



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

Maintaining a stable operating environment in PNG has always been a strategic priority for Oil Search. Without community and government support, our business is not sustainable. Our approach to social responsibility plays an important role in helping both Oil Search and PNG achieve long-term strategic goals and underpins our close relationship with the PNG people.

[Read more >](#)



2017 REPORT

SOCIAL RESPONSIBILITY STRATEGY

[See the full strategy >](#)

MAKING PNG LIVES BETTER

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

[Continue reading >](#)

PROUD OF WHAT WE DO AND HOW WE DO IT

We seek to adopt industry best practice to manage material social responsibility issues.

[Continue reading >](#)

ENGAGE AND EMPOWER OUR EMPLOYEES

We seek to provide a workplace that celebrates diversity and supports continual learning and development.

[Continue reading >](#)

Oil Search's 2020 Social Responsibility Strategy is guided by the principles of our [Social Responsibility Policy](#) and integrated with the Company's broader strategic objectives and vision. 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.

2017 REPORT SUMMARY

SOCIAL RESPONSIBILITY HIGHLIGHTS

**US\$
384M**

IN TOTAL
socio-economic
contributions in PNG

1,364

**OUTREACH
PATROLS**

and clinics in Hela,
Southern Highlands and
Gulf Provinces

**US\$
344K**

SPENT
on drought relief assistance



Supported recruitment of
11 doctors at Hela
Provincial Health Authority,
up from one in 2016

57%

REDUCTION

in number of High Potential safety incidents



No significant spills



Prepared our first TCFD Climate Change Resilience Report



Prepared our first VPSHR Report

1,286

OSL EMPLOYEES

with PNG citizens representing 83% of our PNG workforce

25%

FEMALE

representation on our Board

79%

PARTICIPATION

in our first employee engagement survey

80%

INCREASE

in the number of women in leadership roles since 2013

Message from Managing Director and HSS Committee Chair



Maintaining a stable operating environment in PNG has always been a strategic priority for Oil Search. Without community and government support, our business is not sustainable. Our approach to social responsibility plays an important role in helping both Oil Search and PNG achieve long-term strategic goals and underpins our close relationship with the PNG people.

This relationship was never more important than in 2017.

Despite pockets of election-related unrest during the lengthy 2017 election campaign, when the O'Neill government ultimately retained power, our operations experienced minimal disruption. In 2017, there was increasing negative sentiment towards the Government due to outstanding benefits payments to project area communities and landowners. Oil Search continued to facilitate payments resolution by providing awareness-raising and logistical support. Our local participation in the Extractives Industry Transparency Initiative (EITI) remains crucial to supporting improvements to the Government's openness and accountability. The current socio-political context makes our commitment to genuinely contributing to PNG's sustainable development even more essential to maintaining a stable operating environment.



Demonstrably improving living standards

One tangible example is the expansion and upgrading of Hela Provincial Hospital, which was rated among the country's best-managed hospitals by the PNG Auditor General's Office in 2017. Since 2016, Oil Search has injected around US\$7 million and is providing diverse expertise and skills under a partnership with the Hela Provincial Health Authority (HPHA). The funds and partnership are focused on improving the hospital's facilities, governance, capacity and resources. The Hela Provincial Hospital now provides around 300,000 people with top-class health and community facilities. In addition, we support its Family Support Centre (FSC) as part of our ongoing commitment to advancing women's empowerment. The FSC treated and supported nearly 1,500 people in 2017, mostly women and children.

To support PNG's national energy goals, we continued to focus our power business on progressing domestic gas power generation, the PNG Biomass project and improving distribution. We also tackled water scarcity and related health and hygiene issues by providing 700 people in isolated communities with water storage and pumping facilities.

We project managed school, hospital, road and community facility projects worth US\$122 million on behalf of the PNG Government, through various tax credit schemes. This includes the advancement of the economically-important Erave to

Samberigi road, that links the south coast road to the Highlands highway, is near-completion.

Whilst this report was being compiled, on 26th February 2018, a major earthquake, measuring 7.5 magnitude struck the PNG Highlands. This earthquake, along with its many aftershocks, killed and injured many hundreds of residents in Hela, Southern Highlands, Western and Gulf Provinces, as well as severely damaging infrastructure, villages and gardens, roads, schools and hospitals. Core to our corporate DNA was the need to respond to help impacted communities in this area. Using our personnel, infrastructure, airfields and aircraft, Oil Search has been at the forefront of the “first responder” efforts to provide urgent medical and relief supplies to over 160 villages, towns and medical facilities across all impacted Provinces. Over 200 tonnes of materials have been delivered by our aircraft and logistics organisation across this area, to some of the most remote villages and communities. Our Moro airstrip, in the centre of the earthquake impacted area, has become the hub of significant relief efforts in these Provinces. The Company has committed an initial US\$5 million to the relief effort and has used these funds to purchase urgent food, water and medical supplies for delivery to communities impacted by this tragedy. Our Foundation has also received donations from a range of stakeholders to help procure relief supplies, and with our aircraft and logistics support, is delivering timely relief. We have also treated over 1000 patients from local communities and have carried over 40 medical evacuations to regional health facilities. In the first four weeks following the earthquake, the PNG Government National Disaster Centre estimates that Oil Search activities have been responsible for just under 80% of urgently required food deliveries in the region. Our rapid response to the disaster is testament of our corporate culture that cares for our communities and belief that we have a responsibility to use our resources to help where we can. More information about our relief efforts is available [here](#).

Nurturing our people

As a major PNG employer, we aim to have a diverse and inclusive workforce, positively impact the national skillset and model best safety practice.

In 2017, we achieved all the Company's diversity and inclusion targets, including an 80% increase in the number of females in leadership roles since 2013. These encouraging results are a direct result of our Diversity and Inclusion Strategy and our ongoing focus on developing a pipeline of female leaders through initiatives such as our new Leading Our Way for Women programme.

Our highly successful Citizen Development Programme (CDP) continued to prepare high-performing PNG citizen employees for leadership. We strengthened key aspects of the programme in 2017, including the framework, programme delivery approach and resources. The CDP cohort numbers 65 people and in 2017, 11 participants had transitioned into leadership roles.

During 2017, we completed three planned facility shutdowns and a significant drilling project with no recordable injuries. We also halved our High Potential Incident Rate. We're proud that our integrated approach to shutdown planning produced these impressive results.

Disappointingly, our Total Recordable Injury Rate (TRIR) increased from 1.53 in 2016 to 1.93 in 2017. After analysing the causes, we are emphasising situational awareness and hazard recognition and striving for an improved TRIR performance in 2018.

Responding to global issues

With growing local and global awareness of the significance of modern slavery, and regulatory developments underway in Australia, we progressed our Human Rights Plan implementation. Our PNG human rights risk profile was updated and we confirmed that labour rights, particularly in our supply chain, were a salient human rights risk for Oil Search's PNG operations. We made significant progress with developing a Responsible Supply Chain Strategy and progressed our readiness for any regulatory changes.

We also began developing a stand-alone Human Rights Policy. Oil Search's entry into the North Slope of Alaska highlighted our need to more explicitly recognise the rights of Indigenous people, which has been implicit and well understood in our engagement with Papua New Guineans.

We made significant progress against our recent commitment to the Voluntary Principles on Security and Human Rights (VPSHR) in 2017 and prepared our first voluntary [VPSHR Report](#), which is now publicly available on our website. This management approach is becoming increasingly important as challenges to law and order escalate throughout PNG, and the PNG Government seeks to secure a more stable fiscal path for delivering against its obligations to project communities and landowners.

Climate change was another significant global issue with local ramifications. The PNG Government – like many of its peers - faces the challenge of meeting escalating energy demands while ensuring supply is sustainable and affordable and meeting its climate-related goals.

After considering the recommendations of the 2017 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), we prepared a **Climate Change Resilience Report** and aligned Oil Search's public disclosures with these recommendations. The Report provides an overview of how we manage our climate risks and conduct climate scenario stress tests and outlines our performance targets and metrics. The climate scenario testing results validate how we have positioned Oil Search for a low-carbon world and demonstrate the long-term resilience of our current and growth portfolio, including under the global commitment to limit climate change to 2 degrees Celsius.

Showing demonstrable progress

Since Oil Search was established almost 90 years ago, we've recognised that playing a constructive role in PNG's development is key to how we do business. We maintained our commitment to the principles of the UN Global Compact throughout 2017 and over the years, our impact and achievements have accelerated and our strategy has evolved to meet changing needs and expectations.

To this end, it was gratifying for Oil Search to be included in the Dow Jones Sustainability Index (DJSI) World Index in 2017. While we have been in the DJSI Australia Index since 2013, this was the first time our performance has been included with the world's best — a clear indication that, while there is still much to do, the pieces of our Social Responsibility Strategy continued to come together in 2017.



Eileen Doyle – HSS Committee Chair



Peter Botten - Managing Director

About this report



About this report

At Oil Search, we are committed to reporting transparently our approach to, and management of, material social responsibility issues and related matters of interest. This includes providing a balanced and timely view of our performance across these areas so key stakeholders (such as employees, shareholders, business partners, investors, project area communities and governments) can understand the context of our business and management approach and provide informed feedback.

To ensure our social responsibility reporting remains relevant, it continually evolves in response to changing Company priorities, risks and stakeholder expectations.

While we seek to establish a consistent boundary for reporting across all our social responsibility communications, we sometimes report on developments outside this if they are material to the business and its performance.

In this Report, we present material information on Oil Search's social responsibility performance relating to projects under our operational control for the 2017 calendar year. Our equity interests in PNG LNG and Papua LNG are not included. Social and environmental performance reporting for the PNG LNG Project is available on the **project website**.

A description of our approach to managing material environmental, social and governance issues is on the **Oil Search website**.

We welcome feedback or questions about any aspect of our social responsibility reporting. Please email socialresponsibility@oilsearch.com

Our 2017 reporting

As well as providing a public report on progress against our Social Responsibility Strategy, the content for Oil Search's 2017 Social Responsibility Report reflects issues that were highlighted as important during the year through stakeholder engagement, benchmarking, media analysis and Company strategy updates.

The content is presented under three key themes: Making PNG lives better, Proud of what we do and how we do it, and Engaging and empowering our people.

In addition to this Report, we have prepared a suite of other reports this year that address key stakeholder interests.

- **The Climate Change Resilience Report** outlines Oil Search's resilience and approach to climate change risk, detailing our position, governance and risk management approach, including scenario analysis. This Report has been developed in alignment with the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TFCD).
- **The VPSHR Report** outlines the Company's progress on implementing the Voluntary Principles on Security and Human Rights (VPSHR) throughout 2017 and is submitted to the Voluntary Principles Initiative (VPI). This Report has been developed in accordance with the VPSHR Verification and Reporting Framework and has also been released publicly.
- **The Transparency Report** summarises information from our **Data Centre** regarding payments made to governments in countries where we operate, including tax payments. This information informs our Extractive Industries Transparency Initiative (EITI) submission for PNG.

Representatives from across the business have worked with the Social Responsibility team to compile our 2017 reporting suite. This Social Responsibility Report has been reviewed by the Executive Leadership Team and the Board Health, Safety and Sustainability (HSS) Committee.

A summary of material aspects of our social responsibility performance is also included in the Oil Search [Annual Report 2017](#), and we communicate relevant performance indicators to our stakeholders through special editions of our newsletters, *Oil Search News* and *Komuniti Nius* and through PNG media outlets. Our Social Responsibility Report also serves as part of Oil Search's required Communication on Progress report as a UN Global Compact member.

Oil Search has reported against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (CGC Recommendations) each year since they were first released. We followed all the CGC Recommendations in the 3rd Edition during the 12 months ended 31 December 2017, as outlined in our [2017 Corporate Governance Statement](#).

Our 2017 [Reporting Index](#) shows how we have addressed international frameworks in 2017, including:

- Global Reporting Initiative (GRI) Standards, GRI Oil and Gas Sector Supplement and the International Petroleum Industry Environmental Conservation Association (IPIECA) Sustainability Reporting Guidelines.
- The objectives of PNG Vision 2050 and the United Nations Sustainable Development Goals (SDGs).

We have compiled the Report's quantitative data in accordance with the [2017 Oil Search Basis of Preparation](#) document.

We also benchmark our performance against several [leading sustainability indices and surveys](#), and participated in global and industry-based reporting initiatives such as the Carbon Disclosure Project (CDP). We have submitted a response to CDP Carbon since 2010 and CDP Water since 2014. Our latest responses are available from the [Downloads](#) section of our website.

Changes to our organisation in 2017

Alaska

In November 2017, Oil Search announced it would acquire interests in world-class tier 1 oil assets on the Alaska North Slope from Armstrong LLC and GMT Exploration Company LLC.

We will build operating capabilities by partnering with Armstrong (an Alaska specialist) and through a cooperative agreement with Halliburton, the largest oil field service provider on the North Slope.

As we will assume ownership and operatorship in 2018, this acquisition is out of scope for this reporting period. Oil Search will consider the [Social Responsibility Strategy](#) in light of the new venture and relevant aspects from our Alaska operations will be disclosed in our 2018 reporting.

