

## OVERVIEW

**Company:** Oil Search Limited  
**Headquarters:** Port Moresby, PNG  
**ASX listing:** ASX:OSH, ASX100

**Date of AGM:** 19 May 2017  
**Location of AGM:** Port Moresby, PNG

Resolution contained at **Attachment A**  
Supporting statement at **Attachment B**

### Summary of issue the resolution is designed to address:

Oil Search has operations in the PNG Southern Highlands as well as a 29% interest in the PNG LNG project, a liquefied natural gas development operated by ExxonMobil. The part EFIC-financed project was approved in 2009 and work began soon after approval. The pipeline was operational by 2014. Detailed background is contained in Jubilee Australia's 2012 paper, *Pipe Dreams*.<sup>1</sup>

The PNG LNG project has inflamed conflict among clans in the PNG highlands over unpaid benefit distribution (reported to be in the range of \$400m<sup>2</sup>). In December 2016, the PNG government sent defence forces into the region.<sup>3</sup> It was reported (and has since been confirmed to us by the company - see attachment C) that Oil Search and its JV partner Exxon would also be providing "logistical support" to the PNG forces.<sup>4</sup> There has been a build-up of high-powered weapons and ammunition in Hela province.<sup>5</sup>

There have been regular plant shut-downs by landowners over these issues in recent times. Oil Search has indicated that "PNG LNG makes a material contribution to Oil Search's revenue" and hence any shut-down could have a material impact. (See attachment C)

Shareholders have an interest in receiving information about the situation in Hela province and the company's interactions with PNG security forces.

**ACCR partner:** Jubilee Australia [www.jubileeaustralia.org.au](http://www.jubileeaustralia.org.au)

**About:** Jubilee Australia engages in research and advocacy to prevent human rights abuses, environmental destruction and economic injustice for individuals and groups adversely affected by the actions of Australian corporations, financial institutions and government agencies in the Asia-Pacific Region.

**Partner research:** Jubilee has a long record of observation of the PNG LNG Project. From the project's inception, the risks of conflict and human rights abuses were clearly reported by Jubilee.

<sup>1</sup> <http://www.jubileeaustralia.org/page/work/pipe-dreams-report>

<sup>2</sup> <http://www.energynewsbulletin.net/energynewsbulletin/news/1141818/activists-target-oil-search>

<sup>3</sup> <http://www.abc.net.au/news/2016-12-15/png-deploys-military-to-protect-gas-project-stop-tribal-fighting/8125578>

<sup>4</sup> <http://www.abc.net.au/news/2016-12-15/png-deploys-military-to-protect-gas-project-stop-tribal-fighting/8125578> ; <http://www.abc.net.au/news/2016-12-02/png-landowners-threaten-violence-if-lng-equities-not-paid/8088842>

<sup>5</sup> <http://www.radionz.co.nz/international/pacific-news/320509/warning-of-weapons-build-up-in-png-s-hela-province>

Jubilee's 2009 report, *Risky Business*, stated:

*By hastily pushing through the benefit sharing agreements with landholders, the project sponsors and the PNG government have greatly increased the chances of violence unfolding in the Southern Highlands; There are preliminary reports that security forces in the Southern Highlands may be committing human rights abuses in the project areas.*<sup>6</sup>

Jubilee's 2012 Report, *Pipe Dreams*, again raised the prospect of conflict based on benefit distribution:

*The manner, efficiency and fairness with which the production phase benefits are spent and distributed will probably be the key factor in determining whether the Project is seen to be a success or a failure by those living in the Project areas. The institutions which exist to distribute the revenues and the business opportunities embody a complex melange of social forces. Most are marred by serious problems of governance with problematic track records.*

*Although the risks of serious violence are impossible to predict accurately at this time, if important segments of the community feel excluded from the Project's benefits, the potential for conflict will most certainly rise. Landowners have already indicated that they will not respond well to unmet expectations and disappointments. This remains possibly the greatest threat to the lasting success or failure of the Project, especially as these warning signs have been paid little heed by PNG LNG proponents.*<sup>7</sup>

