



connections



OIL SEARCH LIMITED

While Oil Search's annual Sustainability Report details our investment in Papua New Guinea's (PNG) people, communities and environment, to hear the real story about the impact of our sustainable development approach, you have to talk to the people of PNG.

This book highlights some of the examples of how Oil Search is working with local people to make a difference to their everyday lives and build a sustainable future for their children and their communities. You will hear from them about the activities that we are undertaking together that improve everything from health outcomes and education options, to environmental protection and career development.

It makes good sense for us to work collaboratively with the people of PNG, their Government and our employees. It is our personal and corporate responsibility to do this and is a core value in our organisation. Their goodwill and support is vital for our continued success and our investment in sustainable development is valued by communities. We know that together, we will create a better business and a prosperous PNG.

By guiding, supporting and sharing information and skills with local people, we are building their confidence and abilities and ensuring their livelihoods thrive beyond the lifetime of the oil and gas projects.

These case studies celebrate the joy, optimism and enthusiasm of the PNG people. I hope they both inform and inspire you.



PETER BOTTEN
MANAGING DIRECTOR



Kutubu Foe Women's Co-operative Society

SELF~ SUFFICIENCY

Thanks to a pioneering group of women and Oil Search's encouragement, rice is taking over from labour-intensive sago as Kutubu and Kikori's staple crop, leading to economic, social and nutritional benefits.



Helping communities to set up and expand agricultural projects that will make them financially independent and food secure beyond the life of the oil projects is a key aim of Oil Search's Sustainable Community Development Programme. Our Business Development Officers (BDOs) actively encourage groups of villagers, especially women in remote areas, to establish agricultural business co-operatives that enable them to pool their efforts and learn new farming techniques so they can generate more revenue with less labour.

Oil Search supports five farming co-operatives. One of the most successful is the Kutubu Foe Women's Co-operative Society, based at the Pimaga government station in the Lake Kutubu region of the Southern Highlands. The women plant, grow, harvest, mill and sell the rice. They share the labouring and use the profits to buy more seed; as a co-operative, they can buy it at a better price than they could individually.

As well as providing income, the rice co-operative has given the members more time for other productive activities. Previously, they spent up to eight hours a day tending and preparing sago. Now they are cultivating rice instead, the women are freed up to grow other crops, look after their homes and make handicrafts to sell, and their daughters are able to go to school.

The roots of the Kutubu Foe Women's Co-operative Society were laid down in 2007, when the Pimaga women began forming groups to assert their independence and share skills such as sewing and cooking. There were soon more than 58 groups in the region covering six zones. When they came together to form the Kutubu Foe Women's Association, the groups gained a new, co-ordinated voice.

The founder of the Association, Naomi Samuel, came up with the idea of harnessing the power of the Foe Women's Association to form a co-operative society to engage in training, farming and selling crops. After approaching the OSL Business

Development team with the idea, the women worked closely with the team, who helped them with incorporating the co-operative society, setting up the structure, book-keeping and forward planning. As part of our support programme, Oil Search arranged for 25 of the women to visit the National Agriculture Research Institute (NARI) in Lae so they could attend a World Bank funded PNG Women in Agriculture programme on crop planting, tending and harvesting.

At the time, sago was the staple food in the Kutubu region. Sago is a starchy crop that has to go through several laborious stages of production before it is edible, including cutting, crushing, grinding, kneading, washing and straining.

The women were spending nearly all day tending sago palms and preparing enough starch for a single family meal. They explained this to NARI officials, who suggested they should consider growing rice instead; not irrigated rice, but 'upland rice', a different variety that is seeded in dry soil. The officials explained that, as well as being much less labour-intensive than sago to grow, harvest and prepare, upland rice had other advantages. It would provide permanent groundcover to help reduce soil erosion during the

Highlands' heavy rains, and would improve the villagers' diets.

The women were convinced and immediately applied to NARI for 50 starter bags of rice. However, with each bag weighing 40 kilos – a total of two tonnes - they realised they would need some assistance to get the rice home. They contacted Oil Search, who agreed to provide transportation. Oil Search also sponsored Department of Agriculture staff and NARI scientists to come to Pimaga, train the Kutubu region women in planting and provide the co-operative with technical support.

Since that day in Lae, the Kutubu Foe Women's Co-operative society has gone from strength to strength. From 1.5 tonnes of rice in the first year, their annual harvest has grown to 8.1 tonnes. The women have established a village nursery in Pimaga so

NAOMI AND THE FOE ASSOCIATION MEMBERS HAVE BEEN EMPOWERED BY THEIR SUCCESS, AND SUCCESS BREEDS VISION.





One of the Kutubu Foe ladies tending rice.



Naomi Samual, Kutubu Foe Women's Co-operative Society.

they can propagate rice seedlings, which co-operative members from other villages take and plant in their local fields. Once the rice is grown and harvested, the women return to Pimaga to mill the rice using a small petrol-driven rice mill donated by Oil Search. All the co-operative members pool their milled rice, taking what they need for their families and selling the rest at market. They also charge people from other villages a small fee to mill their rice at Pimaga. The women plough the profits from the sales and the mill into more seed, which they plant in the nursery, and the cycle begins again. With a new harvest every three months, they are always busy.

There have been a few teething difficulties. Stem borer infestation became a problem, and much of the first harvest went yellow because the rice was harvested too late. But by seeking advice from NARI and learning as they go, the women have become adept at growing large, healthy crops.

The flow-on effect for all the villages involved in the co-operative has been enormous. The hours the women save every day by not having to prepare sago, and by no longer milling rice by hand, makes a considerable difference to their families' quality of life. They have time to make baskets, bags and other craft items to sell at the markets for extra income. They can also spend more time on home duties, which means their daughters can attend school instead of helping out.

The rice fields established alongside the homes of many villagers have led to the production of vegetables and other crops, such as sugar cane, to eat and sell. As well as providing extra nutrition, having vegetables on hand means the women and children no longer have to walk hours every day to the nearest market for vegetables and fruit, such as kaukau (sweet potato), corn, bananas, peanuts and pineapples. The crop cultivation has been so successful that the Kutubu Foe Women Co-operative Society has entered into an agreement with a landowner regional catering company (Kutubu Catering

Services) to supply pineapples and six tonnes of vegetables to the Oil Search camp mess every week.

The rice fields also help local villagers to add extra protein to their diets. Wasting nothing is typical of their resourceful approach to life so they feed the protein-rich chaff left over from grinding the rice to the village pigs, chickens and fish, which thrive on it. Fish protein plays an important role in Pimaga's traditional diet and, with an abundance of rice chaff from the mill, there are now too many fish in the village pool to count.

