security, Community Affairs and Contracts and Procurement drive implementation of specific human rights elements in their areas.

A risk led approach

In 2014, to identify potential human rights risks and assess controls and impacts, we undertook an initial review of our human rights risks. The review was informed by advice provided by human rights experts from the Allens law firm, Verisk Maplecroft risk advisory and human rights and social impact advisors Banarra (now KPMG Banarra).

It included an assessment of the regulatory environment, risk register, incidents, peer benchmarking, country human rights risk profiles (PNG), NGO register review, and identified current practices and controls.

Following this assessment, we reviewed the effectiveness of our existing human rights controls and practices, and the results of which informed a multi-year Human Rights Improvement Plan.

In 2017, we engaged Verisk Maplecroft, an independent expert on global risk analytics, to update our PNG's human rights risk profile. This confirmed that the risks identified in 2014 remain material to Oil Search, namely:

- **Community relations** – community engagement and consultation, livelihoods, and environmental impacts, grievance management.
- **Security** – use of security forces generally.
- **Labour** – specifically in our supply chain, child, forced and compulsory labour.
- **Land Acquisition** – land access and resettlement practices, compensation, landowner identification.

Human rights considerations are integrated throughout our systems, procedures and guidelines. These include procedures and guidelines which address risk management, environmental and social impact assessment and management, grievance management, stakeholder management, security management, contract and procurement management, and land access for instance.

Our Responsible Supply Chain Strategy, currently under development, addresses contractor screening and management in relation to human rights as a key deliverable of our Human Rights Improvement Plan and Social Responsibility Strategy.

Security and human rights

Oil Search was accepted as a participant in the Voluntary Principles on Security and Human Rights (VPSHR) Initiative in December 2016.

To support our commitment to the VPSHR Oil Search developed VPSHR Plan in early 2017. This multi-year plan focusses on core aspects of the Voluntary Principles Initiative which will help us to:

- Assure our risk assessment and incident reporting processes,
- Guide our security and human rights training content and reach,
- Support greater alignment with our joint venture partners,
- Guide the development of contractual clauses related to human rights in public and private security provider contracts,
- Enhance performance requirements in relation to the management of public and private security providers,
- Establish criteria for screening and evaluation of contractors,
- Benchmark our security and human rights practices,
- Strengthen our grievance reporting and management systems,
- Strengthen our external reporting of human rights allegations and incidents,

Oil Search has opted in to the voluntary VPSHR Verification and Reporting Framework and we have committed to providing a public report on our progress in Q1 each year. See [here](#) for our 2017 VPSHR Report.

Responsible supply chain

Oil Search's success is underpinned by a holistic approach to managing the risks and opportunities within our supply chain. This is because it directly influences the operational impact and reputation of all our partners and members of our supply chain.

Ensuring a sustainable supply chain is a key element of our overall supply chain management strategy. Supplier performance, including sustainability performance, has the ability to significantly reduce our costs and risks as well as increase productivity. It also represents an opportunity to foster the sustainable development of both the economy of PNG and the economy within our host communities.

Responsible management of our supply chain is one of the principles of our Code of Conduct. This states that all contractors, suppliers and business partners must be selected, engaged and managed on the basis that they are expected to follow policies and procedures that are consistent with Oil Search's Values and Policies; including our Code of Conduct, and our Corruption Prevention and Social Responsibility Policies.

Our supply chain

Oil Search has approximately 4,000 direct suppliers based largely in Australia, PNG, New Zealand, USA and Europe.

These include international corporations, small manufacturers, PNG Landowner Companies (Lancos) and niche consultants across a range of products and services including:

- **Services:** Drilling, well services, aviation, camp services (e.g. catering and accommodation), manual labour, construction, logistics, engineering, exploration, professional, data analysis, testing, vehicle hire, freight and security.
- **Products:** Chemicals, valves, pumps, drilling equipment and supplies, personal protective equipment, office equipment/stationery, vehicles and auto parts, instrumentation and electrical equipment.

We define critical suppliers as those that are both high risk and high value spend. Our risk rating considers factors such as availability of alternate suppliers, criticality of delays from supply, and the risk and impact of a supplier event on our operations.

Managing risk

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

We obtain independent third-party media and sanction assessments on new suppliers using the Dow Jones Risk and Compliance system as part of our supplier pre-qualification process. This informs us of potential regulatory and reputational 'red flags' across a range of issues that need to be considered in the supplier selection decision making process including ethics, human rights and environmental performance. Critical suppliers may be subject to further analysis and review.

We encourage and expect contractors to act in a safe and responsible manner that aligns with Oil Search's standards around integrity, personal safety, environmental protection and good governance. These expectations are incorporated into all contract terms, with clauses covering:

- Legal compliance
- Ethics and Corruption – with reference to the principles of our Code of Conduct
- Local staffing
- Health and safety – with reference to our Health, Safety, Environment and Security Policy
- Environmental protection

Oil Search's third party internal audit programme uses a risk based approach to identify a sample of contractors and suppliers for review each year. These provide independent, risk-based assurance on the effectiveness of internal controls used to identify, prevent and mitigate risks associated with contracting services. Specific reviews are also included in the internal audit programme

to focus on safety aspects of contractor performance, in particular for aviation and land transport contractors. These audits review compliance with contract conditions, including safety performance, and adherence to legislative requirements. Where necessary, we issue corrective action plans and their close-out is monitored by our Assurance and Compliance team. Results are reported to the Board Audit and Financial Risk Committee.

As an ISO 14001 certified company, Oil Search establishes controls, communicates and trains contractors on environmental aspects. We require all contractors whose activities have the potential to cause significant environmental impact to comply with the documented control procedures, be aware of the requirements of our environmental management system and be competent to perform the job assigned. We regularly inspect and review contractor adherence to these requirements.

Our Contracts and Procurement team conduct annual meetings with contractors to discuss any concerns and performance improvement opportunities and provide support. Contractor reviews and site visits are also conducted annually to check performance against contractual obligations and agreed improvements.

As PNG Lancos often undertake more remote or labour intensive tasks for us, we engage and support their safety performance using a number of approaches. These include the use of scorecards with safety KPIs, personal safety training and the support of a dedicated safety advisor. This is in addition to regular safety audits on the implementation of our safety systems and a Lanco Safety Incentive Scheme. Each PNG Lanco also has an agreed work-plan to ensure ongoing compliance with PNG company laws and regulations. Compliance to this is monitored by Oil Search contract owners and Lanco representatives.

For further information on how we support PNG Lancos grow and enable smaller scale businesses to thrive, please refer to the [Livelihoods and local enterprise development](#) section of our website. See the Responsible Supply Chain section of the [Social Responsibility Report](#) for further information about activities undertaken in 2017.

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.

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 are 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 provides 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 areas of health, education and leadership, livelihoods and local enterprise development, women's protection and empowerment, infrastructure 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 HSSC.



Sustainable Development Goals

Oil Search is committed to PNG's nationwide development goals to improve the socio-economic development of PNG and help achieve system stability and functionality. Our sustainable development programmes also **support** and contribute to the progress of the United Nation's **Sustainable Development Goals (SDGs)** .

The SDGs represent a comprehensive plan of action for environmental sustainability, social inclusion and economic development and lay out an ambitious path to end extreme poverty, fight inequality and injustice, and protect our planet.

