



Oil Search



PNG PERSPECTIVE:
2014 IN-COUNTRY SOCIAL RESPONSIBILITY REPORT
2014 IN-KANTRI SOSOL RESPONSIBILITY RIPOT



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INSAIT LONG DISPELA RIPOṬ

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Letter from the Managing Director

TOKTOK I KAM LONG MENESING DAIREKTA

2014 was a milestone year for Oil Search. The highlight of the year was the early completion of the PNG LNG Project, which contributed to record oil and gas production. This, along with the acquisition of an interest in the Elk/Antelope fields in PRL15, is transforming Oil Search into a regionally significant oil and gas producer. In turn, we continue to drive sustainable economic and social development in PNG. The results of the 2014 Oil Search Strategic Review formally aligned business growth and social responsibility in a revised vision for the Company. 2014 provided plenty of examples of how Oil Search successfully approaches the challenge of succeeding at both.



The Strategic Review reconfirmed that our PNG business is central to Oil Search's future. As a result, a comprehensive strategy of business and social programmes aimed at driving responsible growth in shareholder value, whilst making positive contributions to social development, has been put in place. This includes the formation of a new PNG Business Unit designed to build a senior management presence at our Head Office in Port Moresby. This will assist to build relationships with key PNG stakeholders and improve the breadth of Oil Search's understanding and management of key in-country issues.

Our PNG operations reported an excellent safety performance in 2014, with total recordable incidents down more than 26% from the 2013 result. This would not have been possible without the dedication and collaboration of our employees and contractors in PNG field operations and in Port Moresby.

Oil Search is managing more than K500 million worth of infrastructure projects on behalf of the PNG Government under the Tax Credit Scheme. In 2014, Oil Search completed three education and justice infrastructure projects and continued work on another 17, including the National Football Stadium and Marea House in



ABOVE: PNG LNG Project export jetty

Port Moresby. In 2015, Oil Search will continue to work with the PNG Government on the Ramu Power Project, which aims to provide affordable, reliable power to a million extra people in the PNG Highlands and Morobe area over the next 15 years.

Oil Search continued its commitment to community development, with an emphasis in 2014 on building agricultural skills and working with local landowner companies to enhance their business management. During the year, a campaign was run to raise awareness of ending violence against women, raising K46,000 for the management of a safe house in PNG for victims of violence. A special thanks to our employees, suppliers and contractors, who participated and contributed to the success of this campaign. Our work in this area will continue in 2015.

In 2014, PNG was announced as an EITI Candidate Country, a major milestone for the country that was welcomed by Oil Search and other advocates of providing transparency around the revenues the PNG Government receives from the resources sector. The focus of Oil Search's efforts in 2015 will be on assisting the PNG Government to meet the schedule of work required to successfully transition to an EITI compliant country.

In 2015, Oil Search will further progress a multi-year social responsibility strategy that outlines how we can continue driving the Company's social responsibility performance in alignment with our business objectives. The strategy will coordinate activities in our community affairs, health and education programmes, the work of our Health Foundation, along with important social programmes in power and agriculture. Our commitment to, and investment in, our various social responsibility initiatives will be increased, against a backdrop of expenditure discipline due to the significant drop in oil prices seen in recent months.

Oil Search is in a strong financial position and 2015 will be an exciting year as we continue to implement key initiatives to support our business objectives in PNG.

PETER BOTTEN
MANAGING DIRECTOR

2014 Performance at a glance

LUKLUK I GO INSAIT LONG 2014

Production
UP 186%

19.27 MMBOE OIL AND
GAS AND CONDENSATE
PRODUCED IN 2014



COMPLETED

OIL SEARCH
2014
Strategic
Review

NEW!

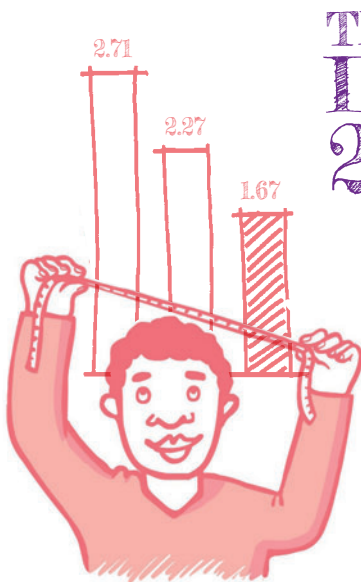
DIVERSITY AND INCLUSION
STRATEGY INTRODUCED

ZERO
Spills

IN PNG >1BBL TO
THE ENVIRONMENT
DOWN FROM
EIGHT IN 2013

118,000

MEASLES VACCINATIONS ADMINISTERED
BY OIL SEARCH HEALTH FOUNDATION
AND KEY PARTNERS IN RESPONSE TO AN
OUTBREAK IN HELA PROVINCE



**TRIR
DOWN
26%**

TOTAL RECORDABLE
INJURY RATE (TRIR)
DOWN FROM 2.27
IN 2013 TO 1.67 IN 2014

K599 million

PAID BY OIL SEARCH TO THE PNG
GOVERNMENT IN 2014 AS ROYALTIES,
TAXES DIVIDENDS, LEVIES AND
OTHER FEES AND CHARGES

K19 million

INVESTED IN SUSTAINABLE
DEVELOPMENT INCLUDING A K14.5
MILLION DONATION TO THE
OIL SEARCH HEALTH FOUNDATION



K106 million

INFRASTRUCTURE PROJECTS
DELIVERED VIA PNG TAX CREDIT
SCHEMES – AN INCREASE OF
K82.5M FROM 2013

**2016
EMISSIONS
target on track**

8% DROP IN GREENHOUSE
GAS EMISSIONS AND 25% DROP
IN EMISSIONS INTENSITY

Our Approach

PASIN BILONG MIPELA

OIL SEARCH'S VISION

“Generate top-quartile
returns for shareholders
through excellence
in socially responsible
oil and gas exploration
and production”

Commitment

Oil Search's corporate vision highlights our commitment to operating in a socially responsible manner. Our social responsibility commitment stems from a culture that strives for the highest ethical, social and moral values and a desire to be recognised as a "good corporate citizen".

