

2017

## SUPPLEMENTARY NOTICE OF MEETING

This is a Supplementary Notice (Notice) to the Notice of Meeting dated 22 March 2017 convening the eighty-sixth Annual Meeting (the Meeting) of Members of Oil Search Limited (Oil Search or the Company) which is to be held in the Ballroom at the Crowne Plaza Hotel, Port Moresby, Papua New Guinea, on Friday, 19 May 2017, at 9:30 am (Port Moresby time)

### UPDATED PROXY FORM

An updated Proxy Form (the Updated Proxy Form), addressing **all** resolutions to be considered at the Meeting, accompanies this Notice. You may use the accompanying Updated Proxy Form to vote on all resolutions to be considered at the Meeting.

If you have already completed and lodged a Proxy Form, and you subsequently lodge an Updated Proxy Form, your Updated Proxy Form will supersede your previously lodged Proxy Form. Previously lodged Proxy Forms will remain valid if you do not lodge an Updated Proxy Form. If you lodge an Updated Proxy Form and only vote on resolutions 7 and 8, your previously lodged Proxy Form will remain valid for the purposes of the other resolutions.

Should you have any questions concerning this Supplementary Notice or the accompanying Updated Proxy Form, please contact Oil Search's Sydney office on +61 2 8207 8400, the Port Moresby office on +675 322 5599 or email: [investor@oilsearch.com](mailto:investor@oilsearch.com).

### SUPPLEMENTARY NOTICE

This Supplementary Notice is issued to advise Members of two additional items of ordinary business to be considered at the eighty-sixth Annual Meeting. The additional items of business are shareholder proposals submitted in accordance with Clause 14 of the Company's Constitution. Each proposal has been submitted by a shareholder holding less than 100 shares in the Company.

The following resolutions are **NOT SUPPORTED** by the Board.

#### Ordinary Business Resolution 7 – Strategic Resilience for 2035 and Beyond

That in order to address our interest in the longer term success of the Company, given the recognised risks and opportunities associated with climate change, we, as shareholders of the Company, request that routine annual reporting includes further information describing:

- a. Governance: the roles of the board and management in the oversight, assessment and management of climate-related risks;
- b. Strategy: the climate-related risks and opportunities and asset portfolio resilience of the Company's businesses, operational strategy and financial planning to various climate scenarios, including both 1.5°C and 2°C pathways;
- c. Risk Management: how climate-related risks are incorporated into the Company's risk management framework;
- d. Metrics and Targets: the targets used by the Company to manage climate related risks and performance against those targets;
- e. Public Policy: the Company's public policy positions related to climate change, including those of industry bodies of which it is a member.

A statement from the proposing shareholder is included on pages 6 and 7.

The vote on this resolution is non-binding.

#### Ordinary Business Resolution 8 – Human Rights Compliance and Reporting

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:

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- 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.

A statement from the proposing shareholder is included on page 8.

The vote on this resolution is non-binding.

Resolutions 7 and 8 will be treated as ordinary resolutions.

By Order of the Board



GROUP SECRETARY  
Date: 19 April 2017

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#### EXPLANATORY NOTES

Voting exclusions and explanatory notes in the Notice of Meeting issued on 22 March 2017 apply to this Supplementary Notice.

For context, this Supplementary Notice should be read in conjunction with the Notice of Meeting.

#### OIL SEARCH AND CLIMATE CHANGE

The Board believes that our current Climate Change Strategy and disclosures released in conjunction with our 2016 annual and social responsibility reporting and website updates already adequately address the requests proposed in **Resolution 7 - Strategic Resilience for 2035 and Beyond**. The Board does not, therefore, consider that the requests set out in this resolution would provide shareholders with a more meaningful understanding of the Company's exposure to climate change and related risk management approach.

Accordingly, the Board recommends shareholders **vote against this resolution**.

#### Key points:

- The Board acknowledges climate change is a significant global issue that poses a challenge to affordable and sustainable energy provision.
- The Company has an existing Climate Change Strategy, which outlines the Company's position, as well as the following:
  - Our support for efforts toward implementation of an effective global climate agreement;

- Our advocacy for the establishment and implementation of a clear, stable policy framework that supports a global warming trajectory of 2°C; and
- Our initial views on future demand for our products.
- Climate change requires a coordinated effort by companies, governments and communities.
- We believe that all energy sources have a role to play in meeting global energy demand and each has its challenges.
- We have considered early drafts of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and will take into account the recommendations once formally adopted in June 2017.
- Oil Search has engaged with Market Forces in a willing and transparent manner regarding our climate-related disclosures following their approach to the Company in February 2017.