Oil Search adopts a collaborative approach to sustainable development, and consequently in achieving the national and UN development goals. This involves cooperation and close relationships with governments, non-governmental organisations, peers, development partners and host communities. As part of the oil and gas industry, we have the potential to contribute by:

- Enhancing our positive contributions through socio-economic development - Providing employment opportunities, livelihoods and enterprise development, access to affordable energy, making tax payments to governments and facilitating infrastructure improvements.
- Alleviating or avoiding negative impacts - Addressing climate change and environmental impact, economic and social inequality, corruption, health and safety and the violation of human rights.

Integrating these goals in our activities enhances our social licence to operate and gives us with the opportunity to make a meaningful and sustainable impact.

More information on our performance against these goals is [here](#) .

SUSTAINABLE DEVELOPMENT GOALS



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 (OSF) supports the Government to address the country's significant developmental 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 (ITCS), we also support the PNG Government's development, rehabilitation and maintenance of health care facilities in our host communities.

OSF 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.

OSF staff work in partnership with the National Department of Health, Provincial and local governments, partner NGOs and international donors. OSF 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 OSF, 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](#).



Water, sanitation and hygiene (WaSH)

A large proportion of PNG's rural population have limited access to safe and potable water and sanitation. Coupled with events such as flooding, frost and drought and water and food borne diseases make communities vulnerable to water scarcity and related health and hygiene issues

Oil Search is supporting communities impacted by recent drought and flooding through initiatives that support community access to reliable, clean and safe sources of water.

We also support target communities and schools to have access to clean water, hand washing and sanitation facilities.

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.

Delivering access to power is a logical extension of our core business expertise and is a part of our climate change strategy. It aligns with the PNG Government's development and climate change priorities and the UN Sustainable Development Goals. Its significant economic, health and educational benefits contribute to a stable operating environment for our operations.

Our Power Strategy in PNG focuses on biomass renewable energy, gas-fired power and domestic LNG distribution for mining, power generation and transport.

Oil Search Power Holdings, Oil Search's power business, is working with partners to strengthen the power value chain by creating sustainable long-term power options based on a three tiered power portfolio:

- **NiuPower** - is focused on domestic power production through the gas-fired Port Moresby power station and the Highlands Power Project.
- **NiuEnergy** - is developing gas supply chain capability for domestic power generation and industrial use in coastal centres around PNG.
- **PNG Biomass** - in the Markham Valley is a long-term renewable energy initiative that will use wood chips from tree plantations, grown and sustainably harvested in the Morobe Province, to provide low-cost, renewable and reliable biomass power.

See the [Oil Search Power Holdings](#) for more information on our power business and our [Climate Change Resilience Report](#) for how we assist PNG in meeting its climate and development objectives.



Supporting benefits distribution

Distribution of revenues from the oil and gas industry in PNG is governed by the Oil and 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 approaches and structures that are designed to ensure the best outcomes for society. They 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 PNG Government's request.

One of the most effective methods of infrastructure delivery for the PNG Government is through the Infrastructure Tax Credit Scheme (ITCS) and National Infrastructure Tax Credit Scheme (NITCS). We have participated in the ITCS since 2003 and the 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, Apec Haus 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.

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.

Oil Search aims to maximise the involvement of local communities and Lancos in business opportunities that arise from our operations. Our on-site business development specialists support local enterprise development; we seconde 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 through our Women in Sustainable Agriculture Programme (WSAP) 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 also work with the PNG National Agricultural Research Institute (NARI) to introduce drought-tolerant crops to farmers across our operational areas.

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.

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.

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, we have supported teachers from host community schools to complete this training.

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 the recipients meet the entry requirements and that there's a balance of gender and village of origin.



Our **Graduate Development and Apprenticeship 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.

The Oil Search Foundation will increase the reach and impact of our education commitment year on year by overseeing the implementation of a programmes designed to address educational barriers. . 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 Oil Search Foundation (OSF) 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. OSF also has a comprehensive programme in place to address gender, family and sexual violence in Hela Province that includes training at all levels of the Hela Provincial Health Authority (HPHA), community prevention and awareness activities, outreach, communication materials, mentoring, counselling, and salary support.
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.



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.

We also contribute to and support the work of community organisations as the founder and principal donor to the Oil Search Foundation. To find out more about the work of the Foundation, see [Oil Search Foundation](#).

Outside the Oil Search Foundation, the Company regularly contributes to a number of community organisations. We also support staff participation in several charity events in Port Moresby. Please see the employee engagement section of our [2017 Social Responsibility Report](#) for more information.

To find out more, [email us](#).

People and organisation



Offering high levels of local employment creates close economic and social ties to host communities that are important for our social licence to operate. To succeed, we must be an employer of choice in our industry so we can attract the best people.

As the largest Papua New Guinean company, it's our responsibility to play a leadership role in employment practice by modelling best practice in areas such as paid parental leave, first home ownership[, continuing superannuation contributions during periods of unpaid 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.

- **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
take ownership of outcomes

Culturally Aware
connect across the globe

Forward Thinking
think things through

Resourceful
take the initiative

Working Together
communicate and collaborate

Leading Others
guide and develop our people

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.

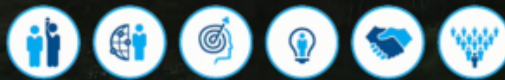
Accountable

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



Oil Search

BEHAVIOURS SERIES: *Accountable*





Culturally aware

Being aware of our cultural differences helps us achieve success together

Forward Thinking

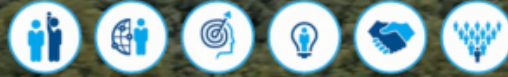
Analyses and integrates information to determine the best course of action; prioritises and plans





Oil Search

BEHAVIOURS SERIES: *Resourceful*



Resourceful

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

Working together

Working cooperatively builds relationships so we can achieve our goals together



Oil Search

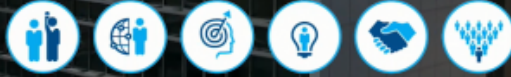
BEHAVIOURS SERIES: *Working together*





Oil Search

BEHAVIOURS SERIES: *Leading others*



Leading Others

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 and retain talent with the skills, experience and capabilities to achieve our business and growth objectives; and provide a pipeline of people who are ready to sustainably 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.

Our 2020 Employee Development Strategy is designed to support business success and the Company's licence to operate, through workforce capability and engagement; and to develop a pipeline of future leaders at Oil Search, through targeted development initiatives.

Employee development at Oil Search includes online, face-to-face, external courses, on-the-job training, secondments, mentoring, coaching and higher education support. We adopt a 70% self-directed, 20% social and 10% formal course approach to individual development. 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 employees and contractors to identify their role-specific training needs. Key indicators on succession depth are reported regularly to the Board People and Nominations Committee.



Leadership Development

The Accelerated Development (ADP), Citizen Development (CDP) and Leading our Way for Women Programmes are focused on the development of our current and future leaders.

The ADP identifies high performers with leadership potential and develops them through a 18-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, 360 degree feedback 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. The CDP's purpose is to create a sustainable pipeline of world-class PNG citizen leadership talent that meets Oil Search's current and future needs by developing both technical and leadership capability to enable PNG citizens meet the competence requirements for senior leadership roles in the Company.