**Timeline of engagement with company:**

- ACCR and Jubilee met jointly with Oil Search in March 2017.
- ACCR subsequently put detailed follow-up questions to Oil Search on 24 March.
- Our questions and the company's responses are set out in the document at Attachment C, received on 4 April.
- ACCR lodged the resolution on 5 April.
- The company put out a human rights Q&A on 7 April (see attachment D). While this is an improvement, it stops short of a commitment to undertake the reporting measures requested in the resolution.
- ACCR offered to withdraw the resolution if and as soon as a public commitment was made to implement the measures contained in the resolution with a reporting date of 1 February 2018, in order to give shareholders time to assess the company's reporting in advance of their 2018 AGM.
- Oil Search has not as yet made such a commitment. The directors have stated that the resolution is not in the best interests of the company, and recommended that shareholders vote against it.

**Type of resolution:** Increased scrutiny of company performance against commitments under Voluntary Principles on Security and Human Rights and UN Guiding Principles on Business and Human Rights.

**Relevant standard(s):** Voluntary Principles on Security and Human Rights, and UN Guiding Principles on Business and Human Rights

**Date commitment made by company:** Voluntary Principles 7 December 2015 (new social responsibility policy contained commitment); UN Guiding Principles - roll out since 2012, reiterated in recent Human Rights Q&A (see attachment D).

<sup>6</sup> Jubilee Australia, *Risky Business*, 2009, at page 5

<sup>7</sup> <http://www.jubileeaustralia.org/page/work/pipe-dreams-report> at page 6

**Media reporting**

In response to the buildup of arms, escalating conflict and threats from landowners<sup>8</sup> around the pipeline in late 2016, the PNG Government deployed military personnel to Hela Province in December 2016. As reported by the ABC:

*The Papua New Guinea Government has announced it will deploy the military to stop violence near the country's biggest resources project.*

*The PNG Defence Force will be deployed to Hela Province in the highlands where dozens of people have died in tribal conflict recently.*

*Landowners in the province were also threatening to attack Exxon-Mobil's PNG LNG project over ongoing complaints about royalties and equity in the project.*

*PNG's Prime Minister, Peter O'Neill, said the military would work with police to conduct security operations in the province.*

*"These problems have the potential to impact on the upcoming election as well as the operation of important projects in the area," he said.*

*"Police will have full powers to ensure law and order and to deal with people who seek to cause trouble. This includes the immediate arrest of people seeking to initiate violent acts or make threats against Government officials or projects in the province."*

*Mr O'Neill said the military call-out would last six months, taking it past PNG's national elections next year. He said the Government would ask Exxon-Mobil and Oil Search — the two main companies involved in the PNG LNG project — for logistical support to help the security operation.<sup>9</sup> (emphasis added)*

**ACCR perspective**

Shareholders have an interest in seeking reassurance that all commitments are being fulfilled, and that conflict is de-escalated, human rights are protected, and benefits of the project are shared fairly and equitably among landowner communities.

**ACCR contact**

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<sup>8</sup> <http://www.abc.net.au/news/2016-12-02/png-landowners-threaten-violence-if-lng-equities-not-paid/8088842>

<sup>9</sup> <http://www.abc.net.au/news/2016-12-15/png-deploys-military-to-protect-gas-project-stop-tribal-fighting/8125578>

**ATTACHMENT A****Resolution**

We urge the Board of Directors to report to shareholders, at reasonable cost and omitting proprietary information, on the measures our company has in place to ensure that it acts in accord with the United Nations Guiding Principles on Business and Human Rights (a “UNGPs assessment”), and in compliance with the Voluntary Principles on Security and Human Rights (a “Voluntary Principles compliance assessment”) in respect of our operations in the PNG Southern Highlands addressing the following:

- a. Methodology for the assessments;
- b. Methodology used to track and measure performance, including key performance indicators;
- c. Nature and extent of consultation with relevant stakeholders (including external experts) in connection with the assessments;
- d. Actual and/or potential human rights risks identified in the course of the UNGPs assessment, and risks to compliance identified in the course of the Voluntary Principles compliance assessment (or a statement that no such risks have been identified);
- e. Material gaps in our company’s compliance with the Voluntary Principles; and
- f. How the results of the UNGPs assessment and the Voluntary Principles compliance assessment are incorporated into company policies and decision-making.

The report should be made available to shareholders on our company’s website no later than 1 February 2018.