An integrated approach

Being a socially responsible company means considering how our actions affect the development and interests of the people who live in the areas in which we operate. Demonstrating respect for the interests of Oil Search's stakeholders includes taking steps to understand their expectations and being transparent and accountable regarding our performance.

The importance to Oil Search's future growth of acting in a socially responsible manner is demonstrated by the inclusion of elements of social responsibility into the Company strategy. These elements include sustainable development, workforce planning, capability development, and stakeholder engagement. See page 14 for further details on Oil Search's strategy.

Oil Search's five social responsibility principles, and our values and behaviours guide our approach to social responsibility. In addition to the Company strategy, they are integrated into the way we do business in a number of areas, such as through *Our Way* – Oil Search's enterprise management system – targets and incentives, and internal communication and engagement. In 2015, our broader Social Responsibility Strategy will be updated and will define the Company's social responsibility objectives for the next few years.



Sustainable. Oil Search.



Operating with integrity

Operate ethically and adopt and advocate for principles, practices and standards that respect diversity, local culture, human rights, labour rights and the environment, and which contribute towards combatting corruption.



Enhancing social licence to operate

Support continued business operations by maintaining strong, mutually beneficial relationships directly with stakeholders, monitoring the impact of our activities and leaving a long-term positive social development legacy.



Generating shared value

Generate positive, sustainable outcomes for the communities in which we operate by creating opportunities which benefit the community and contribute to the continuity of our operations.



Managing resources responsibly

Minimise our environmental impact and operate in an environmentally sustainable way through the adoption of a precautionary approach and consideration of effective and efficient use and re-use of resources.



Continuous performance improvement

Continue to grow and leverage our sustainability capability by seeking ways to enhance our approach through improved monitoring, measurement and innovation.

Employee Engagement Highlights

OL GUTPELA WOK
WANTAIM OL WOKLAIN

JUNE/JUN

WORLD ENVIRONMENT DAY PHOTO COMPETITION

In the run up to World Environment Day in June, Oil Search employees were invited to enter a photo and share how it communicated the beauty of their environment or celebrated the meaning of community. Entries were received from across all Oil Search locations. The winning entries were those that were judged to have best captured the connection between people, their environment and community.



DERRICK TAKENDU

AVATIP VILLAGE, AMBUNTI DISTRICT,
EAST SEPIK PROVINCE.

“MY FATHER ALWAYS TOLD ME THAT 'OUR PEOPLE MOVE WITH THE RIVER'. IT WASN'T UNTIL I TOOK THIS PHOTO THAT I REALISED WHAT HE MEANT. THE RIVER IS THE LIFE BLOOD OF OUR PEOPLE, SUSTAINING US FOR HUNDREDS OF YEARS. THIS PHOTO WAS TAKEN A DAY AFTER I BURIED MY FATHER IN OUR VILLAGE, WHICH I BELIEVE EXPRESSED THE UNIQUE RELATIONSHIP OUR PEOPLE HAVE WITH THE RIVER AS WELL AS ITS BEAUTY.”



STEVE MACKLIN

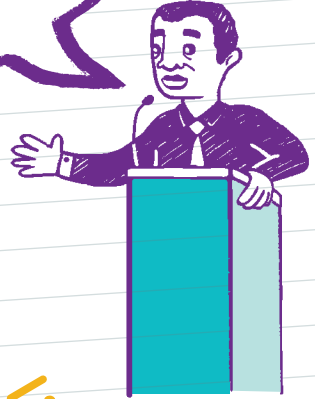
USANIO WATER SOURCE.

“THIS PHOTO FOR ME CAPTURES HAPPINESS, SURVIVAL AND NO WORRIES ALL IN ONE. IT SHOWS THAT WITH THE RESPECT AND CARE THAT WE GIVE TO OUR SURROUNDINGS SUSTAINABILITY FOR BOTH OIL SEARCH AND LOCALS CAN BE ACHIEVED. WITH THE CARE GIVEN TO THE WATER SOURCE FOR OUR NEEDS THIS IS PROOF THAT OTHERS BENEFIT AND IN THIS CASE IT'S WITH FRESH AND HEALTHY PRODUCE CAUGHT FRESH EACH DAY FOR THE VILLAGE.”



NOVEMBER/NOVEMBA

Campaigning to stop violence against women



In November, to coincide with International End Violence Against Women Day, a fundraising and awareness campaign was held across Oil Search's operations. It is a cause many employees at Oil Search are passionate about. A number of Oil Search suppliers also actively participated in the campaign, contributing generously for each staff member who submitted a photo of themselves holding a message in support of the cause. This effort raised more than K46,000 for a safe house in PNG for women affected by violence.

K46,000 raised!



OCTOBER/OKTOBA

3RD EMPLOYEE SOCIAL RESPONSIBILITY SURVEY CONDUCTED

A refreshed survey was conducted in October, providing employees an opportunity to share what social responsibility means to them. The results provided an indication of how well employees understood the key elements of Oil Search's social responsibility approach. Analysis of these results will inform future communications and the development of the 2015 Social Responsibility Strategy.



Our People

OIL PIPOL



ABOVE: Employees at Oil Search's Agogo Processing Facility (APF)

New operating model announced – committed to PNG

From January 2015, the Company began moving to a Business Unit/Functional structure. The structure includes a dedicated PNG Business Unit based in Port Moresby headed by the newly-created position of Executive General Manager (EGM) PNG Business Unit. In addition, a number of senior positions will progressively move from Sydney to Port Moresby. These changes will support Oil Search's ongoing commitment to PNG.