The CDP programme is overseen by the CDP Steering Committee, consisting of the Executive General Managers of Human Resources, Stakeholder Engagement and the PNG Business Unit. The CDP Working Group is made up of key business stakeholders and partners who meet monthly to track the programme's progress.

Every CDP participant is provided 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 are supported by a leadership coach.

Our Leading Our Way for Women Programme aims to create a cohort of female leaders with the confidence and capability to operate as senior leaders and role models within the business and to develop a strong pipeline of female talent ready to move into senior and executive leadership roles.



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.

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 current Apprentice Programme takes four years to complete and has four streams: Process Technology, Fitting and Machining, Electrical and Mechanical Trades. Some electrical apprentices are dual-traded in Instrumentation. Participants are employed by a Lanco, KutMor, and receive 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.



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, but is not limited to, gender, ethnicity, age and culture. 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 2020 Diversity and Inclusion Strategy aims to leverage a diverse, inclusive and representative workforce to achieve top quartile business results. The 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,
- The "Inclusion index" result of the employee engagement survey year on year.

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. We also conduct unconscious bias training for our senior managers.

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 Apprentice 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. Our parental leave offering aims to create and maintain a work environment that accommodates the needs of our employees with family responsibilities. We also continue to pay 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 our procedure governing family and women's protection. 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 Key Performance Indicators (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.

Total Recordable Injury and Process Safety represent approximately 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 permanent employee can participate in our Long-Term Incentive plan. This 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 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 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 our latest [Annual Report](#).

Workforce management

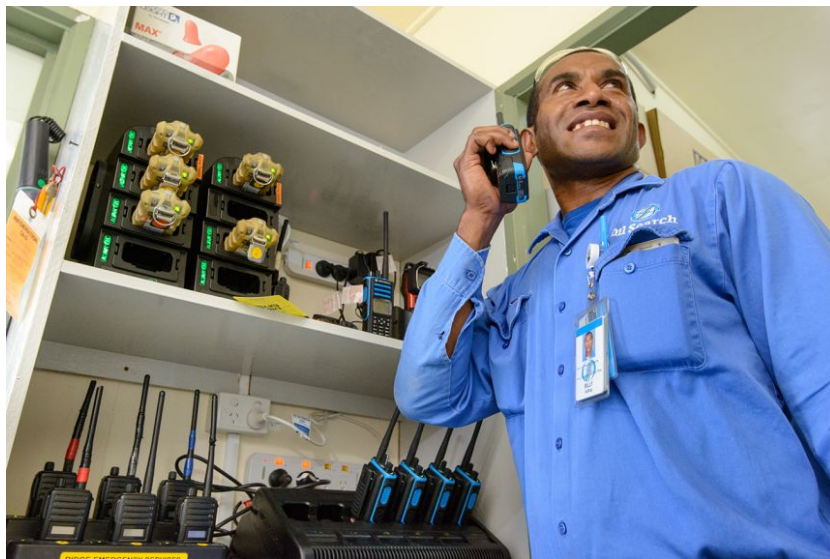
At Oil Search, we recognise that the key to sustainable competitive advantage is our people. We are committed to engaging in good communication and honest dialogue with all employees so we can understand and address

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 Health, Safety and Sustainability (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.

We measure employee engagement to understand whether our employees feel Oil Search is an inclusive workplace, where they feel like they belong and have the freedom to speak their mind. These feelings of inclusion are recognised as a key contributor to the emotional connection an employee has to their work, which drives business performance, positive attitude and the level of discretionary effort they will. We use the Gallup Q¹² survey methodology and the Gallup Inclusion Index to assess employee engagement, working with Gallup to administer and analyse the results of the survey.

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 procedure on family and women's protection 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 in our [Code of Conduct](#), [Social Responsibility Policy](#) and Human Resource Standards also support the creation of a workplace environment in which employees can meet without discrimination, harassment or retribution. None of our employees are members of a union or covered by a collective bargaining agreement.

We respond to 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 cannot 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 have been considered in our Responsible Supply Chain Strategy.

Social Responsibility

Maintaining a stable operating environment is always a strategic priority for Oil Search and is particularly challenging in an era of fundamental global shifts. To ensure we meet our business and social responsibility performance goals, we will continue to review our strategies, policies, governance and operations in response to significant global and local political, economic and social change.

[Read the 2017 Social Responsibility report here >](#)



Find more about our performance and how we respond to change here:

- [2017 Social Responsibility Report](#)
- [2017 Annual Report](#)
- [2017 Climate Change Resilience Report](#)
- [2017 Voluntary Principles on Security and Human Rights \(VPSHR\) Report](#)
- [2017 Transparency Report](#)

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 has been subject to [independent limited 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.

Memberships and Commitments



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.

The PNG Business Coalition for Women is a group of companies and corporate leaders who are working together to drive positive change for women and businesses in PNG. We became a member in 2015. We currently sit on the Board and participate in a number of working groups, including the Addressing Violence Working Group.

Business Council of PNG

The Business Council of Papua New Guinea is the peak body representing the private sector in Papua New Guinea across all sectors, promoting the importance and role of economic growth, freedom and enterprise.



The Carbon Disclosure Project (CDP) runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. Committed to minimising the impact of our operations, we support the CDP initiative.



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 sit on the PNG Multi Stakeholder Group. We have published payments data since 2012 and when requested, we contribute payment data for inclusion in national reconciliations.



The International Association of Oil & Gas Producers (IOGP) represents members from the international oil and gas industry. It seeks to promote safe, responsible and sustainable operations. We became a member 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.

The global oil and gas industry association that shares and promotes good practice and knowledge to help the industry and improve its environmental and social performance. We were accepted as a corporate member in 2017 and sit on an number of working groups including social responsibility, biodiversity, climate change, supply chain, water and reporting.

PNG Chamber of Mines and Petroleum

A non-profit, peak industry association that represents the interests of the mining and petroleum industry in PNG. A member of our executive team is the president.

PNG Institute of National Affairs is a privately funded, non-profit policy research institute that was founded by concerned individuals from the PNG Government and private sector to promote dialogue and offer alternative advice to the public service on economic and social policy.

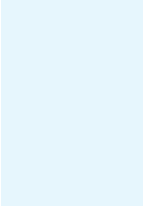
TIPNG

Oil Search supports Transparency International PNG (TIPNG) which is a chapter of Transparency International, a world-wide non-profit, non-government organisation dedicated to fighting corruption. TIPNG began in 1997 with the aim of combatting corruption in PNG and promoting transparency, honesty and accountability in public and private dealings.

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. We are also a member of the Global Compact Network Australia (GCNA) to support the practical implementation efforts of the UN Global Compact in Australia. A member of our senior management team is on the Board of the GCNA.

The Voluntary Principles Initiative (VPI) is a multi-stakeholder initiative that promotes the implementation of a set of Voluntary Principles on Security and Human rights (VPSHR) 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 2016.

Ratings and awards



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 and the DJSI World Index since 2017. We also received the RobecoSam Bronze Class Sustainability Award 2018.

We have been included in the FTSE4Good Index since 2015. To be included in the index, companies must meet a set of globally recognised ESG criteria covering a diverse set of themes, including human rights, labour standards, climate change, water, waste, anti-corruption and risk management.

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.

