

ASX Announcement

2020 Sustainability Report

15 April 2021

ASX: OSH | PNGX: OSH | ADR: OISHY

Oil Search is pleased to release its 2020 Sustainability Report and Climate Resilience Addendum (attached), which outlines how we will create shared value for all stakeholders through the delivery of positive social, environmental and sustainability outcomes.

In delivering the 2020 Sustainability Report, Executive Vice President, Sustainability and Technology, Beth White said:

“The opportunities and challenges presented by the energy transition require Oil Search to employ all of our core strengths – listening to our communities; working in partnership with host governments and joint venture partners; and applying our scientific and commercial know-how to assess a range of options to select innovative solutions for the complex energy problems society faces.”

Oil Search Managing Director Dr Keiran Wulff said he was proud of Oil Search’s 2020 sustainability performance and outcomes.

“Oil Search has long been recognised as a leader in responsible development within our communities. Our 2020 Sustainability Report reflects our continued commitment to social development and our increasing commitment to materially contribute to the energy transition that will inevitably occur over coming decades. It demonstrates how our growth projects are aligned with the Paris Agreement and demonstrates our transparency and commitment to minimising carbon intensity in the near term.”

The 2020 Sustainability Report and Climate Resilience Addendum along with our 2020 Transparency Report, Basis of Preparation and Voluntary Principles on Security and Human Rights, are available on the Oil Search website at www.oilsearch.com

Contacts:

Investors

Peter Laliberte
VP – Investor Relations
+61 429 414 053
peter.laliberte@oilsearch.com

Media

Matthew Park
VP – Communications and Media
+61 400 539 302
matthew.park@oilsearch.com

This ASX announcement was authorised for release by the Disclosure Committee.

ABSOLUTE

COMMITMENT

Sustainability Report 2020



Oil Search

About this Report

At Oil Search, we are committed to transparently reporting on our approach to, and management of, material sustainability issues. For this reason, we regularly provide a balanced and timely view on our performance across these areas. This enables stakeholders such as shareholders, investors, project area communities and governments to review our performance, compare it to previous years and that of our industry peers, and provide informed feedback.

This Report provides an update on Oil Search's sustainability performance relating to operations and projects in Papua New Guinea (PNG) and Alaska that are under our operational control for the 2020 calendar year, as well as our plans to address broader sustainability impacts in our supply chain. Oil Search is the operator of PNG oil fields, the Hides gas to electricity project and the Pikka development in Alaska.

Our non-operated equity interest emissions in the [PNG LNG Project](#) are reported for the first time in the 2020 Sustainability Report. The non-operated equity interest emissions in NiuPower are not included in this report.

Our 2020 reporting suite

Oil Search recognises the importance of public disclosure. Our 2020 reporting suite outlines our approach to considering and addressing environmental, social and governance issues in the countries in which we operate. Representatives from across the business have worked with the Sustainability team to compile a summary of our 2020 performance, and it has been reviewed by the Executive Team and the Sustainability Committee.

As well as being part of Oil Search's reporting suite, this Report serves as our required Communication on Progress report as a UN Global Compact (UNGC) member.

Other elements in our reporting suite include:

- The [2020 Oil Search Annual Report](#) includes a summary of material aspects of our performance in 2020.
- The [Transparency Report](#) summarises information about payments we made in 2020 to governments of the countries where Oil Search has a presence, as well as other socio-economic contributions. This information also informs our Extractive Industries Transparency Initiative (EITI) submission for PNG.
- The [Data Centre](#) contains multi-year performance data across a range of environmental, social and governance indicators in accordance with external benchmarks and standards, including the Global Reporting Initiative (GRI) Standards 2016. The data is supported by a detailed [Basis of Preparation](#).
- The [VPSHR Report](#) outlines Oil Search's progress on implementing the Voluntary Principles on Security and Human Rights (VPSHR) in 2020.
- The [Modern Slavery Statement](#) describes steps Oil Search has taken to identify and assess modern slavery risks in our operations and supply chain, and actions taken to address these risks.
- The [Oil Search website](#) describes our overall approach to managing material environmental, social and governance issues.
- The [Climate Resilience Addendum](#) to the 2020 Sustainability Report is a continuation to the 2018 TCFD¹-aligned Climate Change Resilience Report

Independent assurance

To enhance confidence in the integrity of information and underlying processes for this Report, as well as help us identify improvements for future reporting, our sustainability reporting has been subject to independent assurance since 2011, with the assurance findings presented to the Executive Team and the Sustainability Committee.

For this Report, we obtained independent limited assurance from Deloitte Touche Tohmatsu (Deloitte) over selected sustainability data in accordance with Australian Standards on Assurance Engagements ASAE 3000. Deloitte's Limited Assurance Statement outlines the scope and basis of the assurance they have provided.

Deloitte is Oil Search's external auditor as well as our sustainability reporting assurance provider. The Audit and Financial Risk Committee oversees the independence of this relationship and governs the approval processes.

Disclaimer

This Report contains some forward-looking statements that are subject to risks associated with the oil and gas industry. Actual outcomes could differ materially due to a range of operational, cost and revenue factors and uncertainties including: oil and gas prices, changes in market demand for oil and gas, currency fluctuations, drilling results, field performance, timing of well workovers and field development, reserves depletion and fiscal and other government issues and approvals.

1. Task Force on Climate-related Financial Disclosures

Contents

IFC	<i>About this Report</i>
02	<i>Message from Our Leaders</i>
04	<i>Sustainability Highlights</i>
06	<i>Absolute Commitment</i>
12	<i>Climate and Energy Transition</i>
14	<i>Environment</i>
18	<i>Community</i>
22	<i>Health and Safety</i>
26	<i>People</i>
30	<i>Integrity</i>
32	<i>Economic Sustainability</i>
34	<i>Assurance Statement</i>
39	<i>Corporate Reporting</i>
55	<i>Climate Addendum</i>



Sustainability Committee Chair's Letter



“Oil Search has an unwavering commitment to be a responsible development partner, creating shared value for all stakeholders through the delivery of positive social, environmental and sustainability outcomes”

The Oil Search 2020 Sustainability Report reflects our commitment to a sustainable future for all our stakeholders. Our purpose is simple; to deliver low cost, high value energy that meets society's needs.

Oil Search has an unwavering commitment to be a responsible development partner. Our ethos to create shared value for all stakeholders drives our continual focus to deliver positive social, environmental and sustainability outcomes. This values-driven approach is an essential part of who we are as a company and we believe differentiates Oil Search.

As Chair for the Oil Search Sustainability Committee, I can confirm we are acutely aware that the energy industry is entering a new paradigm in which the world's demand for energy is undiminished alongside an expectation for clean, low carbon fuel. The factors driving the energy transition are firmly in our view. The Oil Search Board welcomes the opportunity to engage with our stakeholders to deliver the energy that is needed in the socially responsible way it is wanted.

In 2020, we worked closely with the Executive Team to redefine our sustainability commitments and develop an informed and stakeholder aligned Sustainability Strategy. This Strategy reinforces the Board and Company's commitment to remain focused on our sustainability responsibilities and key risk areas. The Oil Search 2020 Sustainability Report outlines the commitments we have made across all 7 pillars of our new Sustainability Model.

2020 presented many challenges. In periods of extensive change, it is vital to keep focusing on doing business safely, securely and ethically. I am pleased to report that Oil Search's performance across all areas of sustainable practice reflected this focus. I would like to thank the senior leadership team and all Oil Search employees for showing commitment to sustainability at every opportunity.

With Oil Search entering our new Evolve phase of growth and taking meaningful steps to realise the opportunities presented by the energy transition, 2021 will be a busy year. I look forward to reporting on significant progress against our sustainability commitments in next year's Sustainability Report.

A handwritten signature in black ink, reading 'EJ Doyle'.

Dr Eileen Doyle

Sustainability Committee Chair

Executive Vice President's Letter



“The opportunities and challenges presented by the energy transition require Oil Search to employ all of our core strengths – listening to our communities; working in partnership with host governments and joint venture partners; and applying our scientific and commercial know-how to assess a range of options to select innovative solutions for the complex energy problems society faces.”

Sustainability has long been a part of our DNA and as the lead for Sustainability and Technology at Oil Search, I am excited for the next phase of sustainability linked growth for our Company. The opportunities and challenges presented by the energy transition require Oil Search to employ all of our core strengths – listening to our communities; working in partnership with host governments and joint venture partners; and applying our scientific and commercial know-how to assess a range of options to select innovative solutions for the complex energy problems society faces.

In 2020 we undertook a comprehensive strategic review which resulted in our new 7-pillar Sustainability Model for Action, as well as a series of renewed commitments for each of the pillars: Climate; Environment; Community; Health and Safety; People; Integrity and Economic Sustainability. Our progress to date against these 7-pillars are outlined in this report.

During a challenging 2020, Oil Search remained focused on the safety and well-being of our people and communities. Our focus on safely delivering core activities and safety leadership was exemplary resulting in a lowered Total Recordable Injury Rate (TRIR) of 0.94 and zero (0) Tier 1 and two (2) Tier 2 process safety events in our PNG operations.

Even with the challenges presented by COVID-19 we remained committed to partnering with our host governments and communities to achieve community health outcomes across a broad range of areas. In PNG, through the Oil Search Foundation, we worked with Provincial Health Authorities (PHAs) to fund, deliver and distribute over 460,000 items of personal protective equipment and 5 million litres of hand sanitiser to health workers across our project impact areas. We also partnered with the National Department of Health, Provincial Governments and PHAs to establish two Family Support Centres in Margarima and Koroba District Hospitals, and collaborated on ‘Wok Bung Wantaim’ (Working through Partnership) in Hela province to build and renovate maternity wards, increase supervised birth rates through education and train health facility staff to improve antenatal care and supervised deliveries.

In Alaska, working in partnership with the local North Slope businesses and Nuiqsut community representatives, we built and delivered subsistence emergency shelters. These shelters will provide safe respite from the elements and support subsistence activities and inter-village travel in the area for years to come.

Oil Search remains committed to protecting our unique environments achieving ISO14001 re-certification in PNG during 2020. Our community engagement process in Alaska included the employment of local “subsistence representatives” and “ice road monitors” from the local community. These individuals were embedded in the project team to convey traditional local knowledge and cultural awareness about the region and its natural resources to onsite personnel. The subsistence representatives also supported the environmental studies program by monitoring and documenting wildlife activity near the Project sites and assisting with water quality monitoring during field construction activities.

We acknowledge that we can do more to drive continual improvement in diversity, particularly gender, to ensure that we benefit from the strengths that diversity furnishes. We will launch a suite of targeted work programs in 2021 to drive improved performance across all our diversity and inclusion target areas.

Finally, 2020 saw Oil Search re-affirm its commitment to action on Climate Change, updating the 2018 Climate Change Resilience Report in the addendum of this report. The 2020 Climate Change Addendum is an extension of our ongoing climate disclosure and is intended to provide an update on our new climate change commitments - including new GHG targets – and resilience testing of our assets and growth portfolio.

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

While we have come a long way, we are not standing still. Over the next 12 months, we look forward to progressing our Paris Aligned growth projects of Pikka and Papua LNG, exploring the new opportunities presented by the energy transition in line with our ambition to be a net zero energy company by 2050, and, importantly, sharing this journey with all our stakeholders.

Beth White

Executive Vice President — Sustainability and Technology



2020

HIGHLIGHTS

Our 2020 Sustainability Report reflects our commitment to a sustainable future for all our stakeholders. Our purpose is simple; to deliver low cost, high value energy that meets society's needs.