Developing future leaders

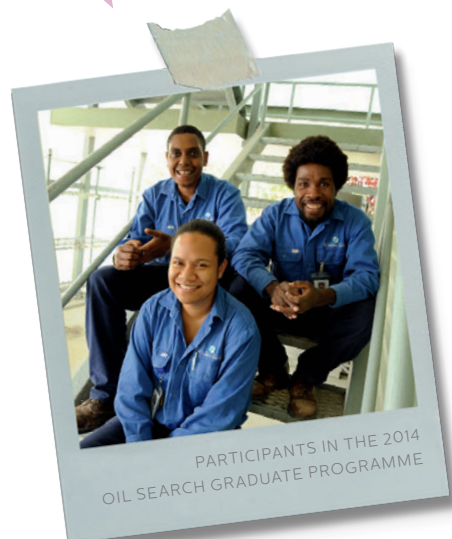
The development curriculum was expanded in PNG Operations to include project management to ensure leaders are equipped with the skills to plan and execute projects. Several emerging and senior leaders in PNG took part in the pilot Accelerated Development Programme, which includes mentoring by Executive team members.

Providing opportunities to start new careers

Selected from nearly 1,000 applicants, 12 new graduates from three PNG universities joined the Oil Search Graduate Programme. In 2014, the programme's workshops were expanded to include non-technical subjects such as business communication and planning. Graduate and apprentice places offered in 2015 will focus on PNG Operations.

66

NEW GRADUATES
AND APPRENTICES
STARTED IN 2014



PARTICIPANTS IN THE 2014
OIL SEARCH GRADUATE PROGRAMME

1,382
EMPLOYEES ACROSS
OIL SEARCH



83%
ARE PNG CITIZENS

17%
ARE WOMEN

New leadership framework

NUPELA ROT BILONG OL WOK MANMERI LONG STRONGIM MOA OL STREPELA PASIN

The new Leadership Framework clearly sets out Oil Search's values and the supporting behaviours employees at all levels are expected to demonstrate. A communication and education programme commenced in 2014 and will continue in 2015. In 2015 the behaviours will also be integrated into the performance management system.

Nupela rot bilong strongim ol stretpela pasin i tok klia long ol wanem kain pasin ol wok manmeri insait long kampani i mas soim long strongim tu ol stretpela pasin bilong Oil Search. Ol wok manmeri i stat lainim dispela nupela rot long 2014 i kam inap 2015. Dispela ol stretpela pasin bai stap insait long performance management system or rot bilong makim na tu skelim ol wok bilong wanwan wok manmeri insait long 2015.

Employee training

A review of PNG Operations training in 2014 identified some improvement opportunities, leading to changes in how it is planned and run. PNG Operations introduced coaching for operators and supervisors and completed the Safety Leadership Programme roll out. Personal financial education workshops and consultations will be made available to PNG employees in 2015.

New Diversity and Inclusion Strategy

The Strategy is designed to improve the representation, development and retention of the diverse employee groups who work for Oil Search. It prioritises female and PNG national representation, particularly in leadership roles.

Our Values:

OL GUTPELA PASIN MIPELA I LAIK STRONGIM

CARING

Pasin bilong halvim narapela

INTEGRITY

Pasin bilong wok wantaim gutpela bel na tinging

PASSION

Pasin bilong wok strong

RESPONSIBLE

Pasin bilong harim tok na bihainim ol lo

RESPECT

Pasin bilong wokim gut long ol narapela

EXCELLENCE

Pasin bilong wok gut

DIVERSITY

Pasin bilong wok gut wantaim kainkain manmeri



Payments Transparency in PNG

TOKAUT LONG OL MONI
I SAVE GO LONG GAVMAN
INSAIT LONG PNG



ABOVE: Representatives from Oil Search's Community Affairs team meet with community members.

2.082

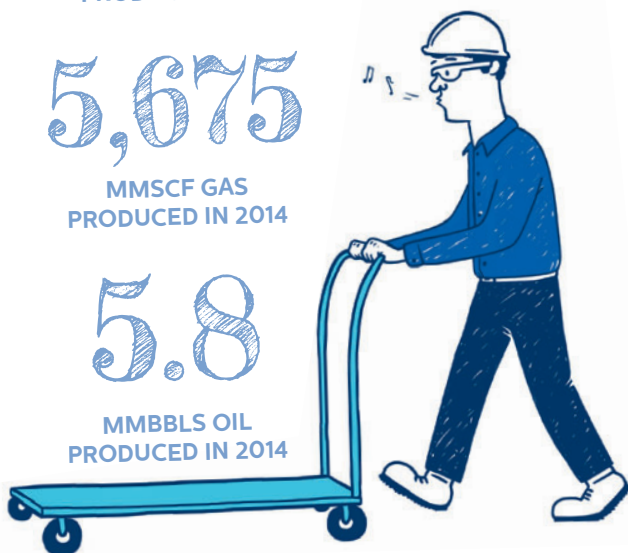
MMBLS CONDENSATE
PRODUCED IN 2014

5,675

MMSCF GAS
PRODUCED IN 2014

5.8

MMBLS OIL
PRODUCED IN 2014



What is payments transparency and why is it important?

Oil Search pays millions of dollars every year in taxes and other payments to the governments where we operate. Publicly disclosing the payments Oil Search makes can mitigate the risk of corruption by providing the information that people need to hold their government accountable for the revenue they receive. It also supports national debate about how to best invest extractive industry resources to ensure future prosperity.

EITI – Encouraging openness

The Extractive Industries Transparency Initiative (EITI) is a coalition of governments, companies and civil society. It promotes a standard which outlines a minimum level of transparency by companies on the revenues they pay and by governments on the revenues they receive. A country is an EITI Compliant Country when the government can demonstrate it regularly meets the reporting and validation requirements of the standard.