PNG Government sale of Oil Search shares

With important funding priorities, such as education, health and infrastructure, and a significant reduction in cash flows due to low commodity prices, the PNG Government decided to sell its 10% stake in Oil Search in 2017.

The sale does not diminish the relationship between the PNG Government and Oil Search. Oil Search remains fully committed to PNG and we expect our activities in PNG in partnership with the PNG Government will continue.

Independent limited assurance

External assurance enhances the credibility and transparency of our social responsibility data and helps us to identify improvements for future reporting. We obtained independent limited assurance over selected social responsibility data in this Report in accordance with Australian Standards on Assurance Engagements ASAE 3000. The **limited Assurance Statement** prepared by Deloitte outlines the scope and basis of the assurance they have provided for this Report.

Our social responsibility reporting has been subject to independent limited assurance since 2011, with the assurance findings presented to the Executive Leadership Team and the Board Health Safety and Sustainability Committee. As Deloitte is Oil Search's auditor as well as our social responsibility reporting assurance provider, the relationship is subject to similar independence and approval processes. The Oil Search Board Audit and Financial Risk Committee oversees this assurance process.

Our Social Responsibility Strategy



Our Company vision is to generate top quartile returns for shareholders through excellence in socially responsible oil and gas exploration and production

Social Responsibility Strategy

Our 2020 Social Responsibility Strategy supports delivery of the Company's vision and strategic objectives by promoting a stable operating environment in PNG, positioning Oil Search as a leader in socially responsible oil and gas exploration and production, and engaging and empowering our employees.

It 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.

We continued to deliver on the Strategy's key objectives in 2017, and this Report describes our progress.

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

ENGAGING AND EMPOWERING OUR EMPLOYEES

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

We have developed and continue to progress several implementation strategies that support these overarching goals. They relate to:

- Climate Change,
- Human Rights,
- Sustainable development,

- Responsible supply chain management, and
- Diversity and inclusion.

In 2018, we will:

- Continue to embed climate risk in our decision-making and organisational controls,
- Continue implementation of our Human Rights Plan with finalisation of a Human Rights Policy and Responsible Supply Chain Strategy development; and completion of our Grievance Management System review,
- Support efforts by the Government of PNG to deliver on its project commitments to landowner beneficiaries,
- Advance an integrated and strategic approach to sustainable development in PNG,
- Pursue the Oil Search 2018-2020 Diversity and Inclusion goals, focused on continuous improvement in the areas of gender diversity, citizen development and an inclusive workplace, and
- Continue to engage and empower employees in social responsibility initiatives.

Engaging with our stakeholders

We recognise the importance of strong, mutually respectful stakeholder relationships and the role they play in achieving business success and our vision. The [How We Work](#) section of our website explains our commitment and how we approach stakeholder engagement.

During the year, we continued working with a range of stakeholders to understand the potential impacts and opportunities of Oil Search's activities and to understand any concerns about, or interests in, the Company. The feedback we received informed our business decisions and planning, and helped to shape the content of this Report.

Oil Search is a member of a number of business and industry associations. These are listed in the [Memberships and Commitments](#) section of our website. During 2017, Oil Search representatives held positions on the governance bodies of:

- PNG Chamber of Mines and Petroleum,
- PNG Institute of National Affairs,
- PNG Business Coalition for Women,
- Hela Provincial Health Authority (HPHA), and
- Global Compact Network Australia (GCNA).

We have undertaken a preliminary review of the positions of these organisations on issues related to climate change and are comfortable that these are not in conflict with our Company positions on these matters.

We also continued to be a corporate participant in the Voluntary Principles on Security and Human Rights (VPSHR), and a member of the Extractive Industries Transparency Initiative (EITI) and the EITI PNG Multi-Stakeholder Group.

In August 2017, we joined the International Petroleum Industry Environmental Conservation Association (IPIECA), the global oil and gas industry association for environmental and social issues. We belong to a number of IPIECA working groups and taskforces, including social responsibility, biodiversity, climate change, supply chain, water and reporting. This supports our efforts



to access and share good industry practice and knowledge, helping us to achieve our continuous performance goals in regard to environmental and social performance and contributing to industry thought leadership.

Our active engagement with PNG Government stakeholders included, but was not limited to, discussions and participation in forums with the Department of Petroleum, the Conservation and Environment Protection Authority, the Climate Change Development Authority, the Department of Treasury and the Department of National Planning. Specific engagement activities for 2017 are identified throughout this Report and are summarised in the tables below.

When unrest occurs within the community, it is usually the result of inter-tribal conflict, or related to issues between communities and the Government regarding unfulfilled commitments or other issues not related to Oil Search performance or our relationships with the community. We aim to minimise the potential for these types of conflicts by reporting transparently payments to Government, and supporting Government efforts to engage with communities by providing logistic support and ensuring Government representatives and agencies are fully aware of their obligations.

In 2017, unrest arising from community dissatisfaction due to lack of progress on PNG Government payments temporarily interrupted operations at Hides and at North West Moran. These issues were resolved by the Government meeting and talking with affected parties, which was facilitated by Oil Search. In early 2018, outside this reporting period, unrest arising from community dissatisfaction with progress on Government payments temporarily interrupted operations at Moran.

In February 2018, a magnitude 7.5 earthquake struck the PNG Highlands and materially impacted the communities in our project areas. While no major injuries were sustained by either our staff or our contractors, there was material damage to some our camps and associated facilities. The impact on local communities within our operational areas has been substantial, with many deaths in the region as well as the destruction of houses, schools, roads and bridges. Oil Search has committed US\$5 million in cash and in-kind support for disaster relief efforts in Hela and Southern Highlands Provinces and parts of Gulf and Western Provinces. We are working closely with the PNG Government, the Australian and New Zealand Governments, our partners and aid agencies to assist where possible with relief efforts across our local communities. More information on our relief efforts can be found [here](#).

Oil Search's stakeholder interactions in 2017

PNG Government

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Permits and licences • Investor, and partner for development • Regulatory policy, compliance and management • Effective governance and judicial system 	<ul style="list-style-type: none"> • Revenue from resources for development of country • Development partners • Skills and experience in project delivery e.g. infrastructure • Local employment, business development and training 	<ul style="list-style-type: none"> • Participating in meetings, workshops, initiatives and working groups • Support for industry submissions on relevant legislation and policy initiatives • Supporting with logistics, information and advice when requested • Licence applications and permits 	<ul style="list-style-type: none"> • Infrastructure delivery • Domestic power supply • Energy policy and climate change • Biodiversity protection • Benefits distribution and outstanding PNG Government commitments • Tax policy • Project security

- Protecting secure and stable operating environment
- Social licence to operate
- Subject matter expertise
- Improving governance and transparency
- Infrastructure Tax Credit Scheme submissions and reviews
- Nationalisation of resources
- PNG foreign exchange

Australian Government

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Development partner • Donor to PNG • Support capability of PNG Government 	<ul style="list-style-type: none"> • Development partner • Insights and expertise in PNG 	<ul style="list-style-type: none"> • Meetings and consultations • Funding submissions • Trade visits 	<ul style="list-style-type: none"> • Partnership opportunities • PNG national elections • Engagement with Royal PNG Constabulary (RPNGC) • UN Sustainable Development Goals (SDGs) • Proposed Modern Slavery legislation • DFAT private sector development programme • OECD National Contact Point

Shareholders, investors and analysts

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Provide capital • Rate and compare our performance 	<ul style="list-style-type: none"> • Provision of accurate information • Access to management 	<ul style="list-style-type: none"> • Regular results announcements, reports, webcasts and presentations • One-on-one meetings and briefings 	<ul style="list-style-type: none"> • Opportunities for project integration • Impact of, and response to, civil unrest in areas surrounding our operations

- Influence public and investor perception
- Reflect community sentiment and expectations
- Open, effective and transparent communication
- Responses for reports, questionnaires, benchmarks, rankings and information requests
- Bi-annual international investor road shows and annual field trips
- Participation in Carbon Disclosure Project (CDP) Climate Change and Water initiative and Dow Jones Sustainability Index (DJSI)
- Our approach in a 'lower for longer' oil price environment
- Potential impact of new PNG Government on existing LNG expansion and new growth projects
- Impact of PNG Government's sale of its Oil Search shareholding on our relationship
- Readiness for a carbon-constrained future, including the Financial Stability Board's Taskforce on Climate-related Financial Disclosure (TCFD) Recommendations
- Human rights management
- Timing and progress of benefits distribution from the PNG LNG Project
- Process safety
- Alaska acquisition
- PNG foreign exchange

Business partners, suppliers and contractors

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Provide expertise, services and equipment • Sharing resources • Raising industry standards • Performance and risk management • Relationship management 	<ul style="list-style-type: none"> • Business development and local participation • Responsible supply chain management • Performance and risk management • Relationship management • Contract requirements 	<ul style="list-style-type: none"> • Pre-qualification and screening • Site visits and audits • One-on-one meetings • Contractor induction, ongoing training and awareness • Business development, governance and safety support for PNG landowner companies (Lancos) and cooperatives • Contract and procurement management • Compliance 	<ul style="list-style-type: none"> • Ability to leverage project area community and government relationships • Capability to deliver environmental and social planning work to support development • Local content • Regional Lanco structures • PNG foreign exchange

- Reputation and responsible supply chain management
- Compliance with regulations and statutes

Communities

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Directly and indirectly impacted by our activities • Provide social licence to operate • Contribute to a stable and safe operating environment • Diverse and resilient local economies • Provide labour, suppliers, services and equipment • Risk management 	<ul style="list-style-type: none"> • Business and employment opportunities • Development partner • Directly and indirectly impacted by our activities • Wealth distribution through wide community shareholding participation 	<ul style="list-style-type: none"> • Resident Village Liaison Officer (VLO) network and committees • Regular visits to villages by Community Affairs and Oil Search Foundation (OSF) staff • Village meetings with community leaders and representatives • Community development programmes • Socio-economic and health surveys • Community newsletters • Annual reports, website and social media 	<ul style="list-style-type: none"> • Effective and transparent benefits distribution • Implementation of government commitments • Access to infrastructure and services– health care, education etc. • Land access and compensation • Employment and business opportunities • Development assistance • Delivery of community projects

Our people

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Key asset for delivering our Strategy • Technical expertise 	<ul style="list-style-type: none"> • Employment opportunities and succession • Learning and development opportunities 	<ul style="list-style-type: none"> • Town Hall sessions • Annual career development, training and performance processes 	<ul style="list-style-type: none"> • Company strategy and changes

- Advocate for us in the community
- Source of local knowledge and expertise
- Career progression
- Working for a socially responsible company
- Employee engagement survey
- Employee newsletters and communications
- Presentations, webcasts and direct meetings
- Strategy Q&A sessions
- Gender diversity
- Citizen development
- Development opportunities
- Employee engagement
- Workplace flexibility
- Alaska acquisition

Non-government and industry organisations

WHY THEY ARE IMPORTANT TO US	WHY ENGAGEMENT WITH US IS IMPORTANT TO THEM	HOW WE INTERACT	KEY TOPICS RAISED IN 2017
<ul style="list-style-type: none"> • Specialist skills and expertise in key risk areas • Local networks and experience • Resources • Sharing knowledge • Ability to influence other stakeholders 	<ul style="list-style-type: none"> • Partners for sustainable development investment and initiatives • Complementary skill set and experience • Contribute industry perspective • Social responsibility performance and knowledge sharing • PNG expertise 	<ul style="list-style-type: none"> • One-on-one briefings • Respond to information requests • Membership of industry associations • Participating in forums and conferences • Representation on governance bodies • Sponsorship and presentations • Partnership opportunities 	<ul style="list-style-type: none"> • Payments transparency • Local supplier development • Sustainable development priorities and partnership opportunities • Climate change and TCFD • Human rights and the VPSHR • Modern slavery • Women's empowerment and protection, family and sexual violence

Addressing shareholder resolutions

Activism as a method of engagement has been on the rise over the past twelve months, particularly targeted at larger ASX-listed companies. Our approach has been, and continues to be, to engage directly and consistently with active stakeholders to understand and address their concerns. We encourage our stakeholders, shareholders and their representatives to engage earnestly, directly and early with us on issues that are of concern for them.

In 2017, we continued to engage with investors and their representatives on pressing social issues. Two shareholder proposals were submitted for consideration at the Company's 2017 Annual Meeting.

The first resolution received from Market Forces requested the inclusion of additional information regarding the Company's resilience to climate change in our routine annual reporting, specifically climate change governance, strategy, risk management and metrics and targets in accordance with the TCFD.

The Company's position was that our disclosures and planned activities already addressed this request.

For this reason, the Board recommended shareholders vote against this resolution. The resolution was withdrawn by the proposing shareholder before being voted for at the Annual Meeting. In conjunction with our [2017 Annual Report](#), we released a TCFD-aligned [Climate Change Resilience Report](#) which confirmed the Company's resilience to a range of possible climate change scenarios, including a scenario which limits climate change to 2^oC.