For three years in a row (2015-2017), we have been included in the Vigeo World 120 Index. This includes companies that demonstrate the highest level of assurance for their ability to integrate ESG objectives and manage related risks.

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.

We have won awards since 2015 at the East Coles Corporate Performance Awards in the energy category. In 2017, we won the best growth prospects and best CEO awards 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.

Data Centre

[2017 Data Basis of Preparation](#)

[Excel extract](#)

Data tables

Integrity and Transparency

PAYMENTS TO GOVERNMENTS BY COUNTRY (US\$'000)

| INDICATOR | 2017 | 2016 | 2015 |
|---|--------|--------|--------|
| PAPUA NEW GUINEA | | | |
| Total paid to PNG Government | 62,728 | 68,279 | 97,843 |
| Total paid to the Independent State of PNG | | | |
| Royalties | 8,360 | 8,403 | 10,988 |
| Development levies | 2,461 | 2,371 | 5,838 |
| Total paid to Kumul Petroleum Holdings Limited | | | |
| Oil Search Share Dividend | 5,976 | 7,470 | 26,890 |
| Total paid to PNG Internal Revenue Commission | | | |
| Oil Search Directors' tax | 660 | 637 | 603 |
| Petroleum Tax | 1,191 | 11,829 | 1,389 |
| Salary & Wages Tax | 28,108 | 26,860 | 34,296 |
| Other Govt. taxes | 14,654 | 9,900 | 17,559 |
| Other | | | |
| Other Govt. fees & charges | 616 | 809 | 281 |
| Payments to the PNG Police | 701 | n/a | n/a |
| AUSTRALIA | | | |
| Total paid to Australian Taxation Office* | 23,855 | 22,513 | 32,895 |
| Total paid to NSW Office of State Revenue | 2,967 | 2,825 | 2,087 |
| Total paid to other Australian Government entities | 4 | 5 | 6 |
| Total paid to Australian Government | 26,826 | 25,343 | 34,988 |
| *Data for 2015 and 2016 have been updated to include PAYG and Payroll Tax made to the Australian Government. Refer to the Basis of Preparation for more information | n/a | n/a | n/a |
| IRAQ - KURDISTAN REGIONAL GOVERNMENT | | | |
| Total paid to KRG Ministry of Natural Resources | 0 | 0 | 866 |
| Total paid to KRG Ministry of Finance and Economy | 12 | 91 | 210 |
| Total paid to Kurdistan Government | 12 | 91 | 1,077 |
| YEMEN | | | |
| Total paid to the Ministry of Oil & Minerals | 0 | 0 | 266 |
| Total paid to the Ministry of Finance and Social Security Organisation | 0 | 0 | 95 |
| Total paid to Yemeni Government | 0 | 0 | 360 |
| TUNISIA | | | |
| ETAP (State Oil Company) | 0 | 0 | 95 |
| Ministry of Finance | 0 | 89 | 229 |

| | | | |
|-----------------------------------|---|----|-----|
| Total paid to Tunisian Government | 0 | 89 | 324 |
|-----------------------------------|---|----|-----|

PAYMENTS TO GOVERNMENTS (US\$'000)

| INDICATOR | 2017 | 2016 | 2015 |
|------------------------------|--------|--------|---------|
| Total payments to government | 89,566 | 93,802 | 134,592 |

FINES PAID FOR NON-COMPLIANCE (US\$'000)

| INDICATOR | 2017 | 2016 | 2015 |
|---|------|------|------|
| 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 | 2017 | 2016 | 2015 |
|---|------|------|------|
| Payments made to associations and networks | | | |
| PNG Chamber of Mines and Petroleum | 88 | 73 | n/a |
| Business Council of PNG | 14 | 4 | n/a |
| Extractives Industries Transparency Initiative (EITI) | 40 | 25 | n/a |
| Transparency International PNG | 1 | 1 | n/a |
| Australian Petroleum Production and Exploration Association | - | 32 | n/a |
| Institute of National Affairs PNG* | - | 3 | n/a |
| International Association of Oil & Gas Producers (IOGP) | 122 | n/a | n/a |
| United Nations Global Compact | 21 | n/a | n/a |
| Carbon Disclosure Project | 3 | n/a | n/a |
| IPIECA | 17 | n/a | n/a |
| PNG Business Coalition for Women | - | n/a | n/a |
| Voluntary Principles Initiative | 35 | n/a | n/a |
| Total payments made to associations and networks | 143 | 138 | n/a |
| *Data has been adjusted since it was previously reported | n/a | n/a | n/a |

CONDUCT

| INDICATOR | 2017 | 2016 | 2015 |
|-----------|------|------|------|
|-----------|------|------|------|

Number of code of conduct breaches by type

| | | | |
|--|----|-----|-----|
| Number of employee Code of Conduct breaches | 28 | 6 | 19 |
| Business ethics | 3 | n/a | n/a |
| Conflict of interest | 6 | n/a | n/a |
| Computer usage | 0 | 0 | 4 |
| Drugs and alcohol | 1 | 1 | 4 |
| Fraud | 2 | 0 | 1 |
| Harassment and bullying | 3 | 2 | 5 |
| Health, Safety, Environment & Security | 3 | 3 | 2 |
| Outside employment | 0 | 0 | 1 |
| Share trading | 8 | 0 | 2 |
| Respect confidentiality, privacy & property | 2 | n/a | n/a |
| Discrimination | 0 | 0 | 0 |
| Oil Search Whistle-blower Hotline calls | | | |
| Number of calls to Oil Search's Whistle-blower Hotline | 5 | 0 | 2 |

People and Organisation

| INDICATOR | 2017 | | 2016 | | 2015 | |
|---|-------|-----|-------|-----|-------|-----|
| WORKFORCE | | | | | | |
| Total workforce | | | | | | |
| Total employees | 1,286 | | 1,206 | | 1,334 | |
| Total workforce by employment type | M | F | M | F | M | F |
| Permanent full-time | 788 | 231 | 783 | 224 | 804 | 212 |
| Permanent part-time | 1 | 11 | 2 | 15 | 4 | 10 |
| Fixed-term contract | 60 | 45 | 43 | 33 | 57 | 31 |
| Casual | 9 | 5 | 3 | 3 | 4 | 7 |
| Contractors | 121 | 15 | 85 | 15 | 177 | 28 |
| Total workforce by location | M | F | M | F | M | F |
| Total employees in PNG | 678 | 189 | 669 | 181 | 679 | 164 |
| Total employees in Australia | 176 | 101 | 155 | 92 | 161 | 86 |
| Total employees in MENA | 4 | 2 | 7 | 2 | 29 | 10 |
| Total workforce by age | M | F | M | F | M | F |
| <30 | 76 | 52 | 92 | 57 | 104 | 62 |

| | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|
| 30-50 | 544 | 204 | 526 | 187 | 561 | 169 |
| >50 | 238 | 36 | 213 | 31 | 204 | 29 |
| Total workforce by category | M | F | M | F | M | F |
| Graduates and apprentices | 27 | 15 | 47 | 19 | 43 | 13 |
| Employees | 188 | 96 | 170 | 92 | 185 | 94 |
| Supervisors/professional or technical | 298 | 79 | 297 | 80 | 304 | 81 |
| Managers or technical specialists | 280 | 84 | 256 | 68 | 277 | 59 |
| Senior managers or technical experts | 56 | 17 | 52 | 16 | 50 | 13 |
| Executive management | 9 | 1 | 9 | 0 | 10 | 0 |