Oil Search payments to PNG Government

PAYMENTS TO PNG GOVERNMENT (K million)*	2014	2013	2012
OIL SEARCH GROUP			
Petroleum taxes	319.6	288.1	407.5
Oil Search share dividends	1.2	17.3	15.9
Oil Search Directors' tax	2.7	1.8	1.2
TOTAL	323.5	307.2	424.6
OIL SEARCH (PNG) LTD			
Royalties	52.7	49.1	49.6
Development levies	16.5	13.9	22.5
Salary & wages tax	91.6	69.6	64.5
Other Government taxes	109.1	71.9	43.6
Other Government fees & charges	5.9	2.6	1.2
TOTAL	275.9	207.0	181.4
TOTAL (K million)	599	514	606

*For the basis on which these figures were derived, see the 2014 Oil Search Basis of Preparation document available from the [Social Responsibility](#) section of the Oil Search website.

Our EITI commitment continued

During 2014, Oil Search took part in regular working group forums to promote the adoption and implementation of the EITI by the PNG Government and hosted a workshop for PNG EITI Multi-Stakeholder Group (MSG) members. In 2015, Oil Search and other MSG representatives will focus on helping the PNG Government to progress its candidacy. Oil Search has been an EITI Supporting Company since 2013.



PNG an EITI Candidate Country

PNG OLSEM WANPELA EITI KANTRI

The Extractives Industry Transparency Initiative (EITI) Board admitted PNG as a Candidate Country in 2014. To become EITI compliant, PNG must follow a timeline that includes providing an implementation progress report in 2015 and their first payments report in 2016.

Ol Extractives Industry Transparency Initiative (EITI) Bod i makim PNG olsem wanpela EITI kantri long 2014. Long stap yet olsem wanpela EITI kantri, PNG i mas bihainim stret ol lo bilong ol EITI kantri na givim wanpela implementation progress report insait long 2015 na nambawan payments report insait long 2016. Extractives Industry Transparency Initiative i lukluk long strongim pasin bilong tokaut klia long ol moni we ol oil, ges na maining kampani i save wokim igo long Gavman.

Our Six Company Strategies

OL BIKPELA TINGTING BILONG KAMPANI

In 2014, Oil Search's Board approved a new multi-year strategic plan for the Company. It highlighted the importance of PNG to Oil Search's future and outlined how we will achieve success, as defined in the Company's vision.



SUSTAIN AND OPTIMISE OUR OIL AND GAS ASSETS

Oil Search has a 29% interest in the PNG LNG Project, operates five oil fields and one gas field in PNG, supplies approximately 20% of the gas required by the PNG LNG Project from its operated fields and is responsible for the Project's liquids export system. Oil Search aims to optimise the value of its PNG assets by operating in a safe, reliable and sustainable manner.



COMMERCIALISE GAS IN PNG

Oil Search believes PNG has sufficient discovered gas resources to underpin at least two, and potentially three, additional LNG trains. With significant interests in the major Highlands and Gulf fields that will supply gas for these trains and in the core PNG LNG infrastructure, Oil Search is in a unique position to help drive this next phase of growth.



PURSUCE HIGH-VALUE EXPLORATION OPPORTUNITIES

In light of the material increase in annual production following the PNG LNG Project start-up, reserve replacement through exploration is essential for Oil Search's long-term future. The Company's exploration activities will focus on the significant gas upside that exists in PNG, which has the potential to drive further LNG developments, and on the disciplined pursuit of material, high-returning, international liquids opportunities.



CONTRIBUTE TO A STABLE OPERATING ENVIRONMENT

With the majority of Oil Search's assets and future growth located in PNG, helping to preserve a stable operating environment in PNG is critical to Oil Search's value. The Company's long-standing commitment to social responsibility, sustainable development and collaborative relationships are embedded in Oil Search's core values and are aimed at helping the Company maintain its social licence to operate.



ENHANCE ORGANISATIONAL CAPABILITY

The 2014 Strategic Review has highlighted the importance of PNG to Oil Search's future and the need to enhance our organisational capabilities by building on the Company's existing strong platform. This involves aligning our organisational structure with our revised strategy, further developing our business and technical leadership and protecting our relationships, our knowledge and our way of doing business.



OPTIMISE CAPITAL MANAGEMENT

Strong investment and financial management discipline is essential to ensure the Company's priority LNG growth projects can be fully funded, financial flexibility is maintained and profits can be shared with shareholders by way of dividends. Long-term cash flows from the PNG LNG Project will continue to strengthen the Company's financial position in the coming years.

Operating with Integrity

WOK WANTAIM GUTPELA BEL NA TINGTING



ABOVE: 2014 Annual General Meeting (AGM) held in Port Moresby.

Key human rights risks identified

In 2014 a review of Oil Search's exposure to potential human rights risks and impacts was conducted. Four main areas of potential risk which impact our sector in the countries where we operate were identified. These were: community relations; labour rights (in the supply chain); security; and land access and resettlement. Oil Search's management controls are being improved to minimise and manage potential risks.

HSES Group 1 scope broadened

The scope and name of Oil Search's employee Health Safety Environment and Security (HSES) group structure was changed in 2014 to align with the Health, Safety and Sustainability (HSS) Board Committee. The responsibilities of the HSS Group 1 now include reporting material health, safety environment and security, and social responsibility matters to the HSS Board Committee.

INVESTIGATED

Code of Conduct breaches

Oil Search dealt with 16 Code of Conduct breaches in 2014. Investigation into an incident of corruption identified in 2012 was completed during the year. An audit of share transactions since mid-2013 identified seven employees who had potentially breached the Company's policy. All remain under internal investigation and none are considered to have breached legal or regulatory requirements. Eight other breaches of the Code of Conduct were raised during the year. For seven, internal disciplinary action was taken, including four warning or outcome letters, one record of discussion and two terminations, while one was still under investigation at year end.