The second resolution received from the Australasian Centre for Corporate Responsibility requested greater transparency around our management of human rights. It called for the Company to disclose our compliance with the United Nations Guiding Principles on Business and Human Rights (the GPs) and the VPSHR, including our compliance methodology, and making our [VPSHR Report](#) available publicly. As Oil Search's transparency around these topics was already established and we had committed to VPSHR reporting, the Board did not support this resolution. It was defeated at the Annual Meeting, with an overwhelming majority of proxy votes cast against it.

Information about our approach to [climate change](#) and [human rights](#) management are on the Oil Search website and our 2017 performance in these areas is detailed in [this Report](#).

Our [full response to shareholders](#) regarding these resolutions is also available on the website.

Making PNG lives better



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

PERFORMANCE SUMMARY

**US\$
384M**

IN TOTAL

socio-economic
contributions in PNG

77

STUDENTS

receiving Oil Search
support enrolled in tertiary
education facilities

1,364

OUTREACH

patrols and clinics
conducted in Hela,
Southern Highlands and
Gulf Provinces

**US\$
344K**

INVESTED

on drought relief assistance

**US\$
122M**

IN VALUE

of infrastructure projects
project-managed

80

CHILDREN

attended the Tari Literacy
Library programme



Supported the recruitment
of 11 doctors for Hela PHA,
up from one in 2016



Sponsored PNG's first
international women's
Rugby League team,
raising awareness about
women's empowerment
and equality

Strategic sustainable development

This year we brought together several initiatives under the umbrella of our Sustainable Development Strategy — which is under development — providing a more holistic and strategic framework for Oil Search’s [approach to sustainable development](#) in PNG. Once it is finalised, the Strategy will focus our efforts and maximise their impact by enhancing coordination and collaboration across the Company and with [the Oil Search Foundation](#) (OSF). The Strategy will also provide a common measurement framework so we can better track and measure sustainable development outcomes.

The Strategy identifies priority areas for our sustainable development initiatives in PNG that align with the objectives of the PNG Government’s long-term strategic plan for the country, [PNG Vision 2050](#), and will contribute to PNG’s progress against the UN [Sustainable Development Goals](#) (SDGs). These priority areas are underpinned by Oil Search’s commitment to women’s empowerment, local content and climate change adaptation, and to working with the PNG Government to improve PNG’s capability in these areas.

SUSTAINABLE DEVELOPMENT

Goal: We aspire to set the standard for private sector contribution to sustainable development through our activities in PNG

PRIORITIES	HEALTH	EDUCATION	WATER, SANITATION & HYGIENE (WASH)	SUSTAINABLE LIVELIHOODS	ENTERPRISE DEVELOPMENT	ACCESS TO POWER	PUBLIC INFRASTRUCTURE
OIL SEARCH CONTRIBUTORS	Oil Search Foundation	Oil Search Community Affairs		Oil Search Community Affairs		Oil Search Power Subsidiary	Oil Search Projects team (Infrastructure Tax Credit Scheme)
	Oil Search Medical & Occupational Health Service	Oil Search Foundation					

Oil Search delivers sustainable development outcomes in key priority areas through the Foundation, our Community Affairs team, our Medical and Occupational Health Service (MOHS), infrastructure project management teams and our power business, [Oil Search Power Holdings Ltd.](#)

Oil Search is the founder of, and principal donor to, the OSF, which delivers community programmes relating to health, leadership and education, and women’s protection and empowerment. The Foundation makes meaningful contributions to the lives of Papua New Guineans by aligning its activities with PNG’s development priorities and social objectives.

Our sustainable development approach is supported by a monitoring and evaluation framework for our programmes. We use two overarching measures of success: a measurable improvement in sustainable development indicators for identified priority areas, and to be publicly recognised as a private sector leader in PNG’s sustainable development. In 2017, we worked with internal stakeholders to identify measurable outcomes for initiatives, which will be put in place in 2018. OSF has its own [monitoring and evaluation framework](#) which supports accountability to Oil Search and other donor partners.

Partnering for stronger health services

As most of our operating locations are in rural and remote areas that can lack adequate public health care services and infrastructure, we have supported project area communities with access to health services since 1992. Our community health programmes are predominantly delivered by the OSF, with complementary services provided by Oil Search's MOHS team. More detail about our approach to occupational health is on our [website](#).

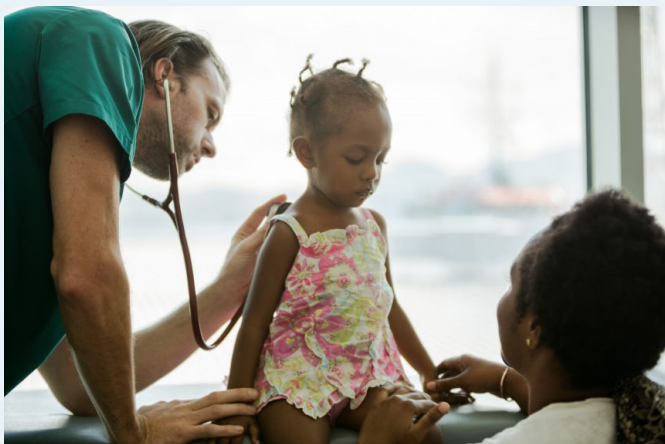
Hela Provincial Hospital

Continuing the successful partnership that underpins the Hela Provincial Hospital's transformation, OSF and Hela Provincial Health Authority (HPHA) signed a new agreement in April 2017 to improve provincial health service delivery, replacing the previous agreement with the HPHA. OSF agreed to support the implementation of management systems, fund the engagement of critical medical staff, support with financial management, improve pharmaceutical supply and distribution, and deliver key capital works projects.

Until recently, the HPHA relied on volunteer doctors to provide essential health services to a population of more than 300,000 people. With OSF support, a new governance system has been established and an experienced and skilled Executive Team has been recruited. Eleven doctors are now working with HPHA, up from only one in 2016. All but one of the doctors are Papua New Guineans.

OSF has also continued to develop Hela Provincial Hospital infrastructure in collaboration with partners. The key focus areas in 2017 included upgrading the power supply and building new infrastructure, such as doctors' houses, an outpatients' area, administration offices, water tanks, nursing quarters, a hospital kitchen, a blood bank and an x-ray unit.

Reflecting this remarkable turn-around in performance, the significant infrastructure improvements and the success of this public-private-partnership, in 2017 Hela Provincial Hospital was rated among the best-managed hospitals in PNG after achieving the highest commendation of an 'Unqualified' rating from the PNG Auditor General's Office.



Medical outreach

Working closely with local, district and provincial health authorities, OSF facilitated outreach patrols to some of the remotest parts of PNG. The patrols reached over 50 remote villages, many of which have not had access to health services in decades. In 2017, the OSF conducted 1,364 outreach patrols and clinics in Hela, Southern Highlands and Gulf Provinces and provided more than 68,350 immunisations, up from 60,000 in 2016. Immunisation coverage for children in Hela and Southern Highlands Provinces has further been improved with the distribution of 21 vaccine fridges in partnership with the HPHA and UNICEF.

Staff training

Throughout 2017, the OSF continued to support the PNG Government's strategies for addressing health worker training, including funding three scholarships for community health workers and supporting health worker upskilling to manage the threat of tuberculosis in PNG. It also worked with community and NGOs to train peer outreach workers to deliver community education and awareness about HIV and sexually-transmitted infections in PNG's high-burden HIV provinces.

OSF and Oil Search Medical and Occupational Health Service (MOHS)

The Oil Search's MOHS team continued to support the work of the OSF. We provided clinical specialists at Hela Provincial Hospital to support day-to-day decision-making and help staff improve their clinical competence. In addition, the MOHS management team worked with the OSF and the National Department of Health to drive delivery of a new emergency and outpatient department at Hela Provincial Hospital.

During the year, our MOHS team assisted with 69 medical evacuations of community members and 53 non-urgent transfers.

Improving education and literacy

Early literacy is directly linked to retention in school, higher graduation rates and enhanced productivity in adult life. Increased literacy is also essential for improving health outcomes and providing women with the tools to improve their lives and those of their families.

Improving literacy and access to quality education in PNG is therefore a sustainable development priority for the PNG Government and for Oil Search. Oil Search and OSF deliver programmes in areas around our operations that are improving education and literacy outcomes. More information about our approach to leadership development and education is [here](#).

The Oil Search Foundation's Leadership and Education programme launched in 2016, focuses on empowering children through literacy. We opened our first Literacy Library the same year in Tari, where early literacy programmes are delivered for children aged between three and five years. In 2017, 80 children attended the literacy classes, and 76 completed the 12-month literacy programme from the Tari Library.

Owing to the success of the programme in Tari, two additional libraries were approved for construction in 2018 in Hela Province and in Kikori in Gulf Province, where literacy rates are some of the lowest in the country. The libraries will be based on the successful early childhood model developed by a local NGO, Buk bilong Pikinini.

In Kikori, the library will be delivered in partnership with Buk bilong Pikinini, United Church, and the Gulf Division of Education and in Hela, by Buk bilong Pikinini, Seventh Day Adventist Mission and the Hela Division of Education. While the initial focus was on early childhood literacy, the programme was adapted in 2017 to include adult literacy for women, in response to local demand.



During the year, we also:

- Supported schools in host communities by maintaining educational facilities and providing essential school supplies. We also continue to create opportunities for students from these areas to take up tertiary studies in institutions throughout PNG.
- Partnered with the PNG Government through its Infrastructure Tax Credit Scheme (ITCS) to continue upgrading school facilities for the Bimai High School.
- Donated more than 35 boxes of reading books, stationery and teachers' reference materials to the Kiangabip and Swetigin communities in the remote Western Province. Oil Search employees and Buk bilong Pikinini made the donations.

Access to clean water

Many people in rural PNG have limited access to sanitation and safe, potable water. Combined with the impact of flooding, frost, drought and water and food-borne diseases, this make communities vulnerable to water scarcity and related health and hygiene issues. More detail on our approach to water, sanitation and hygiene is [here](#).

Oil Search began a major drought relief initiative in 2015 that included a series of projects designed to ensure an ongoing clean water supply for villages in the Company's project areas in Southern Highlands, Hela and Gulf Provinces. This complemented our existing Community Assistance Projects to deliver water collection facilities in schools, health facilities and communities.

As a part of this initiative, we handed over a water pump and storage tanks in November 2017 to the Hebaiya villages in the Nipa-Kutubu District of Southern Highlands after their access to clean water was negatively impacted by drought. The equipment will provide more than 500 people with access to clean drinking water and aligns with the objectives of the PNG Government's national Water, Sanitation and Hygiene (WaSH) Policy of promoting equitable access to a safe, convenient and sustainable water supply.

During 2017 we also provided a 9,000-litre water tank to Ogomabu village on the Kikori River in Gulf Province. Water is scarce here as waterholes and springs are contaminated by river floods and siltation. The new tank will provide access to clean water for around 200 people.



Nurturing local business opportunities

Supporting local enterprise development has been a pillar of Oil Search's sustainable development programmes for several years now. We [work with local businesses](#) through targeted initiatives so they can overcome common governance and capability obstacles to create sustainable livelihoods. We also

support local women by helping them form agricultural cooperatives and provide training opportunities focused on business and agricultural skills.

National Agricultural Research Institute partnership

In 2017, we continued to work with the PNG National Agricultural Research Institute (NARI) to introduce drought-tolerant crops to farmers across our operational areas. NARI has nurseries for these crops across PNG and we are working with them to extend the reach of this development programme to other parts of the Highlands region. We also shared our historical Highlands region weather and climate data with NARI so they could map areas that may be potentially impacted by frost. Analysing this information will help NARI scientists to identify the type of interventions local farmers need to manage such climate changes. We will continue investing in this research in 2018.



Women in Sustainable Agriculture Programme

Oil Search continued to support women to grow sustainable agricultural businesses through our Women in Sustainable Agriculture Programme (WSAP). This empowers women in our host communities by creating opportunities for them to learn basic farming and business skills so they can create a sustainable livelihood that contributes to family income. Since 2012, Oil Search has provided more than 400 Huli, Fasu and Foe women with start-up materials, technical advice, and business advice and training in basic bookkeeping and food-handling standards.

During 2017, we provided the Sisibia WSAP in Southern Highlands with a 150W solar panel and battery to provide electricity for their chicken hatchery, which supplies eggs and vegetables to Oil Search's Kutubu camp. Reliable access to electricity supports business continuity for this group, as the solar power provides heat for the chicken hatchery and light for the workers.

We continued to work with the Fresh Produce Development Authority, which supports the establishment of women's agricultural cooperatives. Forming cooperatives improves opportunities for the women to make business agreements and obtain finance. The programme's broad objectives are to:

- Enhance household livelihood and food security.
- Reduce poverty and malnutrition.
- Provide an economic base for women farmers and increase the production and marketing of fresh produce in project impact communities.
- Align with PNG Vision 2050 targets of Wealth Creation and Sustainable Development.

The programme will continue in 2018.

