

PRINCIPLES Inspire

2019

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS REPORT

CELEBRATING 90 YEARS





OVERVIEW

Oil Search Ltd is a Papua New Guinean (PNG) oil and gas company with operations in PNG and Alaska, USA. We have grown into PNG's largest single investor and most active explorer and operate all of PNG's producing oil fields, hold an extensive PNG oil and gas appraisal and exploration portfolio and have interests in PNG LNG (operated by ExxonMobil PNG Limited) and several major undeveloped gas fields in PNG. In Alaska, Oil Search is the second largest holder of oil and gas leases, the Company is delivering on the Pikka Unit Development, and we are actively exploring on the North Slope.

Oil Search is listed on the Australian and Port Moresby security exchanges (share code: OSH) and its ADR's trade on the US over the counter market (code: OISHY). Our corporate representative and marketing offices are in Australia and Japan.

Oil Search operates in a socially responsible manner, with strong values and high standards guiding our way of working. Respect for human rights and strong, transparent relationships with stakeholders are at the heart of our current and future success. We want Oil Search's operations to be safe, responsible and profitable.

To support this goal, ensuring the security of our employees, contractors and project area communities is vital. Integrating the Voluntary Principles on Security and Human Rights (VPSHR into our business processes is an effective way to achieve this.

Our human rights approach is consistent with the VPSHR, the UN Guiding Principles for Business and Human Rights (UNGP) and the UN Global Compact (UNGC). We have been an active participant in the Voluntary Principles Initiative (VPI) since 2017.

This Report aligns with the <u>VPSHR Verification</u> and Reporting Framework. It shows the progress of our VPSHR implementation activities in 2019 and details our engagements with stakeholders on security and human rights.







PRINCIPLES Inspire

GROWTH

MESSAGE FROM OIL SEARCH'S MANAGING DIRECTOR

Oil Search continues to support the Voluntary Principles on Security and Human Rights and we are steadfastly committed to conducting our business in a manner that respects the rights and dignity of everyone. Since 2011, Oil Search has been steadily building a robust, transparent and strategic approach to the Company's human rights responsibilities. Our commitment to continuous improvement continued throughout 2019.

In 2011, Oil Search became a signatory to the United Nations Global Compact (UNGC). Supporting the goals of the UNGC formalised the Company's longstanding commitment to respecting human rights, which is a major plank of our business and the right thing to do. Human rights are fundamental to our core values of responsible, care, integrity, passion, respect, excellence and diversity, which apply to all our employees, contractors and suppliers.

Since then, our human rights approach has evolved and strengthened.

Committing to the Voluntary Principles on Security and Human Rights (VPSHR) by being accepted as a corporate participant in the global VPI in 2016 was another milestone. It has helped to

implement our responsibility to respect human rights in all aspects of doing business, including by committing us to a rigorous and transparent reporting regime and enabling us to share learnings with our industry peers. The VPI's comprehensive reporting structure provides an opportunity every year to review and assess our progress and to keep stakeholders informed.

At the heart of our human rights commitment is the Oil Search Code of Conduct, which guides strategic and everyday decision-making. The Code requires employees to report any human rights abuse, or suspected human rights abuse and is a living document, embedded into our business and regularly reviewed to ensure it remains current. Its principles flow through to all Company policies and enshrine how we expect our people to respect human rights.

Providing security for our assets, people and communities can often be complex. We work continually with the PNG Government, local communities and other stakeholders to manage these risks. Using private and public security is required and we reinforce and monitor the importance of respecting human rights when we do so.

Our 2019 risk review highlighted that the use of security providers in PNG continues to be a human rights priority for Oil Search. We work hard to mitigate and manage this risk and being part of the VPI plays a vital role. I am pleased to report there were no securityrelated human rights incidents in the last year associated with Oil Search operations or activities.

We will continue working closely with our extractive industries peers and sharing our knowledge, both valuable VPI benefits. Throughout 2019, Oil Search undertook multiple collaborative activities to further the aims of the VPI.

We participated in VPSHR Plenary and Corporate Pillar Meetings and we engaged with other VPI participants, including BHP, Woodside, Newcrest, Rio Tinto and the Australian Government. We also continued our ongoing engagement with the Royal PNG Constabulary (RPNGC). These and other learnings from industry best practice in human rights risk management informed our VPI Management Plan, which provides the structure for our security and human rights activities.