*Proposed by: Australasian Centre for Corporate Responsibility, GPO Box 1596 Canberra ACT 2601, email: [office@accr.org.au](mailto:office@accr.org.au)*

## ATTACHMENT B

### Supporting statement

As a shareholder, The Australasian Centre for Corporate Responsibility favours policies and practices that protect and enhance the value of our investments. There is increasing recognition that company risks related to violence and human rights violations, such as physical damage, reputational damage, retaliation, project delays and disruptions, litigation, and criminal charges, can adversely affect shareholder value.

To manage such risks effectively, companies must assess the risks to shareholder value posed by the human rights impact of their operations and their supply chain.

To this end, and recognising the challenging conditions in which our company operates, we commend the Board for: its adoption of the Voluntary Principles on Security and Human Rights (**Voluntary Principles**), which provide a framework for companies to maintain the security of their operations while ensuring respect for human rights; and for aligning their approach with the UN Guiding Principles on Business and Human Rights (**UNGPs**).

The UNGPs urge that “business enterprises should carry out human rights due diligence.” They also call for enhanced due diligence in conducting human rights impact assessments and reporting on those commitments in conflict-affected areas. The Interpretive Guide to the UNGPs specifically contemplates application to joint venture scenarios.

In addition, the Voluntary Principles require participant companies to conduct human rights related risk assessments, and urge consideration of: the potential for violence; the human rights records of public security forces, paramilitaries, local and national law enforcement, as well as the reputation of private security in relation to their operating environments; conflict analysis; and logistical support provided to security forces.

Our company’s business model (including its participation in joint ventures) and the geographical spread of its operations (including and particularly within conflict-affected areas) exposes the company to significant human rights-related risks. The importance of adequate human rights due diligence and compliance with the Voluntary Principles to manage that risk effectively is highlighted by: our company’s own operations in the Southern Highlands of Papua New Guinea, particularly in Hela Province; and our joint venture participation in the PNG LNG project.

Over the past six months, there has been a clear and worrying escalation of landowner conflict and other risks, such as a build-up of weaponry, in Hela Province, the deployment of three hundred PNG police and military personnel (**PNG security forces**) to the province and the proposed recruitment of 500 ex-servicemen by the police commissioner to assist enforce law and order.

Our company’s provision of any material and logistical support to PNG security forces carries with it significant risks. Our company’s compliance with its commitments under the Voluntary Principles on Security and Human Rights is crucial in this context, and in accord with the UNGPs our company has a responsibility to consider, analyse and evaluate the human rights impacts and performance of joint ventures it has an interest in.

Shareholders have an interest in being adequately informed about how these commitments are being met. The remote nature of these operations also makes it difficult for shareholders to access relevant, authoritative information in relation to risks to our company and the people impacted by our operations.

Finally, given that, in line with its commitments under the Voluntary Principles, our company will be preparing reports on these matters for lodgement with the Voluntary Principles Secretariat, the cost to our company of implementing this resolution by taking the additional step of making these reports available to shareholders is not significant.

The Australasian Centre for Corporate Responsibility urges shareholders to vote for this proposal.