Sustainability at the core of all decisions

~ Measurable action on sustainability ~



CLIMATE



COMMITTED

to reducing operated GHG intensity by

MORE THAN 30%
BY 2030



AIM TO BE
NET ZERO ENERGY COMPANY
BY 2050



ENVIRONMENT



ZERO MAJOR
NON-CONFORMANCES
in PNG ISO 14001 audit



COMMUNITY



US\$895M
IN TOTAL SOCIO-ECONOMIC
CONTRIBUTION
in PNG and Alaska



DONATED
~460,500 ITEMS OF PPE
in Alaska and PNG to help
stop the spread of COVID-19



HEALTH AND SAFETY



STRONG
SAFETY PERFORMANCE
ZERO TIER 1 AND TWO TIER 2
process safety events



TOTAL
Recordable Injury Rate (TRIR) of 0.94
45% REDUCTION
ON 2019 PERFORMANCE



PEOPLE



COMMITTED TO LOCALISATION
AND DIVERSITY
88% PNG WORKFORCE
are PNG citizens and
77% OF LEADERSHIP ROLES
in PNG filled by PNG leaders



INTEGRITY



WHISTLEBLOWER POLICY
launched across the company
SPEAK UP CULTURE
integrated across the organisation



ECONOMIC SUSTAINABILITY



BUILDING
CAPITAL DISCIPLINE
focused on minimising cost of supply



US\$2.50/BOE REDUCTION
in unit production operating costs in 2020



ABSOLUTE COMMITMENT

Sustainability is embedded across our business and guides our decision-making.



Absolute Commitment

Oil Search has a strong track record of partnering with communities, host governments and other key stakeholders to deliver enduring and tangible positive outcomes. We are committed to a sustainable future *as the preferred energy company for all stakeholders* and in this role will *deliver low cost, low GHG intensity, high value energy that meets society's needs*. We will achieve this goal through a disciplined three-phase strategy that has sustainability at the core of all decisions.

In 2020, we took significant steps to define an overarching Sustainability Strategy, modelled on the three-phase approach of our corporate strategy: Focus, Deliver and Evolve. The 2020 Sustainability Strategy sees Oil Search **focus** its Sustainability efforts under a 7-pillar Sustainability Model for action; with a series of clear commitments on Climate; Environment; Community; Health and Safety; People, Integrity; and Economic Sustainability to **deliver** short to medium term sustainability outcomes. The Sustainability Strategy will **evolve** the business, through ongoing assessment of targeted energy investments and opportunities, to ensure we are part of the Energy Transition to a lower carbon future.

We are recognised for our:

- 1 proven capability to operate in challenging and diverse environments
- 2 world-class resource base
- 3 strong track record of working with communities and stakeholders

Our ambition is to be the preferred energy company for all stakeholders.

Our disciplined three-phase strategy to meet that ambition

FOCUS

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

DELIVER

Deliver our Pikka project at a low breakeven cost of supply that meets Paris Agreement targets, achieve a sell-down of a minority stake in that project and commercialise Papua LNG

EVOLVE

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

Sustainability is embedded across our Company as we aspire to set the corporate standard across every facet of sustainability.

Our climate change commitments include:

- ✓ reducing GHG intensity by more than 30% across operated assets by 2030
- ✓ aiming to become a net zero energy company by 2050
- ✓ investing in growth projects aligned with the objectives of the Paris Agreement
- ✓ making targeted investments into renewable energy and carbon offsets

Marked by the ongoing COVID-19 pandemic, 2020 also reinforced the importance of ensuring the safety and reliability of our operations whilst protecting the wellbeing of our workforce, their families and communities.

With this backdrop, our Sustainability Strategy defines our ambitions to play a constructive role in the energy transition, respect our environment, and strengthen the communities we work in. Our Sustainability Strategy drives our initiatives to ensure the safety of our operations, support diversity within our workforce, and ensure transparency and integrity in all that we do.

Sustainability underpins our ability to build a resilient business that generates value for all our stakeholders.



Absolute Commitment

Continued

Material sustainability topics for Oil Search and our stakeholders

In 2020, we undertook a materiality analysis as part of the Sustainability Strategy to identify the sustainability issue that are reasonably likely to impact the financial condition or operating performance of our Company; or have a potential impact on our local communities and environment, and therefore are most important to Oil Search and our stakeholders.

The sustainability issues were prioritised against the Global Reporting Index (GRI) materiality principles and Sustainability Accounting Standards Board (SASB) Materiality Map and informed the Material Business Risk section of our 2020 Annual Report as part of the Oil Search Corporate Risk Management process. A summary of the material sustainability issue for Oil Search and our stakeholders is detailed in the section below :

Material issues

- | | | |
|-------------------------------------|-----------------------|-----------------------------|
| – Climate Change and GHG Management | – Pandemic Management | – Business Model Resilience |
| | – Community Relations | |

Significant issues

- | | | |
|------------------------------|-------------------------------|---------------------------------|
| – Employee Health and Safety | – Major Accident Event | – Spill prevention and response |
| – Ecological Impacts | – Economic contribution | – Diversity and Inclusion |
| – Environmental Management | – Social and Cultural Impacts | – Cyber Security |
| – Corporate Governance | – Contribution to Society | |

Important issues

- | | | |
|------------------------------------|-----------------------------|------------------------------|
| – Human Rights | – Organisational capability | – Legislative and Regulatory |
| – Corporate Culture and Engagement | – Security | |
| – Business Ethics | – Systemic Risk Management | |

Climate change and environmental trends

Throughout the hydrocarbon industry, climate change-related risks are taking on more significance. Material climate-related risks include:

- changes in demand for our products due to regulatory and technological changes (transition risk)
- increases in operating costs of assets due to carbon-pricing policies or other market mechanisms; potential physical damage to assets or interruption to operations from extreme weather events
- access to capital for operations and developments
- reputational impact driven by stakeholder activism and changing societal expectations

We manage our material climate change risk through a variety of strategic activities and controls, including undertaking climate scenario analysis to test asset resilience to transition-related risks and using an internal carbon price to assess potential cost impacts from the introduction of emissions-based market mechanisms.

Technical design for major capital works projects is also required to consider the potential physical impacts of a range of climate change and extreme weather events. In 2020, we implemented a GHG reduction target, focused on the emission intensity of operated assets and reducing exposure to future carbon costs. We have identified emission reduction opportunities on an abatement curve basis across our PNG operations and initiated several projects focused on flaring and methane emissions which will support the achievement of our commitments and targets. The Pikka project is also incorporating low emissions design and operating philosophy to achieve aggressive emission intensity targets. Oil Search's Climate Policy details our expectations and commitment to assessing, responding and reporting climate change risks, implications and management approach.



Demographic and social trends

We recognise the importance of improving the quality of life and socio-economic outcome as a result of Oil Search's operations in host countries. Our goal is to create opportunities in local communities, while respecting the traditional ways of life. Our two primary operating areas in PNG and Alaska require tailored approaches to suit the unique needs of the local communities and people. A recent materiality review highlighted rapid population growth, rising unemployment rates and high levels of child mortality as key concerns in PNG. In Alaska, a growing youth population and limited job opportunities remain an ongoing challenge. These issues combined with changing societal expectations, trends and Project Impact Area (PIA) risks highlight the importance of building on our long and proven track record of social development to deliver enduring and tangible positive outcomes.

We have determined that our efforts are best focused on social development and investment programs, centring on the youth population in our PIAs. We believe we can maximise long-term benefits to the communities by helping to shape a better future for youth. We plan to implement multi-year efforts tailored to the needs of the communities and generally centred on education, livelihoods, health and gender equality, that will:

- Support accessible, equitable and effective health care services in our PIAs
- Empower women and girls to improve their health, education, security, livelihoods and well-being
- Improve access to education
- Help strengthen and build community capacity and develop sustainable livelihoods

Our stakeholders

To successfully deliver the objectives of our sustainability strategy we identify and respond to issues that are important to our stakeholders and our business. Oil Search's stakeholders typically include:

- Governments and regulators
- Shareholders, lenders, analysts and third-party benchmarking entities
- Business partners, suppliers and contractors
- Communities
- Employees
- Non-government and industry organisations

Developing strong, respectful relationships with community members and maintaining open lines of communication with individuals or groups who are interested in or impacted by our activities helps protect our operational stability. Wherever possible, we seek to solicit input from our stakeholders and engage them in decisions affecting their communities.

Our community engagement and consultation processes consider local land use rights and cultural heritage and practices. Our information dissemination, negotiation and engagement activities consider local decision-making customs and conventions.

Operations in Alaska are subject to some of the highest levels of cultural heritage and indigenous consultation regulation/requirements globally. The Pikka Project will be undertaken in alignment with the international standards set in the Equator Principles, International Finance Corporation (IFC) Performance Standards, and applicable World Bank Group Environmental, Health and Safety Guidelines. Cultural heritage assessments for new projects are covered by Federal law and conducted as part of the Environmental Impact Statement process which includes social, cultural and economic impact reviews. Based on information gathered through cultural surveys which are conducted by archaeologists, and with input from local stakeholders, we determine if further data gathering, protections, or mitigation measures are warranted.

In PNG, cultural heritage requirements are covered by Environmental Permits and a Chance Find Protocol that outlines actions required if previously unknown heritage resources, particularly archaeological resources, are encountered during project construction or operation. Cultural heritage aspects are also completed as part of the impact assessment process for all new projects and relevant activities completed by the PNG Business Unit.

Engaging in continuous community and stakeholder engagement allows us to be at the forefront of evolving priorities and concerns, facilitating appropriate responses and allowing our stakeholders to stay informed.



Absolute Commitment

Continued

Our commitments

In 2020, we set out to create a sustainability model that clearly represented the elements and boundaries of sustainability; providing a framework to engage with external stakeholders about key sustainability risks and to measure our performance.

Sustainability is integrated into all areas of our business with a 7-pillar model for action. Whilst our key commitments are centred on the climate, environment and community issues identified as most material to Oil Search, we will continue to place an unwavering focus on all seven elements.

7-Pillar Sustainability Model



We were pleased to announce a series of new commitments in the areas of climate and environment to complement our initiatives in our community areas.



Climate

We have focused our climate change response on emission reduction opportunities and the design of low emission projects. In 2020, we implemented a GHG reduction target, focused on the emissions intensity of operated assets and reducing exposure to future carbon costs. We are committed to managing material climate change risks and making disclosures in line with recommendations of the global Financial Stability Board's Taskforce on Climate related Financial Disclosures (TCFD).

We aim to be a net zero company by 2050

We will achieve this through making prudent and considered investments in technology and complementary business opportunities strategic relationships, cooperation with partners, customers, host governments and other stakeholders. Oil Search will undertake an energy transition review in 2021.

Reduce GHG intensity by more than 30% across operated assets by 2030¹

We will achieve this by undertaking near term carbon abatement and emission reduction programs within our existing operated assets, and continue to progress our low cost, low GHG intensity Pikka project.

Invest in Paris-aligned growth projects

We will achieve this by delivering our growth projects responsibly and aligning our growth portfolio with the objectives of the Paris Agreement.

Make prudent investments to prepare for the energy transition

Assess and advance opportunities like PNG Biomass, that subject to PNG Government support, has the potential to offset >3.3 million tonnes CO₂e emissions over 25-year project.



Environment

We recognise that being a responsible steward of the unique environments in which we operate goes further than addressing climate change impacts. We focused our environmental commitments on minimising our environmental footprint and protecting the biodiversity of our unique operating environments.

Protect biodiversity

We are committed to protecting the local biodiversity of our unique operating areas for future generations. We will use our unique position to contribute to the global knowledge of biodiversity by establishing long term data collection programs and sharing data and local knowledge from our operational areas.

Minimise our environmental impact

We will develop projects which are in proximity to existing infrastructure, providing an opportunity to use existing export pipelines and road networks and utilise other methods to minimise our footprint.