The Kutubu Foe Women Co-operative Society has come a long way in a relatively short time. Naomi remembers the early days, when she had to embark on long, exhausting walks

to other villages to organise meetings and share information. Nowadays, Oil Search provides her with transport to help her continue expanding the co-operative. It has become her life's work, even though it is unpaid: "It's sometimes challenging for me to do this, but I cannot leave it – I need to help my ladies. Oil Search and the PNG LNG project will not be here forever, so when we see something that is good for the community, we need to stand on our own two feet."

The women are empowered by their success - and success breeds vision. Their plans include developing a single, expansive field to augment the dozens of smaller fields currently scattered throughout surrounding villages. A hired tractor could plough one large field more efficiently than several smaller fields, and greatly increase yields. An even bigger plan is to own a tractor instead of hiring one.

But the biggest goal of all is to export their rice, packaged with a label that says: Kutubu Rice – grown by the women of Pimaga.



The background of the entire page is a black and white photograph of an oil pumpjack. The pumpjack is a large mechanical device used for extracting oil from a well. It features a long, curved arm (the walking beam) that moves up and down. In the foreground, a large, dark, cylindrical component, likely part of the pumpjack's base or a wellhead, is visible. On the right side of the image, there is a white rectangular logo with the letters 'TWL' in a large, bold, sans-serif font. Below 'TWL', the words 'Trans Wonder' are partially visible in a smaller font. The overall image has a high-contrast, industrial feel.

Larry Andagali, Trans Wonderland Ltd

REALISING A DREAM

Oil Search has helped dozens of community-owned companies to share in the economic opportunities generated by our oil projects. One of the major success stories is Trans Wonderland Limited, which has big plans for the future.





Larry Andagali, Trans Wonderland former Managing Director and Founder.

The size and complexity of Oil Search's operations in PNG presents local people with many business opportunities. Helping them to make the most of these opportunities by providing Land Owner Companies (Lancos) with supplier contracts and business development support is central to our commitment to the development of PNG and also helps us to build a sustainable business.

The benefits of the Lanco structure for PNG communities are significant. Not only do Lancos create jobs, they provide sub-contracting opportunities for other Lancos, funds for community projects and generate significant financial benefits for their land owner shareholders.

One of the biggest Lanco success stories is Trans Wonderland (TWL). Established three years ago, TWL is now PNG's largest land owner-controlled trucking and transportation company. With Oil Search's assistance, the company has grown rapidly and is well on its way to achieving its goal to be a regional or even a global transport and logistics organisation.

As with most companies, the TWL journey began with the vision of one person – Larry Andagali, TWL's former Managing Director and founder.

When Oil Search advertised a Lanco contract for transporting supplies to remote operations in 2009, Larry was a business development manager at Oil Search. He saw the contract as a major opportunity to help local people make the most of the employment, community and economic benefits generated by the oil projects. He had already helped to organise land owners in neighbouring Southern Highlands villages as the Gigira Development Corporation (GDC) so they could fulfil service contracts offered by the Hides field.

Establishing the TWL Lanco was even more complex. The model had to satisfy competing land owners, retain each tribe's cultural identity and ensure equal representation for the diverse shareholder communities. Larry also had to work with local people to ensure Oil Search's supplies would be delivered on time despite PNG's treacherous mountain roads, which present drivers with a

level of technical difficulty rarely encountered in the trucking world.

Larry's efforts paid off and in mid-2009, TWL was awarded the Oil Search transport contract. Since then, the company has gone from strength to strength. When it was first set up, TWL had just 23 ageing trucks (which it acquired second hand), various ancillary equipment, 100 employees and operated only out of Kutubu and a forwarding base out of Lae. It was not long before the original fleet was replaced with a more sophisticated mix of Kenworth, Western Star and Renault trucks and its operations had spread to other oil project locations. With the LNG project coming online, the company's fleet of trucks and other equipment such as cranes, water trucks and support vehicles has

mushroomed to more than 250 and its workforce has grown to 280.

In line with its determination to do things differently, TWL is bringing a greater health and safety focus to the transport industry than is generally found in PNG. Every TWL driver undergoes a training course at an enclosed field at Kutubu. Trainers from Australia assess their competency by putting the drivers through obstacle and wet weather courses and providing certification. Drivers who fail go back for more training. Despite PNG's

unsealed roads, hairpin bends and heavy rains, the company has so far avoided a major accident.

Under the TWL Lanco model, 75% of profits are invested back into land and vehicle purchases and capital works projects so the company can continue to grow. Another 20% is returned to local communities as share dividends - according to Larry TWL shareholders have enjoyed a 110 per cent return on their initial investment over the past 18 months.

As TWL has evolved, Oil Search has assisted with various aspects of shareholder management and business development. For example, our Village Liaison Officers (VLOs) and Community Affairs (CA) staff encourage local people to attend shareholder meetings and explain why it is important to support TWL.

TWL'S NEW PLANT AND VENTURES ARE STRENGTHENING AND DIVERSIFYING THE COMPANY.



According to Larry: "Oil Search has helped us to provide a level of transparency about our performance with the community and helped us to overcome entrenched suspicions."

Providing visible community support is an important part of how TWL engages with local villagers. The final 5% of profits is apportioned to cancer foundation, church support and other community aid programmes. As well as supporting various programmes, the company encourages staff fundraisers and recently contributed 10,000 kina to three church foundations – Catholic, Wesleyan and the Christian Brethren Church (CBC). TWL also sponsors a basketball tournament at Nipa, donating the competition's prize money of 5,000 kina.

Making a difference also means using TWL's commercial standing to unite disparate communities. One example is a sub-contractors' consortium of owner-driver businesses, which TWL established with the help of a Government grant. The company has leased ten TWL-branded trucks to five drivers in the Central Southern Highlands and five in the Northern Highlands. By splitting ownership 50/50 between tribes in the two regions, TWL is helping to overcome an age-old geographic split between them. All ten drivers pool their revenues: if one truck is off the road, the other nine give one tenth of their income to the idle driver, so nobody is ever out of pocket. The plan has generated considerable financial benefits for the drivers and their communities. According to Larry: "For their first quarterly dividend, each driver got 146,000 kina and a second payment is coming in January 2013."

TWL's investments in new plant and new ventures are strengthening and diversifying the company to ensure PNG communities continue to enjoy these benefits well into the future. In December 2011 TWL built a new truck shed at Mt Hagen and the company has now set up a light vehicle division of Toyota Land Cruisers that it leases to construction contractors.

