This report covers the exploration, development and production activities in Papua New Guinea (PNG) over which Oil Search Limited (Oil Search) had operational control during the year ending 31 December 2012. Where Oil Search had operational control, activity associated with the PNG LNG Project has also been included. However, the PNG LNG Project itself is not covered as operational control for this rests with Esso Highlands Limited – www.pnglng.com.

This report, published in both Tok Pisin and English, is intended for Oil Search’s people and partners in PNG. It provides a PNG focused overview of our sustainability performance in 2012, structured around the five core principles of Oil Search’s sustainability approach.

All financial figures in this report are in PNG KINA and have been converted at the following rates:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>RATE</th>
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<tbody>
<tr>
<td>2010</td>
<td>PGK 1.0 = USD 0.3833</td>
</tr>
<tr>
<td>2011</td>
<td>PGK 1.0 = USD 0.4248</td>
</tr>
<tr>
<td>2012</td>
<td>PGK 1.0 = USD 0.4955</td>
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This report forms part of Oil Search’s 2012 sustainability reporting suite:

- 2012 PNG Perspective In-Country Sustainability Report (this report)
- 2012 Sustainability Report
- 2012 Transparency and Sustainability Data Book
- Connections case study book

All current and prior sustainability reports are available at www.oilsearch.com/sustainability/sustainability-reporting.html

Enquiries and feedback are welcome. Please contact the Oil Search Sustainability team at sustainability@oilsearch.com


Dispela ripot i stap long Tok Pisin, na Tok Inglis, na em bilong ol wokmanmeri na patna bilong Oil Search long PNG. Em i givim wanpela luksave bilong PNG long sastenabili long mipela long 2012, bihainim faivpela bikpela astingting bilong Oil Search, na luk save bilong en long sastenabili. Olgeta mani mak insait long dispela ripot em long PNG KINA, na ol i senisim bihainim ol dispela ret:

<table>
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</table>

Dispela ripot em i wanpela hap bilong sastenabili bilong ripot rekod pepa bilong Oil Search long 2012:

- 2012 PNG Perspective In-Kantri Sastenabili Ripot (em dispela ripot)
- 2012 Sastenabili Ripot
- 2012 Transparensi na Sastenabili Data Buk
- Koneksen kes stadi buk.

Olgeta nupela ripot na ol bipo sastenabili ripot i stap long www.oilsearch.com/sustainability/sustainability-reporting.html

Plis givim bekim na ol askim yu gat.
Plis taktak long Oil Search Sastenabili Tim long sustainability@oilsearch.com
2 2012 performance highlights
   *Ol bikipela wok kamap bilong 2012*

4 Message from the Managing Director
   *Toktok bilong Menesin Dairekta*

6 Operational overview
   *Operesen ovaviu*

8 Operating with integrity
   *Wok wantaim gutpela bel na tingting*

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Enhancing Social Licence to Operate

Strongim Komuniti Laisens long Mekim Wok

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.

Our Sustainability Approach

Sastenabiliti Luksave Bilong Mipela

We set ourselves apart from our peers by our sustainable development approach and our ability to contribute positively to the development of the communities in which we operate.

Mipela i sanapim mipela ausait moa long ol wanlain bilong mipela, aninit long sastenabol divelopmen luksave, na save bilong mipela kontribut gut long divelopmen bilong ol komuniti we mipela i mekim wok long en.

Generating Shared Value

Kamapim Gutpela Bilong Olgeta

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.

Bildim gutpela, sastenabol autkam bilong ol komuniti we mipela i wok long en, na kamapim ol sans we i ken benefitim komuniti na kontribut long longpela taim sindaun bilong ol operesen bilong yumi.

Enhancing Social Licence to Operate

Strongim Komuniti Laisens long Mekim Wok

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.

Sapotim ol bisnis na strongim ol pasin poroman wantaim ol stekholda, was long hevi bilong wok bilong mipela, na larim wapelalongpela taim gutpela sosol divelopmen strateji.
MANAGING RESOURCES RESPONSIBLY
**MENESIM GUT OL RISOS**
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.

*Daunim hevi bilong mipela long ol busgraun, na mekim wok i gutpela long busgraun na wara bihainim wanpela gutpela rot na luksave na tingim gutpela na mobeta yusim na yusim gen ol risos.*

CONTINUOUS PERFORMANCE IMPROVEMENT
**MOBETA WOKMAK I GO YET**
Continue to grow and leverage our sustainability capability by seeking ways to enhance our approach through improved monitoring, measurement and innovation.

*Go het long groim na strongim sastenabiliti sinaun bilong mipela, na painim rot bilong strongim luksave bilong mipela long mobeta wok lukautim, kaunim na nupela rot bilong mekim samting.*

OPERATING WITH INTEGRITY
**WOK WANTAIM GUTPELA BEL NA TINGTING**
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.