As in previous years, we are being transparent about our VPSHR activities and this Report is available to the public on the Oil Search website. We welcome feedback at socialresponsibility@oilsearch.com.

Peter Botten

MANAGING DIRECTOR



SECURITY AND HUMAN RIGHTS: COUNTRY IMPLEMENTATION

Advancing Oil Search's human rights journey requires collaborative partnerships and multi-stakeholder initiatives. Through our active participation in the VPSHR, we assess business and social responsibility risks through a range of controls and active management. Our continuous due diligence monitors the political, economic, legal and social risks that could potentially affect the Company. We also have a dedicated due diligence process that assesses specific human rights risks and impacts, including those associated with security management, in our countries of operation.

PAPUA NEW GUINEA

Human rights issues, including gender inequality, violence, excessive use of force by security providers, lack of respect for land rights and unenforced labour standards are all issues that need to be carefully monitored. Security is one of the Company's most salient human rights risks.

This prompted our decision to join the VPI as a corporate participant in 2017 and our commitment to progressively integrating the VPSHR into our corporate and operating practices, including our use of public and private security providers.

Joining the VPI has strengthened the approach Oil Search applies to managing its security and human rights responsibilities and commitments, assisting us to maintain strong community relationships and a safe and secure environment.

ALASKA

Oil Search has a small but growing portfolio in the North Slope region of the US state of Alaska. The US Government is a founding member of the VPI and has set the standard for excellence, with strong governance and law and order processes.

Our Alaskan interests are therefore not extensively covered in this Report as our operations in this region have only recently commenced and the potential for security-related human rights risks is not considered material. The VPI will play an important role in helping us to build this new business in a sustainable and equitable manner that respects human rights and manages risks appropriately.

MIDDLE EAST AND NORTH AFRICA

Oil Search is in the process of exiting Kurdistan. Due to the lack of Oil Search operational activity in Kurdistan, there is no VPSHR-related activity to report.

¹ The term 'salient' refers to those human rights that are at risk of the most severe negative impacts through a company's activities or business relationships. They therefore vary from company to company. The concept of salience uses the lens of risk to people, not the business, as the starting point, while recognising that where risks to people's human rights are greatest, there is strong convergence with risk to the business. (Reference: UNGP)

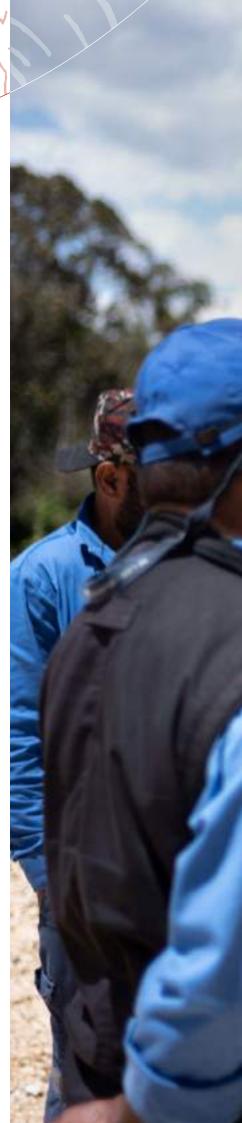
PERFORMANCE SUMMARY

Oil Search has developed an approach informed by the UN Guiding Principles on Business and Human Rights that identifies security and human rights risks addressed by the VPSHR. We are continually driving change by enhancing our procedures and processes related to security and human rights, so our activities are supported by appropriate, context-specific practices.

In 2019, we focused our activities on reviewing and strengthening the alignment between how we manage security and the human rights risks it poses to the business. We made progress in the following areas:

Completed our Company-wide and country-level human rights risk assessment, which confirmed the priority and saliency of human rights and security risks in PNG and confirmed that security-related human rights concerns are not significant issues for our operations in Alaska.

- Developed a new Companywide grievance management procedure and process for external stakeholders. The procedure outlines the process and mechanisms for assessing, escalating and responding to a broad range of issues raised by external stakeholders.
- Implementation of a new grievance management system has commenced, which will improve oversight and consistency of stakeholder issues management from receipt to resolution.
- Provided over 3,000 hours of training for private security providers and inductions for public security providers that included the VPSHR.
- Participated in Australian VPI Working Group and VPI Corporate Pillar meetings to discuss issues of common interest, including the challenges of using public and private security providers.
- Provided a human rights overview and risk update to the Oil Search Board.
- We did not record any security related human rights incidents in 2019.