Pipe maintenance, storage and sales could also soon be part of TWL's portfolio. With resources industry demand for pipes

increasing and PNG's humid climate playing havoc with pipe threads even when they have an anti-corrosive coating, it's a potentially lucrative field to enter. Pipes are currently shipped out for repair in Indonesia so there is clearly a market opportunity. TWL is also developing a machine shop in Port Moresby that will provide pipe maintenance, storage and sales facilities by the end of 2012.

Providing sea and air transport services is another TWL goal. In February 2011 they entered into a joint venture with Alaska-based company Lynden Logistics, one of the world's leading logistics movers. Like TWL, Lynden started small, has aligned its growth with Alaska's extensive resources industry and operates in a challenging physical environment.



All these activities are steps along the path towards achieving TWL's long term vision: to become a totally integrated transport and logistics company that serves not just PNG but the wider Australasian region and possibly beyond. It's a big dream but Larry refuses to believe it's impossible given their achievements so far and cites TWL's motto of 'Get the Basics Right and Live the Dream'.

Many Southern Highlanders believe dreams can come true and point to the centuries-old Gigira Laitebo prophesy as proof. The prophesy was that the Laitebo (fire) burning inside Mount Gigira and kept alive by local people who poked it with sticks would one day light up the world and bring great benefits to the people who had tended it. The PNG people interpret this as foretelling the arrival of the LNG project, which is based on underground gas deposits in the Southern Highlands.

As Larry points out, if such a big dream can become reality, then who's to say TWL can't turn PNG into an international hub for transport and logistics that connects the world?



Navigating pot-holes on the Moro – Iagifu Ridge Camp Road.

A group of smiling children in a village setting. In the background, a child holds a small black box. The scene is outdoors with trees and a building visible.

Wellington Bellawa Snr, Community Affairs

BUILDING RELATIONSHIPS

Community Affairs staff are the public face of Oil Search. Their close local relationships underpin our mutually beneficial community development programme and are the foundation of Oil Search's licence to operate.

Children of Tamadigi.

Oil Search's PNG Field Community Affairs (CA) Manager, Wellington Bellawa, has worked in our community relations area for almost fifteen years, ever since Oil Search first introduced the concept at Hides in the Southern Highlands. He has seen our investment in maintaining strong community relationships evolve as our operations have grown.

Wellington heads up a large team of 46 permanent and 42 contract field-based employees. Operating from Hides down to villages in the Kikori River delta, Community Affairs (CA) officers provide an active and open presence in local communities where Oil Search operates. They help to manage local issues, plan and implement community development programmes, administer benefits distribution and provide two-way communication between Oil Search and villagers.

The size of the team reflects Oil Search's commitment to working collaboratively with PNG communities and to operating in a culturally sensitive way. Having so many Community Affairs people in the field also ensures our community development programmes are appropriate and implemented effectively at a local level.

CA field staff work hard at maintaining a close relationship with communities and their leaders, particularly in licence areas, and liaise with the PNG Government at national, provincial and local levels. They are supported by a network of Village Liaison Officers - prominent members of local communities who form the backbone of a two-way flow of information between their respective communities and Oil Search. The CA team in the field is ably supported by a small group within External Affairs in Port Moresby who continuously liaise with the government departments we regularly deal with.

The work of the Oil Search CA team goes beyond the standard approach to corporate responsibility. They focus on community development initiatives, especially public health and education, complementing and facilitating Government activities by providing additional support where it is needed. A major role is being the conduit for requests from local people for Oil Search to support their community programmes. Clean water, education and sanitation are ongoing issues. For example, CA officers are often asked if Oil Search can help villages to take advantage of catchment areas by supporting the construction of water tanks. In collaboration with the Education Department,

and with our support, the Community Development Institute (CDI) provides teacher-in-service training programmes for teachers in project area schools. This is aimed at upgrading their teaching skills and their academic qualifications.

CA staff also help local land owner companies (Lancos) to develop business skills and to save for the future, as well as educating land owners on the concept of dividends. Land Owner Companies are a conglomerate of different clan groupings within the project area with a common interest. CA work with them to better understand what the community aspirations and mood is both economically and politically.

Wellington reports that the role of the CA team has expanded "beyond all recognition" in the past 15 years as provincial governments often lack the capacity and resources required to meet community needs. With their extensive local knowledge and access to resources, the Oil Search CA team bridge some of the gap.

The team's role often extends to areas such as industrial relations and land owner dispute resolution. As well as addressing the concerns of land owners, villages and individuals, CA officers at times mediate in disputes involving Lancos and their employees.

Wellington ensures his team members receive training in negotiation skills to help them balance the competing rights and wishes of the parties involved. With 13 language groups, over 800 ethnic groups and more than 110 villages involved, CA field officers are also

trained to be aware of the myriad cultural intricacies in PNG.

Looking ahead to the next year, one of Wellington's hopes is for Kutubu High School to be upgraded to accommodate grades 11 and 12 and to have internet capabilities. His staff have identified the local feeder schools and are working hard to support them with much-needed infrastructure development, using funding from Oil Search's tax credit programme.

As Wellington says, CA field officers are a vital interface between the PNG community and Oil Search: "We are the ones that build the relationships. A good relationship helps us to achieve our goals, has an immediate benefit for local communities and has a positive long term effect on the whole of PNG's economic, community and social development."



INSET: Wellington Bellawa Snr.

A black and white photograph of two women working on a mechanical device, possibly a generator or engine. The woman on the left is looking down at the device with a focused expression. The woman on the right is smiling broadly, looking towards the camera. She is wearing a patterned shirt and a beaded necklace. The background is blurred, suggesting an outdoor setting.

Oil Search Women's Network, Port Moresby & Kutubu

SISTERHOOD

By banding together and pooling resources, Oil Search's Women's Networks are not only making a difference to their own lives, they are educating and empowering PNG women beyond Oil Search.

Representatives of the Port Moresby Women's Network with their recently purchased lawnmower. The lawnmower was donated to the women at the Bomana prison outside Port Moresby.



Given the predominantly patriarchal nature of PNG society, local women working for Oil Search find the benefits of employment go beyond simply earning money. Their jobs provide new insights into the status, rights and roles that women enjoy in other countries, leading them to question accepted attitudes in PNG.

Since 2001, these women have banded together as two voluntary women's groups, one at Oil Search's headquarters in Port Moresby and one at Iagifu Ridge Camp near Kutubu. Encouraged and supported by their managers, the groups are active in raising awareness of social issues and running community support programmes.

Despite being split across two locations with quite different challenges, the women see themselves as a single organisation united by their common journey. Each woman has taken on the task of playing a key role in liberating and educating the more vulnerable women in their communities, who often find it a struggle to assert themselves. At the same time, they are discovering more about themselves.

