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## Update on Shareholder Resolutions

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9 May 2017

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Oil Search operates in a socially responsible manner, with strong values and high standards guiding the way we work. We are committed to identifying, understanding and managing the regulatory, reputational and market risks that could impact on our business.

In addition, Oil Search respects and supports the right of shareholders to take an active interest in the Company and engage on issues of interest or concern.

For our 2017 Annual Meeting, two shareholders have submitted resolutions. Each of these proposals has been submitted by a shareholder holding less than 100 shares. Resolution 7 has been proposed by Market Forces, a climate change activist organisation, affiliated with Friends of the Earth. The Market Forces mandate is to 'expose the institutions that are financing environmentally destructive projects'. Resolution 8 has been proposed by ACCR, which is a not-for-profit association promoting responsible business and ethical investment, particularly through shareholder advocacy.

To ensure our shareholders are able to make informed decisions in relation to these resolutions, we have prepared the following summary addressing our position in relation to the matters raised in each resolution.

### Resolution 7: Response to Climate Change

Oil Search acknowledges that climate change is a significant global issue that poses a challenge to provision of affordable and sustainable energy. To this end, in October 2016 the Oil Search Board approved a new Climate Change Strategy, making clear our position in regard to climate change.

That is why we strongly refute the claims and assumptions made in Market Forces resolution and supporting statement and particularly, that Oil Search is not adequately managing the risks and opportunities posed by climate change and that the Board's oversight of this issue is inadequate.

Oil Search's Climate Change Strategy is available on our website and outlines our position on climate change, as well as the following:

- Our endorsement for efforts toward implementation of an effective global climate agreement;
- Our support for the establishment and implementation of a clear, stable policy framework that supports a global warming trajectory of 2°C; and
- Our views on future demand for our products.

As part of this strategy, the Board reviewed and approved the release of our material climate related risks and opportunities and approved the development of a shadow carbon price as an additional input for the economic modelling that we undertake to assess the viability of our operating assets and future investments, under various market conditions.

In addition, with some of the most competitive operating and planned LNG projects in the industry, Oil Search's business activities are well positioned to be resilient in the event of a low carbon price, carbon-constrained environment.

Climate change is a complex issue and one that requires a coordinated effort by companies, governments and communities. In line with this, Oil Search believes that all energy sources have a role to play in meeting global energy demand and each has its challenges.

Oil Search has commenced evaluation of 1.5/2°C scenarios on our business and is committed to disclosing the findings of that review to our shareholders prior to next year's Annual Meeting.

The release of draft Financial Standards Board Task Force on Climate-related Financial Disclosure (TCFD) Recommendations is an important development in ensuring adequate and consistent climate disclosures. Oil Search is committed to implementing all relevant aspects of the draft TCFD as it currently stands and preparations are well under way to adopt the recommendations once finalised in June 2017.

The Board believes the issues raised in the Market Forces resolution have already been adequately addressed and disclosed by the Company and therefore the resolution is not necessary and hence not in the interests of the Company.

Oil Search prides itself on operating in a transparent and sustainable manner and has produced comprehensive sustainability reports since 2010. The latest 2016 Sustainability Report was released on 7 April 2017 and can be viewed [here](#).

More information specific to our position and approach to Climate Change, including Q&As, can also be found on our website – <http://www.oilsearch.com>.

### **Resolution 8: Human Rights**

Oil Search acknowledges the responsibility of business to respect human rights, which is an obligation we take seriously.

Oil Search has operated in PNG for almost 90 years and our continued success is underpinned by strong, mutually respectful relationships with host communities and our commitment to sustainable development. Oil Search is a signatory to the UN Global Compact (UNGC) and became a corporate participant in the Voluntary Principles on Security and Human Rights (VPSHR) in December 2016. Our human rights approach also considers the UN Guiding Principles for Business and Human Rights (UNGP).

In 2014, Oil Search conducted a Human Rights Risk Review to improve our understanding of our potential human rights risks and impacts and to evaluate current practices in the context of the UNGP and VPSHR frameworks. Subsequent work has included Board and executive management human rights training, acceptance into the VPSHR initiative as a corporate participant, integration of human rights into management systems and explicit recognition of human rights impacts in incident reporting.

We disclosed our material human rights risks in our public reporting in 2014 and have reported on our progress against our Human Rights Plan since then.

As a VPSHR participant, we have adopted a multi-year VPSHR plan which focuses on core aspects of the initiative, including continuous improvement of our incident reporting and grievance management processes, and setting out our expectations with public and private security forces. Achievement against this plan is a management KPI.

A key part of this VPHSR plan is the establishment of an MOU with the Royal PNG Constabulary (RPNGC). Development of this MOU, including VPSHR model clauses, is significantly advanced. Negotiations with RPNGC to finalise the MOU are expected to conclude in the coming months.

We have also opted into the VPSHR Verification and Reporting Framework and as such have committed to annual participant and public reporting against our multi-year VPSHR Plan. Our first report will be issued on schedule in the first quarter of 2018.

With our existing public reporting on human rights risks, reporting of our human rights plan and our commitment to further public disclosures, as a participant in the VPSHR, we have taken meaningful steps to implement an ongoing comprehensive Human Rights Strategy against best practice and made appropriate corresponding public disclosures. The Board believes we are already significantly advanced in our human rights approach and no additional value will be gained by supporting the proposed resolution.

Oil Search is a significant equity holder in the PNG LNG Project. The operator, ExxonMobil is a founding participant of the VPSHR Initiative. Their position can be found [here](#).

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More information specific to Human Rights, including Q&As, can also be found on our website – <http://www.oilsearch.com>.