WORKFORCE AND SENIOR MANAGEMENT DIVERSITY

Diversity in the total workforce

| | | | |
|---------------------------------------|-----|-----|-----|
| Number of female employees | 292 | 275 | 260 |
| % women in the total workforce | 25% | 25% | 23% |
| Number of PNG citizens | 731 | 709 | 705 |
| % PNG citizens in the total workforce | 64% | 64% | 62% |

Diversity in the PNG workforce

| | | | |
|-------------------------------------|-----|-----|-----|
| Number of female employees | 189 | 173 | 158 |
| % women in the PNG workforce | 22% | 20% | 19% |
| Number of PNG citizens | 721 | 709 | 705 |
| % PNG Citizens in the PNG workforce | 83% | 83% | 84% |

Diversity in management roles

| | | | |
|---|-----|-----|-----|
| Number of females in senior leadership roles | 18 | 16 | 13 |
| Number of PNG citizens in senior leadership roles | 19 | 18 | 15 |
| Total number employees in senior leadership roles | 83 | 77 | 73 |
| % PNG citizens in senior leadership roles | 23% | 23% | 21% |
| % Women in senior leadership roles | 22% | 21% | 18% |
| % women in junior management positions | 23% | 21% | 21% |

Board diversity

| | | | |
|-------------------------|-----|-----|-----|
| Number of Board members | 8 | 9 | 9 |
| % female | 25% | 11% | 11% |
| % PNG citizens | 25% | 22% | 22% |

% PNG citizens in PNG workforce by gender and category

| | | | | | | |
|---------------------------------------|----------|----------|----------|----------|----------|----------|
| | M | F | M | F | M | F |
| Graduates and apprentices | 4% | 2% | 6% | 2% | 5% | 2% |
| Employees | 23% | 8% | 22% | 7% | 23% | 8% |
| Supervisors/professional or technical | 28% | 7% | 29% | 8% | 29% | 7% |
| Managers or technical specialists | 19% | 7% | 17% | 5% | 19% | 5% |

| | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Senior managers or technical experts | 1% | 1% | 1% | 1% | 1% | 1% |
| Executive management | 0% | 0% | 0% | 0% | 0% | 0% |
| Total | 75% | 25% | 76% | 24% | 77% | 23% |
| % female and male employees by category | M | F | M | F | M | F |
| Graduates and apprentices | 2% | 1% | 4% | 2% | 4% | 1% |
| Employees | 16% | 8% | 15% | 8% | 16% | 8% |
| Supervisors/professional or technical | 26% | 7% | 27% | 7% | 27% | 7% |
| Managers or technical specialists | 24% | 7% | 23% | 6% | 25% | 5% |
| Senior managers or technical experts | 5% | 1% | 5% | 1% | 4% | 1% |
| Executive management | 1% | 0% | 1% | 0% | 1% | 0% |
| Total | 75% | 25% | 75% | 25% | 77% | 23% |
| REMUNERATION | | | | | | |
| Ratio of basic salary by gender and employee category – PNG | M | F | M | F | M | F |
| Graduates and apprentices | 1.00 | 1.08 | 1 | 0.94 | 1 | 1.12 |
| Employees | 1.00 | 0.99 | 1 | 0.99 | 1 | 1.03 |
| Supervisors/professional or technical | 1.00 | 0.98 | 1 | 1.03 | 1 | 1.03 |
| Managers or technical specialists | 1.00 | 1.09 | 1 | 1.12 | 1 | 1.1 |
| Senior managers or technical experts | 1.00 | 0.81 | 1 | 0.87 | 1 | 0.68 |
| Executive management | n/a | n/a | n/a | n/a | n/a | n/a |
| Total remuneration ratio PNG | 1.00 | 1.01 | 1 | 1.05 | 1 | 1 |
| 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 | 1.00 | 1.08 | 1 | 1.14 | 1 | 1.12 |
| Supervisors/professional or technical | 1.00 | 1.02 | 1 | 1.06 | 1 | 0.93 |
| Managers or technical specialists | 1.00 | 1.01 | 1 | 0.91 | 1 | 1.04 |
| Senior managers or technical experts | 1.00 | 0.96 | 1 | 1.18 | 1 | 0.95 |
| Executive management | n/a | n/a | n/a | n/a | n/a | n/a |
| Total remuneration ratio AUS | 1.00 | 1.00 | 1 | 1.02 | 1 | 0.97 |
| TRAINING AND DEVELOPMENT | | | | | | |
| % of workforce who received a performance review | M | F | M | F | M | F |
| % of workforce who received a performance review | 100% | 100% | 100% | 99% | 100% | 97% |
| % of workforce who received a performance review by employee category | M | F | M | F | M | F |
| Graduates and apprentices | 100% | 100% | 100% | 100% | 100% | 100% |
| Employees | 100% | 99% | 99% | 98% | 98% | 94% |
| Supervisors/professional or technical | 99% | 100% | 100% | 100% | 100% | 100% |
| Managers or technical specialists | 100% | 100% | 100% | 100% | 99% | 100% |

| | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| Senior managers or technical experts | 100% | 100% | 100% | 100% | 100% | 100% |
| Executive management | 100% | 100% | 100% | n/a | 100% | n/a |
| Average training and development hours and spend by gender | M | F | M | F | M | F |
| Average hours of training and development per employee | 34.46 | 30.53 | 37.48 | 16.52 | 51.67 | 31.56 |
| Average amount spent per employee on training and development (US\$) | 2,414 | | 589 | | 638 | |
| Average training and development hours by employee category | | | | | | |
| Graduates and apprentices | 6.75 | | 6.41 | | 39.38 | |
| Employees | 6.49 | | 3.97 | | 16.03 | |
| Supervisors/professional or technical | 6.67 | | 20.51 | | 6.25 | |
| Managers or technical specialists | 5.52 | | 3.54 | | 5.53 | |
| Senior managers or technical experts | 4.62 | | 3.32 | | 4.23 | |
| Executive management | 6.1 | | 4.5 | | 13 | |
| Development programme participation (% of workforce involved) | | | | | | |
| Accelerated Development Programme | 1% | | 1% | | 1% | |
| Citizen Development Programme | 5% | | 7% | | n/a | |
| Graduate Development Programme | 2% | | 3% | | 1% | |
| Apprentice Programme | 2% | | 3% | | 2% | |
| Supervisor Development Programme | 13% | | 11% | | n/a | |
| Leading our Way for Women Programme | 1% | | n/a | | n/a | |
| RECRUITMENT AND RETENTION | | | | | | |
| 12-month turnover rate (%) | | | | | | |
| Voluntary turnover rate | 6% | | 6% | | 6% | |
| Involuntary turnover rate | 4% | | 9% | | 8% | |
| Total annual turnover rate (%) | 10% | | 15% | | 20% | |
| 12-month turnover rate by age (%) | M | F | M | F | M | F |
| <30 | 9% | 15% | 9% | 11% | 14% | 13% |
| 30-50 | 9% | 13% | 15% | 10% | 23% | 28% |
| >50 | 7% | 6% | 18% | 16% | 41% | 65% |
| Total Company turnover | 9% | 12% | 15% | 11% | 26% | 28% |
| Return to work and retention rates after parental leave | | | | | | |
| Number of employees entitled to parental leave | 960 | | 902 | | 970 | |
| Number of employees who took parental leave | 14 | | 24 | | 22 | |
| Number of employees who returned after parental leave | 10 | | 23 | | 21 | |
| Retention rate of employees who returned to work after parental leave ended (%) | 83% | | 96% | | 95% | |
| Percent of eligible employees entitled to paid superannuation on parental leave | 100% | | 100% | | n/a | |
| Internal movement and opportunities | | | | | | |

| | | | |
|--|-----|-----|-----|
| % of open positions filled by internal candidates | 52% | 62% | 53% |
| Number of employees promoted | 58 | 35 | n/a |
| Collective bargaining agreements | | | |
| % of employees in collective bargaining agreements | 0% | 1% | n/a |