Continued support for Lanco development

Oil Search aims to maximise the involvement of local communities and Lancos in business opportunities that arise from our operations. Our business development specialists support local enterprise development in project area communities by helping them to establish and maintain effective management and governance systems.

To help Lancos, local business groups and individuals work in accordance with PNG laws and learn about the requirements of PNG's Companies Act, we rolled out statutory compliance training sessions throughout 2017 in partnership with relevant PNG Government statutory bodies. This training contributed to a 43% increase in the average Lanco statutory compliance score from 2016 to 2017.

In the P'nyang region, Oil Search assisted landowners to establish a new umbrella Lanco, P'nyang Support Services Ltd. This will represent all local project area clans in the area and is partnering with another Lanco to provide services to Oil Search, benefiting local people through employment.

To support the development of enterprises within our project area communities, Oil Search partnered with Bank South Pacific to provide banking awareness and financial literacy training for 98 local community members of business groups and cooperative societies. More than 280 people have participated in these sessions since they began in 2014. We will continue to facilitate the delivery of this programme in 2018.

Supporting public infrastructure development

Oil Search contributes to the socio-economic development of PNG by supporting critical infrastructure development such as roads, hospital and school redevelopments, police barracks, and national level projects. Funds for these projects are provided under the PNG Government's Infrastructure Tax Credit Schemes (ITCS), and a number of these projects are specifically requested by the PNG Government. These include the redevelopment of Lloyd Robson Oval as the National Football Stadium and APEC Haus, the venue to be used by the PNG Government in the forthcoming Asia-Pacific Economic Cooperation (APEC) Summit in November 2018. During these developments, we continually identify opportunities to maximise local engagement and content, improve sustainable development outcomes and build community relationships. More detail on our approach to supporting public infrastructure development is on the Oil Search [website](#).

During 2017, we developed an internal procedure for the implementation of Tax Credit Scheme projects which aligns with the requirements of the PNG Government. This provides a consistent methodology for Oil Search to manage local and national ITCS projects. We also strengthened our governance around these projects by establishing an internal steering committee to oversee and endorse them, review project budget management, and govern cost recovery.

During the year, we project-managed infrastructure projects on behalf of the PNG Government valued at US\$122M. Our focus was the development and implementation of new projects and practical completion of key projects commenced in previous years.

The Erave to Samberigi road is 44 kilometres long and links the country's north to south road network in the Highlands. The initial authorisation from the PNG Department of Works (DoW) afforded the completion of almost 32 kilometres of this scope. The final 12 kilometres is planned for completion in 2018, pending authorisation from the Department of National Planning and Monitoring and the DoW. Once finished, the road will connect local communities and provide access to markets and further opportunities for business development. Over the years during its construction, Oil Search has employed local workers and implemented sustainable development initiatives such as:

- Restoring basic facilities at the Samberigi Health Centre, including clean running water and medical kits.
- Providing water and power facilities to the Samberigi Mission Station.
- Undertaking electrical works for the Community Development Initiative Haus.
- Constructing smaller roads that improve access between villages and the new road network.

Election-related community unrest, including highway closures and local clan disputes, delayed ITCS project delivery timelines during the year. We addressed these challenges through ongoing relationship-building and engaging with local stakeholders.

In 2017, we also:

- Began work on a new administration building, outpatients ward, general ward, maternity and delivery ward at the Kupiano Hospital, supporting a local catchment area of 48,000 people. This work is being undertaken by a local area contractor using locally-sourced labour and is scheduled for completion in late-2018,
- Undertook general road and bridge maintenance to the Kutubu Access Road, providing access for more than 62,000 Foe, Fasu and Moran area Huli people to larger service areas in northern PNG,
- Made further progress on the Komo to Ajakaiba road project, which is constructing permanent river crossings along the road and providing road maintenance,
- Upgraded the Bimai High School facility by constructing a double classroom, two staff houses and a male dormitory. Work has begun on a female dormitory that is due for completion in 2018,
- Began construction of APEC Haus in Port Moresby, a new national government function centre.

Enabling access to power

In PNG, access to power remains one of the most significant developmental issues, making it a key focus area for Oil Search's Sustainable Development Strategy.

In 2017, **Oil Search Power Holdings** introduced a three-tiered portfolio to reinforce its focus on gas powered generation, domestic gas and energy distribution, and renewable energy generation. The scope of this portfolio aligns with the PNG Government's strategic priorities, including its goal of 70% electricity connectivity and the country's transition to 100% renewable energy by 2030.

Power generation

During 2017, Oil Search and Kumul Petroleum established NiuPower Ltd to focus on domestic power generation through the gas-fired Port Moresby power station and other potential Independent Power Producer projects. NiuPower has also started to explore opportunities with PNG Power Limited (PPL) to incorporate the efficient use of existing State-owned assets into generation expansion.

Domestic energy distribution

Oil Search and Kumul Petroleum also agreed to establish an energy distribution company, NiuEnergy Limited, focused on developing a liquefied natural gas (LNG) supply chain for PNG-produced fuel into domestic power generation, and for industrial markets in PNG coastal centres. In 2017, NiuEnergy worked on understanding demand for LNG in the domestic market and evaluated the feasibility of site-specific delivery configurations such as storage, ship-to-shore transfer and re-gas options.

NiuEnergy is also exploring opportunities to pilot the use of compressed natural gas (CNG) in urban areas to replace the high-sulphur diesel used for transportation.

Renewable energy

PNG Biomass is an Oil Search wholly-owned renewable power project in the Markham Valley that is supported by a 25-year Power Purchase Agreement with PPL.

The project involves developing up to 18,000 hectares of Forestry Stewardship Council certified tree plantations that will produce fuel for up to 30MW of renewable, biomass-fired, reliable baseload power for the Ramu grid from 2020 onwards.

During 2017, the project progressed through Front End Engineering and Design, focusing on refining the technical and commercial aspects of the project to support a final investment decision, which is due in 2018.

During the year, we also:

- Undertook environmental, social and economic impact assessments and associated management plans for this project.
- Generated significant local community benefits by providing full-time employment for approximately 150 people in the Markham Valley and 50 employees of the first project Lanco, Zif Faring Business Group, which was established in February 2017.
- Completed planting approximately 800 hectares of trees for future biomass production, adding to the existing 400 hectares.



Protecting and empowering women and families

PNG experiences very high levels of gender-based violence, especially family and sexual violence directed against women and children. An estimated two-thirds of PNG women¹ are reported to experience sexual violence during their lifetime across both rural and urban areas.

Survivors often need medical and psychological care, emergency shelter, police protection, legal assistance and vocational training services. These services are still in the early stages of development in PNG.

OSF provides funding support for the Family Support Centre in Hela, which provides emergency medical and psychosocial care for women and children experiencing sexual abuse and family violence.

¹ Overseas Development Institute 2015, Gender Violence in Papua New Guinea

Oil Search works collaboratively with OSF to implement women's protection and empowerment initiatives. These ensure families have access to information and support that help them address gender-based violence and lead to positive change within their communities. Our approach to women's protection and empowerment is detailed [here](#).

During the year, OSF continued to roll out the Small Grants Scheme to enable Oil Search staff to be active participants in their own communities across PNG. Eighteen small grants were awarded to address issues such as family violence, engaging young men in society, women's empowerment, and safe access to water.

In 2018, we will launch a "Champions of Change" initiative to inspire our employees to take the tools and knowledge they are gaining every day at Oil Search to their homes and communities



to be agents of change. We have already seen many employees using our Small Grants programme to do this, and this initiative is designed to harness employees to drive greater social change outside of the workplace, and make a greater difference to the lives of other Papua New Guineans.

In 2017, OSF implemented a comprehensive programme to address gender, family and sexual violence in Hela Province.

The programme included training at all levels of the Hela Provincial Health Authority (HPHA), community prevention and awareness activities, outreach, communication materials, mentoring, counselling, and salary support for the Hela Provincial Hospital Family Support Centre (FSC), which provides women's protection and empowerment services. In March 2017, the OSF entered into a partnership with **Femili PNG Inc.** to strengthen the response of the HPHA's family and sexual violence assault service, improve referral systems across the Province, and facilitate capacity building programmes for the FSC. In 2017, 1,440 people accessed these services.

OSF is currently engaging with the PNG Government and district health services to expand family and sexual support services into Southern Highlands and Gulf Provinces in 2018.

Also during the year:

- Oil Search sponsored PNG's first international women's Rugby League team, the PNG Orchids, so they could participate in the inaugural, fully-funded women's Rugby League World Cup. Hosted in Australia, the Women's Rugby League World Cup ran concurrently with the men's Rugby League World Cup. Oil Search's sponsorship helped to raise awareness of how women can be empowered to represent, lead and inspire through sports.
- The OSF, in partnership with the Department of Justice and Attorney General, organised a Family Protection Act awareness session for Oil Search employees. This helped them to understand the purpose of the Act and how it prevents or minimises family violence.
- Oil Search employees in Australia participated in a 'Run, Ride and Row' initiative to raise funds to support the OSF in procuring clothing for newborn babies and postpartum packages for women. The initiative raised more than US\$4,000.
- More than 150 employees from Oil Search and our partner organisations participated in a walk in Port Moresby to observe the International Day for the Elimination of Violence Against Women in November 2017, highlighting our commitment to women's protection and empowerment.

Assisting with effective distribution of benefits

The PNG Government is obliged to distribute the financial benefits it derives from oil and gas to project area communities and to do so in a timely manner. This helps ensure the ongoing stability of Oil Search's operating environment, so it is a priority for us to actively assist the PNG Government in meeting this obligation. More detail on our approach to supporting effective benefits distribution is [here](#).

For PNG LNG, the benefits to landowners, local governments and provincial governments from PNG LNG revenue streams are outlined in the Oil and Gas Act and the PNG LNG Project Umbrella Benefits Sharing Agreement (UBSA). The UBSA is supported by Licence-Based Benefits Sharing Agreements, which define the distribution of benefits at the licence area level. Landowner benefits comprise different types of payments, including royalties, equity, development levies, infrastructure development grants and business development grants.

Negotiations between the PNG Government and landowners for the PNG LNG Project resulted in a number of additional commitments from the PNG Government to various beneficiaries, in the form of cash payments and project funds.

During 2017, landowners from PNG LNG Project host communities called on the PNG Government to progress delivery of these commitments. Historically, there have been delays in payments, due to issues that include landowner identification, Government

budget and resource constraints, and inter-clan and inter-generational disputes over landowner control and/or legitimacy.

Oil Search operations at Hides and North West Moran experienced disruption that resulted from community unrest related to the non-payment of Government commitments during 2017. In January 2018, outside the reporting period, activities at Moran were also disrupted.

During these incidents, Oil Search drew on our long history and experience in PNG to support landowners through our network of Village Liaison Officers and Community Affairs team members. We also facilitated communication between the PNG Government and local landowner groups and assisted the PNG Government's attempts to meet its obligations by providing transportation and lodging arrangements for PNG Government officers visiting communities.

Our interactions with the PNG Government on these outstanding payments is ongoing at the time of publication. We will continue to work with the local landowner groups and the PNG Government to facilitate communication and assist the Government in their efforts to meet obligations.

To support effective and efficient benefits distribution, we also helped 27 community members to open bank accounts in 2017. This provided the means for safer movement of funds (i.e. benefits), rather than having to travel with or store large sums of cash.

All royalties, dividends, levies and other cash benefits paid by Oil Search to the PNG Government are disclosed in our Transparency Report, in the **Data Centre**, and in our submission to the annual PNG EITI Report. Our contribution in non-cash benefits such as business development, infrastructure development, employment and training is explained in more detail in the **Sustainable Development section** of our website.

Proud of what we do and how we do it



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

PERFORMANCE SUMMARY

57%

REDUCTION

in High Potential safety incidents



No significant spills



Prepared our first TCFD Climate Change Resilience Report

5

CONSECUTIVE YEARS

with no major ISO 14001 non-conformances

>19,700

PATIENTS

treated by Oil Search's MOHS



Prepared our first VPSHR Report

US\$

473M

PAYMENTS

to PNG suppliers and contractors

US\$

52M

in supplier or contractor payments to Lancos

Climate change

Providing access to affordable and sustainable energy is a goal for every government around the world. The impact of climate change presents a major challenge to this goal, and no one organisation or sector can provide the solution. At Oil Search, we believe a variety of energy sources have a role to play in meeting the global demand for sustainable energy; each with its own positives and challenges. We support global 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. More information about our position on climate change is available on our [website](#).



Over the past twelve months we have:

- Completed a detailed climate scenario analysis against a number of published scenarios including a 2°C and <2°C scenario;
- Adopted a stand-alone [climate policy](#);
- Developed and recommended an internal carbon price, and its inclusion as a component of our incentive-linked management scheme which was approved in February 2018;
- Made climate related risks more explicit in our governance documents; and
- Increased our in-house climate management resourcing.

This progress is discussed in detail in our [Climate Change Resilience Report](#), which discloses our approach to climate change governance, strategy, risk management, metrics and targets in line with the recommendations of the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).