*Mekim wok bihainim stretpela pasin na bihainim na tok strongim ol astingting, na stendat we i luksave long daivesiti o kain kain manmeri na samting, lokol kalsa, humen rait, leba rait na busgraun na wara, we i save halivim long pait long daunim korapsen.*

SUSTAINABILITY STRATEGY ON TRACK
**WOK SASTENABILITI STRATEJI I RON STRET**
The scope of our sustainability strategy includes the five principles of the sustainability policy and has two key objectives:

- Build our sustainability platform to ensure it can support us as we grow
- Embed sustainability more extensively into ‘business as usual’

*Sastenabiliti strateji bilong mipela i gat faiwpela astingting bilong sastenabiliti polisi, na i gat tupela bikpela astingting:

- Bildim sastenabiliti pletfom bai em i ken sapotim mipela taim mipela i groa.
- Sanapim sastenabiliti i go moa insait long ‘wok bisnis bilong olgeta de’.*

2012 PERFORMANCE HIGHLIGHTS
OL BIKPELA WOK KAMAP LONG 2012

EMPLOYEE SUSTAINABILITY SURVEY CONDUCTED
SASTENABILITI SEVEI O WOK ASKIM LONG OL WOKMANMERI I KAMAP

OIL SEARCH BECAME AN EITI SUPPORTING COMPANY
OIL SEARCH I KAMAP WANPELA KAMPANI I SAPOTIM EITI

WORTH OF PAYMENTS MADE TO PNG GOVERNMENT, SUPPLIERS AND EMPLOYEES
I GO LONG PNG GAYMAN, SAPLAIA NA WOKMEN BILONG MIPELA

K2.2 BILLION
6.38 MMBOE
OF OIL AND GAS PRODUCED
LONG OL WEL NA GES
I KAMAP

K24 MILLION
INVESTED IN COMMUNITY, HEALTH AND INFRASTRUCTURE PROJECTS
I GO AUT LONG OL KOMUNITI, HELT NA INFRASTRAKSA PROJEK

K38 MILLION
CONTRIBUTED TO THE OIL SEARCH HEALTH FOUNDATION, INCLUDING K10M BY OIL SEARCH
I GO LONG OIL SEARCH HELT FAUNDESEN, NA K10M I KAM LONG OIL SEARCH

2.71 RECORDABLE INJURIES PER MILLION STAFF HOURS
OL REKODABOL INJURI LONG OLGETA WAN MILIAN WOKMANMERI AWA

11% DECREASE IN GREENHOUSE GAS EMISSIONS ACHIEVED
DAUNIM MAK LONG OL GRIN HAUS GES EMISIN I KAMAP

SUSTAINABILITY POLICY APPROVED BY THE BOARD
SASTENABILITI POLISI KISIM TOK ORAIT LONG BOD
MESSAGE FROM THE MANAGING DIRECTOR
TOKTOK BILONG MENESIN DAIREKTA

For Oil Search, 2012 was a year of solid operational performance and progress for all our core strategic initiatives including sustainability.

Long Oil Search, 2012 i bin wanpela yia bilong gutpela wok mak na go het bilong olgeta ol bipela wok, na tu, sastenabiliti.

Oil Search is PNG’s largest single investor. In 2012 we spent approximately K3.6B on development, appraisal, exploration and operations, and paid K617M to the PNG Government in taxes, royalties and development levies. For many years we have sought ways to improve the distribution of the benefits from our operations and this year we achieved two key transparency milestones. We became a supporting company of the Extractive Industries Transparency Initiative (EITI) and formally published our contributions to PNG in our first official Transparency Report.

Our Sustainability Strategy in 2012 focused on enhancing the fundamental systems and processes we need to ensure strong sustainability performance as we grow. We conducted our first sustainability materiality workshop, confirming our non-financial priorities and set about ensuring they are being effectively addressed across the business. In addition to implementing a number of new data management systems to support our sustainability performance, we conducted our first employee sustainability survey, which provided a sense check and valuable input into our sustainability approach and
planning. We consolidated the principles underpinning our sustainability approach and captured them in a Sustainability Policy.

We continued to measure and report on our sustainability performance across a number of indicators. During the year, an increase in higher risk drilling and exploration work unfortunately led to a deterioration in Oil Search’s Total Recordable Injury Rate in PNG from 2.10 to 2.71. We responded by implementing a number of safety activities to improve the supervision and sophistication of the safety culture at our remote sites. Oil Search remains committed to continually improving the safety of the work environment for our people.

The Oil Search Health Foundation was officially launched by the PNG Prime Minister Peter O’Neill. In partnership with the PNG Department of Health, and with the support of various donors, health services have been expanded outside our operating area and into two new provinces. Our other community projects on food security, education and water access continued to make good progress in and around Oil Search’s operating area.

Oil Search’s long term commitment to working in PNG has been reinforced by an active gas expansion strategy and continued exploration. This includes pursuing gas resources in the Highlands, exploration in the Gulf and our participation in the PNG LNG Project. With several development milestones expected and a high potential exploration programme underway, 2013 promises to be another pivotal year for Oil Search in PNG.

Oil Search em i namba wan bikpela investa insait long PNG. Long 2012, mipela i spendim samting olsem K3.6B long dvelopmen, apresal, eksploresen na operesens, na peim K617M i go long PNG gavman long ol takis, royalti na dvelopmen levi. Planti yia i lus na mipela i wok poinim rot bilong skelim gut ol gutpela samting i kam long ol wok bilong mipela, na dispela yia, mipela i inapim tupela bikpela transperseni wok kamap. Mipela i kamp wanpela sapor kampani bilong Ekstraktiv Industri Transperseni Insativ (EITI) na mipela tok kia long ol kontribusen mipela i save mekim i go long PNG insait long namba wan Transperseni Ripot bilong mipela.

Sastenabiliti Strateji bilong mipela long 2012 i lulkuk long strongim ol bikpela sistem na rot bilong mekim wok we mipela i mas mekim long kirapim strongpela sastenabiliti wok bilong mipela taim mipela i groa. Mipela i wokim namba wan sastenabiliti matirielti woksop, na strongim ol non-fainensal wok, na mipela i bihainim wantaim wok bilong strongim long olgeta olgeta o wok bisnis bilong mipela. Maa long karimaut sampela ol nupela data menesmen sistem long sapotim sastenabiliti sanap bilong mipela, mipela i mekim namba wan wokmanmeri sastenabiliti sevei, we i givim mipela luksave long wok sastenabiliti na plening. Mipela i bungim olgeta astinting i strongim sastenabiliti luksave bilong mipela na sanapim insait long wanpela Sastenabiliti Polisi.