At the heart of both groups is a structured activities programme that the women have designed, developed and manage themselves. Members can submit ideas for fundraising events or information workshop topics at any time.

To kick start their programme, each woman in the Port Moresby Network contributed an initial membership fee of 20 kina – a total of 640 kina. With Oil Search management promising extra financial assistance if they could nurture and grow their seed money, the women worked hard at fundraising and there is now almost 4,000 kina in their kitty.

They have managed this magnificent achievement by organising the sort of functions that people were asking for, such as their open-to-all annual Family Fun Day in 2011. The day raised enough money to fund books for underprivileged children and provide maternity ward items for expectant mothers at Port Moresby General Hospital.

An important role for both groups is providing information about women's issues. In October 2011, the Port Moresby women in conjunction with the External Affairs Department organised a

workshop as part of Breast Cancer Awareness month. Breast cancer is the second biggest killer of PNG women so guests were keen to hear talks by guest speakers from the oncology unit of Port Moresby General Hospital and the Oil Search health team. Following the event, Oil Search offered in-house breast screening at our Port Moresby medical clinic to female employees, spouses of male employees and immediate family members. The ladies also organised for information brochures on breast cancer to be translated into Tok Pisin.

Many low income women in PNG run home-based businesses – or would like to – but cannot raise start-up finance. Less than 15 per cent of the PNG population has access to banking facilities and women are even more disadvantaged. So another Port Moresby

Women's Network objective is to empower women by helping them to raise the money to pursue small business opportunities. The group invited Nationwide Microbank – a financial institution dedicated to providing the 'unbanked' with equitable access to finance and other banking services – to explain how they could assist and advise women wishing to open a bank account and establish a micro-business.

Over the past year the Port Moresby Women's Network has organised speakers to give motivational talks and increase awareness of other organisations that foster

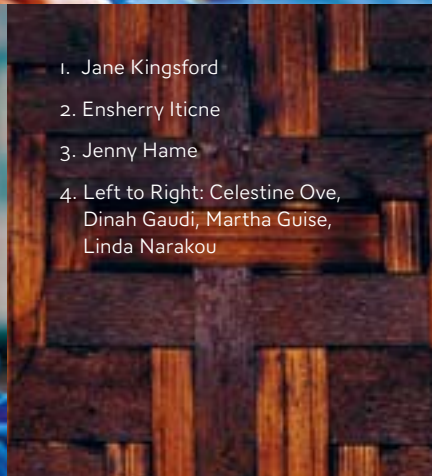
women's rights. Such events provide women with a rare opportunity to discuss taboo subjects within a safe environment. One speaker was from the Coalition for Change PNG Inc., who talked about how to recognise, report, overcome and move on from domestic violence. Two out of three women in PNG have experienced domestic violence yet it is rarely discussed in their villages, where the concept of domestic violence is not generally accepted. At the Port Moresby session, two women felt comfortable enough to share their experiences with the group and received support from the other women.

Despite the emphasis on women's empowerment, men are also invited to these group functions. The members' husbands, fathers, sons and male work colleagues support the efforts of this dynamic group of dedicated women and, through the Women's

AS THE GROUP HAS EVOLVED, A DISCONCERNABLE SISTERHOOD HAS EMERGED.





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- 1. Jane Kingsford
 - 2. Ensherry Iticne
 - 3. Jenny Hame
 - 4. Left to Right: Celestine Ove, Dinah Gaudi, Martha Guise, Linda Narakou





Women of Aio village producing local craft.

Network, are being exposed to different ways of thinking about the role women play in PNG.

Over the years the women have found their activities inspire other women. One of their members suggested purchasing a lawnmower that female prisoners in a nearby detention centre in Port Moresby could use instead of scythes and machetes to maintain the grounds. Knowing that the women were incarcerated with their babies and toddlers, the Women's Network sent the children Christmas presents and persuaded Oil Search and other local businesses to donate toys, games and female toiletries. Hearing about the Women's Network's assertiveness motivated the inmates to start raising their own funds by selling hand-made craft items.

At Iagifu Ridge Camp, the Women's Network has many of the same challenges as the Port Moresby Women's Network, but with extra issues arising from their geographical isolation. Working 28 consecutive days as part of their month on, month off rotation means work is intense and finding time to meet is a challenge. Nevertheless, the women have established a busy calendar of activities. As at Port Moresby, Oil Search management are supportive and the women have a kitty of 5,000 kina. They hold craft nights, fashion parades, weekend forums, health talks and church support groups. Local children are a key focus for their outreach programmes. The women transform used tyres into swings and collect library books and clothes to distribute among local village children and schools.

As the group has evolved, a discernible sisterhood has emerged and traditional PNG social barriers between married and single females have been broken down. Not only have the women got closer and supported each other, they have developed new levels of self confidence.

For Jenny organising fundraising events has made her realise her own value. After mixed success at the beginning, she has seen both participation in and enthusiasm for the events increase. "I knew I had the skills but I never came out and said I could do it. Now I know I can."

As well as supporting personal development, the committee

roles at Ridge Camp help women to develop leadership skills and business acumen. One of the network's longest-serving executives, Ensherry is in her sixth year as Treasurer. She was initially elected to her role. However, she is now such a fixture and so good at her job the ladies suggested she should keep going without the bother of elections. While this is a great boost to her self-esteem, Ensherry knows the group prides itself on its executive transparency: "Transparency is always important when you are Treasurer: otherwise people may think: 'What is she doing with our money?'"

Involvement in the Women's Network means different things to different women. Martha sees being involved in the committee as an opportunity to pass on knowledge to younger members. A founding

member, she is stepping back from day-to-day organising to allow younger recruits to develop their organisational skills. "I will be there for advice and guidance, but I want the young ones to step up and take on more responsibility."

Buoyed by their successes and by Oil Search's ongoing support and encouragement, both the Port Moresby and the Ridge Camp Women's Networks are now holding so many regular functions, they plan to start producing an annual social calendar. They are also considering wearing a uniform to provide an even greater sense of

belonging and to advertise the group. They intend to contract a female small business operator to work with them on the design and sewing.

While the women's primary goal remains to raise awareness and encourage participation among their own communities, they are keen to spread the word about women's issues and women's empowerment into the rest of PNG. To this end, they have begun affiliations with other women's organisations such as the PNG Women in Politics, Women in Business and the PNG Business and Professional Women's Network.

The women realise they will face opposition as they challenge traditional attitudes and conventions, especially in villages where they are strangers. However, they are undaunted. They know how much difference being part of the Women's Network has made to their lives and are determined to help other women in the same position.



