

ABSOLUTE

COMMITMENT



Climate resilience addendum

Climate Resilience Addendum

CLIMATE CHANGE RESILIENCE

*Addendum to 2020 Sustainability Report
issued 15 April, 2021*

Forward Looking Statements

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2020 SUSTAINABILITY REPORTS

*Sustainability
Report*

*Climate Resilience
Addendum*

*Transparency
Report*

*Basis of
Preparation*

*Voluntary Principles
Report*

Enquiries and feedback on this reporting and performance are welcome.
Please contact the Oil Search Sustainability team on:

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Climate Resilience Addendum

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Continued Climate Change Resilience

Oil Search supports global efforts, and those of the countries where we operate, for implementation of the Paris Agreement and a global warming trajectory of well below 2°C.

We are actively working on reducing our operated green house gas (GHG) emissions and have set a target to reduce the GHG intensity of our operated assets by more than 30% by 2030.

Recognising the opportunities presented by the energy transition, Oil Search aims to be a net zero energy company by 2050.

We test our portfolio against a range of reputable and publicly available Paris Aligned scenarios. The analysis indicates long-term resilience and continued economic value generation under a range of Paris Aligned pathways.

Oil Search will focus on low cost, low GHG intensity, and Paris Aligned projects; we will deliver high value energy that meets society's needs and that contributes to sustaining the livelihoods of our communities.

Our climate performance is directly linked to executive and employee remuneration under our short (STI) and long-term incentive (LTI) plans.

Oil Search will continue to transparently report in alignment with the Taskforce on Climate-related Financial Disclosure (TCFD).

Extension of 2018 Climate Change Resilience Report

This 2020 Climate Resilience Addendum is an extension of our 2018 Climate Change Resilience Report and is intended to provide an update on our new climate change commitments; new GHG targets; resilience testing of our assets and growth portfolio; and report in line with TCFD.

We recognise there is an increasing and justified investor focus on climate change and the energy transition. As an upstream energy company, managing the risks and opportunities posed by the energy transition is critical for our long-term success.

Since the Paris Agreement was signed, with the world's governments committing to keeping global temperature increases to well below 2°C, Oil Search has undertaken and delivered the following commitments to climate action:

- Set an ambition to be a net zero energy company by 2050;
- Set a target to reduce the GHG intensity of operated assets by more than 30% by 2030 and linked GHG reduction target to executive and employee remuneration;

- One of the first ASX listed companies to publish a TCFD climate change report;
- Conducted and published results of climate change scenario analysis, examining the resilience of our assets under 2°C degree and 1.5°C scenarios;
- Implemented an internal carbon price as part of the internal investment review process and this has been applied to growth projects in PNG and Alaska;
- Assessed the physical climate change risks in PNG and Alaska and published the results in our 2019 Social Responsibility Report;
- Signed a Memorandum of Understanding (MOU) with PNG's Climate Change Development Authority (CCDA) on climate change adaptation in PNG;
- Developed a carbon marginal abatement curve to identify the priority GHG reduction opportunities in our PNG Business Unit;
- Designed the Pikka project with low emissions technology resulting in a low cost and low GHG intensity growth project;
- Planted 4 million trees in PNG as part of the PNG Biomass project, where, if sanctioned, will grow to 20 million trees; and
- Been invited to COP25 in Madrid to present our PNG Biomass project.

Through our actions, Oil Search has demonstrated we are committed to managing our climate change risks, transparently reporting in line with TCFD, and taking meaningful steps to realise the opportunities presented by the energy transition.

Similar to the Paris Agreement's "ratcheting up" mechanism where governments' climate change targets are increased over time; we also aim to "ratchet up" our climate change commitments and targets over time.

Over the next 12 months, we look forward to progressing our Paris Agreement aligned growth projects of Pikka and Papua LNG, exploring the new opportunities presented by the energy transition and, importantly, sharing this journey with all of our stakeholders.

Climate Resilience Addendum

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Climate change policy

In 2017, Oil Search's Board approved our first Climate Change Policy. We have now strengthened our climate change commitments and have updated our climate change policy to reflect those commitments and our new net zero by 2050 goal.



Climate Change Policy

Oil Search, acknowledging the science of climate change, is committed to delivering low cost, high value energy that meets society's needs.

Oil Search supports global efforts, and those of the countries where we operate, for implementation of the Paris Agreement and a global warming trajectory of well below 2°C.

Oil Search aims to be a net zero energy company by 2050. Oil Search also recognises the energy transition will present meaningful risks and opportunities as the global energy economy decarbonizes and will actively work on solutions that will be critical for Oil Search to achieve this shared goal.

Oil Search will:

- Manage climate change risks and opportunities with the objective of creating a sustainable business;
- Set meaningful targets to reduce our operated GHG emissions;
- Seek to ensure our growth portfolio is aligned with the objectives of the Paris Agreement;
- Work with partners, customers, host governments, and other stakeholders towards the shared objectives of the Paris Agreement;
- Promote the use of technology and encourage a culture of innovation and continuous improvement to reduce GHG emissions and identify new business opportunities that support emission reductions across our business;
- Disclose climate change governance, strategy, risk management, and targets in alignment with the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations; and
- Seek to ensure our public policy engagement supports practical climate solutions that are also aligned with the intent of this policy.

All of our people have a responsibility to promote a culture whereby their actions and those of their colleagues are consistent with this Policy.

The Sustainability Committee has oversight of the Climate Change Policy and is responsible for reviewing its effectiveness.

The policy will be reviewed and revised periodically by the Sustainability Committee.

Handwritten signature of Richard Lee in black ink.

Richard Lee
Chairman

Handwritten signature of Keiran Wulff in black ink.

Keiran Wulff
Managing Director

EMS-POL-000011

Approved: 19 February 2021



Climate Resilience Addendum

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TCFD reporting

The Financial Stability Board's TCFD released its final recommendations in June 2017 and Oil Search was one of the first ASX listed companies to publish a TCFD aligned report with our 2018 Climate Change Resilience Report. Since this time, we have reported annual GHG emissions on the [Oil Search Data Centre](#) and committed to ongoing TCFD climate change disclosures, including this report which includes a TCFD reference guide.

Core Elements of Recommended Climate-Related Financial Disclosures

Governance

The organisation's governance around climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Risk Management

The processes used by the organisation to identify, assess, and manage climate-related risks.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.



Figure 1: Core Elements of TCFD disclosures
(Source: <https://www.fsb-tcfid.org/publications/final-recommendations-report/>)

Climate governance

Oil Search Board: oversees our climate risk management and its potential to influence and inform our corporate strategy and decision-making. In early 2021, the Board updated our Climate Change Policy that describes our climate change commitments and expectations on how climate risks should be managed and disclosed within the business.

Sustainability Committee: oversees the Company's strategies, processes and performance relating to climate change issues and greenhouse gas emissions. Endorses key climate change strategies and positions such as net zero by 2050 and GHG intensity targets.

Executive Leadership Team (ELT): establishes the structures, reporting lines, and responsibilities to oversee the management of our key risks, including climate change.

In 2020, Oil Search elevated responsibility for Sustainability and Climate Change to the Executive level with the creation of a new role of Executive Vice President of Sustainability and Technology. The EVP reports directly to the Oil Search Managing Director.

ELT members are financially incentivised within their remuneration structures to manage longer-term risks that could impact on the value of the Company, including climate risk, through the at-risk

component of executive remuneration. Since 2018, a component of the STI scheme has been linked to climate change or GHG metrics. Oil Search's new GHG intensity target is linked to 2021 executive and employee remuneration.