Responsible Operator

| CLIMATE CHANGE | | | |
|--|--------|--------|------|
| INDICATOR | 2017 | 2016 | 2015 |
| GREENHOUSE GAS EMISSIONS UNDER OPERATIONAL CONTROL | | | |
| Total greenhouse gas emissions (ktCO₂-e) | | | |
| GHG total (Sc 1 & 2) | 962 | 941 | 958 |
| Greenhouse gas emissions by scope (ktCO₂-e) | | | |
| Total Scope 1 emissions | 957 | 937 | 953 |
| Total Scope 2 emissions | 5 | 5 | 5 |
| Total Scope 3 emissions | 11,074 | 11,406 | n/a |
| Greenhouse gas emissions at significant areas of operation (ktCO₂-e) | | | |
| Gobe | 186 | 186 | 175 |
| Kutubu Refinery | 39 | 32 | 41 |
| Central Processing Facility (CPF) | 381 | 365 | 354 |
| Agogo Processing Facility (APF) | 256 | 278 | 307 |
| Hides | 82 | 61 | 62 |
| Kumul | 12 | 12 | 11 |
| Kopi and Moro | 6 | 8 | 7 |
| Greenhouse gas emissions by type (ktCO₂ - e) | | | |
| Combustion | 407 | 438 | 437 |
| Flaring | 107 | 114 | 108 |
| Liquid fuels | 41 | 40 | 44 |
| Venting | 301 | 261 | 281 |
| Fugitives | 102 | 84 | 83 |
| Electricity | 5 | 5 | 5 |
| Scope 3 GHG emissions by category (ktCO₂ - e) | | | |

| | | | |
|--|-------------|-------------|-------------|
| Category 3 - Fuel and energy | 1 | 1 | n/a |
| Category 10 - Processing of sold products | 525 | 543 | n/a |
| Category 11- Use of sold products | 10,298 | 10,612 | n/a |
| Category 15 - Investments | 250 | 251 | n/a |
| Emission composition | | | |
| Methane (ktCH4) | 12 | 13 | 13 |
| Carbon dioxide (ktCO2) | 615 | 679 | 689 |
| Production greenhouse gas emission intensity | | | |
| Gross annual production (mmboe) | 19 | 20 | 20 |
| GHG emissions intensity (ktCO2-e /mmboe) | 50 | 46 | 48 |
| Flaring intensity (ktCO2-e /mmboe) | 6 | 6 | 5 |
| Venting intensity (ktCO2-e /mmboe) | 16 | 13 | 14 |
| ENERGY | | | |
| Direct energy consumption (GJ) | | | |
| Total direct energy produced | 125,596,368 | 135,005,512 | 130,543,521 |
| Total direct energy purchased | 245,004 | 264,010 | 237,410 |
| Total direct energy sold | 116,148,819 | 124,285,468 | 120,431,094 |
| Total energy consumed | 8,005,749 | 8,553,579 | 8,600,486 |
| Direct energy consumption by source (GJ) | | | |
| Associated gas used as fuel | 7,449,651 | 8,032,283 | 8,025,920 |
| Liquid fuel | 556,098 | 521,296 | 574,565 |
| Indirect energy (GJ)* | | | |
| Total electricity purchased and consumed | 24,698 | 23,700 | 22,494 |
| Energy intensity (GJ/'000 boe)* | | | |
| Energy intensity of oil and gas production | 445 | 469 | 457 |
| Investment in renewable energy (US\$'000) | | | |
| Total amount invested in biomass | 9,800 | 12,317 | 3,828 |
| Unit corrected to GJ for indirect energy (previously indicated as J). No change in result and Unit corrected to GJ/'000boe for energy intensity (previously indicated as GJ/mmboe). No change in result. | n/a | n/a | n/a |
| ENVIRONMENT | | | |
| INDICATOR | 2017 | 2016 | 2015 |
| WASTE (M3) | | | |
| Waste generated | | | |
| Hazardous | 1,755 | 2,820 | 2,705 |

| | | | |
|---|--------|--------|--------|
| Non-hazardous | 29,415 | 39,116 | 42,462 |
| Total waste generated | 31,170 | 41,936 | 45,167 |
| Volume of waste by disposal method | | | |
| Incineration (mass burn) | 27,865 | 31,948 | 35,810 |
| On-site storage | 998 | 3,710 | 6,656 |
| Landfill | 1,593 | 5,589 | 2,661 |
| Recycling | 714 | 689 | 71 |

SPILLS THAT REACH THE ENVIRONMENT

| | | | |
|---|-------|-------|-------|
| Number of spills > 1 bbl. that reached the environment | 5 | 4 | 3 |
| Volume of spills hydrocarbon spills (L) | 159 | 900 | 250 |
| Volume of non-hydrocarbon spills (L) | 2,105 | 1,790 | 1,795 |
| Number of significant spills | 0 | 0 | 0 |
| Number of significant spills from third parties under contractual obligations | 0 | 0 | 0 |

WATER USE (MEGA LITRES)

| | | | |
|--------------------------------------|------|------|------|
| Produced water | | | |
| Volume of produced water | 882 | 864 | 641 |
| Volume of produced water re-injected | 887 | 860 | 641 |
| % produced water re-injected | 100% | 100% | 100% |

| | | | |
|--------------------------|-----|-------|-----|
| Water withdrawals | | | |
| Surface water | 240 | 144 | 70 |
| Groundwater (renewable) | 451 | 468 | 183 |
| Total water withdrawn | 690 | 1,476 | 894 |

| | | | |
|--|-----|-------|-----|
| Water discharges | | | |
| Surface water | 71 | 47 | n/a |
| Seawater | 0 | 13 | n/a |
| Groundwater* | 117 | 118 | n/a |
| Total water discharges | 188 | 1,314 | n/a |
| *Data has been adjusted since it was previously reported | n/a | n/a | n/a |