Corporate risk assessment tool updated

Oil Search's Corporate Risk Management Framework was updated in 2014. The framework captures corporate level current and emerging risks covering a number of categories such as business disruption and system security, HSES, fraud and corruption, liquidity and financial exposures, stakeholders, and social responsibility. It also includes the Company's planned and existing strategies to manage these risks. Roll out will continue in 2015.

Contributing to PNG tax review

In 2014 Oil Search contributed to the PNG Government's current taxation review, lodging a number of detailed submissions on various papers to the Taxation Review Committee. The Review, which covers all aspects of PNG's tax regime, is scheduled for completion in 2015 and will support the future growth of the oil and gas industry and PNG economy.



**WERE MADE TO OIL
SEARCH'S MULTILINGUAL,
CONFIDENTIAL WHISTLE
BLOWER HOTLINE
CONCERNING POTENTIAL
CORRUPTION, BOTH ARE
BEING INVESTIGATED.**



UNDERWAY!

Compulsory online corruption prevention training

SKUL BILONG STOPIM O RAUSIM KORAPSEN
O PASIN BILONG STIL NA GIAMAN

Online training for the Corruption Prevention Framework commenced in 2014 for all employees and contractors. The training reinforces Oil Search's anti-corruption regulations and supports the Company's commitment to operating with integrity and the principles in the Code of Conduct. All staff will have completed the training by early 2015, and will be required to complete it every two years.

Wanpela online corruption prevention training o skul bilong stopim o rausim korapsen o pasin bilong stil na giaman i bin kamap long 2014. Dispela skul i strongim wok bilong Oil Search long strongim stretpela pasin insait long kampani na bilong rausim korapsen o pasin stil na giaman. Olgeta manmeri we i mekim wok bilong Oil Search i mas pinisim gut dispela trening or skul long stat bilong 2015.

Environmental Management

PASIN BILONG LUKAUTIM BUS, GRAUN NA WARA



ABOVE: Lake Kutubu, Southern Highlands Province

Monitoring capabilities expanded

In 2014, Oil Search continued to build local environmental monitoring capabilities in PNG. The improvements included a new database, reporting tool, updated quality assurance processes and wet laboratory – where water testing preparation occurs. These were all supported by a comprehensive training programme for Oil Search's site Environment Team to build water sampling, data interpretation and equipment calibration skills.

Helping to maintain PNG's biodiversity

Oil Search's biodiversity programme helps us to understand and manage the risks and opportunities in different areas. For example, a weed eradication programme we conducted during 2014 was informed by a 2013 invasive species study.



EMS scores
best audit
result yet!

Oil Search's environmental management system (EMS) was audited in 2014 as part of the ISO 14001 recertification process. The audit showed significantly improved results, with only one new minor non-conformance identified.



ZERO

SPILLS >1BBL TO THE ENVIRONMENT

Down from eight hydrocarbon and non-hydrocarbon spills >1BBL in 2013. This was due to more consistent reporting and improved housekeeping practices.

Greenhouse Gas Performance

GHG EMISSIONS	2014	2013	2012
GHG (ktCO ₂ e)	830	898	918
GHG intensity (ktCO ₂ e/MMBOE)	55	73	80

Total greenhouse gas (GHG) emissions in 2014 were 8% lower than in recent years, mainly due to a decrease in flaring. Oil Search remains on track to meet our target of reducing emissions intensity across existing operations by 12% by 2016 against a 2009 baseline.

Closing the loop on waste

In 2013, Oil Search installed a 'Hot Rot' composting unit to help reduce the amount of kitchen waste being incinerated. After installation, considerable innovation was required to optimise its operation throughout 2014. Equipment was especially calibrated to counter local conditions such as high rainfall and humidity levels, which initially made the compost too wet. To counter this, a dewatering unit, extra drainage and a protective roof were added during the year.

Integrating waste management improvements

MOA WOK BILONG DAUNIM HEVI BILONG OL PIPIA

In 2014 the focus was to build on the waste management infrastructure improvements implemented in the previous year. This included developing supporting processes, increasing awareness of good waste management practices, and embedding waste management practices into day-to-day activities.

In PNG, the overarching Waste Management Plan was revised to help embed waste management improvements at sites. The Plan outlines management processes and also helping to support operation of the 'Hot Rot' composter. These initiatives support stronger waste management and continuous improvement across our sites.

Long 2014, bikpela wok igo insait long kamapim gut pasin bilong lukautim ol pipia bilong daunim birua long bus, wara na graun na long helt na sefti bilong ol woklain na komuniti. Dispela wok i halvim tu ol woklain long kisim moa save long lukautim na daunim ol birua bilong pipia. Insait long PNG, moa wok igo insait long bikpela plen bilong lukautim na daunim birua bilong ol pipia. Dispela plen i tokaut gut long ol wok bilong lukautim na daunim birua bilong ol pipia. Hauskuk tu i lukim gutpela wok long sait bilong lukautim pipia kaikai na dispela i halvim moa wok bilong 'HotRot Composter' o masin bilong mekim ol pipia bilong hauskuk i kamap gutpela bilong yusim long graun. Dispela kain ol gutpela wok i strongim pasin bilong lukautim ol pipia bilong daunim hevi long bus, graun na wara na tu long helt na sefti bilong ol woklain na komuniti.



ABOVE: Compost produced by the 'Hot Rot' is used as part of the revegetation programme for closure of old drilling sites.