Responsible approach

We recognise that our stakeholders expect us to report clearly and consistently on environmental metrics and we are committed to continually improving our environmental performance reporting and disclosure.

1. The base year of the target is 2020



Community

We are building on our long and proven track record of social development to address the changing societal expectations, trends and Project Impact Area (PIA) risks in PNG and Alaska. We made the decision to focus our social development and investment efforts on the youth populations in both areas. We will continue to listen to and work closely with our communities to support their goals, and ensure that our investment is targeted, wanted, impactful and valued by the local communities.

Support youth in our communities to advance sustainable development

Our priority is to listen to our communities and partner with them on youth opportunities that will build long term resilience and sustainability. Opportunities to drive improved health outcomes, gender equality, quality education and sustainable livelihoods.

Role model good governance

We will apply disciplined social development and investment practices reflective of industry and UN standards and embed governance across all aspects of our responsible business practices.

Sustainability leadership and governance

In 2020, we focused on refining and strengthening our operating model to support the delivery of our sustainability strategy.

The Board appointed Beth White to the role of Executive Vice President (EVP) Sustainability and Technology to oversee the development and implementation of the sustainability strategy.

We introduced senior Health, Safety, Environment and Security (HSES), Risk and Social Development resources into both business units; and we established a dedicated Sustainability Team in the Group Centre to support the business units in the delivery of our sustainability commitments.

Our sustainability strategy is built to enable continuous improvement, and our targets and initiatives will evolve as we review and evaluate our progress. Sustainability performance is governed by the Board Sustainability Committee and outcomes are linked to remuneration as outlined in our annual Remuneration Report. The Board monitors the performance of our sustainability strategy, and selected targets are directly linked to employee remuneration under our short (STI) and long-term incentive (LTI) scorecards.

Governing policies

Oil Search has a clear set of policies that define our commitment to sustainability and maintaining the highest levels of performance and conduct across our operations.

As part of the strategy review, we benchmarked our policies and updated as required to ensure they adequately reflected our renewed commitments. This resulted in changes to key sustainability policies that will be systematically rolled out in 2021.

Looking to the future

While our immediate focus is on delivering our low cost and low emission intensity growth projects in PNG and Alaska, we are aware of the energy transition and the risks and opportunities this presents for our company.

Oil Search will undertake an Energy Transition review in 2021 to support **its aim to be a net zero energy company by 2050**. The review will develop an energy transition roadmap; identifying concepts and options to be progressed in technology, strategic partnerships and developments.





CLIMATE AND ENERGY TRANSITION



BY 2050 AIM TO BE A
NET ZERO
ENERGY COMPANY



REDUCE
GHG EMISSIONS INTENSITY
across our operated assets by more than
30% BY 2030



LOW COST, LOW GHG INTENSITY,
PARIS ALIGNED
GROWTH PORTFOLIO

As an upstream energy company, managing the risks and opportunities posed by the energy transition is critical for our long-term success. We acknowledge the science of climate change and are committed to delivering low cost, high value energy that meets society's needs.

Oil Search is committed to taking action by setting meaningful targets to reduce our own GHG emissions and aligning our growth portfolio with the objectives of the Paris Agreement and a global warming trajectory well below 2°C.

We are actively managing our climate goals with the support of the Oil Search Board, a dedicated Board Sustainability Committee and Executive Leadership Team. Quarterly Health, Safety, Environment and Sustainability (HSES) executive meetings act as a key forum for monitoring climate risks and monitoring performance to help us achieve our climate ambition.

Delivering low cost, low GHG emissions intensity growth projects

We recognise it is impossible to decouple climate change from our strategy - the two must be fully integrated. As a result of the 2020 Strategic Review we produced new climate change commitments and targets to support Oil Search's new corporate purpose: "We will deliver low cost, high value energy that meets society's needs".

To enable this new purpose, we will responsibly deliver low cost, low GHG intensity, and Paris aligned growth portfolio. Our new strategy is designed to manage climate change transition

risks whilst achieving our low-cost ambition by focusing our current portfolio near existing and underutilised infrastructure. We will use a range of price scenarios and carbon pricing in our investment decision process to reduce the risk of future stranded assets while providing appropriate returns to our investors.

To manage risks associated with our GHG emissions, we established a new target to reduce the GHG emissions intensity across our operated assets by more than 30% by 2030. We will achieve this by improving the efficiency of our operated assets, focusing efforts on flaring and methane reduction projects, and ensuring our growth projects are designed with low GHG intensity.

During 2020, we established a Climate Change Steering Committee in the PNG Business Unit to steward the implementation of GHG reduction opportunities and drive continuous improvement. We have also established a Carbon Marginal Abatement Cost Curve to ensure that we are investing capital in the opportunities with the largest benefit. Importantly, the GHG reduction initiatives we have identified will also improve efficiency in our PNG operations, reduce maintenance expense, improve health and safety, lower costs, and increase production.



PIKKA DEVELOPMENT

In Alaska, our Pikka project represents a step change reduction in GHG emissions intensity for Oil Search. It is an onshore, conventional oil project aligned with Alaska's strong environmental regulations. It is 50% lower in GHG intensity than our current operated portfolio and 70% lower in GHG intensity¹ compared to the average project on the North Slope of Alaska.

LNG EXPANSION PROJECT

The PNG LNG Project in which Oil Search holds a 29% interest, continues to produce above nameplate, with a low GHG intensity². Papua LNG and the brownfield expansion of PNG LNG will continue this low cost and Paris Agreement aligned legacy. In 2018, an Oil Search and Wood Mackenzie analysis determined that the LNG expansion project is one of the most resilient LNG projects in a carbon-constrained and Paris aligned world. The expansion will leverage existing downstream infrastructure, reducing our CAPEX, OPEX, breakeven cost of supply and environmental footprint. It resides low on the cost curve and the planned capital expenditure is consistent with the climate goals of the Paris Agreement.

Our Evolve Strategy to take us to net zero by 2050

We aim to be a net zero energy company by 2050 and are working on new solutions that will support Oil Search plans to achieve this goal. While our immediate focus is the successful delivery of our low cost, low GHG intensity growth projects, Pikka and Papua LNG; we also understand that over the long term, our company will need to evolve to achieve our ambition.

In early 2021, we established an Energy Transition Review team to assess strategic options and to develop an Oil Search energy transition roadmap. We are now establishing the governance, organisational structure, processes, and key learnings to define the strategic opportunities that are right for our shareholders, employees, communities, and stakeholders.

Subject to Final Investment Decision (FID), the PNG Biomass project is a targeted investment into alternate fuels which has the potential to provide hundreds of jobs, offset CO₂ and provide local communities with reliable and cost effective power that supports community livelihoods and well being. It consists of a 30 MW biomass power plant integrated with dedicated sustainable forestry plantations to provide domestically sourced and generated biomass electricity.

In the short term, PNG Biomass has the potential to generate and sell 100% baseload renewable energy into the grid, generating 160,000 carbon offsets per year and up to 3.3 million tonnes carbon emission abatement over the life of the project. This project, if approved, would allow Oil Search to enter the energy transition and gain expertise in developing and owning carbon offsets and other nature-based energy solutions.

Engaging on climate policy

Climate change is a complex issue that requires a coordinated approach by companies, governments and communities. As one of the largest companies in PNG and a socially responsible operator, we are committed to engaging with these stakeholders who shape the policies that impact our business. We strive to do this with integrity and transparency, with an aim to realising positive outcomes for all stakeholders impacted by our value chain, including local communities and landholders.

Whilst we are working to strengthen our company efforts, we will target our involvement in industry associations and member organisations towards those aligned with the objectives of the Paris Agreement. In 2021, we will assess the climate change positions of these entities and their alignment with Oil Search's own position. The findings of this assessment will be published in our 2021 Sustainability Report.

GHG performance

Operated GHG performance:

Oil Search's operated GHG emissions intensity in 2020 was 48 ktCO₂e/mmboe. This is higher than our performance in 2019 of 44.8 ktCO₂e/mmboe. Total GHG emissions increased 15% in 2020 from 598,000 tonnes CO₂e in 2019 to 691,000 tonnes CO₂e in 2020. This increase is a result of a return to full production at the Kumul Marine Terminal in 2020 after issues with the mooring buoy impacted production and lowered GHG emissions in 2019.

In 2009, we set a target of reducing our GHG emissions intensity by 12% by 2016. By introducing ongoing flare reduction initiatives and gradually shifting our production mix from largely oil, to oil and gas, we achieved a 50% reduction in emissions intensity by 2016. Since then, Oil Search's GHG emissions intensity has remained relatively stable. We plan to achieve our goal of GHG intensity reduction of 30% by 2030 through a new GHG reduction program in the PNG Business Units and the start-up of our low GHG intensity Pikka project.

Equity GHG performance:

Oil Search's equity GHG emission intensity in 2020 was 31 ktCO₂e/mmboe with total equity GHG emissions of 898,000 tCO₂e. Oil Search's equity GHG emissions include our equity share of PNG LNG. In future Sustainability reports, Oil Search will continue to transparently report its equity GHG emissions, equity GHG emission intensity, and factors influencing the year to year change in emissions.

For a detailed description of our efforts, please see the Climate Change Resilience Addendum included in this report.


1. Wood Mackenzie Emissions Benchmarking Tool Nov 2020, when compared with the current average for North Slope operations.

2. [OSL-Climate-Change-Resilience-Report_FINAL.pdf\(oilsearch.com\)](#)



ENVIRONMENT


ZERO
 MAJOR NON-CONFORMANCE
 in ISO 14001 audit of
PNG OPERATIONS


ZERO
 ISSUES IDENTIFIED BY
 ALASKA REGULATOR
 site inspections undertaken in 2020


**YEAR ON YEAR
INCREASE**
 IN VOLUME OF WASTE RECYCLED
 since 2018

Our oil and gas production operations take place in some of the most remote and environmentally sensitive regions in the world. We recognise it is a privilege to operate in these areas and work to minimise our environmental footprint through comprehensive environmental management practices.

Recognising that extracting and processing hydrocarbons can pose a risk to the natural environment, we design our facilities and management systems to manage these risks to the lowest level that is reasonable. We engage directly with government authorities to understand local environmental laws and guidelines and, where appropriate, contribute to the development of environmental legislation.

To minimise the impacts of our activities on the environment and to facilitate effective control, all our drilling, production, processing, refining and export activities in PNG operate under an environmental management system that is certified as ISO 14001 compliant. Governance of our environmental pillar is managed by the Sustainability Committee. In Alaska we operate in a highly regulated environment and our environmental management is built on industry data and key learnings. Above and beyond regulations, we closely consult with our local communities to understand their concerns relating to the impacts of development on their local environment from people who know the local environment best.

2020 marked the initiation of several long-term environmental studies associated with the Pikka project, including studies on caribou, fish, and water birds, subsistence species important to the local communities. These studies contribute to the global knowledge of biodiversity by sharing data and local knowledge from our operational areas.

Renewing our environmental commitments

Our 2020 strategic review reinforced the importance of protecting the local environments in which we operate, with environmental management, air quality, biodiversity, waste, water and spill prevention emerging as material themes requiring

continued focus. To further our impact across these areas, we strengthened our commitment to be a responsible steward of these unique environments, committing to:

1. No net loss of biodiversity in our new projects
2. No exploration activities in Arctic offshore or UNESCO World Heritage sites

Recognising that knowledge is key to the protection of unique local biodiversity for future generations, we have pledged to use our unique position to contribute to global knowledge of biodiversity through long term data collection and sharing programs within our operational areas. We have also set additional targets to drive continuous improvement in environmental management and expanded our environmental disclosures with the inclusion of an extended suite of water measurements. Concurrently, we are working on developing assets close to existing infrastructure to minimise our environmental footprint.