HEALTH AND SAFETY

| INDICATOR | 2017 | | 2016 | | 2015 | |
|--|------|---|------|---|------|---|
| RECORDABLE INJURIES AND INJURY RATES | | | | | | |
| Total recordable injuries | | | | | | |
| Total number of recordable injuries | 17 | | 12 | | 21 | |
| Total employee recordable injuries by gender | M | F | M | F | M | F |

| | | | | | | |
|--|-----------|-----------|------------|--------|--------|--------|
| Fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost Work Day Cases | 1 | 0 | 0 | 0 | 0 | 0 |
| Medical Treatment Cases or Restricted Work Day Cases | 2 | 0 | 0 | 0 | 1 | 2 |
| Total contractor recordable injuries by gender | M | F | M | F | M | F |
| Fatalities | 0 | 0 | 0 | 0 | 0 | 0 |
| Lost Work Day Cases | 2 | 0 | 2 | 0 | 0 | 0 |
| Medical Treatment Cases or Restricted Work Day Cases | 12 | 0 | 9 | 1 | 18 | 0 |
| Recordable injuries by region and gender | M | F | M | F | M | F |
| Papua New Guinea | 16 | 0 | 10 | 1 | 15 | 0 |
| Middle East & North Africa | 0 | 0 | 1 | 0 | 4 | 0 |
| Australia | 1 | 0 | 0 | 0 | 0 | 2 |
| Hours worked | | | | | | |
| Oil Search employees | 2,371,822 | 2,304,181 | 3,130,659 | | | |
| Contractors | 6,424,156 | 5,530,252 | 7,850,248 | | | |
| Total hours worked | 8,795,978 | 7,834,433 | 10,980,907 | | | |
| Injury frequency rates | | | | | | |
| Total Recordable Injury Rate (TRIR) | 1.93 | 1.53 | 1.91 | | | |
| Lost Time Injury Rate (LTIR) | 0.34 | 0.26 | 0 | | | |
| Oil Search employees Lost Time Injury Rate (LTIR) | 0.42 | 0 | 0 | | | |
| Contractors Lost Time Injury Rate (LTIR) | 0.31 | 0.36 | 0 | | | |
| 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 | 1 | 0 | 0 | 2 | 3 | 5 |
| Exploration | 0 | 0 | 0 | 0 | 0 | 0 |
| Drilling | 0 | 0 | 0 | 0 | 0 | 1 |
| Production | 1 | 0 | 0 | 2 | 3 | 4 |
| HIGH POTENTIAL INCIDENTS AND RATES | | | | | | |
| High Potential Incident rate (HIPO) | 0.68 | 1.79 | 0.64 | | | |
| Total number of High Potential Incidents | 6 | 14 | 7 | | | |
| MEDICAL EVACUATIONS (PNG) | | | | | | |
| Number of community members evacuated | 69 | 109 | 64 | | | |
| Number of workforce members (employee & contractor) evacuated | 14 | 33 | 43 | | | |
| CLINIC VISITS | | | | | | |
| Total number of patients treated (PNG) | | | | | | |
| Community | 4,983 | 3,992 | 3,503 | | | |

| | | | |
|--|-------------|-------------|-------------|
| Workforce (employee & contractor) | 14,135 | 14,794 | 17,283 |
| Total number of patients treated (AUS) | | | |
| Workforce (employee & contractor) | 635 | 350 | 388 |
| Total number of patients treated (Middle East & North Africa) | | | |
| Workforce (employee & contractor) & Community | 0 | 0 | 555 |
| Total patients treated | 19,753 | 19,136 | 21,729 |
| EMPLOYEE HEALTH AND WELLBEING | | | |
| Total number of employee staff medicals conducted | 414 | 592 | 587 |
| Personalised health assessments conducted (PNG) | 392 | 440 | 398 |
| SOCIETY | | | |
| INDICATOR | 2017 | 2016 | 2015 |
| COMMUNITY ENGAGEMENT AND COMPENSATION (PNG) | | | |
| Contacts | | | |
| # of community meetings held | 181 | 231 | 375 |
| # of field visits conducted | 1,007 | 860 | 1,187 |
| # of community Oil Search contacts (interactions) | 1,619 | 1,170 | 1,790 |
| Issues management | | | |
| # of landowner issues raised | 88 | 90 | 160 |
| # of landowner issues closed | 74 | 68 | 135 |
| Involuntary resettlement | | | |
| Number of sites where involuntary resettlement took place | 0 | n/a | n/a |
| Total direct cash payments to the community (US\$'000) | | | |
| Land rental cash payments to community | 705 | 254 | 252 |
| Land compensation cash payments to community | 32 | 339 | 807 |

Sustainable Development

| | | | |
|--|-------------|-------------|-------------|
| SUSTAINABLE DEVELOPMENT INVESTMENT (US\$'000) | | | |
| INDICATOR | 2017 | 2016 | 2015 |
| SOCIO-ECONOMIC CONTRIBUTION IN PNG | | | |

Socio-economic contribution by stakeholder

| | | | |
|--|---------|---------|---------|
| Total paid to suppliers | 208,182 | 148,393 | 246,264 |
| Total paid to shareholders | 6,836 | 7,604 | 29,588 |
| Total paid to employees | 23,048 | 21,110 | 27,724 |
| Total paid to community | 88,828 | 46,143 | 90,634 |
| Total payments to PNG government | 56,752 | 60,808 | 70,953 |
| Total socio-economic contribution to PNG | 383,647 | 284,058 | 465,163 |

SUSTAINABLE DEVELOPMENT INVESTMENT

Sustainable development investment by type

| | | | |
|--|--------|--------|-------|
| Oil Search Foundation donation | 13,207 | 12,294 | 7,900 |
| Community Development Projects | 509 | 580 | 385 |
| Community education sponsorships and support | 359 | 236 | 398 |
| Partnerships | 512 | 503 | 895 |
| Other donations | 387 | 321 | 14 |

Total sustainable development investment by region

| | | | |
|--|--------|--------|-------|
| PNG | 14,933 | 13,855 | 9,485 |
| Middle East & North Africa | 41 | 79 | 106 |
| Total sustainable development investment | 14,974 | 13,934 | 9,591 |

OTHER SUSTAINABLE DEVELOPMENT CONTRIBUTIONS (PNG)

| | | | |
|---|--------|--------|--------|
| Total payments to suppliers for Infrastructure Tax Credit Scheme projects | 60,689 | 32,209 | 81,042 |
| Total investment in power projects | 20,031 | 16,687 | 5,045 |

SUSTAINABLE DEVELOPMENT PERFORMANCE

| INDICATOR | 2017 | | 2016 | | 2015 | |
|---|------|----|------|----|------|----|
| PAPUA NEW GUINEA | | | | | | |
| Infrastructure Tax Credit Scheme | | | | | | |
| Infrastructure Tax Credit Scheme projects completed | 0 | | 0 | | 9 | |
| Oil Search community assistance projects | | | | | | |
| Community Assistance Projects (CAP) completed | 15 | | 14 | | 9 | |
| Tertiary sponsorships | | | | | | |
| Students enrolled in a tertiary education facility receiving Oil Search's support | 52 | 25 | 30 | 16 | 16 | 6 |
| PNG students who received support from Oil Search whilst studying who graduated during the year | 23 | 12 | 6 | 3 | 11 | 13 |
| Diploma in Education Primary In-Service (DEPI) | | | | | | |
| Teachers who completed DEPI qualification with Oil Search support | 0 | 0 | 11 | 1 | 5 | 0 |
| Compliance training | | | | | | |
| | M | F | M | F | M | F |

| | | | | | | |
|---|----|----|-----|-----|-----|----|
| Landowner companies that completed NASFUND compliance training | 9 | 4 | n/a | n/a | | |
| Landowner companies that completed tax compliance training | 7 | 4 | n/a | n/a | | |
| Landowner companies that completed Investment Promotion Authority (IPA) compliance training | 8 | 2 | n/a | n/a | | |
| Business skills training | M | F | M | F | M | F |
| Attendees who completed financial literacy/basic business skills training sessions | 60 | 38 | 0 | 68 | 11 | 36 |
| Attendees who completed Lanco Directors' training | 0 | 0 | 22 | 0 | 21 | 1 |
| Attendees who complete basic bookkeeping training | 0 | 0 | 3 | 11 | n/a | |
| Agricultural training | M | F | M | F | M | F |
| Attendees who completed agriculture training | 0 | 0 | 0 | 0 | 0 | 54 |
| Attendees who completed life skills training sessions | 0 | 0 | 0 | 0 | 0 | 14 |
| Number of agricultural co-operatives supported during the year | 5 | | n/a | | n/a | |