Sustainable Development

WOK BILONG KAMAPIM GUTPELA SINDAUN
NAU NA BIHAIN TAIM



ABOVE: Kikori Markets, Kikori, Gulf Province

Community development project planning and measurement training complete

The roll out of the PNG Sustainable Development Planning and Measurement Procedure and database was completed, strengthening our Community Project planning and measurement process. All sustainable development project managers completed the associated training in 2014.

Working with local governments

Oil Search assisted several PNG local level governments' (LLGs) efforts in 2014 to draft Area Development Plans (ADPs) to help effective planning of expenditure on infrastructure and services where most needed. By the end of 2014, the Nipa Kutubu District, Kutubu LLG and East and West Kikori LLGs had ADPs in place and Oil Search had assisted three more LLGs with the initial planning.

K19m

INVESTED IN COMMUNITY DEVELOPMENT INITIATIVES

This includes the Oil Search Health Foundation, direct investment in community projects, projects delivered by community development partners in PNG and other donations made by Oil Search.

K106m

SPENT ON INFRASTRUCTURE TAX CREDIT SCHEME (ITCS) PROJECTS

Three judicial and education infrastructure projects in the Southern Highlands were completed in 2014 under the ITCS. In Port Moresby, construction continued on two projects – the National Football Stadium and Marea Haus office block.



Improving farming techniques

With Oil Search's support, the Christian Leaders Training Centre delivered training in rice growing and milling, raising poultry, vegetable farming and other agricultural techniques to 310 community members in 2014 – 70 more than in 2013. More than 230 participants were women. This increase was due to a focus on helping local farmers meet the quality and hygiene standards required to supply produce to Oil Search camps.

Improving Lanco governance

In 2014 Oil Search worked with local landowner companies (Lancos) to improve their compliance with regulatory and Oil Search requirements and to encourage good governance and transparency. A review of Lancos showed that many were not meeting required standards in areas such as financial statements, annual general meetings, board governance and shareholding practices. Management plans are in place for each Lanco and training sessions were run to improve performance.

**PHASE ONE
COMPLETE**



Piggery Pilot Project

PAILET PROJEK BILONG LUKAUTIM OL PIK BILONG SALIM

In 2014 Hailans Pik Kampani (HPK) Limited, with support of the Business for Millennium Development (B4MD) and funds from Oil Search, successfully completed the first phase of a pilot piggery project. Results yielded a commercially viable local feed approach, a workable training programme and a refined growth model. There are plans to expand the piggery in 2015 with Oil Search's assistance, including building processing facilities onsite and trialling a more efficient approach to feed crop yielding. If successful, the pilot project will improve food security by offering an alternative source of nutrition, whilst providing business opportunities for local growers and small farm holders.

Long 2014 Hailens Pik Kampani (HPK) Limited wantaim sapot bilong Bisnis bilong Milenium Dvelopmen (B4MD) na moni i kam long Oil Search, i pinisim gut nambawan wok bilong paillet projek bilong lukautim ol pik bilong salim. Dispela projek i halvim ol woklain long kamapim moa gutpela kaikai bilong ol pik, i givim gutpela trening o skul long ol woklain na i givim klia tingting long kamapim gut bisnis. Igoat plen o tingting long wokim bisnis i kamap bikipela moa yet long 2015 wantaim halvim bilong Oil Search. Dispela plen ba i lukim ol i sanapim haus bilong katim na redim ol pik long salim na tu bilong traime ol kainkain rot bilong kamapim moa gutpela kaikai bilong ol pik. Dispela paillet projek bai i strongim rot bilong kisim kaikai na abus na tu kirapim bisnis bilong ol asples na liklik fama.

26

**REPRESENTATIVES
FROM THREE
LANCO'S COMPLETED
TRAINING IN BOARD
GOVERNANCE AND
MANAGEMENT**

10

**COMMUNITY AREA
PLANNING (CAP)
PROJECTS COMPLETED**

These projects were planned and managed in collaboration with local communities and included water, sporting and health infrastructure.

30

**TERTIARY STUDENTS
GRADUATED WITH OIL
SEARCH'S SUPPORT**

Providing PNG people with access to quality tertiary education improves their personal employment opportunities and increases the number of PNG citizens with the skills to meet the needs of PNG's growing economy.

Oil Search Health Foundation

OIL SEARCH HELT FAUNDESEN



ABOVE: Huli wigmen raise awareness of HIV in PNG at the 20th International AIDS Conference (AIDS 2014) in Melbourne, for which Oil Search was a platinum sponsor

HIV prevention programme expanded

In 2014, the Oil Search Health Foundation (OSHF) supported HIV prevention, testing, counselling, treatment and care programmes at over 70 clinics. To reduce the incidence of parent-to-child transmission, OSHF staff encouraged all clinics to test 100% of pregnant women for HIV. With the involvement of Maternity staff at Tari Hospital, a successful Prevention of Parent to Child Transmission program (PPTCT) was implemented. OSHF trained 65 community staff and mentored and supported at least one staff member at each clinic, in order to support ownership of local HIV programmes.

Malaria rate lowest ever

The OSHF recorded its lowest levels ever for new malaria infections in Kutubu, with a 0.78% incidence rate. That's less than 1 positive case for every 100 people tested. The Foundation continued to support the PNG Industry Malaria Initiative (PIMI) in 2014 with in-kind support such as accommodation, financial and human resource services. PIMI unites Provincial Governments and corporations with the goal of eradicating malaria in PNG by 2050.



INCREASE IN HIV TESTING

A total of 19,958 HIV tests were carried out in 2014 with the OSHF's support; over 2,000 more than in 2013. Of these, 215 tested positive – 25 fewer than in 2013.

Measles epidemic tackled

To combat a major measles outbreak in Hela Province, Tari Hospital, Médecins Sans Frontières and the OSHF identified and treated over 2,300 cases and administered 118,000 vaccinations.