Strengthening environmental governance in PNG

In 2020, we strengthened our approach to environmental governance to support our commitments and bring environmental protection to the forefront of decision making. We introduced a dedicated environmental management role based in our Port Moresby office to complement existing asset-based site compliance teams. This has allowed us to proactively include environmental expertise in all stages of project management and works planning.

Additionally, we introduced new KPIs for our site teams to drive improvement across a range of environmental metrics including reducing the volume of waste stored onsite by 10% year on year.



Continually improving environmental performance in PNG

In 2020, we maintained the integrity of our environmental management system despite the operational disruptions caused by COVID-19. Our PNG Business Unit was successfully granted recertification against ISO14001. This was achieved via a remote audit due to the difficulties of COVID-19. All air, noise and ecological monitoring requirements were completed as required by permit. As part of our ongoing improvement efforts, we continued our dedicated long-term Secondary Containment Assurance Program to ensure the continued integrity of our bunds.

We also focused on strengthening our methodologies for measuring environmental performance through improvements to our waste reduction practices. In 2020, we made further developments to our waste to value practices at Oil Search through the commencement of a scrap metal recycling program in PNG. Recycling contributes to a significant reduction in energy use and air and water pollution associated with the production and disposal of this material. Since commencing the program in October 2020, we have recycled over 36 containers at our Kutubu site, totalling over 610 tonnes of scrap metal collected and diverted from landfill. In 2021, the program will expand to our Gobe and Kopi sites with a target to recycle over 3,000 tonnes of scrap metal across our PNG sites.

After extensive repairs following earthquake damage, our HotRot compost unit returned to full capacity, allowing the recycling of 325 tonnes of organic material. The specialised unit, designed to local conditions, allows the diversion of food waste away from the incinerator and landfill; decreasing the risk of incinerator repairs and damage and reducing overall project emissions. The compost unit turns the waste product into a valuable resource used in the revegetation program for closure of old drilling sites and vegetable and community gardens.

These efforts allow Oil Search to drive further progress against the ongoing waste management challenge in PNG driven by remote sites, underdeveloped public waste management infrastructure and a lack of associated services. Looking forward, we are implementing a targeted focus on reducing the amount of stored material across the PNG field sites, including process waste (sand and sludge) and stock write offs (junk chemicals), with the development of the 10% year on year reduction target mentioned above. This focus is facilitated by the economies of scale created by our waste management efforts over time, addressing logistical difficulties and associated high expenses of waste removal in the region.

Life of asset planning

As part of our Life of Asset Planning process we are developing Sustainable Development Plans for end of field life. Partnerships with local landowner companies are key to developing Sustainable Development Plans, that are intended to assist communities transition their livelihoods to business opportunities outside the oil and gas industry.

Spills performance

In 2020 there were four spills greater than one barrel that reached the environment. Of these, three occurred in our PNG operations and were attributed to transportation activities. One spill occurred in our Alaska operations and was attributed to a tank overfill during fuelling operations. We implemented clean-up activities at the site of all spills, removing contaminated material offsite for proper disposal. In PNG, no spills triggered the requirements for reporting to the regulators.

In Alaska, 11 spills, minor in nature, were reported to the state and local governments, as per state law and permit conditions. These consisted of eight hydrocarbon, one glycol, one aqueous drilling mud and one sewage spill, the majority of which (68.8% of total volume) were contained inside bunded areas.



Environment

Continued



Building strong environmental foundations in Alaska

We are committed to conserving and managing biodiversity across all the geographies in which we operate. We undertake robust environmental impact assessments to baseline and better understand and protect biodiversity. 2020 marked the initiation and continuation of several environmental studies associated with the Pikka project, including studies on caribou, fish, and water birds, most of which are subsistence species important to the local communities. These studies expand upon the many regulatory-driven environmental studies previously conducted to obtain all permits, agreements and approvals and establish baseline data.

Oil Search engaged with communities and relevant agencies to scope out opportunities for our 2020 study and ensure our efforts complement existing studies and contribute to filling known data gaps. This included undertaking a caribou habitat mapping analysis and working with the Alaska Department of Fish and Game to provide additional radio tracking collars to supplement their existing caribou monitoring program.

In 2021, Oil Search is moving to establish collaborative partnerships with other operators, agencies and institutions to create well rounded programs that utilise available expertise and enable the sharing of wildlife studies with interested parties. These actions will assist us in fulfilling our pledge to help make data available to contribute to improving biodiversity knowledge in the region.

Ongoing program of stakeholder consultation

In 2020 Oil Search continued the strong foundation of stakeholder consultation that was established during project initiation.

Oil Search continues to look for ways to minimise the project's environmental footprint and optimise the benefits for local communities. To date, this process has resulted in 26 changes to our project plans and we continue to consult with stakeholders, including members of the local community. These amendments extend beyond the already stringent regulatory requirements. One of the changes involves Oil Search constructing a new boat launch in response to community feedback, which will provide improved access to the year-round gravel road network for community members; improvements to safety; reductions in the cost and time of travel during open water season, and improved access to traditional use and subsistence hunting areas. Oil Search plans to begin construction on the boat launch in late 2021.

Despite the disruptions of COVID-19, we continued to prioritise this valuable consultative process through the introduction of virtual, COVID-19 safe consultations.

The community engagement process in Alaska also included the employment of local "subsistence representatives" and "ice road monitors" from the local community. These individuals were embedded in the project team to convey traditional local knowledge and cultural awareness about the region and its natural resources to onsite personnel. The subsistence representatives also supported the environmental studies program by monitoring and documenting wildlife activity near the project sites and assisting with water quality monitoring during the field construction activities.

This data contributes to Oil Search's overall biodiversity program and information is used to monitor the success of mitigation measures or identify any additional measures to ensure continued preservation of the local flora and fauna.



Key milestones achieved in Alaska in 2020

During 2020, we initiated field project execution accompanied by an environmental compliance assurance program. Three field environmental coordinator positions worked closely with a team of spill technicians that provided 24-hour spill prevention and response coverage at each operational site. An equivalent representation of subsistence representatives and ice road monitors worked to assist in minimising effects to local resources; and throughout the year the project successfully completed seven government regulatory site inspections, with no issues identified. All air, water, waste, wildlife and ecological monitoring requirements were completed as required by permit.

Our 2020 Alaska field-based operations were completed in October 2020, with the Joint Venture positioned to progress into front-end engineering and design (FEED) in 2021. FEED will progress engineering and design for the production facility, infrastructure for a single initial drill site (Nanushuk Drill Site B, or NDB), pipelines, and operations pad infrastructure including camps. FEED will also deliver key drilling milestones including final designs for wells and drilling processes and systems. Procurement activities for key items will launch, helping to ensure timely delivery of pipelines, facilities, the drilling rig and other materials, supplies and services needed to support first oil, planned for 2025.

Oil Search is committed to constructing and operating the Pikka project in an environmentally and socially responsible manner. The project will be undertaken in alignment with the international standards set in the Equator Principles, International Finance Corporation (IFC) Performance Standards, and applicable World Bank Group Environmental, Health and Safety Guidelines. In 2020 Oil Search progressed efforts to align with these requirements including undertaking an externally assessed gap analysis to review the Pikka's existing compliance with international standards and completing reporting requirements specific to the standards. This alignment analysis is above and beyond the requirements of local laws and regulations and is considered international good practice for identifying and managing environmental, social and governance matters.



COMMUNITY



DONATED
~460,500

ITEMS OF PPE
in Alaska and PNG to help stop
the spread of COVID-19



49
WATER TANKS
INSTALLED

across Hela and Southern Highlands
communities in PNG



TWO
SUBSISTENCE
EMERGENCY SHELTERS BUILT
in partnership with local North Slope
Nuiqsut Community and businesses

Earning and maintaining the trust and support of local communities and other stakeholders is critical to Oil Search's long-term success. We recognise that our presence needs to create positive impacts that extend beyond our projects.

We work in consultation with local community, government and business partners to identify areas where we can make a meaningful contribution for social and economic development and create shared value. In 2020, we worked with our partners to deliver initiatives aimed at improving health and education outcomes, supporting local business and improving local infrastructure.

Through open and honest relationships, we are working to build diversified and resilient communities, in all phases of our project lifecycle.

Strengthening our social development and investment framework

We invest in community projects and create social development and investment (SD&I) programs that align with local needs. We are proud of the progress we have made in our communities, and have achieved visible results in PNG from our long-term engagement. We recognise that we must remain nimble to achieve sustainable socio-economic benefits in the countries where we operate.

As part of the company-wide strategic review conducted in mid-2020, we studied our operating country contexts, reviewed our SD&I portfolio, and assessed stakeholder perceptions and emerging social trends to understand the effectiveness of our SD&I framework. We used the findings of this work to inform SD&I commitments in two areas:

1. Refinement of our SD&I priority areas

The percentage of young people within the total population in both PNG and Alaska is high and growing. In PNG, 60% of the population is under the age of 25¹. This places pressure on already constrained local education and employment systems. Consequently, we are working with our partners to identify how we can best contribute to and support initiatives designed to alleviate these pressures.

In 2021, we will review, refine and focus our SD&I efforts in four key areas that will significantly impact young people and create an environment where they can thrive:

- **Education** – helping to connect young people with education opportunities, training and skills needed to support themselves and their communities
- **Sustainable livelihoods** – helping to create opportunities for income generation to build self-sustaining communities
- **Health** – working with local government and community representatives to strengthen community health services
- **Gender equality** – partnering to address safety, security, discrimination and cultural norms that limit the full participation by youth and women in society

2. Strengthening alignment and governance of SD&I initiatives

In addition to the refined SD&I priority areas, we are developing a company-wide SD&I framework aimed at promoting alignment and integration across the business. The first phase of this framework involves the development of multi-year SD&I plans for each Business Unit.

1. Source: United Nations Population Fund



These plans will improve measurement of performance and provide a more structured approach to working with our partners to maximise mutual benefits and build good will. Implementation will be coordinated through a company-wide SD&I Community of Practice, which meets monthly and includes representatives from both our Alaskan and PNG business units as well as the Oil Search Foundation. Performance against these plans and the framework will be monitored by the Sustainability Committee of the Oil Search Board and reported on externally.

In 2021, we will work together with the SD&I Community of Practice members and key partners in PNG to identify opportunities for young people to participate in existing or new programs. We will also formalise our commitment to communities in two new Board endorsed policies: Sustainable Communities and Human Rights.

Working with provincial health authorities in PNG

We focus on strengthening existing government systems to achieve community health outcomes across a broad range of areas. In PNG, this is delivered through the Oil Search Foundation which has partnership agreements with the National Department of Health, Provincial Governments and Hela, Southern Highlands and Gulf Provincial Health Authorities (PHAs).

These PHAs work with the Oil Search Foundation to draw on our expertise in various areas including resourcing, capacity building, training, financing models, business management, health promotion, and NGO partnerships. The partnership model between the Oil Search Foundation and PNG PHAs promotes systemic change and enables PHAs to improve key areas of the PNG health system.

In 2021, the Oil Search Foundation will accelerate similar work in the Southern Highlands PHA to achieve sustained change in Kubutu, similar to that below in Hela.

Family and sexual violence

In 2020, two Family Support Centres (FSC) in Margarima and Koroba District Hospitals commenced operation.

These two new services are the culmination of over two years of joint work by the Hela PNG Public Health Team and the Oil Search Foundation, which included the scoping out of hospitals to set up the FSCs, securing government funding, obtaining the relevant approvals and linking FSCs to police and other legal services. As a result, in 2020 the three FSCs in Hela provided 3,233 services, a 19% increase from 2019 and saw 1,629 new clients, a 30% increase from 2019.