The Marasin Stoa Kipa (MSK) Programme

HEALTHY INDEPENDENCE

By training women in rural villages to run small local medicine shops, the MSK Programme is improving malaria statistics and aims to build a sustainable future for the women and their communities.





Ruth Yawari, Tamadigi MSK.

Malaria has long been a scourge in PNG. High humidity, relentless rainfall and tropical temperatures create an ideal breeding ground for the malaria mosquito. Government health services are stretched and hard to access for villagers isolated by poor or no roads, heavy rain and unforgiving terrain. Outbreaks are not uncommon in the Southern Highlands, where there are four different strains to combat. With a population that moves around to follow work opportunities, the disease can spread rapidly.

Oil Search is actively working to help the PNG Government control and reduce malaria by linking in with strategic national goals and has developed an innovative social business programme. Since the mid 1990s Oil Search has run a series of anti-malaria programmes targeting community-specific strategies. These include community awareness and ownership, access to effective treatment, diagnosing malaria using blood tests and decreasing the risk of being bitten by mosquitoes through the use of bed nets and indoor residual spraying.

One of Oil Search's leading community health contributions is a joint initiative we established and run with endorsement from Department of Health, and partnership with non-government organisations and donors – the Marasin Stoa Kipa (Medicine Store Keeper - MSK) Programme.

Based on social business principles, the MSK Programme provides villagers with anti-malarial treatment through specially-trained local women (MSKs) who diagnose the disease and purchase and dispense the medication. Oil Search continues to provide oversight and support to the MSK shops. With each village numbering just 200-400 people, the communities are too small to support formal health facilities and the MSK is their only access to treatment unless they walk for several hours or catch expensive transport. The programme is modelled on similar initiatives in Cambodia and Africa. These programmes train a network of local people to provide basic health care services directly to those who most need it – populations in isolated areas where Government and NGO health services are infrequent. Established in PNG in 2007 as a pilot,

the indicators show that the MSK programme has been very effective in containing individual cases of malaria before they become severely ill and communities develop mass outbreaks. Since it was launched, the prevalence rates for malaria in the pilot programme area has decreased dramatically from around 30 per cent in some villages to less than 5 per cent. The results are particularly impressive among young children, with the incidence rate of deaths attributed to malaria among under-5 year olds greatly improved.

The Programme currently provides 8,000 people in 15 target villages with access to anti-malarial treatment. In these areas, only 19 per cent of villagers have ready access to health facilities in their own communities. Over the next two years Oil Search will help the

MSKs to expand the services they offer and take the Programme into parts of PNG outside our operating footprint under an expanded pilot program supported by the Department of Health.

One of 20 women in the MSK Programme is Ruth Yawari, who lives in the remote village of Tamadigi in the Southern Highlands with her husband and four children. Ruth was the village's birth attendant before her community put her forward in 2009 as a candidate for the MSK Programme. Oil Search asks each target village to submit three female

candidates for consideration, preferably married women with links to their local church. The candidates are interviewed to determine who will be selected, bearing in mind factors such as their personal motivation, literacy levels and education.

Like the other MSKs, Ruth received training in how to correctly identify malaria symptoms, dispense medicines, collect a finger prick drop of blood for a rapid diagnostic test, and stain blood slides for microscopy validation, order replacement stock and keep detailed patient records. Each MSK woman undergoes refresher training every six months; their husbands are invited too so they can demonstrate support. As the women are storing and dispensing drugs on their own in remote villages where help is usually several hours away, the training programme highlights the





Ruth in her purpose built MSK shopfront.



Customised scales.

importance of safety. Trainees are educated about the dangers of sharing medical drugs with other people and of keeping them away from children.

To reduce the chances of incorrect dosing, Oil Search has devised a system where medicines are colour-coded to avoid confusion. To administer the correct dosage, the MSK weighs the patient using a set of scales on which each weight-range is marked in a different colour.

The MSK then dispenses the colour-coded treatment dosage that matches the patient's weight-range colour. One reason for the continuing success of the MSK programme is that Ruth and the other MSKs operate as a business, not a voluntary operation.

The small fee for service they receive for each consultation enables them to purchase more supplies and expand their businesses. Oil Search also pays them one kina for every good blood slide they return to the Moro medical centre, where the blood slides are read to rigorously monitor impact of the programme, record results, and track trends. Ruth sees malaria patients at a purpose-built timber building in the village, complete with its patient bench, covered veranda and storage cupboards. The window has a lockable awning that can be lowered when the hut is unattended. As well as dispensing malaria medicines, Ruth sells toothbrushes, toothpaste and basic first aid products to supplement her income. She is proud of her business and her MSK training certificate is prominently displayed on the wall.

Being an MSK has improved life for Ruth and her family. For the first time in her life, she has a bank account to save the profits, which she uses to buy better food and clothing and to send her older children to school. Running the shop has increased her confidence and given her and her extended family an elevated status in the village. She also enjoys the satisfaction of helping her family, friends and neighbours to stay healthy.

Enterprising MSKs use the profits to expand their businesses beyond dispensing, bringing wider benefits to themselves and

their communities. Ruth regularly hires a 4-wheel drive to take her to Mendi, where she buys consumer goods that are not available in the village, such as children's clothes, toys, batteries, nappies, cooking utensils and kerosene lamps. She sells them from her roadside 'market' – a small storefront on their home, built by her supportive husband.

Over the next two years, Oil Search plans to undertake a scaled expansion of the MSK Programme into new services and other regions of PNG. The aim is to ensure the longevity of the MSK network beyond the life of the oil projects by gradually transferring responsibility for its management and development to local interests.

One of the current project area's local church health service providers', the Evangelical Church of PNG, has taken over responsibility for selecting and training the women so Oil Search can focus resources on improving Programme delivery and helping the MSKs with business growth. For example, we plan to help them diversify into the sale of general health products such as pain relief and headache tablets, worming tablets and hygiene products. This will improve their profits and further contribute to the economic wellbeing of their communities. We also hope to expand the range of treatments they can dispense to help combat diseases other than malaria.

So far, the MSKs have operated independently of each other, but Oil Search is exploring ways to make them into more of a community so they have a support network. They are hoping to develop a common brand identity that describes their shared vision. One option could be: Gutpela Tru... We're good; Klostu Tru... We're close; Strongpela Tru... We're strong.

Good, close and strong: it's an apt description of the MSK network and the PNG women who make it possible.

RUNNING THE SHOP HAS INCREASED RUTH'S CONFIDENCE AND GIVEN HER AND HER EXTENDED FAMILY AN ELEVATED STATUS IN THE VILLAGE.





Ruth taking a blood slide of local village member.