Mipela i go het long kaunim na givim ripot long ol sastenabiliti wokmak bihainim sampela ol indiketa o mak. Insait long wanpela yia, go antap long ol haia risk driling na eksploresen wok i lukim slekim long Totol Rekodabol Injuri Ret bilong Oil Search long PNG.

Oil Search long PNG long 2.10 i go long 2.71. Long bekim dispela, mipela i karimaut sampela ol sefti wok long strongim supavisin, na strong bilong sefti kals long ol longwe wokplies. Oil Search i sanap strong na bilip yet long strongim moa sefti long wok ples bilong ol wokmanmeri bilong mipela.

Oil Search Helt Faundesen em PNG Praim Minista Peter O’Neill i bin lonsim. Aninit long wokbun wantaim PNG Helt Dipatmen, na wantaim sapot bilong ol kain kain dona, ol helt sevis i go bikpela ausait long operating eria na i go insait long tupela nupela provins. Ol arapela komuniti projek bilong mipela, long kaikai sekuriti, edukesen na rot long kisim klin wara, i go het gut insait na long ol ples klos tu long lisens o wok eria bilong Oil Search.

Longpela taim komitmen bilong Oil Search long wok long PNG i kisim strongim long wanpela gutpela ges ekspensen o opim rot na eksploresen i go het yet. Dispela i karamapim ol ges risos long Hailans, eksploresen insait long Galp na sindaun bilong mipela insait long PNG LNG Projek. Wantaim sampela ol bikpela wok dvelopmen yet long kamap, na wanpela hai potensal eksploresen prorem i ron nau, 2013 bai kamap narapela bikpela yia bilong Oil Search long PNG.

PETER BOTTEN
MANAGING DIRECTOR
Operational Overview

Strategy 1: Optimise Oil Field Performance

Production for 2012 of 6.38 MMBOE was in line with guidance, despite shutdowns, and is expected to remain the same in 2013.

Strategy 2: Deliver PNG LNG Project

The PNG LNG Project is over 75% complete and on track to begin delivering LNG in 2014. Our objective is to support the Project’s successful execution in-country.

Strategy 3: Expand Highlands Gas Resources (T3)

A major gas discovery at P’nyang South and potential gas upside within the existing oil and gas fields will be explored further in 2013.

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Strateji 1:
Optimise Oil Field Performance

Strateji 2:
Deliver PNG LNG Project

Strateji 3:
Expand Highlands Gas Resources (T3)
Strategy 4: Establish Gas Resources in PNG Gulf Region

With Total SA as our new strategic partner, we will have the capability to deliver an LNG project in the Gulf if exploration is successful.

Wantaim Total SA olsem nupela stratejik patna bilong mipela, mipela bai gat strong bilong givim wanpela LNG projek insait long Galp sapos wok eksploresen i gutpela.

Strategy 5: Evaluate International Opportunities

To build an international portfolio of assets capable of delivering organic growth beyond 2015, drilling work in the Kurdistan Region of Iraq and Tunisia continued.

Wantaim Total SA olsem nupela stratejik patna bilong mipela, mipela bai gat strong bilong givim wanpela LNG projek insait long Galp sapos wok eksploresen i gutpela.

Strategy 6: Optimise Capital and Financial Structure

The Company replaced a K878 million amortising facility with a K1,009 million five-year non-amortising revolving credit facility with a 15-member banking group.

Strategy 7: Ensure Safety and Sustainability

With an increase in higher risk activities in 2012, we remained focused on safety. We continued to invest heavily in community projects, health and advocating for EITI.

Wantaim moa wok i gut sans bilong birua long 2012, mipela i strongim luksave long sefti. Mipela i investim moa mani long ol komuniti projek, helt, na long strongim ting ting bilong EITI.
Operating with Integrity
Wok wantaim gutpela bel na tingting

Maintaining high governance standards
Strongim ol bikpela stendat bilong wok gavanens

Good governance is essential for achieving our aim to operate with integrity and supports long term, sustainable performance.

Gutpela wok gavanens i mas stap long strongim laik bilong mipela long wok wantaim intekriti o gutpela bel na tingting, na i sapatim longpela taim, sastenabol pafomens o wokmak.

New Board Members
Nupela bod memba

Three new non-executive directors joined the Oil Search Board in 2012 ensuring we have directors who can serve the Company through the next growth phase. They included Bart Philemon, one of PNG’s most influential business and public service leaders. Effective 28 February 2013, Brian Horwood retired and his position as Chairman was assumed by Rick Lee. The Board vacancy was filled by Fiona Harris, our first female Board member.

Tripela nupela non-ekseketiv dairekta i joinim Oil Search Bod long 2012 na nau mipela i gat ol dairekta husat i ken sevim Kampani i go insait long nupela taim bilong groa i kam. Ol nupela bod memba em Bart Philemon, wanpela long ol biknem bisnis na pablik sevis lida. Stat long Februari 28, Brian Horwood i lusim wok na posisen bilong em olsem Siaman i go long Rick Lee. Bod vekensi o sia i nogat man em Fiona Harris, namba wan meri Bod memba bilong mipela i kisim.

Preventing Fraud and Corruption
Pasim rot bilong frod na korapsen

Combating corruption and fraud is an ongoing priority for Oil Search in PNG. Two new policies have been added to our Fraud and Corruption Framework: Whistleblower Protection and Gifts and Entertainment.