Executives and managers also participate in a long-term incentive (LTI) plan, with payments linked to the relative shareholder returns generated by the Company compared to a global peer group of oil and gas companies. Failure to effectively address climate risk would be expected to translate into relative underperformance in terms of creating long-term, sustainable shareholder value and therefore impact on LTI benefits.

Managers: The Vice President Climate Change is responsible for advising business units, the ELT and Board on climate risk strategy, issues, trends and management, and related matters that may impact broader strategy or decision-making.

Quarterly Health, Safety, Environment and Sustainability (HSES) Executive meetings are the primary forum for keeping senior management informed about climate risks, performance and initiatives. Climate change awareness and updates on climate change initiatives are provided to the workforce through virtual Town Halls; internal communications like the Oil Search Bulletin; and dedicated team briefing sessions.

Climate Resilience Addendum

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How our corporate strategy considers climate

2020 – 2030 Oil Search Strategy

As an energy company, we recognise it is impossible to decouple climate change from our corporate strategy: the two must be fully integrated.

Oil Search conducted a strategic review in 2020 with a focus on assessing climate change risk and opportunities. The strategic review re-affirmed Oil Search's sustainability approach with a 7 Pillar Sustainability Model with an individual Climate Pillar which includes several new climate change commitments and targets. Oil Search's 2020 Sustainability Report provides additional detail on the 7 Pillar Sustainability Model and new Sustainability commitments.

7-Pillar Sustainability Model



In addition to setting the corporate strategy and direction covering the next decade, the Oil Search strategic review produced new company statements that emphasise Oil Search's purpose and ambition.

Our Purpose: We will deliver low cost, high value energy that meets society's needs

Our Ambition: We will be the preferred energy company for all stakeholders

Oil Search's strategy to be the preferred energy company will be achieved through three phases; **Focus (2020-2023), Deliver (2021-2025), and Evolve (2024-2030)**. These three phases are underpinned by a focus on Sustainability at the core of all decisions and disciplined capital management.

Climate Change is a component of each phase of our corporate strategy and Oil Search has developed climate change targets and plans that are appropriate for each phase.

Our disciplined three-phase strategy to meet that ambition includes

FOCUS

Optimising our capital efficiency and discipline, focusing on our core portfolio of assets, driving sustained low costs and lowering breakeven cost of supply in our oil fields

DELIVER

Deliver our world class Pikka project in Alaska at a low breakeven cost of supply, achieve a sell-down of a minority stake in that project and commercialise Papua LNG

EVOLVE

Set a platform to evolve, achieving full potential from Alaska and considering targeted complementary energy investments while maximising shareholder returns and free cash flow



Climate Resilience Addendum

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Focus Phase

As part of the “Focus Phase” of Oil Search’s strategy, the company has set new GHG targets, governance processes, and climate change commitments.

GHG Targets: As a responsible energy company, Oil Search is committed to setting transparent GHG targets focused on the GHG emissions from our own operated facilities. As operator, Oil Search has control over scope 1 and scope 2 GHG emissions, we have the ability to set measurable GHG targets, and we have the ability to measure success against those targets.

Oil Search is now committing to reduce the GHG intensity of our operated assets by more than of 30% by 2030. Beginning in 2021, the GHG reduction targets are linked to executive and employee remuneration.

Governance and reporting processes: To ensure that Oil Search can deliver its GHG targets, the Focus phase has established new climate change and GHG governance and reporting processes in the PNG and Alaska business units. While climate change strategy and targets are set at the corporate level, the responsibility for delivering the GHG reductions resides with our operated business units (BUs). In 2020, the PNG BU and Alaska BU established Climate Change Steering Committees for the purpose of effectively managing their GHG reduction plans at the business unit level.

Climate Change Commitments: Oil Search’s new climate change commitments help enable the “Focus Phase” of our corporate strategy by ensuring that all employees understand the company’s priorities and commitments on climate change.

Oil Search is committed to the responsible delivery of **low cost, low GHG intensity, Paris aligned projects**.

- **Low cost:** Oil Search is focused on delivering low cost projects. By ensuring our projects are low cost, we are managing our main climate change transition risk, the risk of low future oil prices, leading to stranded assets. We will achieve our low-cost ambition and manage transition risk by focusing on projects near existing and underutilised infrastructure and using an oil price in our investment decision process that considers the goals of the Paris Agreement and 2°C scenarios. We believe this will materially reduce the risk of future stranded assets while providing market leading returns to our investors.
- **Low GHG intensity:** To manage the climate change risks associated with our GHG emissions, we will establish GHG intensity reduction targets. We will achieve these GHG targets by improving the emission intensity of our existing assets and by ensuring future assets have a low GHG intensity. Our immediate focus is to improve the GHG performance of our own operated assets by reducing methane emissions, and flaring, and maximising efficiency. For our future growth projects, we will use GHG targets and our internal carbon price to ensure GHG emissions remain low. Our GHG targets are, and will continue to be linked to executive and employee remuneration.

- **Paris Aligned:** We test our growth projects against the objectives of the Paris Agreement and consistency with “well below 2°C” scenarios. Using third party data, we have demonstrated that our two major growth projects, Pikka and Papua LNG expansion, are both aligned with the objectives of the Paris Agreement. Over the next five years, we will also make prudent and targeted investments (that are appropriate for the size of our company) to help prepare Oil Search for a future energy transition and support our host governments’ commitments under the Paris Agreement.

Deliver Phase

The “Deliver Phase” of our strategy is about delivering on our development projects, including our climate change commitments and GHG targets. During this phase, Oil Search will be driving down operated GHG emissions in PNG through a new GHG reduction initiative, designing the Pikka project to deliver low GHG intensity when it starts production, and progressing our renewable energy project, PNG Biomass, towards FID.

Pikka: The development of the Pikka project in Alaska is a key part of Oil Search’s “Deliver Phase” and recognises the opportunities for high quality, low-cost, low GHG intensity oil projects.

The Pikka project entered Front End Engineering and Design (FEED) in the first quarter of 2021 and is expected to commence first production in 2025. The FEED phase of a project is one of the most important times to ensure a project is managing its climate change risks. Once a project commences production, it is much more expensive to retrofit the design to reduce GHG emissions; therefore it is critical that GHG issues are taken into consideration during the design phase of the project.

As part of Oil Search’s climate change commitments, the Alaska project team has focused on reducing the GHG intensity of the Pikka development project. As a result of being a conventional oil project near existing infrastructure and services and located in a State that prohibits routine flaring, the Pikka Project is well positioned to be a low GHG intensity asset. In early 2020, a committee was established to specifically focus on the project’s GHG emissions and identify opportunities to improve efficiency and reduce overall GHG emission intensity. By centralising power production, utilising electric drive equipment, and planning a power distribution system throughout the field, the project was able to further reduce forecasted GHG emissions.

Pikka is expected to have 70% lower GHG intensity compared to the North Slope average¹, 35% lower than average conventional oil projects², and 50% lower than Oil Search’s current operated GHG intensity.

1. Wood Mackenzie Carbon Benchmarking Tool, November 2020

2. <https://www.woodmac.com/news/the-edge/big-oil-leaders-take-on-the-climate-challenge/>

Climate Resilience Addendum

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PNG operated assets: To deliver on Oil Search's climate change commitments and targets, the operated assets in PNG have established annual short term GHG targets. After a thorough review of the PNG operations and an assessment of the GHG reduction opportunities, the PNG team has prioritised a reduction in flaring emissions and methane emissions. This will be complemented by an assessment of incorporating batteries and other new technology into operations to reduce GHG emissions. For additional information on how the PNG business unit is delivering on its climate change targets refer to the section (Climate targets, metrics, and indicators)

PNG Biomass: Subject to FID, PNG Biomass would be a targeted investment into the energy transition. Oil Search has already made investments into PNG Biomass by planting four million trees and working towards carbon offset certification. Investments into renewable energy and carbon offsets is a key part of delivering on our climate change strategy and commitments.