Green Office Group

THINKING GREEN

When it comes to being environmentally responsible, PNG businesses lack the resources and understanding that other businesses take for granted. Yet our small band of 'green' volunteers is making a difference.

Even though PNG is a country of enormous natural beauty, everyday 'green' business practices are rare here. PNG's resources are too stretched, environmentally friendly options are limited and there is no widespread understanding of how businesses and individuals impact the environment and why this matters.

In this context, the success of Oil Search's Port Moresby Green Office Group (GOG) represents a significant milestone in PNG's environmental journey. Last year, their efforts were recognised during Oil Search's ISO14001 re-certification process as demonstrating 'best practice for office environmental management' and setting a good example for other parts of the business.

What is even more remarkable is that the Port Moresby GOG is staffed entirely by volunteers.

The Green Office Programme was started in 2008 by the Oil Search Environmental Team in Kutubu as the Company prepared for the first ISO14001 certification audit. The team established a number of Green Office Groups at Sydney, Port Moresby and PNG field sites, developing a site-specific environmental management plan for each site. The concept for the GOG programme was that volunteers would run the local GOGs and implement the initiatives.

At Oil Search's PNG Head Office in Port Moresby, six people responded to the call for volunteers. The group came up with many practical ways to put into practice the ideas embedded in the site environmental management plan. Their enthusiasm and effectiveness was infectious and by early 2012, there were 18 volunteers.

The GOG has transformed Oil Search's PNG Head Office into a local model of how to run a sustainable office using the concept of reduce, re-use and re-cycle. For example, paper usage is a fraction of what it was, reduced from 200 reams a month to 95. The team encourages online document viewing, paper recycling, use of re-used paper scrap books and two-sided printing. Paper is procured and stored centrally so it can be closely monitored.

The building's power consumption has also gone down. A green computing guide helps employees to control power settings, they are encouraged to turn off unused electronic devices and they minimise their use of air conditioning units and refrigeration. Shift personnel check that the air conditioning and lights are turned off at night by making hourly checks. The team is currently considering installing new generation light bulbs that use less electricity.

Oil Search shares the building with several organisations and so the GOG arranged for individual tenant monitoring for their floors. They have also fitted the gym showers with water-saving shower roses and reduced the amount of water staff use to wash cups and utensils.

A more efficient approach to car and truck usage has reduced the company's transport fleet from four buses and four utilities to three buses and two utilities. Transport runs are pooled, people and equipment pick-ups are co-ordinated and there is now only one mail run a day. Company vehicle servicing is also more streamlined, reducing costs by about 15%.


Even basic waste collection and treatment is challenging in Port Moresby so the problem of what to do with the 500kg of used toner cartridges generated by Oil Search in PNG every year had been ignored until the GOG tackled it. Along with other Oil Search representatives, they negotiated with a local company to remanufacture Oil Search's cartridges. The team is investigating whether it is best to recycle waste toner cartridges in PNG or to send them overseas to established recyclers. Along the way, they are helping to raise community awareness about the environmental impact of discarding cartridges in landfills.

All these initiatives are in place thanks to the GOG volunteers, many of whom were not very environmentally aware before they joined the team. Linda originally volunteered to be a team leader even though the entire concept was foreign to her. Now, she is familiar with environmental plans and has "come a long way – I've learned a lot".

Wura has also risen to the challenge: "I do the purchasing of paper products and sometimes people ask me to order more, but I don't listen to them, even though they're managers. I have to 'stick on' and say no."

The GOG volunteers are happy to extend their commitment beyond the workplace, often working on weekends and public holidays. They have helped to plant mangroves along the Motuan coastline and taken part in clean-up days along Ela Beach. On World Environment Day 2011, a GOG-inspired team planted 5,000 seedlings in the Moresby area.


Every year, they expand their programme into new areas and set new goals. In 2012, they are introducing a paper-shredding and recycling program and colour-coded bins for office waste. They are also spreading the GOG's environmental impact beyond Oil Search by sharing their ideas with co-tenants and other major companies and showing them that it really is easy to be green.



Spectators intently watching a
game of basketball in Ai'io

Ai'io Village: CAP project

**BETTER
TOGETHER**



By dividing labour and resources requirements between them, Oil Search helped the community of Ai'io to build a regulation-quality basketball court that is the pride of basketball fans across the Yasuku region.

Ai'io (population 121) is a remote community in the Pimaga district near Lake Kutubu, the central village of a cluster of four regional villages that also includes Hedinia, Mano and Tamadigi. Two hours drive from the Moro airstrip along rutted, pot-holed roads, the villages' isolation means they share many cultural and communal ties including – perhaps surprisingly – a basketball court.

A major community asset, the Ai'io basketball court was built thanks to the Oil Search Community Area Planning (CAP) Programme. The CAP building programme is based on partnerships between Oil Search and the community: Oil Search provides materials and expertise that would otherwise be inaccessible and the communities invest locally – available materials, land and people power (sweat equity).

PNG people love their basketball, especially in the Highlands - Southern Highlands Province was the first regional province to move basketball beyond grassroots level with a Super Six series. The sport is slowly gaining momentum across the country despite being chronically underfunded. While Port Moresby courts are concrete and bitumen, basketball players in the Highlands are used to improvising everything but the ball itself. Many Southern Highlands villages have basketball hoops made of bamboo and shaped by bush knives, attached to rudimentary timber backboards that are nailed to makeshift posts at either end of grass or dirt fields.

So it is not surprising that when the people of Ai'io presented Oil Search with possible development projects two years ago, a sturdy, regulation-sized concrete basketball court topped their list, complete with steel posts, proper backboards, iron hoops and line markings.

The Ai'io basketball court story began in 2010, when a basketball court was being constructed at Daga village near Pimaga station. During its construction, Oil Search took a number of Village Liaison Officers (VLOs) from other areas to witness locals taking part in the work. This inspired Ai'io villager leader and VLO, Henry Samogo to work with his community to demonstrate Ai'io and surrounding villages in the Yasuku region had the commitment to make a similar

project succeed at their village.

All CAP projects are based on an agreement that outlines how much labour and land the village will provide and the materials and resources that Oil Search will provide. The agreement is explained to the communities when they submit their wish-lists of projects and reinforced by the Oil Search VLOs, who live in the project villages.

For the Ai'io basketball court, Oil Search provided materials such as reinforcing mesh, cement bags, nails, timbers and metal frames - even a new basketball with several hand pumps. The local community provided the necessary muscle, rock and gravel.