During 2012, Oil Search dealt with 13 Code of Conduct breaches. Five minor breaches were dealt with verbally, four employees were subject to formal disciplinary actions, three employees were terminated and one is still under investigation.

Pait agensim korapsen na frod, em i bikpela wok bilong Oil Search long PNG. Tupela nupela polisi i go antap long Frod na Korapsen Fremwok bilong mipela: Wisilblowa Proteksen o banis, na Gifts (presen) na Entatenmen.

Long 2012, Oil Search i bin lukim 13 Koud ov Kondak asua. Faivpela liklik asua em mipela i stretim tok wantaim foapela wokmanmeri i bin sanap long ol fomal disciplinari eksen, tripela wokmanmeri i bin lusim wok na wanpela i stap aninit long investigesen o wok painim yet.
First TRANSPARENCY REPORT PUBLISHED
NAMBA 1 TRANSPARENSI RIPOT I GO AUT

We are committed to operating transparently in PNG and are proud of our history of publishing payments. In addition to publishing Oil Search's first official Transparency Report, we participated in the PNG Chamber of Mines & Petroleum's 'publish what you pay' campaign throughout 2012.

Mipela i tingting strong long mekim wok ples klia long PNG na mipela i amamas long histori bilong mipela long pablisim ol pemen. Moa long pablisim namba wan opisal Transparensi Ripot bilong Oil Search, mipela i stap insait long PNG Semba ov Mains na Petroleum 'pablisim wanem samting yu peim' kempen long 2012.

OIL SEARCH BECOMES AN EITI SUPPORTING COMPANY
OIL SEARCH KAMAP WANPELA KAMPANI I SAPOTIM EITI

The seriousness with which we take our commitment to operating with integrity was demonstrated in late 2012 when Oil Search’s Board endorsed the Company becoming an Extractive Industries Transparency Initiative (EITI) supporting company. We actively advocate for the PNG Government to adopt EITI at a country level.

Strongpela bilip na luksave mipela i gat long wok wantaim gutpela bel na tingting i kamap ples klia long pinis bilong 2012 taim Bod bilong Oil Search i tok oraitim Kampani long kamap wanpela Ekstraktiv Indastris Transparensi Inisitiv (EITI) sapotim kampani. Mipela i tok strongim PNG Gavman long bihainim na luksave long EITI long kantri level.

PAID TO PNG GOVERNMENT IN 2012
PE I GO LONG PNG GAVMAN LONG 2012
(KINA MILLION/MILAN)

TOTAL 617
86
74
50

PETROLEUM TAX / PETROLIUM TAKIS
ROYALTIES / OL ROYALTI
SALARY & WAGES TAX / SALARI NA POMEN PE TAKIS
OTHER PAYMENTS / OL ARAPELA PEMEN

SEE THE 2012 TRANSPARENCY REPORT FOR FURTHER INFORMATION.
LUKIM 2012 TRANSPARENSI RIPOT LONG SAVE MOA.
UNDERSTANDING HUMAN RIGHTS RISKS
LUKSAVE LONG OL HUMEN RAITS BIRUA

As a company operating in a developing country, protecting human rights is important for Oil Search because it reduces the risk of reputational damage and costs associated with a breach in human rights. It also contributes to business continuity and employee retention.

Throughout 2012 we undertook a number of steps to build a more systematic approach to addressing human rights risk, including conducting a preliminary review of the United Nations Protect Respect and Remedy framework and its Guiding Principles on Business and Human Rights.

Community markets near Ai’io, Southern Highlands
Komuniti maketi klostu long Ai’io viles, Sauten Hailens
Assisting local people and businesses to benefit from our presence is a priority for Oil Search and one which contributes to us leaving a positive social and economic legacy. We are committed to hiring local people wherever possible and to developing local businesses so they can provide a wide range of goods and services to Oil Search and other customers throughout PNG.

Halivim ol asples pipel na bisnis long kisim gutpela benefit long mipela, em i bikpela luksave bilong Oil Search, na wanpela we i save kontribut long mipela i lusim wanpela gutpela komuniti na ekonomik nem na luksave. Mipela i bilip strong long hailivim ol asples pipel we mipela i ken, na long divelopim ol lokal bisnis bai ol i ken givim planti bikpela kain kago na sevis long Oil Search na ol narapela kastoma long PNG.

BUILDING LOCAL ENTERPRISE AND OPPORTUNITY
KIRAPIM BISNIS BILONG PAPAGRAUN

Successful Landowner Companies (Lancos) ensure an adequate supply of goods and services, generate income for the local community and help ensure peaceful operations.

Gutpela kamapani bilong ol papagraun (lancos) ol inap long givim gutpela kago na sevis, i ken bringim winmoni tu ikam long komuniti na hailivim gutpela ron long wok bilong ol.

Community Affairs, Hides
Komuniti Afes wokman long Hides
During the year Oil Search assisted the establishment of a new umbrella Lanco, KutMor Limited, which represents landowners from the Kutubu and Moran licence areas. An umbrella structure will create a broad based ownership model, improving the application of good governance and management principles. KutMor Limited is contracted by Oil Search for labour supply and vehicle hire and will expand into other service activities in 2013.

Whenever a local organisation can provide goods to the standard of quality we require under commercially acceptable terms, we purchase from local suppliers.

The number of citizens in Oil Search’s total workforce and senior management increased in 2012 while the percentage remained steady.

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SAFETY

Oil Search’s successful exploration and drilling programmes in PNG meant 2012 was an exciting year of considerable activity. Despite an increased focus on safety measures, safety performance deteriorated. We recorded a total recordable injury rate (TRIR) for PNG of 2.71 in 2012, up from 2.10 in 2011.