PNG Biomass is a measured investment that also has expansion opportunities for regional renewable power production and carbon offsets. PNG Biomass is also regionally focused and makes sense for Oil Search. In the short term, PNG Biomass has the potential to generate and sell 100% baseload renewable energy into the grid; generate 160,000 carbon offsets per year; plant over 20,000,000 trees; support solar and battery integration into the grid; generate 500 permanent direct jobs; provide indirect employment for 2,000 people; support local agriculture / livelihoods / communities; and importantly generate a return on investment. Over the long term, this project has the potential to give Oil Search exposure to renewable energy and expertise in developing and owning carbon offsets and/or other nature-based solutions.

Evolve Phase and net zero by 2050

Achieving our ambition to be a net zero energy company by 2050 will require new and innovative technologies, a growing focus on renewable energy, and negative emissions solutions. Oil Search looks forward to working with our Joint Venture Partners, host governments, and broader stakeholder community to achieve the shared goal.

While our immediate focus is the successful delivery of our low cost, low GHG intensity growth projects Oil Search's net zero by 2050 ambition has been set as part of our new "Evolve" strategy.

We recognise that as of today, we do not have all the answers on how Oil Search, indeed the world, will achieve the net zero by 2050 goal. But the goal has been set and we will work towards it.

Oil Search is now establishing the governance, organisational structure, processes, and key learnings that will enable us to meet the net zero by 2050 goal.

In early 2021, Oil Search announced it will be conducting an Energy Transition Review to assess strategic options and opportunities associated with the energy transition and to develop an Oil Search energy transition roadmap.

While many companies have the common goal of net zero by 2050, the pathway to achieve that goal will be different for each company. There is not and should not be one strategy for every company. Different net zero by 2050 pathways will be influenced by the quality of a company's existing assets and growth projects, the type of company they currently are (integrated vs pure exploration and production), and what they want to become in the future.

Oil Search's Energy Transition Review will define the opportunities to pursue in the "Evolve phase", the strategic opportunities that are right for Oil Search, and the energy transition pathway that is right for our shareholders, employees, communities, and stakeholders.

Oil Search looks forward to sharing the results of its Energy Transition Review and the opportunities to progress the Evolve phase of our company strategy.

Engaging on climate policy

As one of the largest companies in Papua New Guinea (PNG) and a socially responsible operator, we seek to engage with governments, industry groups, landowners, and other stakeholders with the ability to shape policies that impact our business, communities and sector. We do this with transparency and integrity.

- We actively engage with regulatory and other government agencies, including the PNG Climate Change Development Authority (CCDA), on proposed and existing legislation and commitments related to climate change. We belong to the CCDA industry stakeholder group;
- We disclose any climate policy submissions annually in our Sustainability Report;
- We are members of several associations and networks and we monitor and engage with these groups to ensure their submissions and research in this area consider Oil Search's position on climate change;
- We have committed to conducting a review in 2021 of our industry associations, their positions on climate change and if they align with our own positions. We will publish the results of this review in our 2021 Sustainability Report; and
- We belong to IPIECA, the global oil and gas industry association for environmental and social issues. Participating in IPIECA forums provides useful information and industry thought leadership and the opportunity to contribute knowledge and best practice.

For a full list of Oil Search's trade association memberships and further information about our principles for engaging with government on public policy, see the public policy engagement section of the Oil Search website.



Climate Resilience Addendum

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Climate risk management

Oil Search's corporate risk management process aims to ensure we have appropriate strategies for managing key risks to our objectives. Risk management procedures underpin our risk management governance and enable a consistent approach to how we oversee all organisational risks. Oil Search has adopted common requirements for the governance and reporting of risk, based on ISO 31000. We manage climate risks within this corporate risk management framework.

Climate risks are assessed at least quarterly as part of our corporate risk management process and reviewed annually during the broader planning and decision-making process. We regularly monitor and assess emerging climate risks and broader societal trends and issues through our scenario analysis and strategy planning processes. Climate change and energy transition risks were most recently assessed during the Company's 2020 strategic review.

As part of the quarterly climate risk review process, we first assess any changes in our operating environment. These include regulatory changes in countries where we operate and the markets we sell to; the direction of global climate negotiations; peer and JV climate change commitments; emerging stakeholder concerns; and technological advancements. Using the Oil Search Corporate Risk Assessment Matrix, we consider if the likelihood or impact of our climate risks have changed, or if there are new risks to evaluate. Finally, we review our controls to assess whether they are effectively managing the risks and if we need to implement additional controls.

Material climate change risks

Our material corporate climate risks are listed below and are also reported in the Material Business Risk section of our Annual Report:

- **Transition risk:** Changes in demand for our products due to emission reduction policies or technological changes. Time horizon: medium and long-term.
- **Operating costs:** Increase in operating costs of our long-life assets due to carbon pricing policies or other market mechanisms or regulations. Time horizon: medium- and long-term.
- **Reputational risk:** Reputational impacts, driven by stakeholder activism and changing societal expectations that negatively impact our social licence to operate. Time horizon: short-, medium- and long-term.
- **Access to capital:** Restricted access to capital for carbon intensive industries. Time horizon: short-, medium- and long-term.
- **Physical risk:** Physical impact of climate on our assets and on the communities where we operate. Time horizon: medium and long-term.

For the purposes of this Report, Oil Search's risk time horizons are:

- Short-term: 1 to 5 years
- Medium-term: 5 to 15 years
- Long-term: 15 to 25 years.

CLIMATE CHANGE OPPORTUNITIES

Energy Transition / Renewable Energy: As the world transitions to a lower carbon economy, there will be new commercial opportunities. Oil Search's PNG Biomass project, subject to FID, is a baseload renewable energy project that has the potential to produce over 160,000 carbon offsets annually. As the world moves towards net zero emissions, investments in renewable energy and carbon offsets will be an increasingly attractive opportunity. Time horizon: short-, medium- and long-term.

CLIMATE CHANGE CONTROLS

We have identified three primary controls to help manage our climate risks: climate (transition) scenario analysis; an internal carbon price; and physical climate risk assessment.

Climate scenario analysis

Climate scenario analysis is a key organisational control for identifying and managing our climate transition risk. By using scenarios in business planning and investment analysis, we can test the resilience of assets under different climate transition outcomes (e.g different climate policies or technological changes) that may impact demand for our products.

We conduct climate scenario analysis and assess the resilience of our current assets and growth portfolio under these different scenarios.

Oil Search uses reputable and publicly available scenarios and data when conducting scenario analysis. Examples include the International Energy Agency (IEA) scenarios published annually in the World Energy Outlook. We also use third party data and analysis to assess the remaining carbon budget and to test if our growth portfolio is aligned with the Paris objective of "well below 2°C".

Internal carbon price

To test for resilience against potential risk of new carbon prices or carbon taxes, Oil Search uses an internal carbon price in the base case economics of growth projects.

The price is risk-based, country-specific and applied to the base case of project economics. For projects in PNG we apply a price of US\$25 per tonne of CO₂e and for projects in the USA we apply a price of US\$40 per tonne of CO₂e. When testing project economics sensitivities, we also use a low and high carbon price.