With Oil Search personnel providing technical assistance, it took seven locals just 18 days to complete. The concrete pad required

reinforcing with several cubic metres of rock and gravel, which the local people brought up from a river that runs alongside Ai'io. Oil Search also arranged for the delivery of timbers to corral the mixture. Under the supervision of a CA trade assistant, villagers also prepared the land to ensure it was absolutely flat and level.

You get a taste of the social significance of Ai'io's basketball court if you are fortunate enough to be there when men and women from all four villages assemble courtside every Friday, Saturday and Sunday afternoon to play in a series of organised

games. Their athleticism is impressive, with players possessing the sort of skills that can only be gained through a lot of court-time.

You also quickly realise that this playing standard could not be what it is if the game were being played on an uneven surface of grass and dirt. The new court, with its flat, sure bounce, has made an entirely new level of competition possible and helped to increase social and community dynamics.

Sit courtside with Henry Samogo and he will tell you he envisages a day when there's not only an adjacent soccer field to complement Ai'io's brand new basketball court, but a small timber grandstand in between "so spectators can look both ways as they like".

Perhaps, he confides, even a fence to keep out the pigs?

ALL AGES TAKE PART,
BUT THIS IS MOSTLY A
YOUNG PERSON'S GAME,
PLAYED AT A CRACKING
PACE AND IS NO PLACE
FOR THE TIMID.





Ai'io ladies in action on the basketball court.

Helping our people
to reach their career
potential not only
benefits them, it
provides the local
community with
economic benefits
and demonstrates the
rewards of hard work
to young PNG citizens.

Cornelius Soagai

PATHWAYS


OIL SEARCH LIMITED

Despite a shortage of skilled labour in PNG, Oil Search's employees are very loyal. Our turnover of male personnel is steady and our female turnover is dropping.

For employees like Kutubu Production Superintendent Cornelius Soagai, Oil Search's commitment to the professional and personal development of PNG citizens is a major reason to stay with the company. Over the past three years, an increase in the number of PNG citizens at Manager or Technical Specialist level has put Cornelius and several of his colleagues on the path to senior management.

Since he joined Oil Search in 2003 (when Oil Search took over from Chevron), Cornelius has taken full advantage of the support Oil Search offers PNG citizen employees who want to progress. "I don't see anything stopping anyone from advancing here, all the way to General Manager Operation's level if they are good enough. I don't see any barriers to advancement."

Cornelius had wanted to be an engineer since he was a teenager. After studying Mining and Engineering Studies at the University of Technology at Lae, he worked as a field operator. From there he rose through the ranks to Plant Operator then Control Room Operator at what is now Oil Search's Kutubu plant.

In 1998 Cornelius was selected to be part of the Commissioning Group for the new petroleum production facility at Gobe. He recalls working feverishly to condense a year's worth of setting up into just five months. He then spent some years at Gobe, working as Senior Operator, Plant Supervisor and Production Co-ordinator.

By 2004, he was back at Kutubu as the CPF Production Coordinator responsible for the Central Production Facility (CPF) and the Kutubu Refinery operations. The move saw Cornelius having considerable additional responsibility with the aim of maximising safety and optimising the production of oil as one. In 2006, he was transferred to Agogo/Moran, where he focused on minimising well downtime by streamlining maintenance operations and responding more efficiently to unexpected breakdowns. In 2009, he returned to Gobe as part of an operational review team and has been there ever since.

"Progression comes with dedication, loyalty, and from your own personal interest in improving the efficiencies in your workplace."

Oil Search's policy of providing structured career development planning has helped Cornelius to advance through the company. He is taking part in an intensive development program that is designed to

ensure Oil Search has the right people with the right skills to match company goals over the next 3-5 years.

The programme includes helping employees to develop a personal Career Development Plan. Cornelius's career has exposed him to a wide cross-section of departments and roles to broaden his understanding of the business. He has also undertaken a number of company-run courses to develop his leadership skills.

Oil Search has also encouraged Cornelius to keep updating his skills and qualifications. In 2005 he completed a two-year Diploma of Business Management through the Divine Word University in Madang.

As well as structured career planning and regular advancement opportunities, Cornelius appreciates Oil Search's company-wide health and wellbeing programme - Vision, Balance Control - which is designed to help employees mental and physical wellbeing. The programme provides every employee with a free medical assessment and ongoing support for healthy activities. For Cornelius, this means taking half an hour a day off work to go to the gym or for a walk.

Cornelius envisages a long future with Oil Search. At recent workshops, he gained insight into senior management strategies and the company's vision for the future. 'I'm thankful for how open and accessible Oil Search is. Hearing about the thinking and goals set by management has opened my eyes to my long-term future here.'

He sees himself as setting an example to other PNG citizen employees of what hard work and dedication can achieve. He particularly enjoys Oil Search's positive culture, believing the mutual support between employer and employees fosters a work ethic that extends beyond what is expected: "We celebrate all our achievements here, whether they are attaining production targets, on-time maintenance or an incident-free operation."

Although the work cycle of 28 days on, 28 days off means Cornelius occasionally misses a family event, spending four weeks at home with his children more than compensates. Throughout his career, family has been his major motivation for advancement. He wants to model the importance of hard work to his children and be able to provide them with a good education. He also enjoys working at Oil Search.

"I like the people who surround me and I feel this is one of the most important things in life: to enjoy your job, to gain a sense of purpose from it, and to look forward to future challenges."

About Oil Search

Oil Search Ltd was incorporated in Papua New Guinea (PNG) in 1929 and is PNG's largest oil and gas producer. The Company operates all of PNG's currently producing oil and gas fields and is one of PNG's largest companies and taxpayers. Oil Search is publicly listed on the Australian and Port Moresby Stock Exchanges and trades in the US through the American Depository Receipt (ADR) market. The Independent State of PNG is our largest shareholder with a 15% interest.

Oil Search has a longstanding commitment to operating sustainably; we acknowledge the importance of sustainability to the preservation and growth of our business. We demonstrate this commitment through our core values and business practices, and through our sustainable development programmes.