**ATTACHMENT C**

**ACCRR questions and company responses**

ACCRR question	Oil Search response
<p><b>Background</b></p> <p>1. We understand the PNG LNG operations in Hela province are a material contributor to Oil Search's revenue.</p> <p>a. Is that correct?</p> <p>b. In the event all Oil Search and PNG LNG operations in Hela province were shut down for one year roughly - what would be the impact on Oil Search's revenue for that year?</p>	<p>PNG LNG makes a material contribution to Oil Search's revenue and hence a shut-down would have a material impact. However, Oil Search has an industry leading track record in regard to working with local communities. We have a very good working relationship with key landowner leaders, and in the 25 years that we have been operating in the PNG Highlands, we have never missed a shipment of either oil or LNG due to landowner disruptions. We consider a long term shut-down of the project to be highly unlikely.</p>
<p><b>Civil unrest and security deployment in Southern Highlands</b></p> <p>2. We understand that it Oil Search believes that the current unrest in the Southern Highlands region (particularly the Hides area) is not related to the project.</p> <p>(a) Could you please confirm this, or clarify if it is incorrect.</p> <p>(b) Are there any documents to which you can direct us which support this conclusion?</p> <p>3. We understand that it Oil Search believes that the deployment of public security forces in the region is a regular occurrence that is related to the election rather than the project.</p> <p>(a) Could you please confirm this, or clarify if it is incorrect.</p> <p>(b) Can you point to any historical examples of public security forces deployment on a similar scale in advance of elections?</p> <p>4. We understand that Oil Search does not employ any private security guards in Hela province. Is this correct?</p>	<p>The call out in Hela is a Government initiative and is not linked to Oil Search operations. Police operations prior to and during the upcoming elections have been undertaken in previous election periods as a law and order stabilisation exercise. The present Government operation is focussed on recovery of illegal firearms, as part of an amnesty to recover weapons from the community prior to the national elections in June. Numerous public statements reported throughout the PNG press and social media refer to this arms recovery programme.</p> <p>There are no documents that we are aware of with the exception of the public announcement by the relevant ministers and the Deputy Police Commissioner Operations at the commencement of the operation in January 2017.</p> <p>The deployment of public security forces in the region is not related to Oil Search operations. Previous elections have had call outs undertaken prior to and during election periods: both as Hela Province and the former Southern Highlands Province. Previous call outs for the Southern Highlands during election periods were inclusive of what is now Hela Province.</p> <p>Oil Search has an internal security group which employs people from all over PNG to protect the integrity of our operating assets and the safety of our staff. Security Officers are stationed at all facilities across 3 provinces to protect people and property. We also contract private security providers to support Oil Search activities. In Hela we use a local Hides based landowner company called Gigira Development Company(GDC) for provision of security to our Hides operation. We also temporarily utilising G4S on a limited basis, to support our Foundation work in Tari, primarily focussed on advising on security activities at Tari Hospital and the Family Support Centre, looking after Oil Search Foundation and Hospital Staff and outreach activities associated with the Hela Provincial Health Authority. This is limited to two positions only.</p>

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<p><b>Provision of material support to PNG security forces (including police and military)</b></p> <p>5. We understand that Oil Search &amp;/or PNG LNG is/are paying a per diem rate to the security forces for staff stationed in Hela province.</p> <p>(a) Could you please confirm this, or clarify if it is incorrect.</p> <p>(b) Is this money paid directly to individuals or to a central body?</p> <p>(c) Roughly, what fraction of the total pay of the relevant staff does this per diem constitute?</p> <p>(d) Is it open-ended?</p> <p>(e) For example, will the additional 500 new police officers to be hired under the Hela police transitional command receive this payment?</p> <p>6. We understand that Oil Search is providing transport (including the use of vehicles) to the public security forces in Hela province. Could you please confirm this, or clarify if it is incorrect.</p> <p>7. We understand that Oil Search exchanges intelligence with the public security forces in Hela province. Could you please confirm this, or clarify if it is incorrect.</p> <p>8. Is Oil Search providing any other material support to public security forces related to the project? Could you please detail the nature and extent of this support.</p> <p>9. We understand that it is Oil Search's position that these security forces are in the Province only to enforce law and order, and that they are not protecting project assets. Is this correct?</p> <p>10. We understand that public security forces were involved in protecting Komo Airport until early 2016. Is Oil Search aware of this?</p>	<p>Oil Search pays the authorised gazetted amount (as prescribed in the Police Commissioner's Circular) to police officers that are from time to time deployed to Oil Search operational areas to support local law enforcement officers carrying out their duties.</p> <p>We cannot comment in relation to any per diems paid by PNG LNG.</p> <p>We do not know the salaries of the police officers. Oil Search pays the Government gazetted field allowance amount (as prescribed in the Police Commissioner's Circular) for officers deployed to our operations away from their home station. This is paid directly to the officer with records kept accordingly. The allowance is only paid when officers are deployed within Oil Search operational areas. We do not pay allowances of police stationed in the region as a permanent posting. We would not pay allowances for what you describe in (e).</p> <p>Oil Search is not providing motor vehicles to the Hela call out. Oil Search does provide a vehicle for local police patrols around our facilities. Any vehicle is plain and unmarked and under the control of the police commander.</p> <p>Oil Search Security and Community Affairs liaise with Provincial Police regularly to understand the exposure to our workforce from criminality likely to affect our operations in Hela Province. We do not get involved in targeted police activities relating to criminal activities. We do report criminal activity from time to time as any good citizen should.</p> <p>Oil Search is donating diesel from its facility to support the Hela call out. We have aligned with other businesses to aid the law and order effort in some small way. This is a restricted amount and not long term.</p> <p>Yes, security forces are in the Province only to enforce law and order, and they are not protecting project assets.</p> <p>Oil Search is aware that police were stationed in the Komo area undertaking law and order activities, primarily to control well publicised tribal fighting between various landowner groups in this area. Beyond this the specific nature of their deployment is not known to Oil Search.</p>
<p><b>Development promises</b></p> <p>We refer to this article: <a href="https://theconversation.com/papua-new-guinea-gets-a-dose-of-the-resource-curse-as-exxonmobils-natural-gas-project-fosters-unrest-70780">https://theconversation.com/papua-new-guinea-gets-a-dose-of-the-resource-curse-as-exxonmobils-natural-gas-project-fosters-unrest-70780</a></p> <p>11. We understand that Oil Search contests the claim made in the article that</p>	<p>In May 2016, Oil Search's power business, Oil Search Power Holdings Ltd signed a Strategic Alliance agreement with PNG Power Limited (PPL) to implement four power initiatives in the Hela Province. These aim to improve the functioning of the Tari Power Station, as well as create an effective power supply distribution network that will create low-cost rural household connections. Oil Search has helped PNG Power in facilitating the construction and expansion of new power lines and distribution network from Tari to Hides,</p>