An internal carbon price embeds awareness and consideration of climate risks in decision-making by:

- Enabling Oil Search decision-makers to consider the future risk of carbon costs (direct or implicit prices) when making capital investment decisions.
- Ensuring carbon price risks are assessed and managed in the same way as any other financial risk.
- Enabling Oil Search's project teams to optimise project design decisions and reduce our exposure to future carbon costs.

Climate Resilience Addendum

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Physical climate risk assessment

Oil Search recognises that its assets, supply chains and project area communities are exposed to the future physical impacts of climate change. The Company committed to completing a Physical Climate Change Scenario and Risk Assessment (PSRA) in the 2017 Oil Search Climate Change Resilience Report. The physical risk assessment, completed in 2019, followed a three-phase assessment.

Physical climate change scenario and risk assessment

1

PHASE ONE

*Geographic risk screening
for PNG and Alaska*

2

PHASE TWO

*Assess risk for existing
assets, supply chains and
communities*

3

PHASE THREE

*Embed findings into future
design decisions*

PHASE 1: GEOGRAPHIC RISK SCREENING

Phase 1 involved exploring the availability of climate data, the uncertainty inherent in climate models and identifying the key geographic climate change risks for PNG and the North Slope of Alaska.

For our analysis, we used a range of climate change scenarios to assess physical risk. They included the IPCCs Representative Concentration Pathway (RCP) 8.5 'High Emission' scenario and the RCP 6.0, RCP 4.5 and RCP 2.6 scenarios. The RCPs predict how GHG concentrations will change in the future.

Phase 1 of the project also identified the key geographic climate change risks for PNG and the North Slope of Alaska.

The North Slope has already experienced temperature increases more than twice the global average and is expected to face more warming under all climate change scenarios. Its key future climate change risks include temperature increases, melting permafrost and coastal erosion.

Climate change impacts in PNG are less compared to Alaska. However, PNG is likely to experience increasing temperatures, more extreme weather and episodes of drought triggered by El Niño Southern Oscillation events

PHASE 2: ASSESSING CLIMATE RISKS FOR EXISTING ASSETS, SUPPLY CHAINS AND COMMUNITIES

Phase 2 involved testing the identified geographic climate change risks with key internal stakeholders. These included representatives from our Drilling, Production, Safety, Community Affairs and Environment teams at corporate and business unit level. Our goal was to assess potential impacts on our assets, supply chains and communities.

The analysis demonstrated that under a high emission scenario, climate change is unlikely to have a material impact on Oil Search's PNG assets or production. In Alaska, physical climate change risk is being considered as a part of asset design.

While our physical assets may be resilient, the communities surrounding them may be more exposed to climate change risk. For example, as temperatures increase, we expect the incidence of malaria to increase in already at-risk areas and to expand into previously risk-free areas such as the Central Highlands. By 2050, PNG may experience malaria outbreaks in Highland areas at elevations below 2,100 metres.

The increasing frequency and magnitude of extreme events (e.g. floods and landslides) is likely to increase the hazard posed to human settlements and the ecosystems and infrastructure they depend on. Such events can damage water, sanitation and health-related infrastructure, increasing indirect risk to human health wherever communities lack clean water, safe food or basic health care. The risk of vector-borne diseases and pests increases during wetter periods and droughts caused by El Niño events (such as occurred in 2012) and can lead to disease outbreaks and ill-health, especially in areas with poor water, sanitation and health care services.

PHASE 3: EMBEDDING PHYSICAL CLIMATE RISK CONSIDERATIONS INTO DESIGN DECISIONS

To ensure future projects consider physical climate change risk, all new Oil Search projects must identify and assess potential impacts from climate variability on new facilities and infrastructure as part of the engineering risk management process. Phase 3 of the PSRA supports this process by starting to embed physical climate change risk findings into future design decisions.

Climate targets, metrics, and indicators

GHG Targets

Our ambition is to deliver low cost, high value energy that meets society's needs, and reducing the intensity of our greenhouse gas emissions is an important element of our company strategy.

As part of our 2020 strategic review, Oil Search established new climate change commitments and a new GHG target, with a focus on "the responsible delivery of low cost, low GHG emission intensity, Paris-aligned projects".

As part of this strategy, we established a new and ambitious climate change target. We will reduce the GHG intensity of our operated assets by more than of 30% by 2030. Beginning in 2021, the GHG reduction target will be linked to executive and employee remuneration.

*Reduce GHG intensity by more
than 30% across operated
assets by 2030*



Climate Resilience Addendum

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GHG intensity target - Short Term Focus on PNG:

To achieve this GHG target, we have established a targeted program to improve our operated assets and reduce GHG intensity in PNG. We will focus on:

- A reduction in flaring and methane emissions
- Integrating renewables and batteries in operations
- Operational excellence to drive lasting and sustainable improvements.

The PNG team has made great progress in the last six months on establishing the groundwork for future performance.

- We have established a Climate Change Steering Committee in the PNG BU to drive the implementation of GHG reduction opportunities
- We have established a Carbon Marginal Abatement Cost Curve to ensure that we are investing capital in the opportunities with the largest benefit (see Figure 2 below)
- We have scheduled and budgeted projects for implementation in 2021, including a flaring reduction project at our Central Processing Facility (CPF)

Importantly, the GHG reduction initiatives we have identified will also improve efficiency in our PNG operations, reduce maintenance expense, improve health and safety, lower costs, and increase production.

Abatement Curve

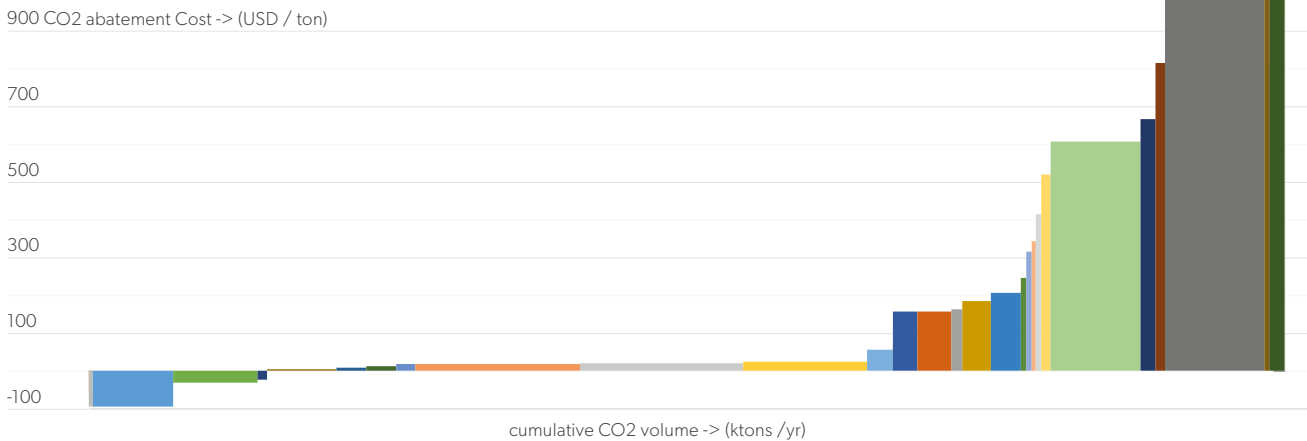


Figure 2: PNG Business Unit Marginal Abatement Curve

Medium term Focus: GHG intensity target and Paris Alignment Investments

Over the medium term, we will achieve our 30% reduction in GHG intensity through our investment in low cost and low GHG intensity assets aligned to the Paris Agreement.