Our existing PNG operations (excluding drilling and exploration) achieved a TRIR of 1.87 while our PNG LNG Project-related construction activities achieved a TRIR of 1.96. A priority in 2013 is to improve the safety culture in remote operations away from producing areas in PNG.

To understand the drivers behind our safety performance, we undertook a behavioural-based review of our safety system, starting with the drilling operations. This will be extended to all frontline supervisors in 2013.

WORKING WITH CONTRACTORS

Following a number of high potential and actual incidents involving contractors in early 2012, Oil Search increased contractor supervision of safety performance. By late June 2012, the ratio of trained Safety Advisors to contractor personnel had been increased, leading to an overall decline in incidents involving contractors by the end of the year. We will continue to monitor Lancos’ safety performance against a new safety scorecard throughout 2013.

SENIOR MANAGEMENT FIELD SAFETY VISITS CONDUCTED

Following a number of high potential and actual incidents involving contractors in early 2012, Oil Search increased contractor supervision of safety performance. By late June 2012, the ratio of trained Safety Advisors to contractor personnel had been increased, leading to an overall decline in incidents involving contractors by the end of the year. We will continue to monitor Lancos’ safety performance against a new safety scorecard throughout 2013.

Monodelphous weekly Toolbox meeting, Yonoma, Southern Highlands
Monodelphors wan wan wik Tulboks miting, Yonoma, Sauten Hailens

PNG SAFETY PERFORMANCE

TOTAL RECORDABLE INJURIES PER MILLION STAFF HOURS

TOTAL REKODABOL INJURI LONGOL WAN MILIAN WOKMANMERI AWA

10
11
12
TRIR 2.03 2.10 2.71

SAFETY SEFTI

Oil Search’s successful exploration and drilling programmes in PNG meant 2012 was an exciting year of considerable activity. Despite an increased focus on safety measures, safety performance deteriorated. We recorded a total recordable injury rate (TRIR) for PNG of 2.71 in 2012, up from 2.10 in 2011.

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Gutpela ol eksploresen na driling progres bilong Oil Search long PNG i minim olsem 2012 i bin wanpela gutpela yia wantaim planti wok. Maski moa lukluk i go long ol sefti wok, strong bilong wok sefti i bin go daun. Mipela i rekodim wanpela total rekodabol injuri ret (TRIR) bilong PNG inap long 2.71 long 2012, we i moa long mak 2.10 long 2011.

Ol PNG operesen bilong mipela (i no ol wok driling na ekploresen) kisim wanpela TRIR inap long 1.87 taum PNG LNG Projek wok kontraksen bilong mipela kisim wanpela TRIR inap long 1.96. Wanpela bikpela wok long 2013 em long strongim sefti kalsa long ol longwe wok ples na ol eria i wok mekim ges long PNG.

Long save long as tingting long sefti mak bilong mipela, mipela i karimaut wanpela riviu long sefti sistem bilong mipela long sait bilong pasin bilong man, stat wantaim ol driling wok bilong mipela. Dispela bai go aut tu long olgeta supavaisa bilong mipela long 2013.
RESPONDING TO NATURAL DISASTERS
BEKIM OL BIKPELA PLES GRAUN BIRUA

Sadly during 2012, there were three significant natural disasters either in or close to Oil Search’s project areas. When the Tumbi landslide was declared a national natural disaster, we provided support and assistance to the government and focused on opening channels of communication with the affected local communities. Our response to the flooding at Usano and Kopi included supporting the provincial government response by providing food, fuel or transportation.

Long 2012, i bin gat tripela bikpela birua bilong mama graun, i kamap insait o klostu long ol Oil Search projek eria. Taim Tumbi graun bruk i bin kamap wanpela nesenel netseral disasta o birua, mipela i gvim sapot na halivim long gavman na lukluk long opim ol rot bilong tontok wantaim ol komuniti i bungim taim nogut. Bekim bilong mipela long taitwara long Usano na Kopi i lukim tu sapot i go long provinsel gavman bekim long givim kaikai, disil o trenspot sevis.

Oil Search’s emergency response team, ‘Best Search and Rescue Team’ award winners at the 2012 PNG Emergency Response Challenge

Imejensi bekim tim bilong Oil Search winim sampela prais long 2012 Imejensi Respons Resis
The Health Foundation began new activities in Hela and Morobe provinces as part of a Global Fund Project to support the PNG National HIV Strategy. This project will run for five years.

From provincial hospital bases, the Foundation is consolidating HIV clinical services and will support the scale-up of HIV testing, treatment and support services across these provinces. 26 HIV testing facilities are supported by the Foundation.

Implementation of the Global Fund grant led to a 40% increase in the number of people who received an HIV test and know their results.
GENERATING SHARED VALUE (CONT’D) // KAMAPIM GUTPELA BILONG OLGETA – I GO MOA.

With endorsement from the PNG Department of Education, the Foundation developed a new school teacher training and mentorship programme that will improve teachers’ confidence when delivering personal development teaching in secondary schools.

Wantaim tok orait i kam long PNG Dipatmen bilong Edukesen, Faundesen kirapim wanpela nupela skul tisa trening na mentorin progrém bilong strongim bilip bilong ol tisa taim ol i wok long givim pesenal divelopmen wok tisa long ol sekonderi skul.

Secondary school teachers at a Personal Development workshop, Lae, Morobe

Sekonderi skul tisa sindaun long wanpela pesonal developmen woksop long Lae, Morobe Provins

CREATING A REPRODUCTIVE HEALTH TRAINING UNIT
KAMAPIM WANPELA RIPRODAKTIV HELT TRENING YUNIT

The Oil Search Health Foundation entered a five-year partnership with the National Department of Health to create a PNG-wide Reproductive Health Training Unit (RHTU) using a grant from AusAID of just under K20M. The RHTU will build the capacity of local partners to provide in-service training in essential obstetric care, emergency obstetric care and family planning.