#### Additional Background

The Company has an existing Climate Change Strategy, making clear our position in regard to climate change. This includes our support for efforts

toward implementation of an effective global climate agreement and our advocacy for the establishment and implementation of a clear, stable policy framework that supports a global warming trajectory of 2°C. The Strategy also outlines our outlook on demand for our products. The key messages from our Strategy were posted on our website on 7 April 2017, together with the release of our 2016 Annual Report and Social Responsibility Report.

The draft TFCD Recommendations, on which Market Forces' Supporting Statement relies, were released in December 2016, with consultation only closing in February 2017. We note that these draft recommendations will not be formally adopted until June 2017. In anticipation, we have considered earlier versions of the TFCD recommendations in the development of our strategy and our planned disclosures.

Our position is supported by the initiatives and approach outlined below:

#### Governance

Our Health, Safety and Sustainability Committee (HSSC) oversees the Company's strategies, processes and performance relating to health, safety, security and social responsibility, including human rights and climate change. The HSSC endorses our Climate Change Strategy and governs the management of the risks and opportunities posed by climate change to our assets. In October 2016, the Committee endorsed and the Board approved our Climate Change Strategy.

Oil Search senior management is financially incentivised to manage longer-term risks that could impact the value of the Company, including climate change risk, via the operation of the "at risk" component of executive remuneration. Failure to effectively address climate change risk would be expected to translate into relative underperformance in terms of creating long-term, sustainable shareholder value and hence impact the realisation of long term incentive (LTI) benefits for the Company's executives.

#### Strategy

The CDP information relied on by Market Forces is out of date. Our position statement on climate change clearly states our support for efforts toward implementation of an effective global climate agreement and our advocacy for the establishment and implementation of a clear, stable policy framework that supports a global warming trajectory of 2°C. We also clearly disclose our views on the role of both oil and gas into the future. Our growth strategy, which is focused on the development of our substantial gas resources, together with our existing low cost asset base, supports a resilient long term future for the Company.

We conduct detailed modelling of various long-term supply and demand scenarios for oil and LNG, based on input from a variety of authoritative sources and

encapsulate these scenarios in a range of commodity price outlooks, including material downside cases reflecting weaker sustained long term demand for our products. We test the economic viability of existing assets against the same downside economic cases.

We are working to develop a clearer understanding of the energy market adjustments and consequent potential energy price impacts, consistent with the achievement of the 2°C target globally. We plan to model downside scenarios consistent with those impacts once we have completed this work.

As disclosed on our website and in the 2016 Annual Report, our most material climate change risks include:

- Changes in demand for our products.
- Emerging policy and regulations that create uncertainty, increase operating costs and raise expectations for our engagement on the topic.
- Reputational impacts, driven by stakeholder activism and increasing societal expectations.

#### Risk Management

Oil Search adopts a proactive approach to managing risks and assurance to ensure our Board and senior management team have a comprehensive view of all key risks and the strategies employed for their management. Our risk management approach includes the identification, measurement, evaluation, monitoring, reporting and controlling or mitigation of current and emerging risks for inclusion in the Company's risk profile. Oversight of these profiles and their management is provided at various levels across the business at management and specific risk governance forums.

The risks identified and managed include financial, operational and social responsibility risks such as those relating to the health and safety of our workforce, the environment, climate change, security, human rights, and fraud and corruption.

Please see earlier comments on TFCD risk disclosures.

#### Metrics and Targets

We report transparently our performance and progress across a number of key metrics and targets used to measure and manage climate-related risks and opportunities. These include emissions under operational control, including by scope, location, composition (methane and carbon dioxide) and intensity, water consumed and investment in renewable energy.

Multi-year emissions data has been reported for a number of years and is included in the 2016 Annual Report and Social Responsibility Report. A comprehensive data centre and basis of preparation are available from our website. Independent assurance is obtained over the key metrics reported.

The Social Responsibility Report also provides an update on our emissions performance and demonstrates material reductions against our recently completed emissions reduction target.

#### **Public Policy**

We seek to engage with the PNG government, industry groups, landowners and other people with the ability to shape policies that impact our business and stakeholders. We do this with integrity and in an accurate, factual, transparent and meaningful way.