Pikka is an example of a project that is both low cost, low GHG intensity and aligned with the objectives of the Paris Agreement. The startup of Pikka will result in a step change reduction in GHG intensity for Oil Search.

- Pikka is 50% lower GHG intensity than the current operated portfolio;
- Pikka is a Paris aligned investment. It is low on the cost curve supplying the energy required in a Paris aligned “well below 2°C” pathway.

By ensuring our projects are responsibly delivered, low cost, and aligned with the Paris Agreement, we are managing our main climate change transition risk, the risk of low future oil and gas prices.

History of reducing GHG intensity

As a responsible energy company, reducing the intensity of our greenhouse gas emissions is an important element of our company strategy.

We have a history of setting GHG targets and meeting them.

In 2009, Oil Search set a target of reducing our GHG emission intensity by 12% by 2016. By 2016, we had reduced emission intensity by 50%, predominantly due to ongoing flare reduction initiatives in our PNG operated assets.

Since 2016, Oil Search’s GHG emission intensity has remained relatively stable. We are now progressing on a new GHG reduction initiative that will see our operated GHG intensity drop more than 30% by 2030.

Climate Resilience Addendum

Continued

Oil Search Operated GHG Intensity (ktCO₂e/mmboe)

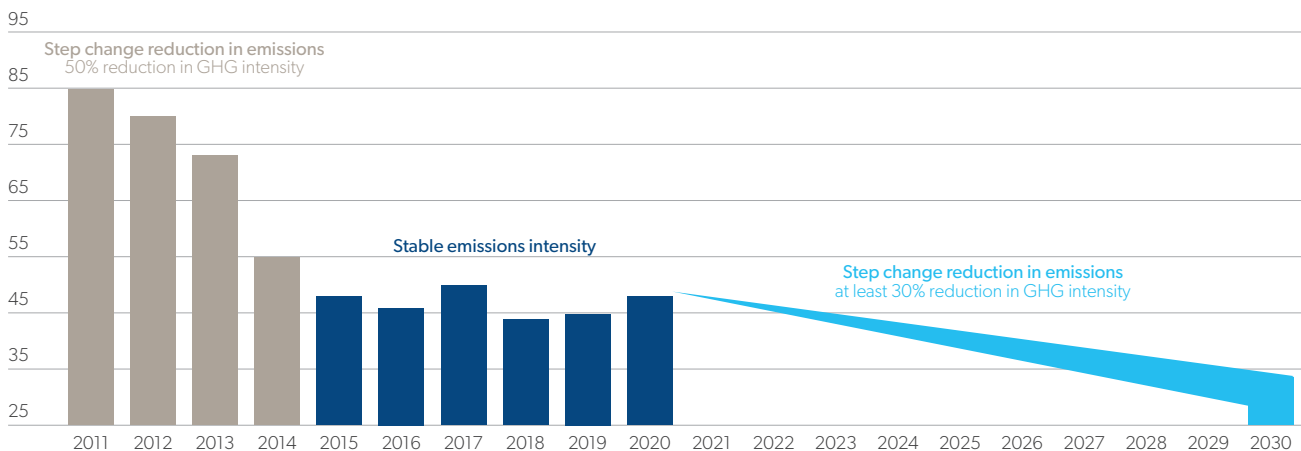


Figure 3: Oil Search Operated GHG Intensity (ktCO₂e/mmboe)

Internal metrics

Oil Search has publicly reported a range of climate metrics since 2010. Our performance against these metrics is reported annually in our Sustainability Report and can be found on our publicly available data centre.

The GHG metrics include:

- Operated GHG emission intensity (kt CO₂-e/mmboe),
- Operated Scope 1 GHG emissions (kt CO₂-e),
- Operated Scope 2 GHG emissions (kt CO₂-e),
- Operated flaring GHG emissions (kt CO₂-e),
- Operated vented GHG emissions (kt CO₂-e),
- Operated Methane emissions (kt CO₂-e),
- Equity Scope 3 emissions (kt CO₂-e).

Beginning in 2021, we will now report our equity scope 1 and 2 GHG emissions and our equity GHG emission intensity. Importantly, Oil Search’s equity GHG emissions include our equity share of PNG LNG’s GHG emissions.

External indicators

To monitor Oil Search’s external business environment from a strategic and risk management perspective, Oil Search also monitors external climate indicators. We support government efforts to establish and implement a clear, stable policy framework towards a global warming trajectory of well below 2°C.

We are monitoring climate indicators, developed from our 2017 climate change scenario analysis, to help inform us about the planet’s climate change trajectory and which climate change pathway the world may be following.

Lag indicators tell us where the world is now, while lead indicators signal where we may be going. We also monitor step change indicators such as global CO₂ levels and natural disaster losses. Significant movement in the step change indicators may indicate that government climate policy will shift more quickly than anticipated.

Lag indicators

- Annual CO₂ emissions in Mt and growth/decline from previous year
- Global oil demand and supply
- Global natural gas demand and supply
- Global coal demand and supply
- Renewable Electricity Generation growth
- Electric vehicle growth (number of new cars and percentage of global fleet)

Lead indicators

- Carbon pricing schemes (percentage of global economy and average price)
- Carbon Capture Storage (CCS) scope and price of abatement
- Nuclear power plants under construction

Other indicators to monitor (risk of step change in policy)

- Global Atmospheric CO₂ levels
- Overall losses (in billions USD) of climate related natural disasters



Climate Resilience Addendum

Continued

Resilience Testing Analysis

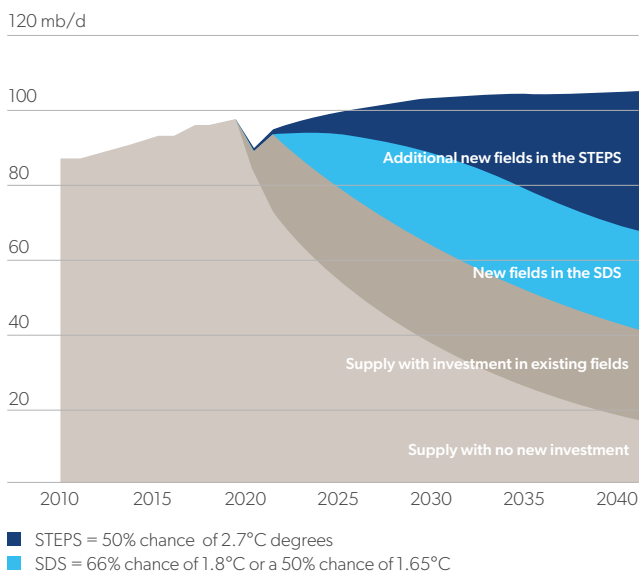
- Oil Search’s strategy is focused on low cost, low GHG intensity, and Paris Aligned investments.
- Oil Search’s climate scenario analysis indicates long-term resilience and value generation in a range of decarbonisation scenarios, including Paris Aligned pathways.
- Oil Search’s major growth projects, Pikka and LNG expansion, are aligned with the objective of the Paris Agreement and the goal of well below 2°C.
- There is a low risk of our low-cost assets being stranded in a carbon-constrained world.

Additional oil and gas projects need to be developed

Oil Search understands that if the world is to meet the Paris Agreement goal of limiting temperature increases to well below 2°C, the world will need to decarbonise, and this will mean less consumption of oil and gas over the long term. However, due to the natural decline of existing oil fields, significant new investment in oil is required to meet expected demand. This is true even in the Paris aligned decarbonisation scenarios.