The programme commenced in the Western Highlands with the delivery of a five-day emergency obstetric care training course and there are plans to scale up the training rapidly.

Oil Search Helt Faundesen i go insait long wanpela faivpela yia patnasip wantaim Nesenel Dipatmen bilong Helt long kamapim wanpela PNG kantri Riprodaktiv Helt Trening Yunit (RHTU) yusim wanpela grent long AusAID inap long K20M. RHTU bai bildim strong na save bilong ol lokol patna long givim insevis trening long wok bilong lukautim ol belmama, imejensi obstetrik ke na famili plening.

Progrem i go het long Westen Hailans wantaim givim bilong wanpela faiv–de imejensi obstetrik ke trening kos na i gat plen long strongim kwik dispela trening.
IMPROVING FOOD SECURITY AROUND LAKE KUTUBU

Strongim Fud Sekuriti Raunim Lek Kutubu

Oil Search and the National Agricultural Research Institute (NARI) are working together to improve food sources for Lake Kutubu communities by:

- Establishing village projects to breed and grow chickens and ducks as a source of protein
- Improving garden practices to ensure a better range of vegetable and carbohydrate food sources that stay fresher for longer
- Conducting on-site training at demonstration plots or at NARI facilities in the Highlands covering: basic animal husbandry and farming; animal healthcare and feeding; and local feed resources.

Targeted at women, this partnership will help to ensure the long term conservation of the lake’s biodiversity while providing a sustainable livelihood for its communities.

Oil Search na Nesenel Agrikalsarel Risets Institut (NARI) i wok wantaim long strongim ol rot bilong kaikai long Lek Kutubu bilong ol Lek Kutubu komuniti long:

- Sanapim ol viles projek long kamapim na groim ol kakaruk na pato olsem abus kaikai
- Strongim ol wok gaden pasin bilong kisim mobeta kumu na kabohaideret kaikai we i ken stap gut longpela taim moa
- Karimaut ol on-sait trening long ol demonstresen plot o long ol NARI opis insait long Hailans rijen, we i karamapim: besik enimal maritim na faming; enimal helt kea na givim kaikai; na ol lokol ples bilong kisim kaikai.

I go moa long ol meri, dispela patnasip bai halivim long lukim longpela taim konsavesen bilong sindaun bilong busgraun na wara na givim wanpela sastenabol laip sindaun bilong ol komuniti bilong en.

For further information on how Oil Search generates shared value, go to http://www.oilsearch.com/Sustainability/Generating-Shared-Value.html.

20 TERTIARY STUDENTS GRADUATED

20 Tseri Sumatin I Graduet

from tertiary education courses in 2012 with Oil Search’s support

Long ol tseri edukesen kos long 2012 wantaim sapot bilong Oil Search.

WE SUPPORTED

24 TEACHERS TO OBTAIN A DIPLOMA IN EDUCATION PRIMARY IN-SERVICE

Mipelai i sapotim 24 tisa long kisim wanpela diploma long edukesen Praimeri In-Sevis

24 TISA LONG KISIM WANPELA DIPLOMA LONG EDUKSENG PRAIMERI IN-SEVIS

Orakana, Southern Highlands
IMPROVING WATER MEASUREMENT AND MANAGEMENT

STRONGIM WOK BILONG MAKIM NA SKELEIM WARA

During 2012, we conducted a peer review of our water quality monitoring programme; the review outcomes are guiding improvements to the scale and scope of Oil Search’s water monitoring programme, including additional sampling locations and meters.

Long 2012, mipela i karimaut wanpela pia riviu long wara kwolati bilong mipela; ol kaikai bilong dispela riviu i wok stiaim ol wok-strongim long skel na sais bilong wok bilong sekim wara monitoring progr em bilong Oil Search.

100% OF WATER PRODUCED IS RE-INJECTED

100% WARA MIPELA MEKIM – MIPELA SAVE USIM GEN

ISO 17025 certification of Oil Search’s on-site laboratory under the PNG Laboratory Accreditation Scheme is underway and expected to be completed in 2013. Having a certified laboratory on-site will improve environmental incident response times and the reliability and quality of results.

ISO 17025 setifikesen bilong on-sait laboratory aninit long PNG Laboratori Akreditesen Skim i ron nau, na bai pinis long 2013. Gat wanpela setifait laboratory on-sait bai strongim enviromen insiden rispons taim na strong bilong ol kwolati bilong ol samting i kama ut long dispela wok.
COLLABORATING TO MANAGE BIODIVERSITY
WOKBUNG WANTAIM LONG MENESIM BAIODAIVESITI

Oil Search has begun developing a Memorandum of Understanding with Esso Highlands Limited (EHL) that will outline an approach to building the capacity of the Wildlife Management Area (WMA) Committee (a group of Lake Kutubu community leader representatives) to effectively manage the lake and preserve biodiversity in the area.

PRECAUTIONARY APPROACH TO MANAGING ENVIRONMENTAL RISKS
WAS GUT WOK LONG MENESIM OL BIRUA BILONG BUSGRAUN

During the year Oil Search suspended loading operations at Kumul Terminal for five weeks after a light oil sheen was reported on the water immediately around the Terminal. The integrity of our infrastructure was proved when extensive investigations did not reveal the source of the leak, which was well below reportable volumes, and we resumed export without further incident.

The scope of the assessment of the potential environmental impacts of Oil Search’s offshore drilling exceeds the requirements of PNG legislation. This provides us with added confidence that we will be able to minimise any potential environmental impacts from these operations.