A RESPONSIBLE HUMAN RIGHTS AND SECURITY APPROACH

The stability of the local operating environment depends on how our employees and contractors interact and engage with local communities and governments, and on making sustainable development inclusive. Our presence has the potential to have a significant impact — both positive and negative — on the day-to-day lives of communities, so having the trust and support of local stakeholders is vital. This is particularly true in PNG, where the extractive industries make a major contribution to the economy and Oil Search has extensive operations.

Oil Search's Social Responsibility
Policy guides a socially responsible
approach to our operations, including
across our supply chain. This approach
is based on respect for human rights
and the desire to do no harm. Together
with our commitment to sustainable
development, this helps to maintain

strong community relations and a responsible operating environment.

STAKEHOLDER ENGAGEMENT

Oil Search recognises the importance of strong, mutually respectful stakeholder relationships and the role they play in achieving business success. We seek to be a responsible corporate citizen and partner of choice and have human rights considerations embedded into our processes while listening, and appropriately responding to, stakeholder feedback and concerns.

Community relationships are a critical component of our security management approach. Oil Search Community
Affairs team members are local people who ensure issues are understood and responded to in a culturally appropriate manner. The Community Affairs and Security teams work closely to share information and respond to concerns, always leading with a relationship-based approach.

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Engagement with security providers

Oil Search seeks to improve security providers' ability to protect and promote human rights so we can operate in a way that fully respects human rights. This is particularly important in locations where the responsible provision of security is challenging, and where training and effective supervision is required.

Oil Search's operations rely on the use of unarmed private security providers. In PNG, these companies are owned by Landowner Companies (Lancos), which represent host communities. Our use of non-Lanco private security firms outside field areas is minimal and limited to specialist support in Port Moresby, key advisory roles at various PNG operational locations and security services in other locations such as the Tari Hospital where the Oil Search Foundation works.

Oil Search engages with the PNG Government regarding the provision of public security through the Royal PNG Constabulary (RPNGC). Our relationship with the RPNGC is governed by the Oil Search-RPNGC Memorandum of Understanding (MoU). This requires the RPNGC to:

- ➤ Act in a manner consistent with the VPSHR, Universal Declaration of Human Rights, UN Code of Conduct for Law Enforcement Officials and the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.
- Receive appropriate training on respect for human rights.
- Report, investigate and take appropriate action against allegations of human rights abuse.

Thorough briefings and formal training sessions effectively integrate VPI considerations into security practices. All private security personnel must complete a module-based training programme and we use the same modules in our induction briefings with public security personnel. During the year, we conducted 3,055 hours of training or induction sessions covering the Voluntary Principles and Company conduct expectations with security personnel. This included 204 public, 201 contract, and 12 Oil Search security personnel in PNG and Alaska.

To further align security companies with our commitment to the VPSHR, we have integrated the Voluntary Principles (VPs) into all security contract arrangements.

How we engage

Oil Search works with a range of key stakeholders to promote understanding, respect for and implementation of the VPs. See Promoting the Principles for more information.

KEY STAKEHOLDERS	HOW WE ENGAGE ON VPS AND SECURITY MANAGEMENT	
PRIVATE SECURITY	 Lanco field security services VPSHR training Daily toolbox and weekly coordination meetings 	
PUBLIC SECURITY	 Engaged under an MoU Site inductions Weekly meetings Quarterly provincial meetings Review and follow up for incidents 	
COMMUNITY	 PNG Village Liaison Officer (VLO) network Regular community visits focused on relationship-building and grievance management 	
PEERS	 VPSHR Plenary and Corporate Pillar meetings UNGC Australia Human Rights Leadership Group IPIECA social responsibility working groups¹ Security managers' meetings with joint venture partners Informal communication and intelligence-sharing 	
CIVIL SOCIETY	 Ad hoc meetings and updates VPSHR Plenary Meeting and other VPSHR forums 	
AUSTRALIAN GOVERNMENT	Participating in Department of Foreign Affairs and Trade's Australian VPI Working Group	

^{1.} The International Petroleum Industry Environmental Conservation Association (IPIECA) is the global oil and gas industry association for environmental and social issues.