The IEA has found that if the world follows a Paris Aligned well below 2°C pathway¹ and there is not any new investment in oil supply, there will be an oil supply shortfall of approximately 50 million barrels per day by 2040. In a Paris Aligned decarbonisation pathway, the world continues to need new oil supply.

Figure 4: Oil Prices by IEA Scenario



Oil demand flattens (in STEPS) or declines (in SDS), but continued upstream investment is still needed to offset declines from existing oil fields
Source: 2020 IEA world energy outlook, page 259

If the world needs new oil supply, Oil Search believes that this oil should be produced in an environmentally and socially responsible manner. Oil Search’s Pikka project is both low cost and low GHG intensity and importantly it fits within a carbon budget consistent with the goals of the Paris Agreement and “well below 2°C”.

PARIS ALIGNED GROWTH PORTFOLIO

To test that our growth projects and capital investment are consistent with the climate goals of the Paris Agreement, Oil Search examines the remaining carbon budgets and tests if its low cost and low GHG intensity projects fit within the budgets.

Oil Search uses independent third-party data from the International Energy Agency (IEA), Wood Mackenzie, and Carbon Tracker to test if its growth projects are aligned with the objectives of the Paris Agreement.

The analysis has shown that both Pikka and LNG expansion are low cost projects that are consistent with the Paris Agreement goals of staying “well below 2°C”.

Pikka Project – capital spending aligned with Paris Agreement

Analysis published by Carbon Tracker in October 2020, “Carbon Tracker (2020) Fault Lines”, plots the remaining carbon budgets under different climate change scenarios against a breakeven price curve for undeveloped oil projects.

Carbon Tracker’s analysis uses scenarios defined by the IEA which include a²:

- Beyond 2°C scenario (B2DS) – this scenario is **Paris Aligned**
- Sustainable Development Scenario (SDS) – this scenario is **Paris Aligned**
- A Stated Policies Scenario (STEPS) - this scenario is **Not Paris Aligned**

More information on these scenarios can be found at IEA, World Energy Outlook 2019 and the IEA Energy Technology Perspective (both available at www.iea.org).

Both the IEA B2DS and IEA SDS are “Paris Aligned Scenarios” and are associated with temperature outcomes consistent with the goal of the Paris Agreement’s “well below 2°C”. Oil projects that have a low breakeven price and fit within the IEA SDS carbon budget are by definition “Paris Aligned”.

Figure 5 shows Carbon Tracker’s analysis using a supply curve for unsanctioned oil projects and the carbon budgets for the three IEA scenarios. Oil Search’s Pikka project currently has a breakeven oil price at 10% IRR of below US\$40/bbl and there is ongoing work to reduce breakeven oil price further prior to final investment decision (FID). These breakeven prices include Oil Search’s internal carbon price of US\$40 per tonne of CO₂e. The Carbon Tracker analysis uses a breakeven price curve based on a 15% Internal Rate of Return (IRR).

1. IEA Sustainable Development Scenario is based on 50% chance of achieving 1.65°C outcome.

2. **IEA B2DS:** carbon budget that Market Forces’ analysis believes is a 50% probability of achieving 1.6°C outcome. **IEA SDS:** Carbon budget of 50% chance of achieving 1.65°C outcome. **IEA STEPS:** IEA’s business as usual scenario where government’s follow through on announced climate change commitments. This is associated with a 50% probability of achieving a 2.7°C outcome.

Climate Resilience Addendum

Continued

Figure 5: Carbon Tracker: Oil Supply Curve and Paris Aligned Carbon Budgets with Pikka breakeven range¹

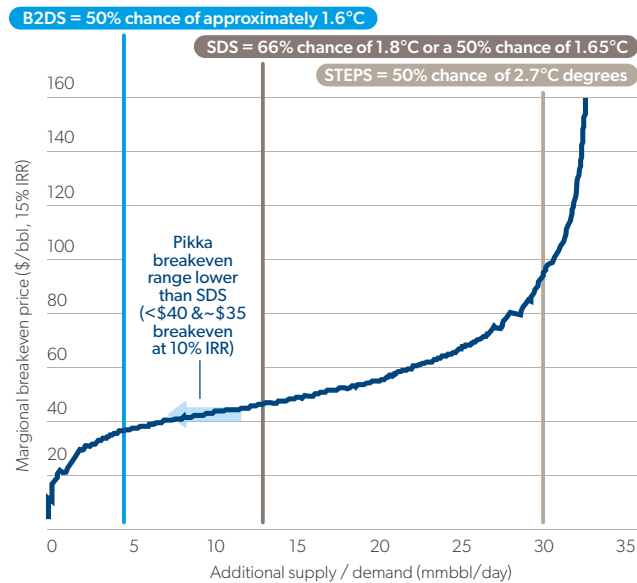


Figure 5: Source: Carbon Tracker. (2020) Fault Lines, pg. 48 Fault-Lines_CTI_report_Oct2020_2.pdf; and Oil Search Pikka breakeven range.

Using the methodology described by Carbon Tracker, Pikka's breakeven price range is to the left of the IEA SDS carbon budget, showing Oil Search's investment to develop Pikka is consistent with the climate goals of the Paris Agreement.

LNG expansion – capital spending aligned with Paris Agreement

The PNG LNG Project in which Oil Search holds a 29% interest, continues to produce above nameplate capacity with a low GHG intensity.

In addition to our low GHG intensity PNG LNG asset, Oil Search's LNG expansion has been recognised as one of the most cost competitive of the new projects required to meet growing LNG demand, making it one of the most resilient LNG projects in a carbon-constrained and Paris Aligned world.

Our LNG expansion projects will leverage existing downstream PNG LNG infrastructure, reducing our capex, opex, breakeven cost of supply and environmental footprint. As such, there is a much-reduced risk of our low-cost assets being stranded in a carbon constrained world.

Oil Search's previous climate change analysis (conducted with Wood Mackenzie and using IEA data) demonstrated the project was one the most price-resilient LNG projects globally and aligned with the Paris Agreement's goal of well below 2°C.¹

We do not believe that there has been any fundamental change in this analysis and Oil Search's LNG expansion project still continues to reside low on the cost curve compared to other projects. The planned capital expenditure is consistent with the climate goals of the Paris Agreement

Figure 6: Oil search's LNG expansion project is one of the most price-resilient LNG projects globally

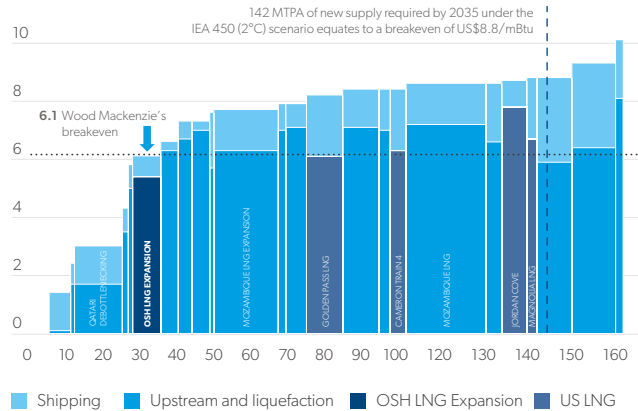


Figure 6: 2035 LNG break-even cost stacks. Cross section of projects required to meet the additional demand required under an IEA 450 scenario. Excludes projects are currently operational or under construction. Source: Wood Mackenzie (2017)

PNG Biomass

Oil Search is an energy company making prudent investments into renewable energy and other energy transition projects. Subject to Final Investment Decision (FID), PNG Biomass will be a targeted investment into the energy transition. Project details include:

- PNG Biomass is an integrated renewable energy project:
 - 30MW biomass power plant with 16,000 ha of certified tree plantations
- 16 million trees will be planted (in addition to the 4 million already planted)
- Supports the PNG Government's goals for renewable energy and increased access to electricity; contributes to the objectives of the Paris Agreement
- Offsets an estimated 3.3 million tCO₂e over 25-year project
- Creates 500 sustainable local jobs, 600 construction jobs, and indirect employment for 2,000 people

Similar to the Pikka and LNG expansion projects, PNG Biomass is also a Paris Aligned capital project. Renewable energy, biomass to electricity, and carbon offsets are expected to grow under all Paris Aligned outcomes as the world gradually decarbonises electricity generation.