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.

Our public policy approach is disclosed on our website, including our involvement with, and contribution to, associations and networks engaged in policy. Details of the submissions we make or contribute to through these forums are published annually in our social responsibility reports.

While we monitor the Australian climate change landscape, we have no operations or exploration interests in Australia and, therefore, we do not actively engage in or contribute to the Australian domestic energy or climate public policy debate.

#### **OIL SEARCH AND HUMAN RIGHTS**

The Board believes our current Human Rights approach already adequately addresses the risks and potential human rights impacts that may be encountered while conducting our business. We have reported publicly our human rights risks and progress against our human rights improvement plan since 2014 and have committed to further public reporting with our commitment to the Voluntary Principles for Security and Human Rights (VPSHR). Therefore, the Board does not consider that the report proposed in **Resolution 8 – Human Rights Compliance and Reporting** would provide shareholders with more meaningful information than the Company's public disclosures already provided or scheduled to be released.

Accordingly, **the Board recommends shareholders vote against this resolution.**

#### **Key points:**

- The Board acknowledges the responsibility of business to respect human rights, which is an obligation we take seriously.
- Respect for human rights and the desire to do no harm underpin Oil Search's socially responsible approach to all our operations. Together with our long term and industry leading commitment to sustainable development in PNG, this helps us to maintain strong community relationships and is fundamental to responsible operating practices.
- Oil Search has engaged with Australian Centre

for Corporate Responsibility (ACCR) in a willing and transparent manner regarding our approach to human rights since it approached us in early March 2017. Despite this engagement, ACCR has ignored our responses to their questions.

- We have reported publicly our human rights risks and progress against our human rights improvement plan since 2014 and have committed to further public reporting with our commitment to the VPSHR.
- Acknowledging that further information could be disclosed on our methodology, we have addressed this immediately with the recent release of the 'Oil Search and Human Rights Q and A' which describes the steps taken to develop our Human Rights Improvement Plan. This information will now also be integrated into our website information.
- With this matter addressed and our existing commitment to meet the VPSHR reporting obligations when they become due in early 2018, the Board believes our approach and reporting commitments already adequately addresses the request contained in this resolution.

#### **Additional Background**

The Board acknowledges the responsibility of business to respect human rights, which is an obligation we take seriously. Respect for human rights and the desire to do no harm underpin Oil Search's socially responsible approach across all our operations and supply chain. Together with our long term and industry leading commitment to sustainable development in PNG, this helps us to maintain strong community relationships and is fundamental to responsible operating practices.

Our human rights commitment is evidenced by the following:

1. Significant and ongoing investment in social programmes including our funding of, and commitment to, the work of the Oil Search Foundation, community development programmes, infrastructure development and providing improved domestic access to power.
2. Explicit recognition of human rights in our Social Responsibility Policy.
3. Completion of human rights risk review (due diligence) in 2014 and subsequent ongoing implementation of a Human Rights Improvement Plan.
4. Board and senior executive human rights training in 2014.
5. Application and admission as a Corporate Participant in the Voluntary Principles on Security and Human Rights (VPSHR) in late 2016.
6. Signatory to, and active participation in, the UN Global Compact since 2011.

Our human rights approach considers and aligns with the UN Guiding Principles for Business and Human Rights (GPs) and the Voluntary Principles for Security

and Human Rights (VPSHR). These important initiatives guide and inform our continuous performance improvement approach and the development of our human rights improvement plans. In particular, 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 considering human rights in our risk and impact assessments.
- If any impacts inadvertently occur, acting to mitigate or address them.
- Respecting laws wherever we operate.
- Having, and continuing to undertake, appropriate due diligence of our activities and management controls.
- Supporting appropriate access to grievance mechanisms and remedies when required.

### Methodology

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 GPs and the VPSHR.

Phase One of this due diligence considered the regulatory environment, risk register, incidents, peer benchmarking, country human rights risk profiles (in 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 should consider in our operating context and helped define the scope for Phase Two. The material risk areas identified included:

1. Community relations – community engagement and consultation, livelihoods, and environmental impacts, grievance management.
2. Security – use of security forces.
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 which 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 systems.
- Trial and successful implementation of new draft provisions in relation to resettlement and livelihood restoration.
- Development of a VPSHR compliant Memorandum of Understanding (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.

