

VOLUNTARY

PRINCIPLES

ON SECURITY AND HUMAN RIGHTS

Annual Report 2020



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Voluntary Principles on Security and Human Rights

Overview

Oil Search is a responsible energy company with a proud history and strong heritage. Oil Search is committed to a sustainable future. The Company's purpose is simple; to deliver low cost, high value energy that meets society's needs.

Oil Search has an unwavering commitment to being a responsible development partner, creating shared value for all stakeholders and delivering positive social and development outcomes. Oil Search believes this is vital for maintaining operating stability and ensuring the Company's long-term success.

Oil Search is recognised for its proven capability to operate in challenging environments; for its strong track record of working in partnership with communities and stakeholders; and for its world-class resource base. Oil Search also has a focused portfolio with clear growth including:

- 29% interest in the PNG LNG project;
- Operatorship of all PNG's oil fields, which also contribute 20% of the gas feed to PNG LNG;
- Operatorship and a 51% interest in the Pikka project in Alaska; and
- 22.8% interest in Papua LNG, an additional LNG growth opportunity in PNG

Oil Search is listed on the Australian and PNG securities exchanges (OSH) and its ADRs trade on the US Over the Counter market (OISHY). Oil Search has corporate and administrative offices in Port Moresby, Sydney, Anchorage, Abu Dhabi and Tokyo.

Commitment to the Voluntary Principles

Oil Search operates in a socially responsible manner, with strong values and high standards guiding our ways of working. Respect for human rights and strong, transparent relationships with stakeholders are at the heart of our current and future success. Oil Search strives for its operations to be safe, responsible and sustainable.

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

Oil Search's human rights approach is consistent with the VPSHR, the UN Guiding Principles for Business and Human Rights (UNGPR) and the UN Global Compact (UNGC). Oil Search has been an active participant in the Voluntary Principles Initiative (VPI) since 2017. This Report aligns with the VPSHR Verification and Reporting Framework. It shows the progress of our VPSHR implementation activities in 2020 and details our engagements with stakeholders on security and human rights.

Governance, policy and procedural framework

Oil Search's commitment to the Voluntary Principles is underpinned by the Oil Search Code of Conduct (Code). The Code outlines Oil Search's required standards of behaviour to act in an ethical and responsible manner when engaging in Oil Search business.

Each year Oil Search employees are required to complete mandatory training on the Code, and the Code is covered during inductions, supplier and other stakeholder forums. The Code draws from and reinforces Oil Search's Management System – Our Way – which includes the mandatory policies, standard and procedures at Oil Search. The most relevant policies for Voluntary Principles are the Oil Search Social Responsibility, Health, Safety, Environment and Security and Whistle-blower Policies.

The Oil Search Board Sustainability Committee (Committee) reviews and makes recommendations to the Oil Search Board on material issues, risks and performance of the Company in respect to health, safety, security, environment, climate change and community. Specific to the Voluntary Principles, the Committee will review and make recommendations on material human rights issues, system failures or issues as they pertain to community, responsible supply chain, security or labour rights in the Company's operations or in relation to the operations of other industry participants.

The Company's use of security services is governed by the Use of Public and Private Security Providers Procedure that outlines performance requirements across five key aspects of our responsible security approach: governance, engagement strategy, investigation and reporting, public disclosure and payments. This procedure covers specific requirements for both public and private security providers, including the use of agreements with local law enforcement.

Oil Search's Security and Community Affairs teams are embedded in our operational areas and work closely together in accordance with field community engagement plans. These plans drive a proactive and integrated approach to engaging and maintaining constructive relationships 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 communities.

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Supporting the Voluntary Principles

Oil Search collaborates and actively engages with other VPI participants to support a greater understanding of issues related to Voluntary Principles implementation and remains committed to providing timely responses to reasonable requests for information. Oil Search believes these engagements provide a strong platform for multi-stakeholder dialogue and shared learning on security and human rights in extractive industries.

During 2020, Oil Search actively promoted the Voluntary Principles by:

- Representing the Corporate Pillar on the Voluntary Principles Initiative Steering Committee, participating in the March 2020 Virtual Annual Plenary Meeting of the VPI and attended Corporate Pillar calls
- being an active member and participant in the IPIECA Social Responsibility and Human Rights Working Groups, and the Responsible Security Task Force
- continuing its active participation in the Modern Slavery Community of Practice of the Global Compact Network Australia (GCNA).