Oil Search is one of 15 subscribing companies in the Bel isi PNG family and sexual violence service in Port Moresby. The Oil Search Foundation continues to play a leadership role, supporting the governance and operation of the service in Port Moresby where 420 people were supported to access support services through this initiative.

Maternal and child health

Over the past three years, the Hela PHA and the Oil Search Foundation have collaborated through a partnership strategy 'Wok Bung Wantaim' (Working through Partnership) to improve the flow of government funding to PHAs and health centres, trial new delivery models, leverage resources from multiple donors, and build management and clinician capacity. Funds obtained were used in 2020 to renovate or build maternity wards, increase supervised birth rates through education and train health facility staff to improve antenatal care (ANC) and supervised deliveries.

Notable improvements in maternal and child health indicators were evident in all three partner PHAs. Across the three provinces supervised deliveries increased by 18% in 2020. In Hela, ANC visits increased by 7% and, for the first-time supervised deliveries increased by 20%. Supervised deliveries increased by 150% at several individual facilities. In Kutubu, we saw significant improvements in delivery of outreach clinics and immunisation of children with moderate improvements in ANC visits.

In the Gulf Province, immunisations improved by 15% for the first time in two decades and the new Gulf PHA was fully established. This achievement in the Gulf was jointly funded by the Gavi Global Vaccine Alliance and the Oil Search Foundation.

Community COVID-19 response

Through the Oil Search Foundation, we worked with PHAs to fund, deliver and distribute over 460,000 items of personal protective equipment and 5 million litres of hand sanitiser to health workers across our project impact areas in PNG. We supported our partner PHAs in developing COVID-19 response plans, acted as a private sector representative on the PNG National Department of Health Committee managing the pandemic and worked with PHA staff to deliver COVID-19 response training in seven Kutubu health facilities. The Community Affairs teams also ensured all Village Liaison Officers had adequate mobile phone resources to maintain open communication lines despite mobility restrictions. We commenced a community awareness roadshow to distribute PNG Government information and guidance on COVID-19 and the African Swine Fever. These efforts helped alleviate the fears of community members and health workers and enabled health facilities to continue operating in these communities.

Health infrastructure and other programs

We progressed several public infrastructure projects under the PNG Governments National Infrastructure Tax Credit Scheme, including the Kupiano District Hospital Redevelopment and Kwaima Sub-Health Centre facilities upgrades. Through the Oil Search Foundation, we also installed a final 49 water tanks at various health facilities in the Hela and Southern Highlands. This was the completion of the earthquake water supply restoration project undertaken with the Earthquake Emergency Controller's Office and the Australian Government.

For data relating to other Oil Search Foundation health outcomes from partnerships and programs including those supporting family planning, tuberculosis, malaria and immunisations see the [Oil Search Data Centre](#).

Community

Continued



Connecting local youth with education opportunities

Access to a quality education at all levels underpins progress in all other development areas. In PNG, through the Oil Search Foundation we have in place a Memorandum of Understanding (MoU) with the PNG Department of Education. Progress towards joint MoU objectives in PNG was delayed as a result of COVID-19 and will be revisited in 2021. Despite this disruption to the academic year, we were able to continue with several initiatives in PNG and Alaska.

Literacy libraries

A new literacy library in Fugwa in the Hela Province was opened in February 2020, bringing the total number of libraries supported by the Oil Search Foundation to three. This library is a partnership between the Oil Search Foundation, and the Australian and PNG Governments.

The three libraries achieved an 82% increase in the number of children completing literacy classes in 2020 with 270 children attending across the Hela and Kikori Districts. The opening of the two other libraries planned for 2020, in Pimaga and Samberigi has been rescheduled for 2021.

Tertiary education sponsorships

During the year, the Oil Search Foundation awarded 39 scholarships under the tertiary education program. These were completed successfully in 2020, with majority of recipients remaining in study, despite COVID-19 related disruptions. In 2020, three young doctors who were scholarship recipients in 2019 completed their medical residencies in Hela Hospital, and one nursing student undertook her placement in the hospital. Oil Search also continued to directly sponsor 100 students from local communities, with 55 students graduating into medical, business or engineering fields.

In Alaska, we continued to sponsor an intern at Alaska Clean Seas response cooperative and contribute to the Alaska Native Science and Engineering Program of the University of Alaska, as well as making a series of small donations and COVID-19 safe activities with families from the Nuiqsut Trapper School.

Supporting subsistence and agricultural livelihoods

In Alaska and PNG, agricultural and subsistence livelihoods are key to community resilience. These livelihoods reflect traditional practices, support food security, have low entry costs, are scalable and provide employment opportunities. We work closely with communities and other partners to identify opportunities to create sustainable outcomes.

Commercial agricultural opportunities

Throughout the year, we worked closely with our partners Fresh Produce Development Agency (FPDA) and PNG Mining and Petroleum Hospitality Services (PNGMPHS) to improve the accessibility of the commercial agriculture industry in Gobe. Partnerships with local landowner companies is key to the Gobe Sustainable Development Plan, a multi-year initiative intended to assist Gobe communities transition their livelihoods to business opportunities outside the oil and gas industry.

In 2020, we conducted research on market access opportunities, organised stakeholder awareness sessions, community briefings and engagement with local community members, farmers, landowner companies and government representatives. In 2021, we will continue to work with our partners and expand into communities in Hides, Kutubu and Moran.

We also continued to provide direct funding to Wonderland Agristock Limited (formerly Hailans Pig Limited), to support their commercial pig farming operations. Our Company is owned by existing PNG landowner companies (Lancos) in Oil Search operating areas and aims to build the local economy, improve local community accessibility to agricultural markets and expand income opportunities. Community members grow the feed for livestock or farm pigs for the piggery under an out-grower or 'offsite' agreement. In 2020, there were over 1,500 farmers who registered to be part of this enterprise and work will continue in 2021.



Community access and subsistence livelihoods in Alaska

Working in partnership with the local North Slope businesses and Nuiqsut community representatives, we built and delivered Subsistence Emergency Shelters. These shelters will provide safe respite from the elements and support subsistence activities and inter-village travel in the area for years to come.

In addition, we worked collaboratively with the North Slope Borough (NSB) to include Stirrup ice road – intended to provide access to our exploration drill site as part of the wider NSB Community Winter Access (CWAT) program. The ice road access itself was a ‘game changer’ for those who transited the CWAT reducing snow trail travel by more than four hours between Utqiagvik and the wider regional permanent road infrastructure. The CWAT program is a critical initiative driven by the Mayor and provides seasonal access to supply centres in Alaska which are otherwise only accessible by air. Oil Search support also included a rest stop at the ice-road/ trail head junction to provide travellers limited food, bathroom facilities and internet.

Grass-roots enterprises around PNG biomass

We also support sustainable agriculture initiatives with communities around our renewable energy project PNG Biomass, in Markham Valley. In 2020, we continued to deliver regular intercropping training and field demonstrations on the basic requirements of crop plantation and management to enable local communities to run their own businesses planting cash crops in between the rows of trees planted by PNG Biomass.

On a smaller scale, and with Oil Search support, the local native stingless bee community development program ‘Switpela Bi Hani’ continued to expand with local producers taking responsibility for driving the expansion themselves during the year, establishing hundreds of local hives.

Strengthening supplier due diligence and local content approach

We recognise that our contracting and procurement decisions can have a significant impact on workers in our supply chains, and the environment. We understand our suppliers and the challenges they face and provide guidance, and support where necessary, to ensure the most optimal and sustainable outcomes are achieved.

PNG landowner companies support

Throughout 2020 we worked closely with our local PNG landowner companies (Lancos), many of whom are heavily reliant on Oil Search to ensure their sustainability in a contracting business environment. As a result of COVID-19 restrictions we were unable to deliver our regular capacity building programs, however during the pandemic we increased communication with all Lancos representatives about the steps the company was taking in response to COVID-19 and the decline in oil price.

Within the context of reduced work opportunities driven by COVID-19, we revised our forward Lanco business development approach.

We formed a cross-functional workgroup in PNG to work with Lancos and map out a multi-year plan focused on enabling Lancos to become operationally excellent and sustainable outside of a relationship with Oil Search.

In Alaska, we continued to identify opportunities for local companies, working with suppliers to ensure North Slope and Alaska hire is a priority for the project.

Responsible sourcing practices

During the year, we commenced consultation on an Oil Search Responsible Sourcing Standard, which includes Responsible Sourcing Principles for all Oil Search suppliers to adhere to. As part of this, we mapped responsible sourcing risks to product or service categories to identify higher risk suppliers for additional due diligence. Concurrently we commenced development of implementation plans to embed the responsible sourcing standard requirements into supply chain and contractor management practices across the business. For further information on our response to modern slavery, see the [2019 Oil Search Modern Slavery Statement](#).



HEALTH AND SAFETY



ZERO
TIER 1 AND TWO TIER 2
PROCESS SAFETY EVENTS



**STRONG SAFETY
PERFORMANCE**
TOTAL RECORDABLE INJURY RATE (TRIR) OF
0.94



480 HOURS
OF TRAINING OR INDUCTIONS
covering the Voluntary Principles and
Oil Search conduct expectations

We are committed to protecting and enhancing the health and safety of our employees, contractors and communities. Our safety management approach is built on the principles of strong safety leadership, planning and risk management. We create a carefully controlled work environment where equipment is well-maintained, work procedures ensure safe operations and staff are well-trained.

Through our 2020 materiality assessment, we identified health and wellbeing, safety, process safety and security as key areas of focus. We approach safety management through the consideration of people and process safety practices. Our Medical and Occupational Health Service team oversee the management of all aspects of health hazards and risks, whilst our company-wide employee wellbeing program provides staff and contractors with the information and support they need to make informed health decisions. In PNG, our operations face security threats that include criminal activity and civil unrest. Our approach to security management is aligned with industry best practice and our commitment to the Voluntary Principles on Security and Human Rights (VPSHR).

Our Health, Safety, Environment and Security Policy details our commitment to achieving incident free operations through the provision of effective Health, Safety, Environmental and Security (HSES) management across all our operations and worksites. Despite the challenges presented by COVID-19, we maintained focus on our goal to protect people from harm across all our operations.

Keeping the field workforce safe through COVID-19

In 2020 we achieved strong safety performance outcomes, including a Total Recordable Injury Rate (TRIR) of 0.94. Early on, we recognised the potential for incidences of COVID-19 to impact our operations. We formed a dedicated, multi-disciplinary COVID-19 Taskforce charged with taking measures to minimise the potential for the virus to impact our people and communities.

To reduce the risk of a COVID-19 outbreak we suspended discretionary activities and demobilised non-essential employees from the field. We introduced infectious disease protocols, including temperature checks, social distancing, the use of enhanced hygiene protocols and COVID-19 testing of personnel.

In PNG, the field workforce remained within strict quarantine zones to minimise the risk of transmission among teams and enable us to effectively maintain business continuity. Oil Search identified the supplies that it needed to continue to run the business and obtained additional stocks of essential medical supplies and consumables (fuel, chemicals, critical spares, food rations, materials) in case global supply chains were affected by COVID-19 constraints. To support essential personnel who spent

extended periods (4-6 months) in the field, we implemented additional health and wellbeing programs on site including increased communications; controlled work hours and daily 'fatigue' check-ins at all production facilities; increased social activities on site; church services and an on-site psychologist.

By introducing changes to rotational employee shifts and enhanced hygiene measures, we completed our winter works campaign in our Alaskan operations without a COVID-19 case. During the year, mitigation measures were expanded, including the implementation of a weekly COVID-19 testing protocol that mandated a negative COVID-19 test prior to personnel being approved for travel to the North Slope. These additional measures maintained the health, safety and wellbeing of the workforce and surrounding communities during our summer works campaign on the North Slope and enabled us to successfully manage three non work-related positive cases which were identified within our operations. Office COVID-19 protocols prevented the spread of any work-related illness despite a small number of office-based employees contracting COVID-19 through community transmission.