Long dispela yia, Oil Search i pasim ol wok long Kumul Teminal inap long faivpela wik bihain long wanpela lait grin wel pipia i bin kamap long wara raunim Teminal. Strong bilong ol infrastraksa bilong mipela i stap strong yet taim bikpela wok painim i go het long en, na i no painim sapos i gat lik i stap, tasol dispela mak i bin daunbilo tru long mak bilong ripotim, na mipela i go het gen long ekspot, na i nogat narapela kain hevi i kamap gen.

Mak bilong skelim long ol birua long busgraun long ol opso driling bilong Oil Search i moa long askim bilong PNG loa. Dispela givim mipela moa bilip osem mipela bai inap long daunim wanem ol hevi long busgraun i kamap long wok bilong mipela.

16% DECREASE IN VOLUME SPILT WHICH REACHED THE ENVIRONMENT
WEL MIPELA KAPSET IGO INSAIT LONG GRAUN
RESPONDING TO CONCERNS

BEKIM OL WARI

In late December 2012, Oil Search and EHL received a community grievance relating to concerns about fish dying in Lake Kutubu. While neither party believes our activities have contributed to the fish deaths, the welfare of the community and conservation of the lake are important to us. Therefore, we have jointly supported a DEC-led investigation to understand the cause of the fish deaths. Preliminary findings indicate that the local fish species may have been affected by a combination of the following:

- Higher than normal lake water temperature
- Presence of a parasite or pathogen
- Low dissolved oxygen levels due to decomposition of plant matter, presence of algae and low water levels at the time.

An appropriate response will be developed once the final results are known.

PNG Environment Team members, Kutubu.

Long pinis blong mun Desemba 2012, Oil Search na EHL i kisim wanpela komuniti wari long sait bilong ol pis i dai long Lek Kutubu. Tupela sait wantaim i no bilip olsem wok bilong mipela i wok kilim ol pis, sintaun bilong ol komuniti na lukautim bilong wara em i bikpela samting long mipela. Olsem na mipela i sapotim wanpela wok painim Dipatmen bilong Envairomen na Konsavesen (DEC) i karimaut long sekim watpo ol pis i dai. Ol namba wan painimaut i soim olsem ol lokol pis spisis i kisim bagarap long ol dispela samting:

- Hat bilong wara i go antap
- Kamap bilong wanpela binatang nogut long wara
- Nogat inap win bihainim dai na sting bilong ol plawa samting, kamap bilong alg i na ol wara level i stap daunbilo.

Wanpela gutpela bekim bai kamap taim olgeta fainal risal i kamap klia.
IDENTIFYING ALTERNATIVE WASTE MANAGEMENT APPROACHES

PAINIM OL ARAPELA ROT BILONG RAUSIM PIPIA

The remoteness of Oil Search's sites and the lack of waste management infrastructure mean waste management is a challenging issue for Oil Search in PNG. In 2012, it was a significant focus for improvement and an operations-wide waste management review was conducted. This identified possible alternative waste management approaches to divert waste away from the incinerator, such as a composting programme and options for offsite removal of waste oil and recyclables. A centrifuge is being trialled to allow production sludge components to be recovered so they can be treated rather than incinerated. A programme of improvements is underway now and will continue in 2013.
**GHG AND ENERGY: IMPROVING PERFORMANCE**

**GHG NA ENEJI: STRONGIM WOKMAK**

Total greenhouse gas emissions for Oil Search’s PNG operations decreased 11% and emissions intensity decreased by 5% in 2012. The decrease in emissions and improvement in emissions intensity was primarily due to a reduction in fuel gas combustion as a result of production shutdowns. This decrease in emissions outweighed an increase in emissions from flaring which occurred largely as a result of preparing facilities to provide gas to the PNG LNG Project.

Improvements to emissions data management included the rollout of a new production data management system. This will provide timelier, accurate and consistent inputs to greenhouse gas monitoring.

Olgeta grinhaus ges emisin bilong ol PNG operesen bilong Oil Search i go daun 11% na ol strong bilong tromoi ol win nogut i go daun 5% long 2012. Daunim long mak bilong ol emisin na strongim bilong ol em bikos i gat daunim long piul ges bihainim ol pasim bilong wok. Dispela daunim i winim apim long ol emisin long flering we i kamap bikos ol i redim ol ples bilong givim ges i go long PNG LNG Projek.

Strongim bilong ol emisin data menesmen i karamapim rolaut bilong wanpela nupela prodaksen dada menesmen sistem. Dispela bai givim mobeta taim bilong givim, stretpela na mobeta ol input long grinhaus ges monitorim.

**TARGET: REDUCE GHG EMISSIONS INTENSITY BY 12% ACROSS EXISTING OPERATIONS BY 2016 AGAINST A 2009 BASELINE.**

**TARGET: DAUNIM GHG EMISIN STRONG INAP LONG 12% LONG OL OPERESEN INAP LONG 2016 AGENSIM WANPELA 2009 BESLAIN.**

During 2012 the auditor to the United Nations Framework Convention on Climate Change (UNFCCC) Executive Board recommended registration and submitted the Clean Development Mechanism (CDM) validation report for Oil Search’s flare and vent gas conservation project.

Long 2012, odita i go long Yunaitet Nesens Fremwok Konvensen long Klaimet Sens (UNFCCC) Eksekativ Bod i rekomendim rejistresen na givim Clin Dvelopmen Mekanisim (CDM) tok oraitim ripot bilong fle na vent ges konsavesen projek bilong Oil Search.