TRANSPARENCY

Oil Search publishes details about its business activities, actions and intent in the belief that transparency and accountability underpin our stakeholder credibility and help to advance related societal issues, including human rights.

We release information on key sustainability issues annually in our Social Responsibility Report and promote the benefits of participating in the VPI on the Oil Search website. Our annual VPSHR Reports are available to all VPSHR participants, are publicly available on the website, and are referenced in the human rights section of our Social Responsibility Report.

Under the Australian Modern Slavery Act, Oil Search will be required to issue a Modern Slavery Statement in 2021 that covers our supply chain. To signal our commitment and intent, we have released a Preliminary Modern Slavery Statement to provide an overview of our approach.



HUMAN RIGHTS AND SECURITY GOVERNANCE

The Oil Search Board Health, Safety and Sustainability Committee (HSSC) oversees the Company's strategies, processes and performance relating to health, safety, environment, security and social responsibility, including human rights risks.

Our cross-functional VPSHR Steering Committee met twice in 2019 to deliver the key responsibilities outlined in its Charter, including:

The existing Committee met twice in 2019 to deliver the key responsibilities outlined in its Charter, including:

- Addressing risks associated with the use of public and private security providers.
- Monitoring RPNGC performance against the MoU.
- ▶ Ensuring appropriate visibility of security incidents related to human rights by monitoring, reviewing and investigating those with alleged or potential human rights breaches and ensuring human rights commitments are upheld, with the appropriate remedy put in place.

- Overseeing and, where appropriate, managing performance against the VPI Plan.
- Reviewing and endorsing the annual VPI Plan and Report and associated internal and external reporting (e.g. VPSHR Plenary presentations).

POLICY AND PROCEDURAL FRAMEWORK

Our commitment to the VPSHR is underpinned by the Oil Search Code of Conduct. The Code outlines the required standards of behaviour and expectations for all our interactions with others, for the decisions we make and how we carry out our responsibilities at work. The principles of the Code are defined in Company policies. The most relevant are the Social Responsibility and Health, Safety, Environment and Security Policies.

The Company's use of security services is governed by a procedure that formalises specific requirements relating to engagements with public and private security. This procedure complements the VPI Plan and requires that Oil Search's Security teams are appropriately trained and equipped. Our induction training programme guides providers on how to identify

issues together with public security providers, and how to respond in a way that focuses on human rights.

Oil Search's Security and Community
Affairs specialists are located in
our operational areas and work in
accordance with field community
engagement plans. These guide
a proactive and integrated approach
to engaging with communities, so that:
security risks are properly assessed
and monitored; security controls
are successfully implemented; and
a consistent, timely and appropriate
response is made to requests,
queries or concerns raised by project
area members.

We used the results of the 2018 review of our community engagement and grievance management practices and processes to develop a new Companywide grievance management procedure for external parties. The procedure outlines the process and mechanisms for assessing, escalating and responding to a broad range of issues raised by stakeholders.

Oil Search will finalise and publish a Human Rights Policy in 2020, as part of a refresh of policies more generally.



SECURITY AND HUMAN RIGHTS RISK MANAGEMENT

The ability to accurately assess risks in our operating environment is critical for the security of personnel, local communities and assets; the success of the Company's short- and long-term operations; and the promotion and protection of human rights.

Oil Search's human rights risk profile is updated regularly, and we conduct human rights due diligence in accordance with the UNGPs and VPSHR.

In late 2018, we engaged a specialist external human rights consultancy to review and complete our organisation-wide human rights impact assessment. This due diligence work examined the human rights risks and impacts associated with each type of Company and supply chain activity. It also confirmed that the potential actions taken by security contractors to secure project sites are one of our most salient human rights risks in PNG.

Security-related risk assessments are conducted by senior personnel who are responsible for security management at locations where public security personnel are engaged and are informed by each country's human rights risk assessment.

As a minimum, they address:

- the number of public security personnel required,
- their human rights record,
- the impact their presence may have on the local community, and
- the impact their presence may have on the organisation.

Each site manages a risk register that documents risk assessment findings and associated controls. Sites are required to identify existing and additional controls to avoid or mitigate identified security and human rights risks.

Our procedure governing crisis, emergency and incident management requires us to develop a security response plan as part of each field response plan. These are reviewed and approved by the Security team.