Climate scenario analysis

Our Climate Change Resilience Report 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.

The Company's high quality, globally competitive LNG assets will continue to be resilient under the International Energy Association (IEA) scenarios we tested. In a 2°C scenario (IEA 450), the PNG LNG Project and our LNG Expansion Project continue to have positive Net Present Value (NPV) and will have economic lives consistent with our Corporate Economic Assumptions (CEA¹). Our LNG Expansion Project's performance is positively impacted under an IEA New Policies scenario and performs no worse than Oil Search's current low CEA in an IEA 450 scenario. This Project sits within the lower quartile of the cost curve compared to other proposed projects needed to meet additional LNG demand, making it one of the most price-resilient proposed LNG projects globally.

The IEA 450 (2°C) scenario projects an additional 20 million barrels per day (mmb/d) of oil is required to meet demand. Oil Search's low-cost Nanushuk oil project in Alaska is able to meet this additional demand and remains NPV-positive under this scenario. Under the IEA New Policies scenario, the Nanushuk oil assets perform better than our base CEA.

The complete outcomes of our climate change scenario analysis are available in our [Climate Change Resilience Report](#), including a summary of the potential financial impacts to our assets.

Adopting an internal carbon price

To identify and manage the potential costs of climate risks, Oil Search has adopted an internal carbon price. An internal carbon price embeds awareness and consideration of climate risks in decision-making by:

- Enabling Oil Search decision-makers to consider the future risk of carbon costs (direct or implicit prices) when making capital investment decisions.
- Ensuring carbon price risks are assessed and managed in the same way as any other financial risk.
- Enabling Oil Search's project teams to optimise project design decisions and reduce our exposure to future carbon costs.

The price is risk-based, country-specific and applied to the base case of project economics. For projects in PNG, we apply a US\$25 price and for projects in the USA, we apply a US\$40 price. When testing project economics sensitivities, we also apply a low and high carbon price.

From 2018, a component of our Short-term Incentive (STI) target will be linked to the use of our internal carbon price. This reflects our commitment to managing climate-related risks and is designed to support implementation across the Company.

GHG emissions performance and targets

Oil Search's absolute GHG emissions in 2017 (Scope 1 and 2) were 962 ktCO₂-e, consistent with our performance in the previous year. Our emissions intensity this year was 50 ktCO₂-e/mmboe, which represents a slight increase on 2016. This is largely due to our application of an updated global warming potential (GWP) of 28 for methane, taken from the IPCC Fifth Assessment Report (2013). In earlier years, we applied a GWP of 21.

Fugitive emissions, which are largely made up of methane, have slightly increased this year primarily due to the change in calculation methodology to using an updated GWP of 28 for methane.

Our complete GHG inventory is available in the Social Responsibility [Data Centre](#).

2016 marked the final year of our five-year operational emissions reduction target. We plan on assessing the remaining emission reduction opportunities of our PNG operated assets over the next two years before setting a new emission intensity target as part of our next corporate strategic review. In addition to this intensity target, we are focused on continuing to reduce flaring-related emissions in existing assets and avoiding routine flaring in new oil field developments.

In 2018, we will undertake a fugitive methane emission assessment against the Climate and Clean Air Coalition guiding principles for reducing methane emissions and will report on our strategy to reduce these emissions in our Annual and Social Responsibility Reports in 2019. We will also evaluate potential participation in the World Bank's '[Zero Routine Flaring by 2030](#)' initiative, which aims to eliminate the contribution to climate change from routine gas flaring.

For more information on the operationalisation of our climate change strategy and our climate metrics and targets, see our [Climate Change Resilience Report](#).

¹ Oil Search's Corporate Economic Assumptions (CEA) include High, Central, and Low oil price assumptions. When we assess our investments we use the Central CEA oil price as the base case and test the High and Low oil prices as sensitivities.

Respecting human rights

Respect for human rights and the desire to do no harm underpin a socially responsible approach to Oil Search's operations in host countries and across our supply chain. Together with our commitment to sustainable development, this approach helps us to maintain strong community relations and a responsible operating environment.

During 2017, we engaged Verisk Maplecroft, an independent expert on global risk analytics, to conduct a review of our PNG human rights risk profile. This confirmed that the Company's salient human rights issues remain consistent with previous risk assessments, namely:

- Community relations – community engagement and consultation, livelihoods, environmental impacts and grievance management.

- Security – our use of security forces.
- Labour – specifically in our supply chain i.e. child, forced and compulsory labour.
- Land acquisition – land access and resettlement practices, compensation and landowner identification.

During the year, we also:

- Strengthened Oil Search's Company-wide incident reporting system to include human rights incidents and impacts, which improved management visibility of these incidents.
- Received endorsement from the Board Health, Safety and Sustainability (HSS) Committee to develop a stand-alone Human Rights Policy; this is targeted for approval and implementation in 2018.
- Developed training materials consistent with our Voluntary Principles on Security and Human Rights (VPSHR) requirements to ensure all private security personnel are trained in, and familiar with, the provisions of the Voluntary Principles and began developing human rights induction training for all staff and staff in high-exposure roles.
- Progressed the development of a Responsible Supply Chain Strategy that will be approved and implemented in 2018.
- Were unfortunately unable to progress a planned review to our Grievance Management System, which will re-commence in 2018.



Security and human rights

In early 2017, we developed a multi-year VPSHR Implementation Plan with clear actions for strengthening our security and human rights processes. In accordance with this Plan, we strengthened our engagement with public and private security providers by:

- Signing a VPSHR-aligned Memorandum of Understanding with the Royal PNG Constabulary (RPNGC).
- Developing and embedding VSPHR-related clauses in private security provider contracts.
- Developing a procedure on the use of public and private security, which sets out our requirements relating to the engagement of public and private security forces.
- Commencing VPSHR training for private security personnel.

We also established a cross-functional steering committee 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 and community affairs as members. This committee meets regularly to oversee and discuss Oil Search's progress in implementing our VPSHR Plan.

To promote consistency with our peers in PNG, Oil Search convened and hosted a security managers' meeting in September 2017 for eight VPSHR participant extractive companies, so we could share current practices, experiences and challenges. Future meetings are anticipated and may expand to include other subject matter experts and participants.

This year is our first full year as a corporate VPSHR participant, so we have released our first public [VPSHR Report](#), which communicates our progress adopting and implementing the principles. The Report has been prepared in accordance with the VPSHR Verification and Reporting Framework.

Strengthening responsible supply chain management

Responsible supply chain management is a key deliverable in our Human Rights Plan and one of the principles of the Oil Search **Code of Conduct**. We aim to ensure ethical, social and environmental risks and opportunities are managed effectively across our supply chain.

In 2017, we spent US\$473 million on supplier and contractor payments in PNG. Of this, US\$143 million was paid to local PNG suppliers, and another US\$52 million to Lancos.

During the year, we progressed the development of our Responsible Supply Chain Strategy, which will improve screening and visibility of suppliers' and sub-contractors' responsible business practices and performance. The Strategy aligns with Oil Search's **Social Responsibility Policy**, our commitment to the UN Guiding Principles for Business and Human Rights and as a signatory to the UN Global Compact. It is also informed by ISO 20400 guidance on sustainable procurement. The Strategy is expected to be approved in 2018, ready for implementation.

Managing labour rights in our supply chain in PNG has been identified as one of Oil Search's salient human rights issues and became an emerging industry focus in 2017. There were several related regulatory developments in Australia and globally, reflecting a material shift in stakeholder expectations around corporate responsibility for eliminating slavery in all its forms. We took note of this when developing our Responsible Supply Chain Strategy.

Implementation of the Strategy will focus on deepening our review of supplier performance and establishing clear expectations of suppliers' responsible practices. We will strengthen pre-qualification processes to include more measures of responsible practice and review select business partners' anti-bribery and corruption processes and practices to ensure they align with Oil Search's third party due diligence processes.

Oil Search's standard contract templates include the requirement to comply with the Company's **Code of Conduct**, particularly the principles of acting in an ethical manner and operating safely and with integrity, and for contract owners within our business to procure and engage with suppliers responsibly.

During the year, we took steps to improve supplier performance visibility by reducing our reliance on third-party purchasing houses, allowing us to have improved and direct oversight of suppliers. We also required suppliers to complete a third party questionnaire to ensure their corruption risk compliance processes aligned with our procedure on corruption prevention. In addition, we began reviewing our top suppliers to understand any responsible business conduct risks.

In April 2017, we held a briefing that was attended by approximately 45 PNG-based suppliers. We updated them on our requirements in areas such as bribery and corruption, taxation and our Code of Conduct, as well as preliminary awareness of human rights issues and concerns.

During the year, we conducted three face-to-face training sessions for contract owners within Oil Search. These covered their obligations to ensure suppliers comply with our Code of Conduct, including procedures for preventing corruption.



Prioritising safety

Oil Search's **personal safety management approach** focuses on the prevention of common workplace injuries. We promote personal safety through feedback and discussion, hazard analysis, audits and drills, and are committed to continually improving safety performance.

Disappointingly, our 2017 Total Recordable Injury Rate (TRIR) increased from 1.53 in 2016 to 1.93, and our Lost Time Injury Rate (LTIR) increased from 0.26 in 2016 to 0.34. While no injury is ever acceptable, the majority of the incidents resulted in relatively minor back, hand or leg injuries, and none resulted in a permanent injury. All incidents were investigated, and we learned that often the injuries occurred when individuals found themselves in harm's way or had to place their bodies in awkward positions to complete tasks.

In response to these findings, we are placing greater emphasis on situational awareness and the recognition of hazards which, at face value, may not appear to be significant. Additionally, in 2018, we will introduce a Plan, Do, Check (PDC) programme. PDC emphasises planning the work, working in accordance with the plan, then monitoring and reviewing the execution of the plan. PDC uses the 10 Oil Search Life Saving Rules as a foundational element for identifying and managing risks. We will continue to review our performance to identify improvement opportunities by studying actual incidents, near misses and High Potential Incidents.



During 2017, we recorded a significant improvement in our High Potential Incident Rate, which fell from 1.79 in 2016 to 0.68 in 2017. We attribute this improvement to better recognition and management of more significant hazards, which could potentially lead to serious injury or death.

We completed shutdowns at Gobe, the Central Processing Facility and Agogo Processing Facility, and a significant drilling project at Muruk with no recordable injuries. These were significant activities requiring more than 215,000 work hours. This strong performance was the result of extensive integrated planning before the shutdowns to reduce the risk of incidents. We also worked closely with our service providers before any work was undertaken to ensure they understood our safety requirements and that all necessary safety provisions had been made.

We continued our focus on contractor safety management this year, working with Lanco contractors to build their capability for delivering services in a manner that meets Oil Search's safety requirements. We worked closely with our transport contractors to improve their safety performance by developing safety improvement plans. During the year, this focus on safety improvements resulted in a reduction in spills during land transport movements.

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 our **process safety management approach** is to ensure proper systems and procedures are in place to control the hazards.

This year, process safety indicators were included in the Short-term Incentive scorecard for all eligible employees. The indicators include measures for process safety events, compliance with our safety-critical equipment preventative maintenance schedule, and compliance with scheduled equipment checks related to well integrity assurance.

We experienced one Tier 1 process safety event (PSE) and no Tier 2 PSEs during 2017. The Tier 1 PSE occurred at the Agogo Production Facility when a piping connection failed on a high-pressure compressor. In response to this incident, we have

implemented measures to improve pipe connection maintenance, including building a small practice facility for training staff in proper techniques for maintaining piping connections.

During 2017, we continued to introduce measures to improve process-safety-related systems and reduce risks related to major hazards. The main elements that were progressed in 2017 were:

- Completed several risk reduction projects at the Central Processing Facility, including upgrading the fire and gas detection system.
- Improved compliance with the safety-critical equipment preventative maintenance schedule.
- Implemented a programme to better track and analyse excursions outside the design operating parameters for our facilities.
- Continued improvement of our competency assurance process.
- Improved the process for managing and implementing technical changes in our facilities and processes.
- Initiated a programme to update and revise our safety-critical operating procedures.

Emergency preparedness and crisis management

Our goal at Oil Search is to create a controlled work environment in which people and assets are safe and our impacts on the environment and project area communities are minimised. Contingency measures become critically important during unplanned events, and having a robust emergency and crisis response plan helps ensure we will be able to minimise the impact of such an event. For more detail about our approach, see our [website](#).

In line with our emergency preparedness and crisis management prevention plans, we conducted a major incident response training exercise on-site at Moro Airport in September 2017. Our teams responded to a simulated aircraft hard landing including rescuing personnel from the aircraft and ensuring that prompt emergency medical care was provided.

During the year, we audited our Crisis, Emergency and Incident Management System (CEIMS) against the requirements of our procedure on CEIMS. In 2018, we will be updating the procedure to enhance its effectiveness.

Providing on-site health care

The Oil Search Medical and Occupational Health Service (MOHS) consists of multiple on-site clinics and medical resources across our operations. Through the MOHS, we provide health care services for our workforce and local communities. The MOHS also supports the OSF by providing clinical expertise when required. For more information about our approach to occupational health management, click [here](#).