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<p>the project has not delivered on the promises of development made to the people of the region (eg <i>"Promised road sealing and township development, including power supply and schools, have all failed to materialise."</i>). Could you please confirm this, or clarify if it is incorrect.</p> <p>12. We understand that Oil Search believes that specific improvements in development have been achieved as a result of investment of the project—new road-building and an increase in the delivery of the electricity supply were mentioned as two specific examples. Does Oil Search hold that the roads and electricity supply, specifically, have improved across the entire region or just in Tari township?</p>	<p>improving local customer connections to Colleges, schools and private residences , as well as to build local governance capability. There has also been a significant improvement in road infrastructure in Tari to Koroba and Komo.</p> <p>Other key projects of impact in the region include Oil Search's support since 2015 towards the upgrade of the Hela Provincial Hospital. This has led to a significant increase in capability and service, and has worked within and strengthened the government's health service delivery mechanisms.</p> <p>Since 2003 in the Hela Province we have completed various health and education and infrastructure projects:</p> <ul style="list-style-type: none"> <li>• 163 smaller scale projects in partnership with community members including education facility upgrades, and water sanitation projects, and</li> <li>• 46 Infrastructure Tax Credit Scheme projects in partnership with the Government, including the Komo to Ajakaiba Road.</li> </ul> <p>This investment in local development is a result of investment in the project and our presence in the area. For a full description of these projects and others in the area, please refer to our website and 2016 Social Responsibility Report (from Friday 7 April, 2017)</p>
<p><b>Benefit sharing arrangements issues</b></p> <p>13. We understand that it is Oil Search's position that the reason for the delay in royalty money being paid is that there are injunctions in place relating to clan-to-clan disputes. (a) Is this correct? (b) Roughly, how much money is owing?</p> <p>14. It has been alleged that overdue payments to Judge Kandakasi, who is responsible for undertaking the clan vetting process, are the reason for the holdup on paying royalties. (a) Is this correct? (b) If so is this in addition to the clan-to-clan disputes?</p> <p>15. We understand that it is Oil Search's understanding that the money from the benefit sharing arrangements is still in trust. Is this correct?</p> <p>16. It has been alleged that it is very unlikely the monies from the benefit sharing arrangements will be paid, as they have been spent from the trust account. Is Oil Search aware of this?</p> <p>17. On what basis is Oil Search confident that once the legal disputes over the claims are settled, the money that people expect will actually be paid</p>	<p>One of the reasons for the delays is a range of intra-clan disputes and injunctions. Continuing land ownership disputes between landowner groups represent ongoing impediments to benefits distribution. Resolution of these disputes is primarily driven by activities of the Department of Petroleum.</p> <p>We are not able to comment on allegations made in relation to Judge Kandakasi.</p> <p>It has been confirmed that outstanding benefits payments are being held in trust with the Bank of PNG. This was also demonstrated to landowners at Hides in the last quarter of 2016.</p> <p>We are not aware of allegations referred to in Q16.</p> <p>The distribution of benefits, including royalties and equity distributions to landowners, is governed by the Oil and Gas Act and administered by the Department of Petroleum. We understand the PNG Government is committed to ensuring all benefits are paid to the rightful landowners and we are encouraging them to expedite this process.</p>