INCIDENT MANAGEMENT AND REPORTING

Oil Search expects that all security and/or human rights-related incidents are reported, assessed, investigated and remedied. Incidents are registered through Oil Search's incident management system and through existing community feedback mechanisms. Our employees and contractors are required to report suspected breaches of the Code of Conduct, including those related to human rights.

Community members can raise concerns or grievances related to security and human rights at any time:

- with the Oil Search Community Affairs team,
- with site managers through their resident VLO, or
- through the Company's Whistle-blower Hotline.

Issues, grievances and community engagement are recorded and managed through the Community Affairs Information Management System. Implementation of a new grievance management system commenced in 2019, to support the expectations outlined in the new

grievance management procedure.
This will improve oversight and
consistency of stakeholder issues
management from receipt to resolution.

All allegations and incidents related to human rights and security are reviewed by the VPSHR Steering Committee.

Material community grievances, including security incidents with possible human rights implications, are also reported to the senior management team and the Board HSSC.

Incidents related to security and human rights in our operational areas in 2019

Oil Search is committed to reporting, encouraging investigation into and following up incidents in accordance with our obligations under the RPNGC MoU, Company procedures and our VPSHR commitment. These include:

- Recording the event in Oil Search's incident reporting database as a human rights incident or consequence.
- Reporting the incident to the relevant in-country authorities, encouraging investigation and conducting follow-up enquiries to identify what was done to prevent reoccurrence.
- ► Reporting the incident to the VPSHR Steering Committee.
- Providing a synopsis of the event at monthly senior management HSES (Health, Safety, Environment and Security) meetings.

Ongoing training generally reduces the risk of violations related to human rights and helps security personnel to effectively manage conflict situations while respecting human rights. In 2019, Oil Search reported zero security-related human rights incidents.

PROMOTING THE VOLUNTARY PRINCIPLES

Oil Search collaborates and actively engages with other participants to facilitate greater understanding of issues related to VPI implementation and we remain committed to providing timely responses to reasonable requests for information.

We believe these engagements provide a strong platform for multi-stakeholder dialogue and shared learning on security and human rights in the extractive industries sector.

We build and strengthen these relationships through regular discussions about our security engagements, taking opportunities to leverage support, and sharing our security and human rights approaches. Even where Oil Search is not the Operator (e.g. the PNG LNG and Papua LNG projects in PNG), we scrutinise the human rights plans of projects that involve us for appropriate consideration of security and human rights.

During the year, Oil Search:

- ▶ Participated in the March 2019
 Annual Plenary Meeting of the
 VPI in London. We are committed to
 ongoing participation through these
 meetings, Corporate Pillar calls
 and the VPI Steering Committee.
 From 2020 onwards, Oil Search
 will be an active participant in the
 Steering Committee.
- Participated in the Australian VPI
 Working Group, which is convened
 by the Australian Government's
 Department of Foreign Affairs
 and Trade (DFAT) and includes
 representatives from Australianbased VPI Corporate Pillar members.
 Participants discussed issues of
 common interest such as the
 challenges of providing security
 at non-operated assets and the
 general security environment in
 high-risk countries.
- Was an active member and participant in the Human Rights Leadership Group and the Modern Slavery Community of Practice of the Global Compact Network Australia (GCNA). We also continued our

- active participation in the IPIECA Social Responsibility and Human Rights Working Groups. These forums provide valuable opportunities to discuss human rights challenges with our peers and others and to contribute to tools and guidance.
- ► Had ongoing engagements with joint venture partners and peers in PNG through security managers' meetings, to benchmark in-country security practices and share lessons learned.
- Provided a detailed human rights briefing to the Oil Search Board that included an overview of the current business and human rights context for the Company and the results of the updated human rights risk review.





LESSONS LEARNED

By participating in the VPI and external forums, Oil Search is using our lessons learned to enhance stakeholder understanding of the VPs, facilitate their integration into our processes and procedures, improve training, and support the activities of the VPI.

Our key learnings so far include:

- Initiatives such as security provider training and the implementation of a new grievance management system and procedure have increased the Company's awareness and understanding of the complex and varied touch points between the Company and its activities, including those of its security providers, and human rights.
- Active involvement in working groups at various levels strengthens governmental and industry partnerships.