Reducing the COVID-19 risk for rotational and office employees

Many personnel in PNG follow a fly-in-fly-out (FIFO) rotational work pattern. The return to work of FIFO personnel presented a risk of introducing COVID-19 into both the country and the Oil Search operation. Both our local national and expat rotators were quarantined before going to work in the field and we implemented a process of COVID-19 testing whilst in quarantine to manage this risk effectively with permission from the PNG Government.

In our Sydney and Anchorage offices, working from home was mandated for personnel at various times during the year. We rolled out video conferencing facilities across the business to allow people to continue working remotely in an effective manner. When restrictions eased, we established return to office protocols and made COVID-19 safe alterations to the offices to achieve social distancing and good hygiene standards.

As we move into 2021, we are acutely aware that COVID-19 will remain a threat to our business. Oil Search will monitor health advice about COVID-19 virus mutations and more readily transmissible strains. We will continually reassess the risks to our workforce and operations and modify our COVID-19 controls and protocols to support the health and wellbeing of our people.



Health and Safety

Continued

Strengthening our robust process safety controls

At Oil Search, the goal of our process safety management approach is to achieve confidence in the integrity of our operating assets and practices, ensuring robust controls are in place to manage process safety risks. Process safety focuses on the prevention and control of events that have the potential to release hazardous materials or energy associated with our drilling and production activities. We recognise that such losses of containment could lead to major accidents causing loss of life and environmental damage.

As committed, in 2020 we completed the revision of our process safety management framework to support the improved integration of process safety into our activities across both our PNG and Alaska business units. The new framework takes into consideration the different regulatory regimes of PNG and Alaska. The foundation of this framework is strong and visible in leadership, accountability and behaviours, with clear assignment of ownership mandated for each element of process safety.

We continued to enhance our management of process safety risks despite the restricted movement of personnel and equipment and equipment due to the COVID-19 pandemic. Our focus on maintaining safe and reliable operations throughout this challenging period was reflected by a decrease in Tier 1 and Tier 2 process safety events to zero and two respectively (compared to one Tier 1 and four Tier 2 events in 2019).

Improving process safety management in PNG and Alaska

In PNG, the execution of our annual process safety improvement plan under the stewardship of the Process Safety Steering Committee, delivered:

- a revision of the Technical Management of Change process in line with industry recognised practice
- an increased focus on completion of safety critical preventative maintenance activities
- verification of the integrity of our high-risk safety critical elements
- development of safety critical role competency packages and a significant improvement in the risk profile of our well infrastructure via targeted interventions and critical maintenance backlog reduction

Process safety remains a priority for our Alaska project team as they progress the design of the Pikka Unit operation. In Alaska, we have completed front-end process safety design studies and continue with the development of our safety management manual to meet the requirements of the US Occupational Safety and Health Administration (OSHA) regulations.

Our focus in 2021 will be on the successful rollout of the revised process safety management framework supported by our new Health, Safety, Environment and Security (HSES) Management Standards. As part of our operational excellence efforts and ensuring the mechanical integrity of our PNG assets, particularly out of service equipment; developing the competency of personnel in safety critical roles; delivering a consistent global approach to crisis, emergency and incident management; and supporting the engineering design of our Pikka project operations in Alaska to deliver safe and reliable performance.





Human rights training of security personnel

In 2020, we reviewed our Voluntary Principles training and induction program for private and public security providers in PNG. One of the key elements for ensuring 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, to the standard required. Awareness programs to enhance knowledge and understanding of the voluntary principles amongst supervisors and managers will also be undertaken.

During the year we conducted 480 hours of training or inductions covering the Voluntary Principles and Oil Search code of conduct expectations. A total of 90 public, 103 contract, and one Oil Search security personnel received training. One incident with potential human rights implications was reported in 2020 concerning an intervention by a public security provider at Oil Search operations in PNG. Investigations carried out in accordance with provisions of our MOU with the Royal Papua New Guinea Constabulary (RPNGC) and our own incident

investigation procedures found it to be unrelated to any form of human rights violation. Notwithstanding, the event was used as a learning opportunity to underscore our commitment to the Voluntary Principles. Our performance in 2020 reflects a growing awareness as a result of regular police Voluntary Principles briefings since 2018, in the face of strict COVID-19 protocols across Oil Search operations.

Oil Search represented the Corporate Pillar on the Voluntary Principles Initiative Steering Committee and actively participated in the IPIECA Responsible Security Task Force, which included participation with the Sustainability Committee, as well as continued engaging with joint venture partners and peers in PNG on responsible security practices.

See our [2020 Voluntary Principles Report](#) for more information on our progress implementing the Voluntary Principles on Security and Human Rights.



PEOPLE



38%
FEMALE REPRESENTATION
ON THE BOARD



88% PNG WORKFORCE
ARE PNG CITIZENS AND
77% OF LEADERSHIP ROLES
in PNG filled by PNG leaders



8 IN 10
EMPLOYEES EXPRESSED THAT THEY
ARE PROUD TO WORK FOR
Oil Search and motivated to do more

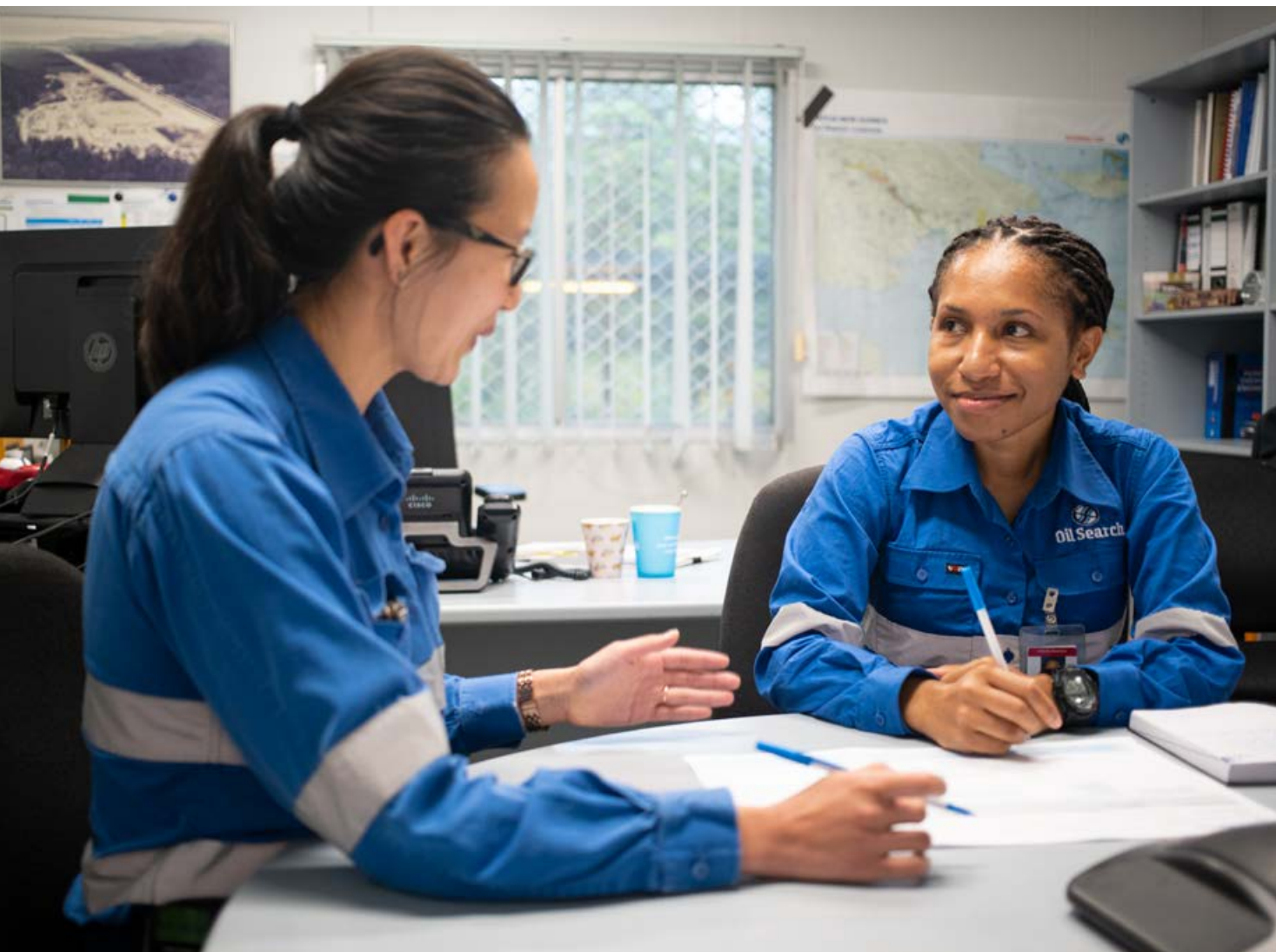
The execution of our long-term strategy is underpinned by one of our business objectives to become the trusted and preferred employer and partner of choice. The successful delivery of our growth relies on sustaining an accountable, high performing culture and looking after the safety and wellbeing of our people. Our commitment to supporting, empowering and enabling our people is sustained by our diversity and inclusion strategy, our plans for succession management and our leadership and broader development programs.

Supporting our people through operational changes

Our commitment to be the trusted and preferred employer of choice in our industry comes with a responsibility to the safety and wellbeing of our people. COVID-19 brought a significant shift to our ways of working in Oil Search. Whilst we successfully mobilised our office-based workforce to a remote-working model; the rapid changes to global market conditions in the Oil and Gas industry were a catalyst for us to restructure and reduce the size of our workforce to position the Company for long term success.

Oil Search developed an extensive program to provide post-employment support for departing employees. We offered vocational training grants amounting to 10,000 in local currency for our Australian, PNG and USA staff to be used for renewal of trade licenses, professional affiliations/memberships, re-skilling and training purposes. Recognising the limitations of PNG's socio-economic infrastructure, we provided further assistance to PNG employees in the form of dependent education assistance (K1,000 per family to utilise for uniforms and stationery) and ongoing access to medical insurance for 12 months post-departure. We also provided career transition specialists, career counselling and job search training to suit individual needs.

We recognised that a purposeful and tailored approach to workforce engagement and development was critical to support people through these transitions. In October 2020, we engaged organisational consultant Korn Ferry to conduct an anonymous employee survey and apply their Korn Ferry Engaged Performance™ Framework to draw insights on employee sentiment and identify areas for targeted improvements. The results of this employee survey demonstrated that Employee Engagement¹ sat above General industry and Oil and Gas norms, with a 74% favourable response rate (agreeing or strongly agreeing); whilst Enablement², with a 69% favourable response rate aligned with General industry and Oil and Gas norms. We used the results from the employee survey to hold a number of conversations with our employees on areas for continual improvement. Eight in 10 employees expressed that they are proud to work for Oil Search and motivated to do more than is required of them. Overall, Oil Search's support and care for our people during this difficult time contributed to the Company's voluntary retention rate of 94%.



PEOPLE

Building capability of our people

Enhancing and building the capability of our people continues to be a key focus for Oil Search. We continuously invest in opportunities for employees to gain new experiences and skills. Restructuring and reducing the size of our workforce created both opportunities and challenges to our investment in the capability of our people. Despite the challenges of COVID-19, we successfully inducted 12 graduates as part of the 2020 graduate program in PNG and continued our investment in apprentices, with 19 apprentices completing their development overseas at a world class oil and gas training facility. Opportunities created during the workforce review also led to 86 employees receiving promotions during the year.