More information can be found at www.oilsearch.com

Health

- ◇ Oil Search contributed **US\$5.78M** to community health programmes in 2011 and was able to attract an additional US\$2.013M from other donors to supplement the programmes.
 - ◇ **8,000 PNG people had access to anti-malarial treatment** (at an OSL supported MSK or health facility) in 2011.
 - ◇ In 2011, the **overall incidence of malaria in the Oil Search project area decreased** from 315 in 2010 to 120 per 1000 population in 2011.
 - ◇ **Oil Search health programmes are delivered by the Oil Search Health Foundation.** The Oil Search Health Foundation is a non-profit registered charity, established to contribute to the long term health and wellbeing of the people of PNG. www.oilsearchhealthfoundation.org
-

PNG People

- ◇ **83% of Oil Search's PNG workforce are PNG nationals** (this equates to 66% of the total workforce).
 - ◇ **14 PNG nationals** are Senior Managers or Technical Experts.
 - ◇ **22%** of the Oil Search Senior Management Team are PNG nationals.
 - ◇ The Oil Search Board consists of **22% PNG nationals**.
-

Economic Development

- ◊ In 2011, Oil Search paid over US\$64M to local PNG landowner companies in services supply contracts. This is up from US\$54.3M in 2010.
- ◊ Across its PNG operations, Oil Search contracts with different 14 PNG landowner companies for a range of key contracts including camp catering and maintenance services, security, trucking and transport and civil infrastructure support.
- ◊ In 2011, Oil Search contributed US\$82k to landowner business development training.

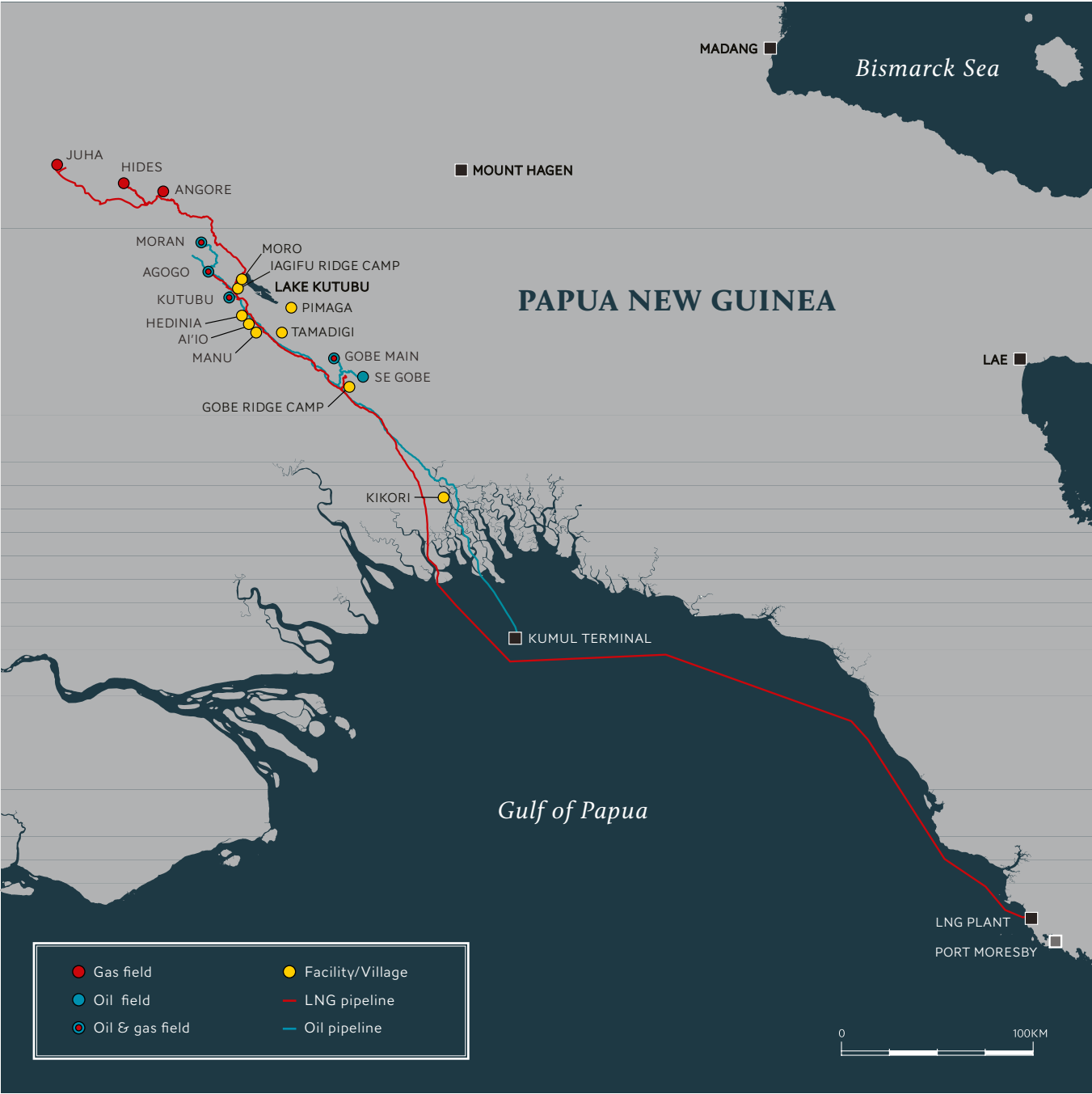
Women's Empowerment

- ◊ PNG women made up 17% of Oil Search's PNG workforce in 2011.
- ◊ In PNG, females are paid approx. 10% more than male employees.
- ◊ PNG women make up 13% of the Company's National PNG apprentices or graduates; 23% of supervisors/professional or technical staff; and 26% of managers or technical specialists in the Oil Search PNG workforce.

Community Development and Community Affairs

- ◊ Oil Search invested US\$1.692M in community development initiatives in 2011.
- ◊ The Company's community development investment is targeted at a range of programmes and initiatives including: Department of Education Primary and In-service training, landowner business development training, tertiary education sponsorships, sports development, agriculture and food security and infrastructure projects.
- ◊ US\$50,000 was invested directly in to agriculture and food security projects and programmes.
- ◊ In 2011, Oil Search provided support to five farming cooperatives.
- ◊ Oil Search has a team of 88 dedicated community affairs people.

For more information please refer to the Oil Search Sustainability Report and Data Book at www.oilsearch.com/sustainability/sustainability-reporting.html



OIL SEARCH WOULD LIKE TO THANK THE MANY PEOPLE OF
PAPUA NEW GUINEA WHO ASSISTED US IN THE COMPILATION OF
THIS BOOK AND WHO CONTINUE TO INSPIRE US EVERY DAY.

To Ruth Rawali, Larry Andagali, Naomi Samuel and the women of the Kutubu Foe Women's Rice Cooperative; Henry Samogo and the talented basketball teams of Ai'io village; Cornelius Soagai, Wellington Bellawa Snr, and representatives from the Oil Search Women's Network and Green Office Group. Thank you for your time and contribution.

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And finally, thank you also to the many Oil Search people who contribute to our sustainable development outcomes every day, and in particular the Oil Search Community Affairs, External Affairs and Public Health teams who helped with the logistics to make this book a reality.



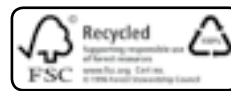
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