1. Source: Carbon Tracker. (2020) Fault Lines, pg. 48 Fault-Lines_CTI_report_Oct2020_2.pdf; and Oil Search Pikka breakeven range



Climate Resilience Addendum

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PARIS ALIGNED OIL PRICES AND OIL SEARCH'S CORPORATE ECONOMIC ASSUMPTIONS

The IEA's Sustainable Development Scenario is associated with a 50% probability of achieving a 1.65°C outcome. The IEA updates its oil price assumptions annually in its World Energy Outlook. The IEA oil prices are shown below in Figure 6. The analysis shows that in a 1.65°C Paris Aligned scenario, the IEA believes oil prices will remain in the mid-\$50 range long term through 2040.

The IEA analysis demonstrates that Oil Search is focused on low cost and low GHG intensity projects will deliver value under a range of scenarios. Oil Search has designed the Pikka project to break even at oil prices less than \$40 (with a 10% IRR) and is pursuing efforts to reduce this breakeven further. Due to its low cost and low GHG intensity, the Pikka project will deliver value under the IEA's Paris aligned scenario and a 1.65°C outcome. The IEA's Stated Policies Scenario (the IEA base case) projects oil price growth through the decades reaching the mid \$80s in 2040. At Pikka's breakeven price less than \$40, the project would also deliver significant value under this scenario.

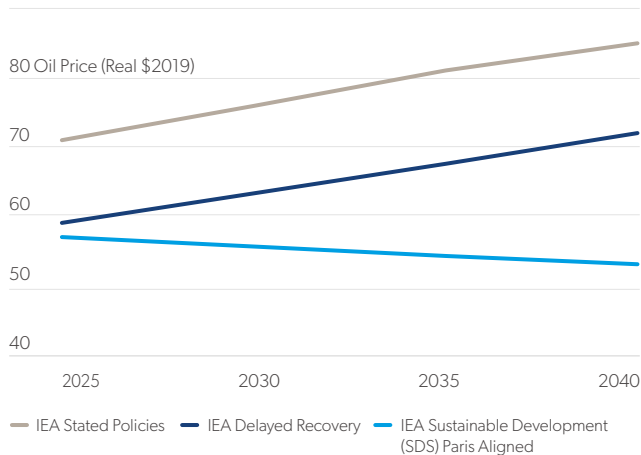
PORTFOLIO REMAINS GAS DOMINANT

Oil Search's net production potential shows that our portfolio is currently gas-dominant, and despite the introduction of Pikka will remain over the medium-long term.

As production volume from our PNG oil assets declines, we expect Pikka to begin production; however, oil is likely to remain secondary to natural gas in our portfolio.

Our investment in LNG expansion projects in PNG is consistent with our company strategy, and our climate commitments and analysis. While we will not operate the LNG project, we support the Operator's efforts on this project to minimise emissions, build resilience to climate change, and contribute positively to PNG's climate goals.

Figure 7: Carbon Tracker: Oil Supply Curve and Paris Aligned Carbon Budgets with Pikka breakeven range¹



1. Data source: IEA world energy outlook, page 80.

Climate Resilience Addendum

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PNG physical climate change context

PNG is a signatory to the Paris Agreement, and was the first country globally to formally submit its National Determined Contribution to the United Nations Framework Convention on Climate Change under the Paris Agreement. The country's United Nations Paris Agreement (Implementation) Act 2016 supports action to address climate change issues and PNG's commitments under the Paris Agreement. The PNG Government's 40-year development strategy, PNG Vision 2050, focuses on shifting socio-economic growth away from the current emissions-intensive growth strategy towards sustainable, climate-compatible growth, leveraging PNG's competitive advantages, natural wealth and significant human capital.

While PNG has low absolute emissions and relatively low per capita emissions, the people of PNG are already experiencing the impacts of global climate change. Most of PNG's population lives in rural areas and three quarters of households depend on subsistence agriculture¹. Changes in climate such as rising sea levels, severe drought, frosts and changing rainfall patterns impact crop yield, reducing cash crops and access to food. These physical impacts of climate change on our project communities were considered as part of Oil Search's physical risk assessment and our ongoing work with PNG's Climate Change Development Authority (CCDA).

Growth in PNG's economy in recent decades has seen an increase in GHG emissions. While this growth is expected to continue as the country develops, the PNG Government is committed to climate change mitigations in the forestry and electricity generation sectors and will provide adequate and predictable support. PNG's "ratcheted up" Paris Commitments are documented in its "Enhanced Nationally Determined Contribution (2020)"². Under these new Paris Commitments, PNG has stated that it will reduce emissions from land use change and forestry, reduce deforestation, and promote forest conservation. PNG will also increase the use of renewables in the energy mix to 78% by 2030.

Alaska physical climate change context

As global ocean temperatures rise, Arctic sea ice is retreating, the permafrost is thawing, and average temperatures across Alaska are warming in winter and summer³. The State of Alaska recognises the potential risks these physical changes pose to the safety of its people, as well as the social and cultural traditions of the region⁴. While the risks associated with changing climate are accepted and being confronted in Alaska by local, state and federal initiatives, the role of the oil and gas industry remains complicated. Taxes generated by industry currently account for about 40% of local and state revenue and had historically represented up to 90%. A significant portion of these funds are used to support the physical resilience of Alaska's communities.

The North Slope Borough Government was established in 1972 and largely funded and made possible by taxation from oil and gas assets. The value of assets will depreciate along with declining production thereby reducing revenue generated. There will be increasing reliance on oil and gas producers in the region to maximise revenue streams to maintain government functions

The Coastal Plain of the North Slope has supported the oil and gas industry since the mid-1970s, with oil production reaching its peak of 2mm million barrels of oil per day in the 1980's. The establishment and subsequent decline of these 'legacy' assets means an extensive system of roads, pipelines, and a support service centre in Deadhorse are currently operating below capacity. Conventional oil projects like the Pikka Development Project, situated in close proximity to these assets can be constructed and operated with a very small environmental and climate footprint, while extending the life of the existing infrastructure and the important source of revenue for state and local governments.