These forums provide valuable opportunities to discuss human rights challenges with our peers; incorporate lessons learned into Oil Search's processes and develop a culture of continuous improvement.

Transparency

Transparency has always been central to everything Oil Search does, becoming a signatory to the United Nations Global Compact (UNGC) in 2011, publishing our first Sustainability Data Book and Transparency Report also in 2011, and being a proactive Extractive Industries Transparency Initiative (EITI) member in PNG since 2013.

Oil Search provides an update on its key sustainability performance and risks annually in its Sustainability Report and promotes the benefits of participating in the VPI on the Oil Search website. Oil Search has published an annual Voluntary Principles Report since 2018 and has made these reports available to all Voluntary Principles participants, and publicly on the Oil Search website.

Oil Search released its Preliminary Modern Slavery Statements in 2018 and 2019 to reinforce its commitment to the requirements outlined by the *Australian Commonwealth Government's Modern Slavery Act 2018*. Drafting of Oil Search's 2020 Modern Slavery Statement is underway and is scheduled for release on 30 June 2021. The statement will cover the reporting requirements under the Act, and specific to the Voluntary Principles, will also include a description of the risks of modern slavery practices in Oil Search's operations and supply chains, including any entities that it owns or controls.

Security and Human Rights Risk Management

In 2019 Oil Search undertook a company-wide human rights risk assessment to understand how current and planned activities in PNG and Alaska, including security management, might affect internationally recognised human rights of employees, contractors, local community members and other national and international stakeholders.

This risk assessment engaged a specialist external human rights consultant who examined the human rights risks and impacts associated with each type of company and supply chain activity. They confirmed that potential actions taken by security contractors to secure project sites in PNG was one of the most salient human rights risks for the Company.

As part of Oil Search's risk management framework, each operational site is required to undertake ongoing risk assessments. Sites are required to identify existing and additional controls to avoid, mitigate and/or identify security and use of force risks.

In 2021, Oil Search plans to revisit this risk assessment and identify any emerging or potential changes in security and human rights issues in order to update our Human Rights risk profile.

Incident management and reporting

Oil Search is committed to reporting, investigating and mitigating any security and/or human rights-related incidents in accordance with the Company's Incident Management Procedure, Grievance Management Procedure and Whistle-blower Policy. These ensure a transparent and consistent approach is applied to any incident or grievance investigation.

We seek to maintain an open culture whereby employees, contractors, and other third parties feel comfortable speaking up whenever they have a question or concern, or if they believe that something is unethical or unsafe. Measures are in place to ensure anyone raising a concern or reporting an incident is adequately protected and supported.

Community relationships are a critical component of our responsible security management approach. Oil Search Community Affairs team members are local citizens 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 take a coordinated response to concerns, always leading with a relationship-based approach.

Incidents or grievances related to an intervention by security personnel are recorded and investigated in Oil Search's company-wide incident management system. Community members can raise concerns or grievances including those related to security and human rights at any time with the Oil Search Community Affairs team; with site managers through their resident Village Liaison Officer (VLO); or through the Company's Whistle-blower Hotline. The Oil Search Whistle-blower Hotline is managed by an independent third party and languages other than English are available at: www.oilsearchhotline.deloitte.com.au.

Our employees and contractors are required to report suspected breaches of the Code of Conduct, including those related to human rights. Oil Search reports Code of Conduct breaches and the number of calls received through the Whistle-blower Hotline in the company Data Centre.

Should an incident or grievance relating to security personnel be reported, it is assessed by the Oil Search Voluntary Principles Steering Committee and if material, reported to senior management and the Board's Sustainability Committee.

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Performance Summary

Oil Search's commitment to human rights and working with the communities which support its operations was reconfirmed in the Company's 2020 Strategic Review. A key outcome from this review was the new Sustainability Strategy and 7-Pillar Sustainability Model.