**BIOMASS RESEARCH PROGRESSED**

**BAIMESRISETS I GO HET**

We continue to investigate the viability of a biomass project in PNG’s Morobe Province which would provide a renewable energy source for the whole of PNG.

*Mipela i go het long painimaut strong bilong wanpela baiomes projek insait long Morobe Provins we i ken givim pawa bilong kantri.*
A focus for 2012 was workforce development. The programme falls into three streams: competency assurance, professional development, and graduates and apprentices. This streaming will continue in 2013.


COMPETENCY ASSURANCE MANAGEMENT SYSTEM
KOMPITENSI ASURENS MENESMEN SISTEM

To ensure we have the right skills to succeed with increasingly complex business requirements, we are implementing a Competency Assurance Management System (CAMS). The first phase - a detailed job task analysis of critical field roles - was completed in 2012 and all remaining phases will be completed during 2013. A similar process will be undertaken for other areas of the business such as finance and drilling. Once implemented, CAMS will inform future training programmes.

PROFESSIONAL DEVELOPMENT

Two people development groups were formed in 2012 to drive leadership succession planning and development. These groups provide a framework for mentoring relationships between the executive team and potential executive or general managers, and the general management team and high performers.

The ‘Leading the Oil Search Way’ programme was reviewed in 2012 and a new, more advanced version will be piloted in 2013.

GRADUATES AND APPRENTICES

The newly revised graduate programme was run in 2012 with an intake of nine new students. Feedback from all 27 graduates currently on the programme was obtained and will feed into future improvements. Other changes included the incorporation of our two apprentice streams into one programme to better capture and map competencies and skills.

Oil Search Production Apprentice Jim Meria, 2012 PNG Apprentice of the Year award winner.

Oil Search Prodaksen Aprentis Jim Meria, 2012 PNG Aprentis bilong Yia prais wina.
ENGAGING EMPLOYEES ON SUSTAINABILITY

The engagement and enthusiasm of our employees is critical for achieving Oil Search’s sustainability objectives. In 2012, we conducted our first annual employee sustainability engagement survey to understand what drives our employees with regard to sustainability. The survey indicated there was strong interest in and awareness of sustainability across the business.

Employees said that Oil Search’s sustainability priorities should be the environment, community, setting clear sustainability targets and policies and ensuring transparency and effective distribution of benefits.

Performance against the results of the 2012 survey will be tracked and the results of the survey will inform 2013 employee engagement initiatives and the Sustainability Strategy.

Employee Sustainabilty Survey Undertaken

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BOE
‘Barrels of oil equivalent’ is a common unit of measure used to present a total volume of different products produced. Conversion rate used is 6,000 cubic feet of gas = 1 barrel of oil (159 litres or 35 Imperial gallons).

EITI
A coalition of governments, companies and society that sets a global standard to promote transparency in the oil, gas and mining sectors. At time of publication, PNG’s application for EITI compliant country status was under consideration by the PNG Treasurer.

GHG
Greenhouse gases (GHG) include methane, chlorofluorocarbons and carbon dioxide. These gases act as a shield that traps heat in the earth’s atmosphere. They are measured in kilo tonnes of carbon dioxide equivalents (ktCO2e).

GLOBAL FUND
Global Fund to Fight AIDS, Tuberculosis and Malaria was created to dramatically increase resources to fight three of the world’s most devastating diseases and to direct those resources to areas of greatest need.

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.
‘Barrels of oil equivalent’ em i wanpela yunit bilong kaunim total volum o hevi na bikpela bilong ol kain kain prodak ol i mekim. Konvesen o senis ret em i 6,000 kubik fut ges = 1 barel wel (159 lita o 35 Imperial gallons).

EITI
Bung bilong ol gavman, kampani na komuniti we i save makim wanpela wol stendat long promotim transparenti long wel, ges na al maining sekta. Long taim bilong pablisim dispela buk, aplikesen bilong PNG long kamap wanpela kantri i bihainim EITI i stap long skelim bilong PNG Tresera.

GHG
Grinhaus ges (GHG) em methane, include methane, ol kloroflurokabon na kaban daioksait. Ol dispela ges o win i save kamap banis long holim win i hat insait long atmospia bilong ples graun. Ol i save kaunim long kilo tan bilong kaban daioksait (ktCO2e).

GLOBAL FUND
Global Fan long Paitim AIDS, Tubekulosis na Malaria i kamap long strongim ol risas long pait agensim tripela long ol namba wan sik, na long dairektim ol dispela risas i go long ol eria ol i nidim moa.

WOK GAVANENS
Sistem bilong ol rul, praktis na rot bilong wok we kampani i save mekim wok bihainim na bosim. Em i karamapim atoriti, akauntabiliti, stia, lidasip, na kontrol insait long ogenaiser.

MMBOE
Million barrels of oil equivalent.

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.
CONTACTS

Enquiries and feedback on this report or our sustainability programmes or performance are welcome. Please contact the Oil Search Sustainability team on sustainability@oilsearch.com

For more information on the Oil Search Health Foundation, go to: http://www.oilsearchhealthfoundation.org/

For further information on Oil Search, including our sustainability programmes and performance, go to http://www.oilsearch.com/Sustainability/Our-Approach.html

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Askim na bekim tok long dispela ripot o long ol sastenabiliti progrem o wokmak, em mipela i amamas long kisim. Plis totok wantaim Oil Search Sastenabiliti tim long sustainability@oilsearch.com

Long kisim moa infomesen long Oil Search Helt Faundesen, go long: http://www.oilsearchhealthfoundation.org/

Long kisim moa infomesen long Oil Search, na ol sastenabiliti progrem na wokmak, go long: http://www.oilsearch.com/Sustainability/Our-Approach.html

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