During 2017, our MOHS treated more than 19,700 patients at its clinics in PNG and Australia.

This year, we made periodic health assessments for Oil Search staff mandatory. This was to ensure fitness for work and travel, and to promote wellness within our workforce. Under the new requirements, we will conduct health checks once every two years for employees aged up to 49 years and yearly for those aged 50 years and over.

Oil Search's exploration activities at the high-altitude Muruk site continued during the year. To ensure the health risks associated with working at altitude were appropriately managed, we



introduced a new fitness for work process for all employees and contractors working on the site. As a result, there were no altitude-related illnesses on this job.

Also this year, we reviewed Oil Search's medical and health services against the relevant leading indicators of the International Association of Oil and Gas Producers, which includes but are not limited to health risk assessment and planning, medical emergency management and fitness for task assessments. A gap analysis identified several areas for improvement, including better integrated health and safety planning across business units.

Managing our biodiversity impacts

While Oil Search's physical footprint is small in PNG, our operations extend over areas of high biodiversity value. We actively work to mitigate any impacts we have on these areas, recognising that these ecosystems support a variety of species and contribute to the livelihood and sustenance of local communities. More detail on our approach to biodiversity is [here](#).

In 2017, we reviewed our rehabilitation performance using data gathered over a 10-year monitoring programme to assess the residual impacts of the Company's activities. This review identified that our current rehabilitation monitoring efforts were unsatisfactory. To address this, we are transitioning to a more structured rehabilitation monitoring methodology in 2018 and trialling rehabilitation techniques.

The trials will compare existing methods for passive rehabilitation with active rehabilitation, using composting, seedling plantings and ground preparation techniques. We will assess the outcomes to determine the most effective rehabilitation method for lowering Oil Search's residual impacts on biodiversity.

In December 2017, Oil Search developed a formal position on our entry into sensitive areas. Sensitive areas are considered to be those with high biodiversity value; areas providing life-sustaining ecosystems; and areas with high cultural heritage significance.

We have now integrated comprehensive requirements for identifying and managing entry into sensitive areas into Oil Search's procedures on environmental assessment and management.

Throughout the year, we continued to work with the Lake Kutubu Wildlife Management Area Committee, the Conservation and Environment Protection Authority and the National Fisheries Authority to assess options and preferences for managing Lake Kutubu.



Effective resource management

Improving our water management

Oil Search recognises the importance of local water resources to the associated ecosystems and host communities in PNG. We seek to understand our water consumption and manage our use of water in a sustainable manner. More detail on our approach to managing water resources is [here](#).

In 2017, we conducted a preliminary groundwater risk assessment to improve our understanding of hydrological conditions and how our activities might impact them. This was identified as an opportunity for improvement as part of the ISO 14001 Environmental Management Systems audit process. Kutubu was the first region for assessment, which included reviewing Oil Search's on-site refining and processing facilities, fuel storage and waste management areas.



The assessment process involved:

- Reviewing historic groundwater monitoring and geology.
- Completing a site assessment to evaluate current impact levels for site activities.
- Evaluating local surface and groundwater conditions.
- Developing a conceptual water model of the location groundwater system.

The conceptual water model has improved our understanding of how Oil Search's activities could potentially impact groundwater; the possible contaminant sources; groundwater pathways; and sensitive receptors, such as people, biodiversity, properties and controlled water systems.

Using the model, we conducted a risk assessment to identify, analyse and rank unmitigated and potential risks associated with ongoing operations. The exposure scenarios included direct contact with aquatic systems, workers and communities, ingestion and skin contact. The risk assessment identified that our current operations' impact level was low.

In 2018, we will use the findings and recommendations from this assessment to identify improvements in Kutubu and further refine the model. We will also consider replicating this process for our licence and adjoining areas in Gobe and Hides regions.

Effective waste management

Waste disposal is one of Oil Search's biggest operational challenges in PNG. Our [approach](#) is to reduce the volume of waste we produce and to continually improve our waste storage, handling, transportation and disposal processes.

To continue to improve waste management outcomes in-country, we commissioned the installation of a new high-temperature incinerator at the Kutubu Waste Management Area in late 2016. In 2017 this infrastructure provided us the ability to effectively process large volumes of waste, leading to a 73% reduction in the overall inventory of waste stored on-site from 3,710m³ in 2016 to 998m³ in 2017. The high-temperature incinerator also provided the ability to process waste streams that were previously sent to landfill, reducing the environmental footprint of our activities.

In 2017, there were no significant spills (>100bbl) attributable to either Oil Search or third-party contractors. The number of spills >1bbl that reached the environment because of Oil Search's activities was five, compared to four in 2016. This increase can be attributed to increased drilling activity and the movement of higher volumes of chemicals. To address this issue, we undertook a spills review in 2017 and began focusing on container integrity and suitability for transport. Where a concern was identified, the drilling fluids were decanted into more robust containers before being dispatched to the site.

Environmental management systems

Oil Search's Environmental Management System is certified against the requirements of the ISO14001 standard. The ISO14001:2004 standard was revised in 2015 to include more stringent requirements on environmental leadership, stakeholder management, internal communication and planning. In late 2016 and early 2017, we conducted an extensive review and update of our environmental management systems to ensure our practices aligned with the expectations of this revised standard. In 2017, Oil Search was independently audited for the first time against the ISO14001:2015 standard and was granted certification. This is the fifth consecutive year in which no major non-conformances have been identified during third party environmental audits.

Advocating for payments transparency

Oil Search pays millions of dollars every year in royalties, taxes, dividends, levies and other fees and charges to governments. As a key participant in PNG's oil and gas industry, these payments make up a significant proportion of the country's total private sector income and are our most significant socio-economic contribution. The Company supports and advocates for improved transparency of payments made to governments by extractive companies, and we voluntarily disclose our payments.

We are long-time supporters of PNG's journey towards compliance with the Extractive Industry Transparency Initiative (EITI), and continue to work with the PNG Government, civil society and industry peers to support its implementation in PNG.

We have consistently reported our PNG Government payments information in the [Data Centre](#) on the Oil Search website, and it is also contained in our 2017 Transparency Report. More information about our approach to payments transparency is [here](#).

Oil Search is a member of a PNG Chamber of Mining and Petroleum sub-committee that engages with the Internal Revenue Commission, International Monetary Fund and Department of Treasury on matters related to tax reform.

In 2017, we contributed through the Chamber to the efforts of the PNG Department of Treasury, with the aim of helping prioritise tax reform and aiding the PNG Government in understanding and addressing the unintended consequences of the 2017 National Budget.

Through our involvement with PNG EITI's Multi-Stakeholder Group, we attended workshops in 2017 to understand the new reporting requirements for beneficial ownership. We also contributed to PNG's 2015 and 2016 EITI Report, which will be used by the EITI International Board to validate PNG's membership.



Engaging and empowering our employees



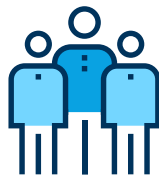
We seek to provide a workplace that celebrates diversity, supports learning and development and drives high performance

PERFORMANCE SUMMARY

1,286

**OSL
EMPLOYEES**

with PNG citizens representing 83% of our workforce in PNG



Achieved an overall employee satisfaction score of 3.98 out of 5

25%

FEMALE

representation on our Board

16%

INCREASE

in PNG citizens in succession plans for leadership roles since 2014

65

PARTICIPANTS

in OSL's Citizen Development Programme

79%

PARTICIPATION

in our first employee engagement survey

80%

INCREASE

in the number of women in leadership roles since 2013

120

**PNG
EMPLOYEES**

approved to participate in the new OSL Home Ownership Scheme

Oil Search's approach to employee engagement and empowerment is guided by one of the Company's strategic objectives: to enhance our organisational capability to deliver. We work to align the whole organisation with this objective, developing capability,

supporting employee development and building high-performance teams that are diverse, innovative and technology enabled.

We also seek to provide a workplace that celebrates diversity, supports learning and development and drives high performance. To do this, we implement strategic initiatives in the areas of employee engagement, employee development, and diversity and inclusion, including citizen development and gender diversity.

For more detail about Oil Search's approach to engaging and empowering our employees, see our [website](#).

Employee engagement

Under the roll-out of Oil Search's Diversity and Inclusion Strategy, we conducted the Company's first employee engagement survey in 2017. Our objective was to establish a baseline understanding of engagement across a range of measures and whether employees feel Oil Search is an inclusive workplace. Inclusion is recognised as a key contributor to the emotional connection an employee has to their work, which drives business performance, a positive attitude and their level of discretionary effort.

We used 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.

Nearly 80% of employees¹ participated in the survey, a high participation rate for a company's first survey. The survey covered employee perceptions in areas such as having basic tools at work, leadership and individual contribution, teamwork, growth and social responsibility. The result was generally positive, with the overall satisfaction score averaging 3.98 out of a maximum score of 5.

Employees clearly recognised Oil Search's commitment to social responsibility, strongly felt their jobs were aligned with the overall mission and purpose of the Company and generally felt their opinions were valued. In 2018, we will implement an organisation-wide action plan to address key improvement areas identified in the survey, focusing on recognition, learning and growing, regular performance conversations and improved leadership visibility. We are committed to addressing these issues in a transparent, comprehensive way so we can make Oil Search the industry's and PNG's employer of choice.



During 2017, Oil Search employees once again demonstrated their commitment to social responsibility.

- Oil Search sponsored PNG's first international women's Rugby League team, the PNG Orchids in 2017, recognising the power of sport as a platform to inspire women to work towards their dreams. Our employees formed a Supporters' Club to cheer on the PNG Orchids when they played in the Women's Rugby League World Cup in Sydney and to acknowledge the path they have set for greater women's empowerment in PNG.
- From April to June 2017, Sydney-based employees participated in the 'Run, Ride and Row to PNG' initiative to raise funds to help the Oil Search Foundation buy clothing for newborn babies and create postpartum packages for women in Kikori, Gulf Province. An initiative of the Sydney Social Club and HSES employee groups, it raised more than US\$4,000 as our people ran, walked, cycled or rowed the equivalent of the 2,734km journey from Sydney to Port Moresby.
- The Oil Search Women's Network held several book and clothing drives during 2017, donating 35 boxes of reading material and children's clothing to schools near Lake Kutubu and in Samberigi in the Southern Highlands Province of

PNG.

- In November 2017, Oil Search employees again walked in support of the International Day for the Elimination of Violence Against Women Day in Port Moresby. This year, we invited other organisations to join us, with more than 150 people taking part. After the walk, our employees shared their thoughts on the value of eliminating family and sexual violence with members of the public at an information stand.
- A total of 51 employees and contractors in Port Moresby again participated in our corporate blood drive in support of the Port Moresby General Hospital Blood Bank.
- Employees in Sydney and Port Moresby contributed to the Hanuabada Fire Appeal, which was launched by Oil Search in August 2017.

Oil Search was the official platinum partner in PNG of the 2017 Rugby League World Cup, where PNG hosted its first Rugby League World Cup match. As a part of this sponsorship, Oil Search took the Rugby League World Cup trophy around the country to many provinces and villages. Given that many people were unable to watch their national team play in three rugby games at the Oil Search National Football Stadium in person, and lacked the facilities to see it on television, this initiative provided many Papua New Guineans with the opportunity to connect with the country's national sport and the pride of hosting the 2017 Rugby League World Cup.

¹ Employee refers to Oil Search employees, casual employees and contractors who hold established positions at OSL.

Prioritising our employee development investment

Investing in employee development enables Oil Search to attract new talent and retain a workforce of highly skilled people who are willing and able to achieve our objectives. It also creates a pipeline of people who are ready to transition into leadership roles.



Our Employee Development Strategy supports delivery of the Company's strategic objective of enhancing organisational capability. The three-year (2018-2020) Strategy provides a structured development framework, focusing on outcomes that support business success. We will achieve this by increasing workforce capability and engagement and developing a pipeline of future leaders through targeted development initiatives.

The Strategy and its associated programmes align with Oil Search's broader strategic priorities and have the following focus areas:

- Strengthen our operating effectiveness in PNG and beyond.
- Develop technical, stakeholder engagement and leadership capability.
- Create development pathways that reflect the unique scope and size of our business.
- Strengthen accountability and focus for organisational development.

Focusing on diversity and inclusion

Having a diverse and inclusive workforce that reflects the areas where we operate strengthens Oil Search's capability and resilience as an organisation. We aim to provide an equal opportunity work environment that is free from harassment and bullying and promotes decision-making that is free of bias, discrimination and victimisation.

We remained focused on improving gender diversity across Oil Search in 2017. Fiona Harris was re-appointed to the Oil Search Board during the year, bringing the number of women on the Board to two.

This was the final year of our 2014-2017 Diversity and Inclusion strategy, and we're proud to have achieved and exceeded the targets set in the strategy.



We continued to increase the percentage of females in leadership roles² to 22%, a slight increase on 2016 and up from 14% on our 2013 baseline. This resulted from our ongoing focus on developing and recruiting a pipeline of female leaders. We also increased the percentage of female graduates and apprentices from 20% in 2013 to 36% in 2017, supporting our objective to develop female talent.