<p>to them?</p>	
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**ATTACHMENT D****Text of Company human rights Q&A, 7 April 2017**

What commitment does Oil Search have in relation to Human Rights?

Respect for human rights and the desire to do no harm underpin a socially responsible approach to our operations in host countries and across our supply chain. Along with our commitment to sustainable development, this helps us to maintain strong community relationships and responsible operating practices. Our Social Responsibility Policy identifies our high level commitment to human rights.

Oil Search is a signatory to the UN Global Compact and is a corporate participant in the Voluntary Principles on Security and Human Rights (VPSHR). Our human rights approach also considers and aligns with the UN Guiding Principles for Business and Human Rights (GP's). Both of these important initiatives guide and inform our approach. For example, they affirm our commitment to:

- Respecting international norms of behaviour and recognised human rights, including the rights of Indigenous peoples, by seeking to avoid causing or contributing to adverse human rights impacts from our activities.
- Undertaking human rights due diligence and consider human rights in our risk and impact assessments.
- If any impacts inadvertently occur, act to mitigate or address them.
- Respect laws wherever we operate.
- Have and continue to undertake appropriate due diligence of our activities and management controls.
- Support appropriate access to grievance mechanisms and remedies when required.

We note that each of these important initiatives take a performance improvement, principles based approach and are not compliance focussed.

Oil Search senior management have a Corporate KPI relating to the Implementation of the VPSHR Implementation Plan.

What methodology or approach has Oil Search adopted in undertaking human rights due diligence and assessing potential human rights risks and impacts?

In 2014, Oil Search conducted a Human Rights Risk Review which aimed to develop a business understanding of Oil Search's potential human rights risks and impacts, and to evaluate current practices and controls in the context of the UN Guiding Principles for Business and Human Rights (GP's) and the Voluntary Principles for Security and Human Rights (VPSHR).

Phase one of the review considered the regulatory environment, risk register, incidents, peer benchmarking, country human rights risk profiles (PNG and Kurdistan), NGO register review, and identified current practices and controls. A key output of this phase identified the most material potential human rights risk areas we needed to consider in our operating context and helped define the scope for phase two. The material risk areas included:

1. Community relations – community engagement and consultation, livelihoods, and environmental impacts, grievance management
2. Security – use of security forces generally
3. Labour – specifically in our supply chain; child, forced and compulsory labour
4. Land Acquisition – land access and resettlement practices, compensation, landowner identification

Phase two of the review sought to verify these initial findings and assess effectiveness of controls and practices. The output of phase two was a number of key findings with informed the development of a Human Rights Improvement Plan.

The plan addresses governance and implementation aspects in relation to:

- Updates to procedures and guidelines in areas such as security management, social impact assessment, grievance management and contract management
- Training
- Incident and grievance management and reporting
- Responsible supply chain management

Implementation of this multi-year plan is significantly advanced. To date, major accomplishments of the plan implementation include: Board and executive management training on human rights; acceptance as a participant in the VPSHR; explicit recognition of human rights impacts in incident reporting and management system; trial and successful implementation of new draft provisions in relation to resettlement and livelihood restoration; development of a VPSHR compliant MOU for use with the PNG Royal Constabulary (RPNGC).

The main focus areas for 2017 include actions relating to: grievance management, completion of the Responsible Supply Chain Strategy, completion of procedure updates and ongoing implementation of the VPSHR Improvement Plan.

What does Oil Search's VPSHR Improvement Plan address?

The Oil Search Health, Safety and Sustainability Committee endorsed our participation in the VPSHR in December 2015. We submitted our application in mid-2016, and our application was approved by the VPSHR in late 2016. We attended our first Plenary Meeting in March 2017.