Development programs

We paused our PNG Leadership and Citizenship Development programs during 2020 as we prioritised resources towards continuing safe and reliable operations and reset our strategic priorities. Both approaches are currently under review to align them with the necessary leadership and technical capabilities to deliver our priorities.

Retaining employees with technical knowledge in exploration, drilling, production and engineering remains critical to our success. Our refreshed technical career framework is refocused towards engineering and production capabilities, with our work on the exploration and drilling components of the framework paused pending the outcomes of the workforce and strategic review.

PEAK Performance program

We also continued to roll out 'PEAK Performance', our simplified approach to employee performance and development. PEAK Performance recognises the focus and performance of teams are lifted when each employee understands how they contribute to and share in the successes of the business. The approach emphasises empowerment and accountability through constructive and frequent conversations, with 86% of employees setting objectives during the first quarter of the year.

In response to the feedback from our employee survey, we will provide greater support in learning and development to all employees. In 2021 PEAK Performance will emphasise goals setting, and development planning supported by enhanced development budgets and the introduction of an on-demand learning platform where all employees can 'self-serve' to access a range of learning resources. These commitments reiterate our focus on the development of our people through supported learning that will empower our workforce, enhance our capability and support individual growth.

Through our employee survey, we also identified that employees desired greater accountability and more opportunities for collaboration. In response to this, Oil Search implemented a new Delegation of Authority process to provide clarity and empower decision-making on expenditure and commitment levels and created dedicated teams to drive continuous improvement in a range of different areas, including establishing a dedicated corporate performance and continuous improvement office 'Pathfinder'.

People

Continued

Protecting the mental and physical wellbeing of our people

At Oil Search, we consistently work towards creating a supportive and healthy workplace that considers the mental and physical wellbeing of our people.

COVID-19 reinforced the importance of promoting wellbeing and challenged us to develop new practices to allow our workforce to stay connected. To manage the indirect risks associated with working remotely, we implemented the 'Keep Connected' initiative, led by the EVP of Sustainability and Technology, which introduced weekly virtual Town Hall and Medical, Health and Wellbeing webinars. The quarantine requirements of Australia and PNG extended the placement period for our fly-in-fly-out (FIFO) rotational workforce from 4 to 8 weeks. Recognising this extended time away can significantly impact families; we provided our workforce and their families with practical domestic assistance to offer support to them through this change.

Oil Search also deployed five dedicated psychologists across Australia and PNG to provide wellbeing check-ins and crisis counselling to the field workforce, staff in quarantine and families of FIFO workers. Across Australia and PNG, nearly 1500 quarantine calls, over 270 crisis counselling calls and 235 FIFO workers family support calls were placed.

Developing an inclusive and diverse workforce

We believe that having an inclusive and diverse workforce strengthens Oil Search's capability and resilience. We aim to provide a supportive and collaborative workplace where every employee feels respected and recognised.

2020 marks the completion of a long-term inclusion and diversity strategy with six out of our eight quantitative targets met or exceeded. During 2020, we maintained our focus on building gender diversity and the development of PNG citizens and reviewed our approach to inclusion and diversity. Our continued effort to improve the under-representation of females in the oil and gas sector culminated in our female employment rate of 28%, with 21% of senior management roles held by women. During 2020, Oil Search also exceeded its long-term target for citizen development to have 73% of leadership roles filled by PNG citizens, at the end of 2020 a pleasing 77% of leadership roles were being held by PNG citizens.

During the year we made greater strides in providing flexible working arrangements to assist employees to meet their work and home responsibilities. We relaunched our Flexible Work Procedure for non-operational sites, whilst continuing to offer the option to buy an additional two weeks worth of leave, and payment of superannuation to men and women taking unpaid parental leave. Oil Search's industry leadership has translated into 84% of employees feeling respected as an individual.



**Table 1. Oil Search progress on D&I targets**

Objective	2020 Target	2020 Result	2023 Target
<i>Gender diversity - Female representation:</i>			
Board	30%	38%	33%
Executive Vice President roles (EVP) on the ELT	30%	17%	30%
Senior management level roles (Senior Manager and above)	30%	21%	25%
General workforce	22% ¹	28%	22% ²
Graduate program over 2018-2020	50%	58%	—
<i>Citizen development</i>			
PNG citizen representation in PNG workforce	88%	88%	90%
Percentage of PNG citizens in leadership roles in PNG	73%	77%	—
Percentage of PNG workforce under the age of 30	—	—	16%
<i>Inclusive workplace</i>			
Employee survey inclusion index ³		68% fav.	74% fav. ⁴

Following an independent review of our current inclusion and diversity practices against best practice, Oil Search's 2021-2023 Inclusion and Diversity approach will incorporate talent development activities to replenish diversity in our leadership pipeline. Targets for 2023 will look to increase diversity at front-line leadership, as the first step into a leadership role is critical to ensuring a healthy pipeline at more senior levels. Within the oil and gas industry this career transition is widely considered one of the main barriers to female representation in senior leadership roles.

The next phase of our journey will see us continuing to prioritise activities that support our leaders in role-modelling our inclusive culture and behaviours whilst delivering job opportunities aligned to our growth projects as we position Oil Search and local and regional communities for long term success. Youth development in PNG has emerged as a critical focus area, with our early career programs to be further enhanced to integrated career pathways and development planning.

1. Meet or exceed oil and gas sector averages for female representation in the workforce in 2020 (World Petroleum Council and Boston Consulting Group, 2017)

2. The Employee Survey was conducted utilizing Korn Ferry's Engaged Performance™ Framework.

3. The World Petroleum Council and The Boston Consulting Group are conducting their next gender study with results available at the end of 2021. The target will be updated once results are available.

4. Korn Ferry recommend reaching 74% would be considered statistically significant.



INTEGRITY



WHISTLEBLOWER POLICY

launched across the company



SPEAK UP CULTURE

integrated across the organisation

At Oil Search, we are committed to do the right thing by our people, our suppliers and the communities in which we operate. We work in environments with varying cultural norms and ethical standards, including some jurisdictions that are perceived as having high levels of bribery and corruption risk. Wherever we operate, we apply a consistent approach and high standard to integrity and transparency issues.

As a signatory to the United Nations Global Compact (UNGC) and a proactive Extractive Industries Transparency Initiative (EITI) Supporting Company, we seek to prevent corruption in all its forms. We do this by requiring employees and business partners to adopt ethical business practices, contributing to public policy debate, advocating for change and promoting greater transparency. Our ways of working, including those formalised in policies, are designed to bring our values to life; providing transparency and accountability for all stakeholders. Our policies are benchmarked against peers to meet the highest industry standards. We are committed to monitoring and improving our processes to maintain our ethical standards and deliver on our Company strategy.

Aligning sustainability governance to our new strategy

In late 2020, following the completion of the company strategic review, we commenced work on updating the Sustainability Committee charter, work plan and agenda. The role of the committee now incorporates oversight of our sustainability strategy and work plans and relevant pillars of the Sustainability Model. The charter also recognises the role of the committee in the review of relevant sustainability reporting and continuous disclosure obligations. In accordance with the Oil Search Foundation Grant Agreement, the committee continues to have oversight of the Oil Search Foundation.

To align Oil Search's sustainability commitments with our governing policies, we conducted a review and update of our sustainability-related policies. As a consequence, in 2021 we will publish an updated Sustainable Communities policy and a new Human Rights policy to reflect our renewed community, indigenous and human rights commitments. The Climate Change policy was updated to represent our new climate commitments, including our position on net zero by 2050. Finally, we incorporated the Drug and Alcohol policy provisions into the Oil Search Code of Conduct and HSES Management Standards.



Updating our Code of Conduct and whistle-blower policies

The Oil Search Code of Conduct reflects our commitment to upholding ethical business practices. It sets out the values and behaviours that everyone working under the Oil Search banner is expected to follow. This includes all directors, employees, contractors, consultants, agents, advisors and representatives engaged by us and our related companies.

We have a zero-tolerance approach to bribery and corruption, and we expect that employees, contractors and any third parties acting on our behalf perform their duties ethically, honestly, responsibly and diligently, and in full compliance with the law. Our Code encourages and articulates the methods available for 'Speaking Up'; whilst our whistle-blower policy outlines the procedures to help people feel respected and confident to report suspected breaches. In line with the requirements of amended 2019 whistle-blower protections in Australia, we implemented a whistle-blower Policy and provided training to the Board, executives, senior managers and all staff in late 2019 and during 2020. Senior management and members of the Board are obliged to certify their compliance with the Code of Conduct each year. The Code is monitored by the Oil Search Integrity Committee consisting of all members of the Executive Leadership Team, and the Compliance Manager. This group is tasked with reporting to the Board and its Committees on material breaches of the Code and corrective action taken.

Upholding a culture of compliance

Maintaining compliance with internal and external obligations is key to Oil Search's culture of compliance and transparency. In 2020, the Compliance Team worked with Business Units and Corporate to develop and promote compliance systems and processes. In response to COVID-19, we adapted face-to-face training to suit a virtual audience whilst mandatory compliance training modules continued to be delivered through e-learning.

In 2021 we will maintain our industry commitments and actively participate in an EITI Multi-Stakeholder Group and Global Compact Network activities.





ECONOMIC SUSTAINABILITY



**US\$2.50/BOE REDUCTION
IN UNIT PRODUCTION**
OPERATING COSTS IN 2020



**BUILDING
CAPITAL DISCIPLINE**
FOCUSED ON
minimising cost of supply



STRENGTHENED
THE BALANCE SHEET BY SUCCESSFULLY
RAISING US\$700 MILLION
of equity

Building an economically resilient business allows us to deliver full value to all our stakeholders. We are operating in an increasingly challenging financing environment with many banks introducing stringent sustainability criteria, particularly for Arctic oil and gas projects. With this in mind, we plan to continuously review our performance, align short to medium-term targets with the goals of the Paris Agreement and embed sustainable improvements to position ourselves for long-term success. We will achieve this by maintaining a strong and flexible balance sheet, optimising costs by focusing on cost and capital allocation, leveraging technology and improving productivity. Our efforts to strengthen the economic resilience of Oil Search is governed by the Audit and Financial Risk Committee, Sustainability Committee and Investment Review Process.

Building a sustainable operating model

Strengthened balance sheet

As the global COVID-19 pandemic emerged at the start of 2020 and oil prices collapsed, we undertook quick and decisive action to strengthen the balance sheet. We successfully raised US\$700 million of equity by engaging with existing shareholders and extended the maturity date on US\$300 million of short-term debt to ensure sufficient funding for our operations.

Reorganisation and cost base reset

During 2020, we conducted a detailed and systematic review of our organisation and cost structure to assess if we have the resilience, capabilities and cost base to withstand a prolonged period of low oil prices, and are well positioned to operate our production assets safely and cost efficiently.

COVID-19 and its resultant impact on the market forced us to restructure our workforce and make the tough decision to reduce our workforce by approximately 34% across all locations. Under the new structure, there is a material increase in executive and senior leadership opportunities for PNG nationals, which is in line with building a more sustainable, diverse and representative workforce. We provided termination payments and post-employment support to all those leaving Oil Search, and family assistance for education and loan repayments in PNG.