A key action from the Human Rights Improvement Plan was participation in the VPSHR. The Oil Search Health, Safety and Sustainability Committee endorsed our participation in December 2015. Our application was submitted in mid-2016 and was approved by the VPSHR in December 2016. We attended our first Plenary Meeting in March 2017 and following this Plenary, senior management adopted our VPSHR Improvement Plan in March 2017.

The resulting VPSHR Improvement Plan is a multi-year plan which will help us to:

- Assure our risk assessment and incident reporting processes.
- Guide our security and human rights training content and reach.
- Seek 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.

### Performance Tracking

- **Senior management.** Monitoring and reporting of community and security related incidents and grievances are reported through the Health, Safety and Sustainability Group 1 chaired by our Managing Director. The Managing Director also chairs the group that assesses progress against the Human Rights Improvement Plan. Reporting against the VPSHR Improvement Plan to this group will commence in May 2017.
- **HSSC and/or Board.** Senior management regularly reports performance against the Human Rights Improvement Plan and material community grievances to the HSSC and/or Board. Reporting to the HSSC against the VPSHR Improvement Plan is scheduled to commence from July 2017.
- **Corporate KPI.** A 2017 Corporate KPI 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.
- **VPSHR and public reporting.** In accordance with the VPSHR Reporting Guidelines, Oil Search has 'opted in' to report annually to the VPSHR Initiative from the first quarter of 2018. We will also provide a public VPSHR report. Oil Search has reported publicly our human rights performance since 2014.

### Consultation and External Expert Advice

Highly regarded external human rights and legal experts were utilised in the identification of human rights risks and potential impacts and the development of subsequent analysis, verification and improvement planning.

Cross-discipline internal teams were involved in various stages of the human rights risk review and our community affairs team and community information management system was drawn on to review and understand current and historical community concerns or issues raised. External NGO reporting was reviewed.

### Shareholder Supporting Statement - Resolution 7 - Strategic Resilience for 2035 and Beyond

We move this resolution with the intention to increase our Company's resilience to regulatory and market changes that can be foreseen as international action is taken to limit global warming in accordance with the climate goals established by the Paris Agreement. In November 2016, the Paris Agreement entered into force, thereby committing 195 countries to holding the increase in the global average temperature to well below 2°C above pre-industrial levels, with an ambition to pursue efforts to limit warming to 1.5°C<sup>1</sup>.

This resolution seeks to incorporate the recommendations of the Financial Stability Board's

### Human Rights Risks Identified

Please refer to the methodology section above for a list of our most material human rights risks. 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.

### Material Gaps against the Voluntary Principles for Security and Human Rights

We note that the VPSHR is not a compliance based instrument. The initiative is principles-based and is focused on continuous performance improvement.

"The [VPSHR] are a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights."

Oil Search has no material gaps against the intent of VPSHR.

### Human Rights Management Controls

The Board Health, Safety and Sustainability Committee have oversight responsibility for human rights within the business. The HSSC Charter is available on our website.

Human rights considerations are integrated throughout our current and proposed updates to the 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.

### BOARD OF DIRECTORS RECOMMENDATIONS

The Board recommends that shareholders vote **FOR** Ordinary Business Resolutions 2, 3, 4, 5 and 6 and Special Business Resolutions 1, 2, 3 and 4.

The Board recommends that shareholders vote **AGAINST** Ordinary Business Resolutions 7 and 8.

Task Force on Climate-related Financial Disclosures (TCFD). In describing the transition risks posed by the Paris Agreement, the TCFD stated, "rapidly declining costs and increased deployment of clean and energy-efficient technologies could have significant, near-term financial implications for organisations dependent on extracting, producing, and using coal, oil and natural gas"<sup>2</sup>.

Shareholders are concerned whether or not Oil Search is adequately managing the risks posed to its long-term viability by the ongoing transition in the energy sector. Capital allocation decisions made today will determine the Company's long-term strategic position; hence new capital expenditure should take into

account the complete spectrum of climate-related risks.

Although Oil Search has acknowledged that "climate change is an important issue to the PNG government, the responsible investment community and many national and international stakeholders"<sup>3</sup>, the Company ignores the systemic impacts of improvements in technology on the demand for oil, and, the need to ultimately reduce global greenhouse gas emissions to net zero by the second half of the century.

This shareholder resolution is modelled on the recommendations of the TCFD, which have already been adopted in some way by several large institutional investors, including Aviva Investors<sup>4</sup> and Swiss Re<sup>5</sup>.