Keeping mums and babies healthy

Immunisation against communicable diseases and attendance at the Foundation's antenatal clinics can reduce mother and child mortality rates. Both strategies made good progress in 2014, with 75% of Kutubu children aged 1-5 years being immunised and nine out of 10 mothers having at least one antenatal clinic check-up.

Oil Search Women's Network raised

K46,000

for safe house

OIL SEARCH WOMEN'S NETWORK I KAMAPIM K46,000
BILONG WANPELA SEIF HAUS INSAIT LONG PNG

In PNG, up to 70% of women suffer from physical or sexual violence. This form of violence is a significant public health concern with long-term social consequences. A 'Hold a Sign' campaign co-ordinated by the Oil Search Women's Network invited employees, contractors and consultants throughout Oil Search to submit photos of themselves holding a message in support of ending violence against women. For each photo, a number of Oil Search suppliers contributed an amount up to K2,504. 1,152 photos were submitted, raising K46,000. The money was donated to the Oil Search Health Foundation to help fund the management of a safe house in PNG, where the incidence of sexual and domestic violence is very high.

Inap long sevenpela ten pesen o 70% meri i kisim taim long pasin pait na pasin nogut. Dispela kain pasin nogut i kamapim bikpela pablik helt wari we i bai givim planti moa hevi long bihain taim. Oil Search Women's Network i askim ol woklain na kontrekta long kampani long salim ol piksa bilong ol yet wantaim wanpela toktok bilong stopim o rausim pasin pait na pasin nogut long ol meri. Ol bikpela kampani we i save givim bisnis long Oil Search i baim wanwan ol piksa inap long K2,504. Ol manmeri i salim inap long 1,152 piksa we i kamapim K46,000. Dispela moni igo long Oil Search Helt Faundesen long halvim wok bilong wanpela nupela seif haus insait long PNG we planti ol meri i save kisim bikpela taim long pasin pait na pasin nogut.



350

HEALTH WORKERS TRAINED BY RHTU

The Oil Search Health Foundation received funding in 2013 from the Australian Government to implement the Reproductive Health Training Unit (RHTU) on behalf of the PNG and Australian Governments. With 688 participants, 89 observers and four apprentices in its first two years, RHTU is on track to reach its goal of training 750 front line health workers in essential and emergency obstetric care by mid-2015.



Health and Safety

HELT NA SEFTI



ABOVE: Oil Search's Central Processing Facility (CPF)

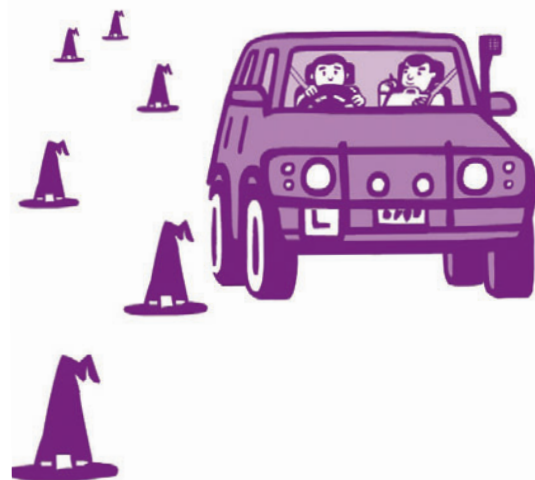
A spotlight on road safety

After a review of motor vehicle incidents, we renewed our focus on managing road and driving risks in 2014. We compared our transport practices in PNG with industry standards and identified several opportunities and risks. The study's recommendations will be addressed in 2015.

Recordable injuries fall

PNG SAFETY	2014	2013	2012
Total number of recordable injuries	18	25	30
Total recordable injury rate	1.67	2.27	2.71

The Total Recordable Injury Rate decreased 26% in 2014 from 2013. This was largely due to a continued field leadership focus on high risk exposures and implementation of corrective actions.



Encouraging PNG staff to be healthy

In 2014 Oil Search's PNG Wellbeing programme was relaunched. It provides personalised assessments and education around key lifestyle risk factors such as smoking and nutrition. The relaunch works to strengthen cultural awareness, employee health, fitness and wellbeing across our PNG operations.



Oil Search the Overall WINNER

AT THE NATIONAL MINES EMERGENCY RESPONSE CHALLENGE FOR THE 2ND YEAR RUNNING.

Significant progress with process safety

ROT BILONG SEFTI O ABRUSIM BIRUA LONG WOK I KAMAP BIKPELA

A process safety programme ensures the proper systems and processes are in place to prevent Major Accident Events (MAEs), including explosions, spills and fires, and to manage them if they occur. Implementation of the Process Safety Improvement Plan (PSIP) progressed well during 2014. It is the first phase of a programme that focuses on awareness and prevention of MAEs. Work was undertaken during the year towards improving the Basis for Safe Operations for the Central Processing Facility and the Gobe Processing Facility. This process will be repeated in 2015 at Oil Search's other PNG facilities.

During 2014, Oil Search also completed an extensive review of the operated wells in PNG. This was to better understand the current status of the equipment which has been installed to prevent the unintended or uncontrolled release of hydrocarbons to the surface.

Wanpela rot bilong sefti o abrusim birua long wok i save daunim Major Accident Events (MAEs) o ol bikipela birua olsem traipela paia na oil i kapsait. Dispela sefti rot tu i givim gutpela tingting long wei o pasin bilong menesim or daunim moa birua. Wok long dispela rot bilong sefti i kamap gut insait long 2014. Dispela em nambawan samting insait long bikipela Planti wok i bin kamap namel long yia long strongim tru sefti long Central Processing Facility na long Gobe Processing Facility. Dispela ba i kamap tu long ol narapela wok ples bilong Oil Search insait long PNG.