KURDISTAN REGION OF IRAQ

Community Development Projects

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

PNG SUPPLIER AND CONTRACTOR PAYMENTS

| INDICATOR | 2017 | 2016 | 2015 |
|---|---------|---------|---------|
| Total payments to suppliers and contractors in PNG | | | |
| Suppliers and contractors paid in PGK | 143,090 | 83,947 | 160,620 |
| Suppliers and contractors paid in anything other than PGK | 264,643 | 198,041 | 268,446 |
| State Owned Enterprises | 13,148 | 12,158 | 16,314 |
| Lancos | 51,944 | 52,289 | 69,330 |
| Total paid to PNG suppliers and contractors | 472,825 | 346,435 | 514,710 |
| Payments to PNG Lancos, by company | | | |
| Eurest Gigira Limited | 0 | 0 | 1,260 |
| Eurest Kikori Oil Limited | 0 | 0 | 2,869 |
| Gigira Development Corporation | 4,123 | 3,957 | 3,349 |
| Gobe Catering Limited | 0 | 0 | 1,622 |
| Gobe Field Engineering Limited | 4,122 | 4,036 | 3,157 |
| Gobe Freight Services Limited | 5,155 | 3,378 | 4,931 |
| Kawaso Limited | 1,602 | 1,374 | 1,667 |
| Kikori Oil Investments | 0 | 0 | 0 |
| Kutubu Catering Limited | 0 | 0 | 8,562 |
| Kutubu Security Services | 2,057 | 1,894 | 2,547 |
| Kutmor Limited | 8,934 | 8,093 | 17,269 |
| Maka Investment Corporation | 1,453 | 1,938 | 3,663 |

| | | | |
|---|--------|--------|--------|
| Mananda Umbrella JV | 1,173 | 1,228 | 2,105 |
| Moran Ina Naga Limited | 984 | 1,184 | 1,089 |
| Trans Wonderland Limited | 11,171 | 11,894 | 2,682 |
| Yasuku Oil & Gas Investment | 0 | 0 | 12,558 |
| PNG Mining and Petroleum Hospitality Services | 11,170 | 13,313 | n/a |
| Total paid to PNG Lancos | 51,944 | 52,289 | 69,330 |

OIL SEARCH FOUNDATION

| INDICATOR | 2017 | 2016 | 2015 |
|---|--------|--------|--------|
| CONTRIBUTORS TO THE OIL SEARCH FOUNDATION (\$US'000) | | | |
| Global Fund to Fight AIDS, Tuberculosis and Malaria | 5,120 | 5,611 | 1,066 |
| DFAT Aid Programme (previously AusAID) | 3,000 | 485 | 2,112 |
| Oil Search Limited | 13,207 | 12,294 | 7,900 |
| Other | 885 | 226 | 533 |
| Total contribution to the Oil Search Foundation | 22,211 | 18,616 | 11,611 |

PROGRAMME PERFORMANCE INDICATORS

Coverage

| | | | |
|---|-------|-------|-----|
| Total number of clinics supported by OSF | 67 | 49 | n/a |
| Number of outreach patrols and clinics delivered by OSF supported health facilities | 1,364 | 1,277 | n/a |
| Number of health facility support visits conducted by OSF staff | 465 | 585 | n/a |

HIV

| | | | |
|--|---------|---------|---------|
| Number of condoms distributed | 295,332 | 131,800 | 184,906 |
| Number of people who received an HIV test in the last 12 months and who know their results | 7,126 | 14,101 | 17,431 |
| Number of pregnant women who were tested for HIV and who know their results | 2,414 | 4,532 | 4,870 |
| Percentage of HIV negative infants born to HIV-infected mothers from OSF-supported facilities | 100% | 98% | n/a |
| Number of infants born to HIV-infected mothers within the OSF support programme who are infected | 0 | 1 | n/a |

Malaria

| | | | |
|---|----|----|-----|
| Percentage of slides or rapid diagnostic tests found positive among all slides and rapid diagnostic tests | 7% | 3% | 2% |
| Number of confirmed community "positive" malaria cases from OSF-supported health facilities | 6 | 13 | n/a |

Tuberculosis (TB)

| | | | |
|---|-----|-----|-----|
| Number of community members who received TB treatment | 197 | n/a | n/a |
|---|-----|-----|-----|

Maternal and Child Health (MCH)

| | | | |
|---|-------|-------|-----|
| Number of attendances at OSF-supported Family Support Centres | 1,440 | 1,174 | n/a |
| Number of women receiving antenatal care at OSF-supported health facilities | 4,819 | 5,626 | n/a |
| Number of children below five years of age who attended MCH clinics, who are below 80% weight for age | 6,339 | 8,333 | n/a |

| | | | |
|--|--------|--------|-----|
| Number of births attended by skilled personnel at OSF-supported health facilities | 3,306 | 3,754 | n/a |
| Percentage of OSF supported health facilities that have running water to the delivery room | 84% | 87% | n/a |
| Literacy and education | | | |
| Number of children attending the OSF-supported Buk Bilong Pikinini literacy library | 80 | 80 | n/a |
| Number of Buk Bilong Pikinini libraries established | 1 | n/a | n/a |
| Training | | | |
| Number of community health care staff attendances at capacity-building training supported by OSF | 371 | n/a | n/a |
| Immunisations | | | |
| Number of community health care staff attendances at capacity-building training supported by OSF | n/a | 1,972 | n/a |
| Number of children who are immunised against measles at OSF-supported health facilities | 3,662 | 2,841 | n/a |
| Total number of vaccination across all OSF-supported health facilities | 68,386 | 60,000 | n/a |

Financial

| INDICATOR | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|
| Revenue (US\$ 000) | 1,446,001 | 1,235,908 | 1,585,728 |
| Total net annual production (mmbobe) | 30.31 | 30.24 | 29.25 |
| EBIT (US\$ 000) | 635,602 | 381,031 | 692,640 |
| EBITDAX (US\$ 000) | 1,052,101 | 852,203 | 1,151,282 |
| Profit before income tax (US\$ 000) | 440,874 | 185,032 | 108,255 |
| Net profit after tax (US\$ 000) | 302,092 | 89,795 | 39,381 |
| Core profit (US\$ 000) | 302,092 | 106,701 | 359,890 |
| Average realised oil and condensate price (US\$/bbl) | 55.68 | 45.04 | 51.36 |
| Average realised LNG and gas price (US\$/mmBtu) | 7.67 | 6.36 | 9.44 |