1. ANU Development Policy Centre 2017

2. Papua New Guinea's Enhanced Nationally Determined Contribution 2020: [PNG Enhanced NDC 2020 Summary.pdf \(unfccc.int\)](#)

3. US EPA 2016

4. State of Alaska Administrative Order No. 289 (October 2017)



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Continued

Task Force on Climate-related Financial Disclosures

Disclosure	Supplemental guidance for energy group	Disclosed in Climate Change Addendum
GOVERNANCE		
<i>Disclose the organization's governance around climate related risks and opportunities.</i>		
<i>Describe the board's oversight of climate-related risks and opportunities.</i>	(i) Processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues,	Climate Governance on Page 6 Climate Risk Management on Page 10
	(ii) whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	Climate Governance on Page 6 Climate Risk Management on Page 10
	(iii) How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	Climate Governance on Page 6 Climate Risk Management on Page 10
<i>Describe management's role in assessing and managing climate-related risks and opportunities.</i>	(i) Whether the organisation has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues,	Climate Governance on Page 6
	(ii) a description of the associated organisational structure(s),	Climate Governance on Page 6
	(iii) processes by which management is informed about climate-related issues,	Climate Governance on Page 6 Climate Risk Management on Page 10
	(iv) How management (through specific positions and/or management committees) monitors climate-related issues.	Climate Governance on Page 6 Climate Risk Management on Page 10
STRATEGY		
<i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</i>		
<i>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</i>	(i) a description of what they consider to be the relevant short-, medium- and long-term horizons, taking into consideration the useful life of the organisation's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms	Climate Risk Management on Page 10
	(ii) specific climate-related issues for each time horizon (short-, medium- and long-term) that could have a material financial impact on the organisation and distinguish whether the climate-related risks are physical or transition risks	Climate Risk Management on Page 10
	(iii) a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organisation	Climate Risk Management on Page 10
	(iv) Organisations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues, organisations should refer to Tables 1 and 2 (pp. 11-12).	Climate Risk Management on Page 10

TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

Disclosure **Supplemental guidance for energy group** **Disclosed in Climate Change Addendum**

STRATEGY CONTINUED

Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.

- (i) Organisations should disclose how identified climate-related issues have affected their businesses, strategy, and financial planning.
- Organisations should consider including the impact on their businesses and strategy in the following areas:
- Products and services
 - Supply chain and/or value chain
 - Adaptation and mitigation activities
 - Investment in research and development
 - Operations (including types of operations and location of facilities)

Corporate Strategy considers climate on Page 6

- (ii) Organisations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized.

Corporate Strategy considers climate on Page 6

Organisations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.

Organisations should also consider including in their disclosures the impact on financial planning in the following areas:

- Operating costs and revenues
- Capital expenditures and capital allocation
- Acquisitions or divestments
- Access to capital

If climate-related scenarios were used to inform the organisation's strategy and financial planning, such scenarios should be described.

- (iii) Supplemental Guidance for Non-Financial Groups

Consider discussing how climate-related risks and opportunities are integrated into their (1) current decision-making and (2) strategy formulation, including planning assumptions and objectives around climate change mitigation, adaptation, or opportunities such as:

- R&D and adoption of new technology
- Existing and committed future activities such as investments, restructuring, write-downs, or impairment of assets
- Critical planning assumptions around legacy assets, for example, strategies to lower-carbon, energy, and/or water-intensive operations
- How GHG emissions, energy, and water issues, if applicable, are considered in capital planning and allocation; this could include a discussion of major acquisitions and divestments, joint-ventures, and investments in technology, innovation, and new business areas in light of changing climate-related risks and opportunities.

Corporate Strategy considers climate on Page 6

- The organisation's flexibility in positioning/repositioning capital to address emerging climate-related risks and opportunities.



TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

Disclosure	Supplemental guidance for energy group	Disclosed in Climate Change Addendum
STRATEGY CONTINUED		
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Organisations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with increased physical climate-related risks.	Climate Risk Management – Climate Scenario Analysis on Page 10
	Organisations should consider discussing: <ul style="list-style-type: none"> – where they believe their strategies may be affected by climate-related risks and opportunities; – how their strategies might change to address such potential risks and opportunities; and – the climate-related scenarios associated time horizon(s) considered. 	
	Supplemental Guidance for Non-Financial Groups Organisations with more than one billion USD in annual revenue should consider conducting more robust scenario analysis to assess the resilience of their strategies against a range of climate-related scenarios, including a 2°C or lower scenario and, where relevant to the organisation, scenarios consistent with increased physical climate-related risks.	Climate Risk Management – Climate Scenario Analysis on Page 10
	Organisations should consider discussing the implications of different policy assumptions, macro-economic trends, energy pathways, and technology assumptions used in publicly available climate-related scenarios to assess the resilience of their strategies. For the climate-related scenarios used, organisations should consider providing information on the following factors to allow investors and others to understand how conclusions were drawn from scenario analysis: <ul style="list-style-type: none"> – Critical input parameters, assumptions, and analytical choices for the climate-related scenarios used, particularly as they relate to key areas such as policy assumptions, energy deployment pathways, technology pathways, and related timing assumptions – Potential qualitative or quantitative financial implications of the climate-related scenarios, if any. 	
RISK MANAGEMENT		
<i>Disclose how the organization identifies, assesses, and manages climate-related risks.</i>		
Describe the organization's processes for identifying and assessing climate-related risks.	(i) Organisations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organisations determine the relative significance of climate-related risks in relation to other risks.	Climate Risk Management on Page 10
	(ii) Organisations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.	Climate Risk Management on Page 10
	(iii) Organisations should also consider disclosing the following: – processes for assessing the potential size and scope of identified climate-related risks and – definitions of risk terminology used or references to existing risk classification frameworks used.	Climate Risk Management on Page 10
Describe the organization's processes for managing climate-related risks.	Organisations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organisations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organisations	Climate Risk Management on Page 10
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Organisations should describe how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management.	Climate Risk Management on Page 10

TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

Disclosure	Supplemental guidance for energy group	Disclosed in Climate Change Addendum
METRICS AND TARGETS		
<i>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</i>		
<i>Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.</i>	(i) Organisations should provide the key metrics used to measure and manage climate-related risks and opportunities. Organisations should consider including metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable. Where climate-related issues are material, organisations should consider describing whether and how related performance metrics are incorporated in to remuneration policies. Where relevant, organisations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a low-carbon economy. Metrics should be provided for historical periods to allow for trend analysis. In addition, where not apparent, organisations should provide a description of the methodologies used to calculate or estimate climate-related metrics.	Climate Change Controls on Page 8 Climate targets, metrics, and indicators on Page 11
	Supplemental Guidance for Non-Financial Groups (ii) For all relevant metrics, Energy Group organisations should consider providing historical trends and forward-looking projections (by relevant country and/or jurisdiction, business line, or asset type).	Climate Risk Management – Climate Scenario Analysis on Page 10
	(iii) Organisations should also consider disclosing metrics that support their scenario analysis and strategic planning process and that are used to monitor the organisation’s business environment from a strategic and risk management perspective.	Climate Targets, Metrics, and Indicators on Page 11 Climate Risk Management – Climate Scenario Analysis on Page 10
	(iv) Energy Group organisations should consider providing key metrics related to GHG emissions, energy, water, land use and, if relevant, low-carbon alternatives that address potential financial aspects of shifting demand, cost of supply, reserves, and capital allocation.	Climate Targets, Metrics, and Indicators on Page 11 Additional information can be found in the Oil Search Data Centre.
<i>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</i>	(i) Organisations should provide their Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions and the related risks. GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organisations and jurisdictions. As appropriate, organisations should consider providing related, generally accepted industry specific GHG efficiency ratios.	Not included in Climate Change Addendum. This can be found in the Oil Search Data Centre.
<i>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</i>	Organisations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with anticipated regulatory requirements or market constraints or other goals. Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a low-carbon economy. In describing their targets, organisations should consider including the following: whether the target is absolute, or intensity based; time frames over which the target applies; base year from which progress is measured and key performance indicators used to assess progress against targets. Where not apparent, organisations should provide a description of the methodologies used to calculate targets and measures.	Climate Metrics, Targets and Indicators on Page 11

Source: <https://www.fsb-tcfid.org/wp-content/uploads/2017/12/FINAL-TCFD-Annex-Amended-121517.pdf>