7-Pillar Sustainability Model



Climate

Responsible delivery of low cost, low GHG intensity, Paris aligned growth portfolio



Environment

Respecting our unique environments



Community

Working with and strengthening communities in which we operate



Health and safety

Protecting and enhancing the health and safety of our employees, contractors and communities



People

Trusted and preferred employer and partner of choice



Integrity

Committed to doing the right thing



Economic sustainability

Building a resilient business for our stakeholders

In 2020, Oil Search made progress in the following areas related to security and human rights:

- Monitored the findings of the 2019 human rights risk assessment – PNG remained Oil Search's Voluntary Principles priority country
- Represented the Corporate Pillar on the Voluntary Principles Initiative Steering Committee and was an active member and participant in the IPIECA Social Responsibility and Human Rights Working Groups, and the Responsible Security Task Force
- Updated our Voluntary Principles training and induction program for private and public security providers in PNG (see Country Implementation – Papua New Guinea section below for further information on implementation activity in PNG)
- Updated the Oil Search Whistle-blower Policy in alignment with the *Whistle-blower Act 2020 (Australia)*, and delivered training to the Board, Executive Leadership Team, Senior Management and all staff
- Delivered 482 hours of training to public and private security service providers and staff in Alaska and PNG
- Investigated one security related incident with potential human rights implications in PNG

The terms of reference for the Oil Search Voluntary Principles Steering Committee and a revised three-year Voluntary Principles workplan are currently under review. The Oil Search Voluntary Principles Steering Committee, that includes Senior Security, HSES and Social Responsibility leaders from Oil Search's PNG and Alaska Business Units and the Corporate Centre, will oversee progress towards the objectives of this workplan.

Country Implementation

In 2020 progress was made on the in-country implementation of the Voluntary Principles in both our Alaskan and Papua New Guinean operations.

Implementation in Alaska has not been covered in the 2020 Voluntary Principles report as Oil Search's operational footprint is currently small, and the operating context is highly regulated. Oil Search, and its external advisors, has assessed the security risks for its Alaska operations to be low, along with the potential for adverse impacts to communities in our project impact areas.

Below is a summary of the activities carried out in PNG, a potential higher-risk operating environment and therefore Oil Search's Voluntary Principles priority country.

Papua New Guinea

Oil Search's operations in PNG rely on the use of private security providers augmented by the use of public security providers in the form of law enforcement. Private security companies are often 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 has integrated adherence to the Voluntary Principles by its security providers through a requirement to attend mandatory training on the Voluntary Principles; monitoring the conduct of their employees and notifying Oil Search in the instance a use of force or an allegation of human rights abuses occurs; in the contract arrangements of all security providers.

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Our relationship with the Royal Papua New Guinea Constabulary (RPNGC) is governed by the Oil Search-RPNGC Memorandum of Understanding (MoU). This outlines certain expectations and obligations to:

- Act in a manner consistent with the Voluntary Principles, 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 education on respect for human rights
- Report, investigate and take appropriate action against allegations of human rights abuse.

We engage with joint venture partners and peers in PNG through formal and informal forums and security managers' meetings to benchmark in-country security practices and share lessons learned.

Security service provider training and awareness

All private security personnel must complete a module-based training program and we use the same modules in our induction briefings with public security personnel. This training and awareness program plays a key role in effectively integrating Voluntary Principles considerations into day-to-day security practices.

In 2020, we reviewed our Voluntary Principles training and induction program for private and public security providers. One of the key drivers underpinning strong compliance and verification with training and awareness measures is the availability of suitably trained trainers. This was particularly apparent during COVID-19 travel restrictions.

In 2021, in-house training capacity of Field Security Coordinators will be strengthened to enable training to be delivered as needed, and to the standard required. During 2020, Oil Search conducted 482 hours of training and induction sessions covering the Voluntary Principles and company conduct expectations with security personnel. This included with 90 public, 103 contract, and one Oil Search security personnel in PNG.

Addressing gender-based vulnerabilities

Oil Search delivers a number of initiatives aimed at addressing violence against women, safety and security, gender equality, and achieving greater accountability for the protection of the rights of women and girls through the Oil Search Foundation. These include education and awareness strategies to engage local communities; employees and contractors at Company facilities, including security providers, on human rights. These initiatives reflect our commitment to protecting the human rights of groups such as women and girls who are particularly vulnerable to violence.