We continued to create clear development pathways for our high-performing citizen employees. Over the four years of the Strategy, the percentage of PNG citizens in leadership roles grew from 21% in 2013 to 23% in 2017.





To support the development of a pipeline of female leaders, this year we introduced the new Leading Our Way for Women programme, which had 18 participants. The programme's objective is 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.

Bias in all its forms can inhibit the performance and diversity outcomes that contribute to our Company's productivity and performance. This year, we extended our unconscious bias training programme from senior managers to managers to raise their awareness of this bias and its impact on decision-making.

During the year, we conducted pay equity analysis that showed no apparent gender bias in levels of fixed remuneration or in relation to the allocation of performance ratings and Short-term Incentives. When comparing like roles, it also showed there were no material gender pay differences between males and females, whether they were working in technical roles or non-technical roles.

However, the under-representation of women in higher-paying technical roles at Oil Search does result in a disparity between average male and average female salaries that will only be addressed by attracting and recruiting more females to these roles. To support this, we worked to make our role advertisements and career communications attractive to female candidates. We also trialled 'blind' recruitment, removing the candidate's name and other gender markers from job applications, and will work to include this in our preferred supplier agreements in 2018.

Progress against Oil Search's Diversity and Inclusion Goals

2017 OBJECTIVES	2013 BASELINE	STATUS	RESULTS IN 2017
Increase percentage of females in senior leadership roles by 2017	14%	 Achieved	22%
Increase percentage of PNG citizens in senior leadership roles by 2017	21%	 Achieved	23%
Increase percentage of female graduates and apprentices by 2017	20%	 Achieved	36%
Increase representation of females and PNG citizens in succession plans for leadership and management roles	28% and 22% ³	 Achieved	34% and 38% respectively

² Includes Oil Search Limited employees working with the Oil Search Foundation who are in roles classified senior management and above.

³ 2014 review. No review conducted in 2013.

2018-2020 Diversity and Inclusion goals

We revised Oil Search's Diversity and Inclusion Strategy during 2017 and a new set of 2018-2020 targets were approved. Our vision is to leverage a diverse, inclusive and representative workforce to achieve top quartile business results.

Our 2018-2020 Diversity and Inclusion Strategy focuses on three areas: gender diversity, citizen development and an inclusive workplace. We have set targets for 2018 that support the achievement of our 2020 goals.

2018-2020 Diversity and Inclusion goals

FOCUS AREA	2020 GOAL
Gender diversity	At least 30% female Executive General Managers on the Executive Leadership Team by 2020
	30% female representation at Senior Manager level by 2020
	50% female representation in graduate intakes 2018-2020

Citizen development	Increase percentage of PNG citizens in leadership roles in the PNG workforce to 73% by 2020
An inclusive workplace	The “Inclusion index” of the employee engagement survey improves year on year (using 2017 as a base)
	Build culture of inclusion through targeted training and awareness campaigns
	Remove barriers to flexible working in office locations
	Expand communication of the benefits of diversity and inclusion beyond gender and nationality

Citizen Development Programme

Oil Search’s capability and resilience are strengthened through a diverse and inclusive workforce that reflects the areas in which we operate. Through our Citizen Development Programme (CDP), we are committed to providing clear development pathways for our high-performing PNG citizen employees into leadership roles. Our focus in 2017 has been to develop both technical and leadership capabilities so more PNG citizens meet the competence requirements for leadership roles.

At the end of 2017, all 65 CDP participants had a customised development plan that addressed their individual development objectives.

During the year, we also:

- Conducted talent review workshops with our Production Operations and Operations Support teams to identify high potential talent.
- Established a clear competency-based development framework for CDP participants, aligned with the Oil Search behaviours and general leadership development principles.
- Introduced a series of residential ‘Lead Self’ workshops to begin each participant’s development journey.
- Conducted a global talent search to identify high potential PNG citizens living abroad who could join Oil Search in the future.
- Built a team of high-quality leadership coaches to support CDP participants and their leaders.



During 2017, 11 participants moved into leadership roles in our Production, Operations, Drilling and Finance areas.

In 2018, the programme will look at agreed long-term PNG talent development through an Oil Search scholarship programme that targets high school and university students. One imperative will be to identify and engage leadership coaches from PNG who can sustainably support our staff development into the future. This will support the sustained implementation of the programme in 2018.

Expanding compliance training

Our revised **Code of Conduct**, which was approved by the Oil Search Board in 2016, includes new guidance around stakeholder relationships and reinforces our commitment to human rights, diversity and safety. In 2017, implementation of the Code began with an employee training programme that included scenario-based sessions and workshops.

We strengthened training requirements for our Code of Conduct and Corruption Prevention programme by requiring mandatory refresher training every two years for Corruption Prevention and an annual refresher for the Code of Conduct.

Also during the year, Oil Search business units worked with our Assurance and Compliance team to identify employees, agency contractors, officers and business partners who work in roles that may be exposed to bribery and corruption. They received risk-based face-to-face anti-corruption and bribery training using internal and external service providers. In 2018, we will expand our bribery and corruption awareness training to include external stakeholders, including Lancos, schools and government departments.

The number of reported and suspected Code of Conduct breaches increased in 2017 and they were all investigated during the year. Greater awareness of the Oil Search Whistle-blower Hotline and the Code of Conduct requirements, and a share trading review, contributed to this increase.

After appropriate investigations, three verbal warnings and 17 written warnings were issued and there were eight terminations of employment. The breaches related to conflict of interest; business ethics; share trading; harassment and bullying; and health, safety, environment and security. No instances of discrimination were reported.

Five calls were made to our Whistle-blower Hotline during the year. One call related to a performance safety concern and the others related to allegations of conflict of interest. All issues raised were investigated and closed out by following our whistle-blower process.

Changing lives with our First Home Ownership Scheme

Oil Search offers market-leading benefits to employees, enabling the Company to attract and retain high-quality talent and demonstrate our commitment to PNG's development.

Access to affordable housing is a long-standing issue in Port Moresby. Rising property prices and high home loan interest rates have made home ownership unaffordable for most Papua New Guineans. The security of owning their own home is an aspiration for many, as it contributes to family wellbeing and creates opportunities for long-term wealth creation.

To address this issue, Oil Search launched our first Home Ownership Scheme in February 2017 to help PNG citizen employees buy or build their first home on titled or state-leased land. Under the Scheme, we will advance funds to help eligible employees secure financing for a property.

The Scheme aligns with the PNG Government's First Home Ownership Scheme, which creates a pathway for Papua New Guineans to access specially-structured loans to acquire their first home. It also represents a long-term investment by the Company in our people.



During 2017, 120 employees were approved for the Scheme, and a number of them collected the keys to their new homes during the year.

Fostering innovation



The characteristics of a high-performance culture include a commitment to innovation and a desire to seek or create new opportunities for competitive advantage. Oil Search seeks to nurture both.

In 2017, we launched a new innovation platform called The Hatchery. The platform is an online employee ideator space that we use to identify new ways to solve important business or stakeholder needs through co-creation, sharing, and learning. The process is dynamic and collaborative, with the chosen initiatives supported from conception to implementation. Initiatives are allocated a campaign sponsor from our Executive Management team, who provides the resources required for successful completion.

The Hatchery enables our employees to:

- Share their ideas, reveal insights, respectfully challenge ideas and gather feedback.
- Engage a cross-section of people with diverse experience, skills and knowledge.
- Seek out new ideas and insights in an efficient, timely and cost-effective manner.
- Contribute to the development of a high-performance, collaborative and innovative culture.
- Actively participate in organisation-wide innovation and problem-solving.

A scorecard assists with evaluating ideas against a set of well-defined criteria. Subject matter experts then review and rank each idea, with the final selection made by our Executive Management.

We posed four challenges on The Hatchery website in 2017. The first asked employees for innovative thinking around the Social Responsibility Strategy goal of 'Making PNG lives better.' We encouraged them to provide new ideas that would have a direct and positive impact on one of our priority sustainable development areas.

The top five ideas included use of off-grid solar applications, water and sanitation solutions, beekeeping, projects to cultivate good citizenry, and improving feminine hygiene. These ideas have received executive sponsorship and will be progressed in 2018. These projects were selected because they have the potential to have a meaningful impact on the lives of Papua New Guineans and contribute to Oil Search's strategic objective of maintaining a stable operating environment.

Three other Hatchery projects are in final review phase with the subject matter experts and will continue to progress in 2018.

Reporting Index



Global Reporting Initiative & IPIECA index

Standard Disclosures

#	GLOBAL REPORTING INITIATIVE (GRI) STANDARD - INDICATOR DESCRIPTION	PAGE NUMBER/LINK	IPIECA REFERENCE
General Disclosures			
Organisation profile			
GRI 102-1	Name of the organisation	Oil Search Limited	
GRI 102-2	Activities, brands, products, and services	Website – What we do	
GRI 102-3	Location of headquarters	Port Moresby, Papua New Guinea	
GRI 102-4	Location of operations	Website – What we do	
			Social Responsibility Report 2017 – About this Report
GRI 102-5	Ownership and legal form	Website – Who we are	

GRI 102-6 Markets served Most of the crude oil and natural gas we produce is sold into the Asia Pacific region. Our customers include integrated oil companies, refiners and commodity trading organisations.

GRI 102-7 Scale of the organisation Annual Report 2017 – [Overview of Operations](#) p85

Annual Report 2017 – [Ten-year summary](#) p160

Annual Report 2017 – [Highlights](#) p12

GRI 102-8 Information on employees and other workers Data Centre – [People and organisation – workforce](#)

GRI 102-9 Supply chain Website – [What we do](#)

Website – [Human rights](#)

Social Responsibility Report 2017 – [Strengthening responsible supply chain management](#)

GRI 102-10 Significant changes to the organisation and its supply chain Social Responsibility Report 2017 – [Message from the Managing Director and Health, Safety and Sustainability Committee Chair](#)

Social Responsibility Report 2017 – [Changes to our organisation](#)

2017 Annual Report – [Update from Peter Botten](#) p17

GRI 102- Precautionary Principle or approach [Social Responsibility Policy](#)

Website – [Responsible operator](#)

GRI 102-12 External initiatives Website – [Memberships and commitments](#)

GRI 102-13 Membership of associations Website – [Memberships and commitments](#)

Strategy

GRI 102-14 Statement from senior decision-maker Social Responsibility Report 2017 – [Message from the Managing Director and Health, Safety and Sustainability Committee Chair](#)

GRI 102-15 Key impacts, risks, and opportunities Annual Report 2017 – [Directors' Report: Material Business Risks](#) p90

[Climate Change Resilience Report 2017](#)

Social Responsibility Report 2017 – [Engaging with our stakeholders](#)

Ethics and integrity

GRI 102-16 Values, principles, standards, and norms of behaviour Website – [Oil Search leadership values](#)

Business ethics and transparency

Oil Search [Code of Conduct](#)

Website – [Policies and standards](#)

GRI Mechanisms for advice and Website – [Corruption Prevention Policy](#)

Business

102-17 concerns about ethics

ethics and transparency

Website – [Integrity and transparency](#)

Governance

GRI 102-18 Governance structure

Website – [The Board](#)

Website - [Board Committees](#)

GRI 102-19 Delegating authority

Website – [Health Safety and Sustainability Committee](#)

GRI 102-20 Executive-level responsibility for economic, environmental and social topics

Website – [Board Committees](#)

GRI 102-21 Consulting stakeholders on economic, environmental and social topics

Website - [Corporate governance](#)

Website – [Stakeholder engagement](#)

Social Responsibility Report 2017 – [Engaging with our stakeholders](#)

GRI 102-22 Composition of the highest governance body and its committees

[Corporate Governance Statement 2017](#)

GRI 102-23 Chair of the highest governance body

The Chair of the Board is a non-executive director. As per the Oil Search Board Charter, the Board will elect one of the Directors to act as Chair who:
(a) is a Non-Executive Director, and
(b) has not previously served as Managing Director of the Company.