▶ Reasonable expectations for adequate and effective human rights due diligence and security management are shaped by multiple stakeholders, including partners, governments, civil society organisations, NGOs and multistakeholder initiatives.

PRIORITIES FOR 2020

We will contribute to the implementation and advancement of the VPSHR in 2020 by:

- Regularly conducting VPI Steering Committee meetings.
- Continuing to enhance and review processes and procedures to improve our capability for reporting, investigation, follow up and remediation of potential security and human rights issues.
- Incorporating VPs content in inductions and organisational training.

- Continuing stakeholder discussions about security and human rights as they apply to our operations.
- Capitalising on other opportunities to increase awareness.

These will increase our understanding of human rights risks, identify further opportunities for integration, improve our focus on awareness and training and help us to strengthen risk management controls.



VPSHR VERIFICATION AND REPORTING FRAMEWORK

VPSHR REPORTING REQUIREMENT	CATEGORY	REPORT REFERENCE		
COMMITMENT TO THE VPI				
Public statement of commitment or endorsement of the VPs,	Public statement	Overview Message from the Managing Director A responsible human rights and security approach		
engagement in the VPI, and transparency	Engagement	Stakeholder engagement Promoting the Principles		
	Transparency	<u>Transparency</u>		
Examples of promoting awareness of the VPs throughout the organisation or government, including within the value chain	Awareness	Stakeholder engagement Promoting the Principles		
Examples of promoting and advancing implementation of the VPs internationally	Promotion			
POLICIES, PROCEDURES AND RELATED ACTIVITIES				
Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the VPs	Policies and Procedures	Human rights and security governance Policy and procedural framework		
Company procedure to conduct security and human rights risk assessments, and integrate findings	Risk Assessment	Security and human rights risk management		
Company procedure or mechanism to report security related incidents with human rights implications by public/private security forces relating to the company's activities	Engagements with Security Forces	Human rights and security governance		
Company procedure to consider the VPs in entering into relations with private security providers		Incident management and reporting		
Company procedure or mechanism to investigate and remediate security-related incidents with human rights implications by public/private security forces relating to the company's activities		Engagement with security providers		
COUNTRY IMPLEMENTATION				
Overview of country operations selected for reporting	Country Operations	Overview Security and human rights: Country implementation		
Engagements with stakeholders on country implementation	Stakeholder Engagement	Stakeholder engagement How we engage Promoting the Principles		
VPs considerations in the selection of private security providers and formulation of contractual agreements with private security providers, as well as any arrangements with public security forces	Engagements with Security Forces	Engagement with security providers How we engage		
Examples of supporting outreach, education, and/or training of (i) relevant personnel, (ii) private security, (iii) public security and/or (iv) civil society (e.g. local NGOs, community groups)	Awareness & Engagement	Stakeholder engagement Promoting the Principles		
Company procedure to review progress on implementing the VPI at local facilities	Performance	Policy and procedural framework Performance summary		
LESSONS LEARNED				
Lessons or issues from this reporting year, as well as plans or opportunities to advance the VPs for the organisation	Learnings	<u>Lessons learned</u>		

ACRONYMS

DFAT

Australian Department of Foreign Affairs and Trade

GCNA

Global Compact Network Australia

HSSC

Health, Safety and Sustainability Committee

HSES

Health Safety Environment and Security

IPIECA

IPIECA is the global oil and gas industry association that shares and promotes good practice and knowledge to help the industry and improve its environmental and social performance KPI

Key Performance Indicator

Mol

Memorandum of Understanding

NGO

Non-Governmental Organisation

PNG

Papua New Guinea

RPNGC

Royal Papua New Guinea Constabulary

UNGC

United Nations Global Compact

UNGP

UN Guiding Principles for Business and Human Rights

VLO

Village Liaison Officer

VPs

Voluntary Principles

VPI

Voluntary Principles Initiative

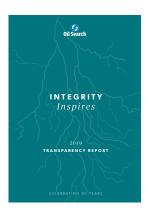
VPSHR

Voluntary Principles on Security and Human Rights

2019 SOCIAL RESPONSIBILITY REPORTS



VPSHR Report



Transparency Report



Preliminary Modern Slavery Statement



Social Responsibility Report

Enquiries and feedback on this reporting and peformance are welcome.

Please contact the Oil Search social responsibility team on:

socialresponsibility@oilsearch.com

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