A further initiative aimed at ensuring the human rights and fundamental freedoms of women and girls in our local communities is Bel isi PNG, a public-private partnership supported by the Oil Search Foundation, the RPNGC and international security service providers. The Oil Search Foundation also works with local Provincial Health Authorities to increase the capacity of Family Support Centres to respond to survivors of family and sexual violence, and deliver a grants program aimed at empowering Oil Search employees to take a leadership role on these types of issues within their communities.

Incidents in 2020

In 2020, there was one incident reported relating to an intervention by public security providers at Oil Search operations in PNG with alleged human rights implications. The incident was thoroughly investigated in accordance with provisions of the MoU with the RPNGC, and the Company's incident management process, with the investigation finding the incident to be unrelated to any form of human rights violation. Notwithstanding, the incident was used as a learning opportunity to underscore the Company's commitment to the Voluntary Principles.

In addition to growing awareness as a result of regular police Voluntary Principles briefings since 2018, contributing factors behind the performance in 2020 include regular police posting changes and strict COVID-19 protocols in Oil Search operations.

Lessons Learned

By participating in the Voluntary Principles and external forums, Oil Search uses lessons learned to enhance stakeholder understanding of the Voluntary Principles; facilitate their integration into company processes; and improve internal awareness through supporting the activities of the Voluntary Principles.

A key learning in PNG in 2020 was that regular discussion with local law enforcement around COVID-19 or security related incidents, provides an opportunity to reiterate the required behaviours and rules of engagement.

As Oil Search's activities in Alaska grow it presents the Company with an opportunity to further leverage learnings across operational locations; draw on a wider base of security expertise; and undertake broader peer review.

Focus areas for 2021

Oil Search plans to advance the implementation of Voluntary Principles in 2021 through:

- Continuing to represent the Corporate Pillar on the Voluntary Principles Initiative Steering Committee
- Revisiting the 2019 Risk Assessment and assessing any emerging or potential security and human rights issues in order to update Oil Search's Human Rights risk profile
- Conducting education and awareness activities across the Company to enhance internal understanding of the Voluntary Principles and the Company's human rights commitments
- Training and development of internal resources to embed knowledge and understanding of our human rights management programs
- Continue addressing the human rights risks faced by women and girls in local communities in PNG.

The 2021 focus areas aim to improve Oil Search's understanding of human rights risks; identify further opportunities for integration; improve awareness and training; and help strengthen security and human rights risk management controls.

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Appendix A: Voluntary Principles Reporting Guideline & Reference

Voluntary principle reporting requirement	Category	2020 report reference
Commitment to the VPI		
Public statement of commitment or endorsement of the VPs, engagement in the VPI, and transparency	Public statement	Page 1 – Commitment to the Voluntary Principles
	Engagement	Page 2 – Supporting the Voluntary Principles
	Transparency	Page 2 – Supporting the Voluntary Principles
Examples of promoting awareness of the VPs throughout the organisation or government, including within the value chain	Awareness	Page 2 – Supporting the Voluntary Principles Page 3 – Performance Summary Page 3 – Country implementation – Papua New Guinea
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	Page 1 – Governance, policy and procedural framework
Company procedure to conduct security and human rights risk assessments, and integrate findings	Risk Assessment	Page 2 – 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	Page 2 – Security and human rights risk management Page 2 – Incident management and reporting Page 3 – Country implementation – Papua New Guinea
Company procedure to consider the VPs in entering into relations with private security providers		
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		
Country implementation		
Overview of country operations selected for reporting	Country Operations	Page 1 – Overview Page 3 – Country implementation
Engagements with stakeholders on country implementation	Stakeholder Engagement	Page 3 – Country implementation – Papua New Guinea
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	Page 3 – Country implementation – Papua New Guinea
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	Page 2 – Supporting the Voluntary Principles Page 3 – Performance Summary Page 3 – Country implementation – Papua New Guinea
Company procedure to review progress on implementing the VPI at local facilities	Performance	Page 3 – Country implementation – Papua New Guinea
Lessons learned		
Lessons or issues from this reporting year, as well as plans or opportunities to advance the VPs for the organisation	Learnings	Page 4 – Lessons learned

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