Insait long 2014, Oil Search i pinisim wanpela bikipela wok painim aut igo insait long ol oil well insait long PNG. Kampani i mekim dispela long kisim gutpela tingting long ol masin we i stap insait long ol dispela well. Dispela ol masin i save wok long stopim ol ges we i ken kirapim paia o birua sapos ol i lusim o go aut long well.



Rollout COMPLETE

NEW HSES INCIDENT MANAGEMENT SYSTEM (IN CONTROL) NOW OPERATIONAL.

Glossary

MININ BILONG OL TOK



BASIS OF SAFE OPERATION

Documentation used to demonstrate that a facility is safe to operate.

BIODIVERSITY

Biological diversity (biodiversity) is the term given to the variety of life on Earth (or in a specific region) – all the millions of species of plants, animals, insects and micro-organisms, the genetic differences within species, and how they live together and interact with each other and their surrounding environment.

EITI

Extractive Industries Transparency Initiative. A coalition of governments, companies and civil society that sets a global standard to promote transparency in the oil, gas and mining sectors.

FLARING

Burning gas using a flare stack as a safety mechanism or to dispose of waste gases. The process produces GHG emissions.

GHG

Greenhouse gases (GHG) include methane, chlorofluorocarbons and carbon dioxide. These gases act as a shield that traps heat in the earth's atmosphere, contributing to climate change. They are measured in kilotonnes of carbon dioxide equivalents (ktCO₂e).

GLOBAL FUND

The Global Fund to Fight AIDS, Tuberculosis and Malaria was created to dramatically increase resources to fight these three devastating diseases and to direct those resources to areas of greatest need.

HUMAN RIGHTS

The United Nations defines human rights as rights inherent to all human beings, whatever their nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status. It includes being treated fairly, treating others fairly and being free to make choices regardless of the above factors.

ISO 14001

A voluntary certification standard for environmental management systems run by ISO (International Organisation for Standardisation), an independent, non-government membership organisation.

GOVERNANCE

The system of rules, practices and processes by which a company is directed and controlled. It encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation.

MAE

Major Accident Event, such as an explosion, fire or chemical spill.

MULTI-STAKEHOLDER GROUP (MSG)

A group made up of government, company and civil society representatives that oversees the EITI implementation in a country including producing the work plan, the EITI report and ensuring the EITI contributes to public debate.

PROCESS SAFETY

Process safety is a disciplined framework for managing the integrity of operating systems and processes handling hazardous substances to minimise or eliminate catastrophic failures.

STAKEHOLDERS

Groups or individuals that can be significantly affected by a company's activities or whose actions have the potential to impact a company's ability to achieve its objectives.

SUSTAINABLE DEVELOPMENT

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

TAX CREDIT SCHEME

Under this voluntary PNG National Government scheme, 0.75% of gross assessable income can be applied to approved infrastructure construction and maintenance by the operator.

TOTAL RECORDABLE INJURIES

Consists of fatalities, Lost Work Day Cases, Restricted Work Day Cases and Medical Treatment Cases.

TRIR

Total Recordable Injury Rate, defined as total recordable injuries per million staff hours worked.

UNITED NATIONS GLOBAL COMPACT

A global platform which brings companies together with UN agencies, labour and civil society to support fundamental principles in the areas of human rights, labour, environment and anti-corruption. The UNGC requires signatories to make continuous performance improvement in these areas. Oil Search is a signatory.

Reporting and participation

RI POT NA WOK HALVIM

The PNG Perspective: 2014 In-Country Social Responsibility Report (this report) covers the performance and activities over which Oil Search Limited had operational control during the year ended 31 December 2014. It covers Oil Search's exploration and production activities in PNG. It does not cover the PNG LNG Project as operational control for this rests with ExxonMobil PNG Limited (www.pnglng.com) or Oil Search's activities in the Middle East and North Africa.

All financial figures are presented in PNG Kina using the following conversion rate: PGK1 = US\$0.40.

To find out more about social responsibility at Oil Search visit the Oil Search Social Responsibility Report Microsite: <http://socialresponsibility.oilsearch.com>

This site contains the following sections:




- **Management approach** – a summary of Oil Search's approach to managing social responsibility priorities.
- **Performance** – an overview of Oil Search's 2014 social responsibility performance.
- **Data centre** – an interactive online hub of multi-year social responsibility performance data.
- **Case studies** – a collection of deeper dives into recent projects or programmes.
- **Downloads** – electronic copies of current and previous social responsibility reporting.

Enquiries and feedback on our social responsibility reporting and performance are welcome. Please contact the Oil Search Social Responsibility team on socialresponsibility@oilsearch.com

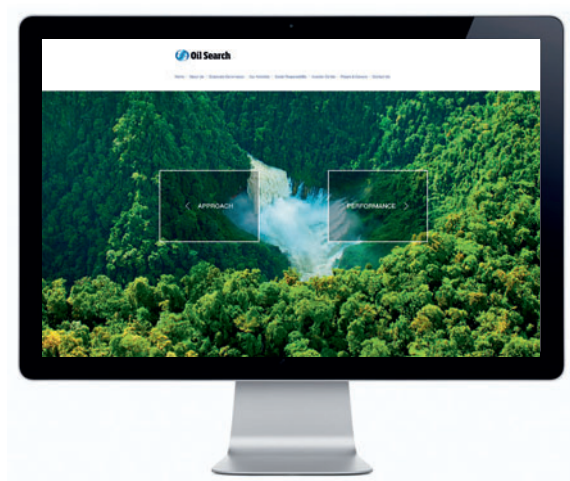
Head office:

Oil Search (PNG) Limited
Ground Floor, Credit House
Cuthbertson Street, Port Moresby
Papua New Guinea
Telephone: +675 322 5599
Fax: +675 322 5566

Oil Search on social media:

-  <https://www.facebook.com/OilSearch>
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