As part of our application, we submitted a security and human rights action plan for consideration by the VPSHR Initiative. This action plan formed the basis of our VPSHR Improvement Plan, along with any outstanding actions from the Human Rights Improvement Plan. Our application to the VPSHR can be found [here](#).

The resulting VPSHR Improvement Plan is a multi-year plan and focusses on core aspects of the VPSHR Initiative which will help us to:

- Assure our risk assessment and incident reporting processes
- Guide our security and human rights training content and reach
- Support greater alignment with our joint venture partners
- Guide the development of contractual clauses related to human rights in public and private security provider contracts
- Enhance performance requirements in relation to the management of public and private security providers
- Establish criteria for screening and evaluation of contractors
- Benchmark our security and human rights practices
- Strengthen our grievance reporting and management systems
- Strengthen our external reporting of human rights allegations and incidents

Oil Search has a 2017 Corporate KPI which ensures implementation of the VPSHR Improvement Plan in accordance with the agreed implementation schedule.

What consultation was undertaken and what external expertise has Oil Search utilised to assist with its due diligence processes?

Human Rights experts from the Allens law firm assisted Oil Search in understanding the regulatory environment and country profiling, which informed identification of material potential human rights risks.

Maplecroft country and issue risk reports were used to assist with the development of country profiles for PNG and Kurdistan, and also supported the identification of material human rights risks.

Banarra (now KPMG Banarra) assisted with phase two of the human rights risk review, specifically the assessment and verification of practices and controls, the findings of which aided in the development of the Human Rights Improvement Plan.

Oil Search also is an active participant in the Global Compact Network Australia Human Rights Leadership Group. This provides valuable insights and lessons shared from our peers and other companies. Participation in the UN Global Compact also provides access to useful tools and guidance materials which assisted to frame our approach.

Who in Oil Search has responsibility for human rights performance?

The Board Health Safety and Sustainability Committee (HSSC) has oversight responsibility for human rights within the business. The HSSC Charter can be found [here](#).

Corporate human rights strategy, approach and functional assurance are led by our General Manager Stakeholder Engagement and Social Responsibility, whilst our functional leads in Security, Community Affairs, and Contracts and Procurement drive implementation of specific human rights elements in their areas.

What are the most material human rights risks and potential impacts at Oil Search?

Oil Search has identified the following material human rights risks and potential impacts:

1. Community relations – community engagement and consultation, livelihoods, and environmental impacts
2. Security – use of security forces generally
3. Labour – specifically in our supply chain; child, forced and compulsory labour
4. Land Acquisition – land access and resettlement practices, compensation, landowner identification

These risks were first publicly disclosed in our 2014 Annual Report and 2014 Social Responsibility Report, the year in which the risks were first formally identified.

How does Oil Search manage these risks?

Our approach to managing these risks is outlined in detail in our application to the VPSHR Initiative.

Human rights considerations are integrated throughout our current and proposed updated enterprise management system procedures and guidelines. These include procedures and guidelines which address risk management, environmental and social impact assessment and management, grievance management, stakeholder management, security management, contract and procurement management, and land access for instance.

How does Oil Search track and measure human rights performance?

Monitoring and reporting of community and security related incidents and grievances are reported to the monthly Group 1 senior management meeting.

Progress against the Human Rights Implementation Plan is reported regularly to the Group 1 senior management meeting. Progress reporting against the VPSHR Improvement Plan will commence in May 2017.

Oil Search has a 2017 Corporate KPI which ensures implementation of the VPHSR Improvement Plan in accordance with the agreed implementation schedule. Progress against Corporate KPI's is reported to the monthly Executive Leadership Team meeting.

Management regularly reports performance against the Human Rights Improvement Plan and material community grievances to the HSSC and/or Board. Management reporting to the HSSC against the VPSHR Improvement Plan is scheduled to commence from July, 2017.

What disclosures or materials does Oil Search make public in regard to human rights?

Oil Search commenced reporting our human rights approach and outcomes from our risk review (including material human rights risks) in our 2014 Annual and Social Responsibility Reports. We have reported progress against our Human

Rights Improvement Plan since then.

We have also recently made available our application to the VPSHR.

For more information:

Visit: <http://www.oilsearch.com/how-we-work/responsible-operator/society>

Email: [socialresponsibility@oilsearch.com](mailto:socialresponsibility@oilsearch.com)