GRI 102- Nominating and selecting the highest governance body

Website – [Selection, appointment or election of Directors](#)

GRI 102-25	Conflicts of interest	Website – Corruption Prevention Policy
		Website – Director independence and other appointments
GRI 102-26	Role of highest governance body in setting purpose, values and strategy	Website – Roles and responsibilities of the Board
GRI 102-27	Collective knowledge of highest governance body	Corporate Governance Statement 2017
GRI 102-28	Evaluating the highest governance body's performance	Website – Board performance evaluation
		Corporate Governance Statement 2017
GRI 102-29	Identifying and managing economic, environmental and social impacts	Corporate Governance Statement 2017
		Website – Health, Safety and Sustainability Committee
		Website – Risk, compliance and assurance
GRI 102-30	Effectiveness of risk management processes	Website – Roles and responsibilities of the Board
		Website – Risk, compliance and assurance
GRI 102-31	Review of economic, environmental and social topics	Website – Health, Safety and Sustainability Committee Charter
GRI	Highest governance body's role	Board Health, Safety and Sustainability Committee

102-32 in sustainability reporting

GRI 102-33 Communicating critical concerns [Corporate Governance Statement 2017](#)

GRI 102-35 Remuneration policies Annual Report 2017 – [Remuneration Report](#) p93

GRI 102-36 Process for determining remuneration Annual Report 2017 – [Remuneration Report](#) p93

Website – [Remuneration for Non-Executive Directors](#)

Stakeholder engagement

GRI 102-40 List of stakeholder groups Website - [Stakeholder engagement](#)

Social Responsibility Report 2017 – [Engaging with our stakeholders](#)

GRI 102-41 Collective bargaining agreements Website – [Workforce management](#)

GRI 102-42 Identifying and selecting stakeholders Website – [Stakeholder engagement](#)

GRI 102-43 Approach to stakeholder engagement Website – [Stakeholder engagement](#)

GRI 102-44 Key topics and concerns raised Social Responsibility Report 2017 – [Engaging with our stakeholders](#)

GRI 102-45	Entities included in the consolidated financial statements	Annual Report 2017 – Subsidiaries and interests in joint arrangements p143
-------------------	--	--

Reporting practice

GRI 102-46	Defining Report content and topic Boundaries	Social Responsibility Report 2017 – Our 2017 reporting
-------------------	--	--

GRI 102-47	List of material topics	Social Responsibility Report 2017 – Social Responsibility Strategy
-------------------	-------------------------	--

		Social Responsibility Report 2017 – Engaging with our stakeholders
--	--	--

GRI 102-48	Restatements of information	Restatements, where made, are indicated as a footnote in the Data Centre
-------------------	-----------------------------	--

GRI 102-49	Changes in reporting	Social Responsibility Report 2017 – Our 2017 reporting
-------------------	----------------------	--

GRI 102-50	Reporting period	The 2017 Social Responsibility Report covers performance between 1 January and 31 December 2017
-------------------	------------------	---

GRI 102-51	Date of most recent Report	The previous Social Responsibility Report was released in April 2017 and covered the period 1 January to 31 December 2016
-------------------	----------------------------	---

GRI 102-52	Reporting cycle	Annual
-------------------	-----------------	--------

GRI 102-	Contact point for questions regarding the Report	SocialResponsibility@oilsearch.com
-----------------	--	--

GRI 102-54	Claims of reporting in accordance with the GRI Standards	GRI-referenced Report
-------------------	--	-----------------------

GRI 102-55	GRI content index	Social Responsibility Report 2017 – Reporting Index
-------------------	-------------------	---

GRI 102-56	External assurance	Social Responsibility Report 2017 – Independent limited assurance
-------------------	--------------------	---

Management approach

GRI 103-1	Explanation of the material topic and its Boundary	Social Responsibility Report 2017	SE1; SE2; SE9; SE18
------------------	--	---	------------------------

Website – [How we work](#)

Social Responsibility Report 2017 – [About this report](#)

GRI 103-2	The management approach and its components	Website – How we work	SE1; SE2; SE9; SE18
------------------	--	---------------------------------------	------------------------

Specific Standard Disclosures: Economic

#	GLOBAL REPORTING INITIATIVE (GRI) STANDARD - INDICATOR DESCRIPTION	PAGE NUMBER/LINK	IPIECA REFERENCE
---	--	------------------	------------------

Economic performance

GRI 201-1	Direct economic value generated and distributed	Data Centre – Integrity and transparency - Sustainable development	SE4; SE13
		Social Responsibility Report 2017 – Making PNG lives better	
		Transparency Report 2017	
		Annual Report 2017 – Ten-year summary p160	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Resilience Report 2017	
		Website – Climate change	
		Annual Report 2017 – Directors' Report - Material business risks p90	
GRI 201-3	Defined benefit plan obligations and other retirement plans	No Oil Search employees are in a defined benefit fund	
GRI 201-4	Financial assistance received from government	Social Responsibility Report 2017 – Supporting public infrastructure development	SE13
		No other significant financial assistance has been received from governments at any of our operational areas.	
Market presence			
GRI 202-2	Proportion of senior management hired from the local community	Social Responsibility Report 2017 – Citizen Development Programme	SE6
		Data Centre – People and organisation - Workforce and senior management diversity	

Indirect economic impacts

GRI 203-1	Infrastructure investments and services supported	Social Responsibility Report 2017 – Supporting public infrastructure development	SE4
GRI 203-2	Significant indirect economic impacts	Social Responsibility Report 2017 – Making PNG lives better	SE4; SE6
OG1	Volume and type of estimated proved reserves and production	Annual Report 2017 – Reserves and resources p62	

Procurement practices

GRI 204-1	Proportion of spending on local suppliers	Data Centre – Sustainable development - PNG supplier and contractor payments	SE5; SE7
		Social Responsibility Report 2017 – Strengthening responsible supply chain management	

Anti-corruption

GRI 205-2	Communication and training about anti-corruption policies and procedures	Website – Integrity and transparency	SE11
		Social Responsibility Report 2017 – Expanding compliance training	
GRI 205-3	Confirmed incidents of corruption and actions taken	Social Responsibility Report 2017 – Expanding compliance training	SE11

Specific Standard Disclosures: Environmental

#	GLOBAL REPORTING INITIATIVE (GRI) STANDARD - INDICATOR DESCRIPTION	PAGE NUMBER/LINK	IPIECA REFERENCE
Energy			
GRI 302-1	Energy consumption within the organisation	Data Centre – Responsible operator - Energy	E2
GRI 302-3	Energy intensity	Data Centre - Responsible operator - Energy	E2
OG2	Total amount invested in renewable energy	Data Centre - Responsible operator - Energy	E3
Water			
GRI 303-1	Water withdrawal by source	Data Centre – Responsible operator – Water use	E6
Emissions			
GRI 305-1	Direct (Scope 1) GHG emissions	Data Centre – Responsible operator - Climate change	E1
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Data Centre – Responsible operator - Climate change	E1
GRI	Other indirect (Scope 3) GHG emissions	Data Centre – Responsible operator - Climate change	E1

GRI 305-4	GHG emissions intensity	Data Centre – Responsible operator - Climate change	E1
------------------	-------------------------	--	----

Social Responsibility Report 2017 – **Climate change**

Climate Change Resilience Report 2017

GRI 305-5	Reduction of GHG emissions	Social Responsibility Report 2017 – Climate change	E1
------------------	----------------------------	---	----

Effluents and waste

GRI 306-1	Water discharge by quality and destination	Data Centre – Responsible operator - Water use	E7
------------------	--	---	----

GRI 306-2	Waste by type and disposal method	Data Centre – Responsible operator - Waste	E10
------------------	-----------------------------------	---	-----

GRI 306-3	Significant spills	Data Centre – Responsible operator - Spills that reach the environment	E9
------------------	--------------------	---	----

OG5	Volume and disposal of formation or produced water	Data Centre – Responsible operator - Water use	E7
------------	--	---	----

Environmental compliance

GRI 307-1	Non-compliance with environmental laws and regulations	Oil Search has had no sanctions or fines for non-compliance with any environmental laws and regulations	
------------------	--	---	--

Specific Standard Disclosures: Social

#	GLOBAL REPORTING INITIATIVE (GRI) STANDARD - INDICATOR DESCRIPTION	PAGE NUMBER/LINK	IPECA REFERENCE
Employment			
GRI 401-1	New employee hires and employee turnover	Data Centre – People and organisation - Recruitment and retention	SE15
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Website – Performance and remuneration	
GRI 401-3	Parental leave	Data Centre – People and organisation - Recruitment and retention	
Occupational Health and Safety			
GRI 403-1	Workers representation in formal joint management– worker health and safety committees	Website – Personal safety	HS1
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	Social Responsibility Report 2017 – Prioritising safety Data Centre – Responsible operator- Health and safety	HS3
OG13	Number of process safety events by business activity	Social Responsibility Report 2017 – Prioritising safety Data Centre – Responsible operator- Health and safety	HS5

Training and education

GRI 404-1 Average hours of training per year per employee Data Centre – People and organisation - [Training and development](#) SE17

GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes Website – [Training and development](#) SE17

Social Responsibility Report 2017 – [Prioritising our employee development investment](#)

GRI 404-3 Percentage of employees receiving regular performance and career development reviews Data Centre – [People and organisation](#) SE17

Diversity and equal opportunity

GRI 405-1 Diversity of governance bodies and employees Data Centre – People and organisation - [Workforce and senior management diversity](#) SE15

GRI 405-2 Ratio of basic salary and remuneration of women to men Data Centre – People and organisation - [Remuneration](#) SE15

Non-discrimination

GRI 406-1 Incidents of discrimination and corrective actions taken Social Responsibility Report 2017 – [Expanding compliance training](#) SE8; SE18

Security practices

GRI 410-1 Security personnel trained in human rights policies or procedures [VPSHR Annual Report 2017](#) SE10

Human rights

GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Social Responsibility Report 2017 – Respecting human rights	SE8
------------------	---	---	-----

[VPSHR Annual Report 2017](#)

GRI 412-2	Employee training on human rights policies or procedures	VPSHR Annual Report 2017	SE8
------------------	--	--	-----

GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	VPSHR Annual Report 2017	SE8
------------------	--	--	-----

OG12	Operations where involuntary resettlement took place, number of households resettled and how livelihoods were affected	Nil	SE3
-------------	--	-----	-----

Local communities

GRI 413-1	Operations with local community engagement, impact assessments and development programmes	Website – Society	SE1
------------------	---	-----------------------------------	-----

Website – [Sustainable development](#)

Social Responsibility Report 2017 – [Making PNG lives better](#)

Social Responsibility Report 2017 – [Proud of what we do and how we do it](#)

Public policy

GRI 415-1	Political contributions	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.	SE13; SE14
------------------	-------------------------	---	------------

Socio-economic compliance

GRI 419-1	Non-compliance with laws and regulations in the social and economic area	Oil Search has had no non-monetary sanctions or fines issued for non-compliance with laws and regulations. There have been no fines issued against us for non-compliance with laws and regulations concerning the provision and use of products and services.
------------------	--	---

Data Centre – [Integrity and transparency](#)

Contribution to PNG Vision 2050 and the SDGs

Making PNG lives better

SR REPORT SECTIONS	PNG VISION 2050	SDG DIRECT IMPACT	SDG INDIRECT IMPACT
--------------------	-----------------	-------------------	---------------------

Strategic sustainable development	19.15 Sustainable development policies
--	--

Partnering for stronger health services

1.17.3 Health





Improving education and literacy

1.17.2 Education



Access to clean water

1.17.7.3 Infrastructure and Utilities



Nurturing local business opportunities

1.17.4.1.2 Agriculture; 1.17.6.14 Robust Economic Growth; 1.17.9 Environmental Sustainability and Climate Change



Supporting public infrastructure development

1.17.7.3 Infrastructure and Utilities; 1.17.1 Human Development; 1.23.1 Infrastructure



Enabling access to

1.17.7.3 Infrastructure and Utilities; 1.17.9



Protecting and empowering women and families

1.7.2 Equality and Participation



Assisting with effective distribution of benefits

1.7.2 Equality and Participation







Proud of what we do and how we do it

SR REPORT SECTIONS	PNG VISION 2050	SDG DIRECT IMPACT	SDG INDIRECT IMPACT
--------------------	-----------------	-------------------	---------------------

Climate change

1.17.9 Environmental Sustainability and Climate Change



Respecting human rights	1.17.1 Human Development		
Strengthening responsible supply chain management	1.17.6 Robust Economic Growth	 	
Prioritising safety	1.17.3 Health		
Providing on-site health-care	1.17.3 Health	 	
Managing our biodiversity impacts	1.17.9 Environmental Sustainability and Climate Change	 	
Effective resource management	1.17.9 Environmental Sustainability and Climate Change; 1.10.5 Environment Sustainability and Climate Change	 	
Advocating for payments transparency	1.17.7.2.10 Establish an appropriate policy and legislative framework for good governance	 	

Engaging and empowering our people

SR REPORT SECTIONS	PNG VISION 2050	SDG DIRECT IMPACT	SDG INDIRECT IMPACT
--------------------	-----------------	-------------------	---------------------

Employee engagement

1.7.1 Integral Human Development

Prioritising our employee development investment

1.7.1 Integral Human Development



Focusing on diversity and inclusion

1.7.2 Equality and Participation



Citizen Development Programme

1.25 Citizen Participation



Expanding compliance training

1.7.1 Integral Human Development



Changing lives with our First Home Ownership Scheme

1.7.1 Integral Human Development; 1.25 Citizen Participation



Fostering innovation

1.7.2 Equality and Participation

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 (ktCO ₂ -e)			
GHG total (Sc 1 & 2)	962	941	958
Greenhouse gas emissions by scope (ktCO ₂ -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						
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						
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						
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 (mmboe)	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\$/bb)	55.68	45.04	51.36
Average realised LNG and gas price (US\$/mmBtu)	7.67	6.36	9.44