Institutional investors will soon demand further disclosure from the companies in which they are invested, and in the case of Aviva Investors, will vote against resolutions at companies where disclosure is not forthcoming. Furthermore, the impetus for greater disclosure will only develop further should financial regulators make the TCFD recommendations mandatory.

This resolution incorporates the four key issues of the TCFD recommendations, in addition to further disclosure around public policy.

*(a) Governance*

The Company should report on the board's oversight of climate-related risks and opportunities. Governance responsibility for climate change issues currently rests with the Health, Safety and Sustainability Committee, yet its charter does not mention climate change. By demoting climate related risks to simply an environmental issue, the Company ignores the systemic threat that regulatory and technology risks pose to the energy sector.

The Company should report on management's role in assessing and managing climate-related risks and opportunities. The Company should consider whether executives are appropriately incentivised to manage climate-related risks. Senior executives are currently remunerated for the discovery or acquisition of new resources and "strategic and growth initiatives"<sup>6</sup>. Shareholders must be assured that such remuneration structures are tenable under various climate and policy pathways.

*(b) Strategy*

The Company should report on the climate-related risks and opportunities the organization has identified over the short, medium and long term. The risks and opportunities identified by the Company in its submission to the CDP<sup>7</sup> do not sufficiently address long-term changes in policy and technology.

The Company should report on the impact of climate-related risks and opportunities on its businesses, operational strategy and financial planning. The

Company refers to PNG climate policies, but not international climate policies, despite the export of much of its production to Asia. The Company should report on the impacts of regulatory and technology change globally.

The Company should report on the potential impact of different scenarios - including both 1.5°C and 2°C scenarios - on its businesses, strategy, and financial planning. In its 2016 submission to the CDP, the Company confirmed that it does not currently perform scenario analyses or portfolio stress testing<sup>8</sup>.

*(c) Risk Management*

The Company should report on its processes for identifying and assessing climate-related risks.

The Company should report on its processes for managing climate-related risks.

The Company should report how on its processes for identifying, assessing and managing climate-related risks are integrated into its overall risk management.

The Company's disclosure of their existing risk management processes is limited. Further information should be provided on how these processes influence capital investment decisions. In addition, such disclosures should be included in mainstream financial reporting, as per TCFD guidance<sup>9</sup>.

*(d) Metrics and Targets*

The Company should report on the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management processes. The Company currently discloses no information in this regard.

The Company should disclose their Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks. The Company should collate all emissions data into mainstream financial reporting; all GHG emissions should be reported on both aggregate and ownership basis. The Company does not currently disclose its Scope 3 emissions. Finally, as the oil and gas sector has been identified as the single largest source of methane<sup>10</sup>, it should be explicitly addressed.

The Company should report on the targets used to manage climate-related risks and opportunities, and performance against those targets. Other than its flaring intensity target, the Company currently discloses no information in this regard.

*(e) Public Policy*

The Company should report on its approach to climate-related public policies, including those of industry bodies, of which it is a member. Shareholders are interested in the Company's public policy programme, including positions on key climate-related policy measures, especially for the next five years.

### Shareholder Supporting Statement - Resolution 8 – Human Rights Compliance and Reporting

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.

<sup>1</sup> The Paris Agreement, UN Framework Convention on Climate Change

<sup>2</sup> Recommendations of the Task Force on Climate Change-related Financial Disclosures, December 2016

<sup>3</sup> <http://socialresponsibility.oilsearch.com>

<sup>4</sup> <http://www.businessgreen.com/bg/news/3001276/aviva-aims-to-use-shareholder-power-to-drive-climate-risk-disclosure>

<sup>5</sup> [http://www.swissre.com/media/news\\_releases/Swiss\\_Re\\_adopts\\_climate\\_related\\_financial\\_disclosure\\_recommendations.html](http://www.swissre.com/media/news_releases/Swiss_Re_adopts_climate_related_financial_disclosure_recommendations.html)

<sup>6</sup> Annual Report 2015, Oil Search Ltd

<sup>7</sup> CDP Climate Change 2016 Information Request, Oil Search Ltd

<sup>8</sup> CDP Climate Change 2016 Information Request, Oil Search Ltd

<sup>9</sup> Recommendations of the Task Force on Climate-related Financial Disclosures, December 2016

<sup>10</sup> Global Methane Emissions and Mitigation Opportunities, Global Methane Initiative, December 2015