Streamlined supply base and costs

As a result of COVID-19 and declining oil prices in 2020, a decrease in demand caused projects to be put on hold or deferred; we undertook a significant review of our spend with third parties and our supply chain network. This third-party spend review reduced costs, reduced supplier numbers, improved our oversight of our supply chain and strengthened supplier relationships. We defined processes, procedures, tools, and training that enabled the business to realise savings through effective spend management of categories and business needs. This included the introduction of processes to improve contracting, contract management, and sourcing activities that increase compliance, transparency, and economic sustainability. We are further integrating and embedding these practices as part of a multi-year project that will enable financial risk mitigation and cost savings. Through the re-organisation and streamlining of our business to a more asset-focused model, we substantially reduced and reset our operating cost base in PNG. This resulted in a reduction in the 2020 unit production costs to US\$9.97 per barrel of oil equivalent (boe) representing a decrease of ~US\$2.50/boe or 20% from the prior year, which materially improves our benchmark position for asset operations of similar scale and available liquidity for future growth projects.



Protecting our information assets and business continuity

The cyber threat landscape is dynamic and becoming increasingly sophisticated. A successful cyber-attack against Oil Search would not only impact the organisation's reputation but may also impact on Oil Search's ability to conduct business. In 2020, Oil Search appointed a Vice President Global Cyber and Information Security and developed a global cyber security strategy to protect our business critical information assets and services, reduce our cyber risk exposure and improve our cyber security resilience and align with industry best practice standards.

There were also several technical security control improvements implemented in 2020, and include:

- Improvements to our email security infrastructure were made to improve identification and prevention of phishing emails
- Upgrades to our endpoint protection software with improved security controls to protect against ransomware attacks
- Implementation of Network Access Control across our global IT network

Continuous improvement

In 2020 we made significant progress to make our Company more resilient and set for the future by restructuring to better align our operating model against key value drivers, simplifying our business, and reducing our cost base. To ensure we embed these changes and build on these decisions, we established the transformation office 'Pathfinder' to drive a focus on embedding improvement and cost efficiency initiatives. Through this office we track initiatives, benchmark corporate performance and reinforce optimal capital prioritisation to deliver value across Oil Search. Areas of focus for Pathfinder in 2020 included third-party spend reduction, operational excellence, and the application of technology.

Oil Search recognises that significant improvement in our operating performance was achieved in 2020. With the continued focus of the Pathfinder transformation office, it will support our continuous improvement journey by giving visibility to our destination and support the next phase of initiatives needed to bolster the resilience of our assets over the long term.

Aligning our growth portfolio with the Paris Agreement

Investors are attracted to Oil Search's growth profile, with many expecting to see Oil Search manage climate risks and align short to medium-term targets with the goals of the Paris Agreement. To deliver our low cost, low GHG commitment, we reviewed and streamlined our portfolio through the consideration of cost and degree of alignment to the objectives of the Paris Agreement.

We are focused on maintaining a strong, flexible balance sheet with access to enough liquidity to fund the next phase of growth. Our long-term target gearing is ~25%, with a clear pathway for significant deleveraging from 2025 onwards. As a result, we are actively pursuing multiple corporate funding options and strategic levers to ensure balance sheet strength through the construction of the Pikka and Papua LNG projects.

Streamlining our portfolio to be Paris Agreement aligned

Since 2018, our processes have used an internal carbon price in the base case economics of our major growth projects. The internal carbon price helps safeguard the long-term economic sustainability of our assets by using a carbon price in our investment decision processes and ensuring the projects are financially robust.

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

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

The analysis has shown that both Pikka and Papua LNG expansion are low cost projects that are consistent with the Paris Agreement goals of staying "well below 2°C". Our Pikka project design concept prioritises resilience and utilises existing technologies, with a breakeven cost of supply below US\$40 per barrel including a 10% return on capital and financing costs.

Investing in energy transition to achieve net zero by 2050

Oil Search recognises and is committed to meeting society's growing demand for energy while ensuring that the energy we provide is low GHG intensity, reliable, and affordable. Our two main growth projects, Pikka and Papua LNG, are both low cost and low GHG intensity projects that are aligned with the objectives of the Paris Agreement.

In 2021, we will conduct an Energy Transition Review to develop the strategic direction critical for Oil Search to achieve the shared goal of net zero emissions by 2050. A key deliverable of the Energy Transition Review will be a Roadmap that identifies concepts and options to be progressed in technology, strategic partnerships and developments.



ASSURANCE STATEMENT



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 2 9322 7000
Fax: +61 2 9322 7001
www.deloitte.com.au

Independent Limited Assurance Report to the directors and management of Oil Search Limited

We have undertaken a limited assurance engagement on Oil Search Limited's agreed selection of Sustainability Performance Indicators and selected assertions ('Subject Matter Information') disclosed in the 2020 Sustainability Report detailed below for the year ended 31 December 2020.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that, the Subject Matter Information is not prepared in all material respects in accordance with the Reporting Criteria detailed below for the year ended 31 December 2020.

Subject Matter Information and Reporting Criteria

The Subject Matter Information and Reporting Criteria in scope of our limited assurance engagement for year ended 31 December 2020 is as follows:

Subject Matter Information	Reporting Criteria
Total Recordable Injury Rate	OSL's 2020 Sustainability Reporting Basis of Preparation
Total Lost Time Injury Rate	
Total Number of High Potential Incidents	
Total Number of Tier 1 Process Safety Events ('PSEs') and Total Number of Tier 2 PSEs	
Total Number of Fatalities	
Total Scope 1 and Scope 2 Greenhouse Gas ('GHG') Emissions and GHG emissions intensity (ktCO ₂ -e /mmboe)	
Total number of hydrocarbon and non-hydrocarbon spills, which involved greater than 1 barrel spilt into the environment, and total volume of hydrocarbon and non-hydrocarbon spilt into the environment that were greater than 1 barrel	
% females on Board & Board Committee, Senior Management and overall workforce	
% PNG citizens on Board & Board Committee, Senior Management and overall workforce	
Employee turn-over by gender	

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

Assurance Statement

Continued



Subject Matter Information

Reporting Criteria

Selected Assertions

Climate and Energy Transition, page 13

Papua LNG and the brownfield expansion of PNG LNG will continue this low cost and Paris Agreement aligned legacy. In 2018, an Oil Search and Wood Mackenzie analysis determined that the LNG expansion project is one of the most resilient LNG projects in a carbon-constrained and Paris Aligned world.

Environment, page 14 and 16

In 2020, we strengthened our approach to environmental governance to support our commitments and bring environmental protection to the forefront of decision making. We introduced a dedicated environmental management role based in our Port Moresby office to complement existing asset-based site compliance teams. This has allowed us to proactively include environmental expertise in all stages of project management and works planning.

The community engagement process in Alaska also included the employment of local "subsistence representatives" and "ice road monitors" from the local community. These individuals were embedded in the project team to convey traditional local knowledge and cultural awareness about the region and its natural resources to onsite personnel.

Community, page 21

We formed a cross-functional workgroup in PNG to work with Lancos and map out a multi-year plan focused on enabling Lancos to become operationally excellent and sustainable outside of a relationship with Oil Search.

In Alaska, we continued to identify opportunities for local companies, working with suppliers to ensure North Slope hire is a priority for our project.

Health & Safety, page 25

One incident with potential human rights implications was reported in 2020 concerning an intervention by a public security provider at Oil Search operations in PNG. Investigations carried out in accordance with provisions of our MOU with the Royal Papua New Guinea Constabulary (RPNGC) and our own incident investigation procedures found it to be unrelated to any form of human rights violation.

People, page 26 and 28

Oil Search also deployed five dedicated psychologists across Australia and PNG to provide wellbeing check-ins and crisis counselling to the field workforce, staff in quarantine and families of FIFO workers.

Oil Search developed an extensive program to provide post-employment support for departing employees. We offered vocational training grants amounting to 10,000 in local currency for our Australian, PNG and USA staff to be used for renewal of trade licenses, professional affiliations/memberships, re-skilling and training purposes. Recognising the limitations of PNG's socio-economic infrastructure, we provided further assistance to PNG employees in the form of dependent education assistance (K1,000 per family to utilise for uniforms and stationery) and ongoing access to Medical Insurance for 12 months post-departure. We also provided Career Transition specialists, career counselling and job search training to suit individual needs.

Integrity, page 31

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network



Assurance Statement

Continued



Subject Matter Information

Reporting Criteria

Our Code encourages and articulates the methods available for 'Speaking Up'; whilst our Whistle-blower policy outlines the procedures to help people feel respected and confident to report suspected breaches. In line with the requirements of amended 2019 Whistle-blower protections in Australia, we implemented our Whistle-blower Policy and provided training to the Board, executives, senior managers and all staff in late 2019 and during 2020.

Economic Sustainability, page 33

Since 2018, our processes have used an internal carbon price in the base case economics of our major growth projects. The internal carbon price helps safeguard the long-term economic sustainability of our assets by using a carbon price in our investment decision processes and ensuring the projects are financially robust.

Climate Resilience Addendum, page 8

Climate risks are assessed at least quarterly as part of our corporate risk management process and reviewed annually during the broader planning and decision-making process.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ("ASAE 3000"), issued by the Australian Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

Management's Responsibilities

Management is responsible for:

- ensuring that the Subject Matter Information is prepared in accordance with the Reporting Criteria;
- confirming the measurement or evaluation of the underlying subject matter against the Reporting Criteria, including that all relevant matters are reflected in the Subject Matter Information;
- designing, establishing, and maintaining an effective system of internal control over its operations including, without limitation, systems designed to assure achievement of its control objectives and its compliance with applicable laws and regulations; and
- the electronic presentation of the Subject Matter Information and our limited assurance report on their website

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance engagement.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on Oil Search Limited's Subject Matter Information as evaluated against the Reporting Criteria based on the procedures we have performed and the evidence we have obtained. ASAE 3000 requires that we plan and perform our procedures to obtain limited assurance about whether, anything has come to our attention that causes us to believe that the Subject Matter Information is not properly prepared, in all material respects in accordance with the Reporting Criteria.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

Assurance Statement

Continued



A limited assurance engagement in accordance with ASAE 3000 involves identifying areas where a material misstatement of the Subject Matter Information is likely to arise, addressing the areas identified and considering the process used to prepare the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria.

Our procedures included:

- Inquiries with subject matter data owners and sustainability reporting responsible management to understand and assess the approach for collating, calculating and reporting the respective Subject Matter Information across the reporting period ended 31 December 2020.
- Inspection of documents as part of the walk throughs of key systems and process for collating, calculating and reporting the respective Subject Matter for the 2020 OSL Sustainability Report.
- Test on a sample basis items from the Subject Matter Information and agree to relevant supporting documentation.
- Analytical reviews over material data streams to identify any unusual relationships in the Subject Matter Information and investigate further where required.
- Agreeing overall data sets for the Subject Matter to the final data contained in the 2020 OSL Sustainability Report.
- Reviewing a sample of assertions from the draft 2020 Sustainability Report against underlying evidence to confirm that information has been prepared and reported in accordance with the underlying evidence.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal controls there is an unavoidable risk that it is possible that fraud, error, or non-compliance with laws and regulations where there has been concealment through collusion, forgery and other illegal acts may occur and not be detected, even though the engagement is properly planned and performed in accordance with the Standards on Assurance Engagements.

Other Information

Management is responsible for the other information. The other information comprises all the information included in OSL's 2020 Sustainability Report for the year ended 31 December 2020, with the exception of the Subject Matter Information including the 'Selected Assertions' and our assurance report thereon.

Our opinion on the Subject Matter Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our assurance engagement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to be materially inconsistent or contains a material misstatement of fact. If, based on the work we have performed, we conclude that there is a material inconsistency or a material misstatement of fact of this other information, we would consider reporting that fact. We have nothing to report in this regard.

Restricted Use

This report has been prepared for use by the directors and management for the purpose of reporting on the Subject Matter Information presented in the 2020 Sustainability Report.

We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors and management or for any purpose other than that for which it was prepared.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network




Assurance Statement

Continued

Deloitte.

It is our understanding that the Entity intends to electronically present the 2020 Sustainability Report and Assurance Report on its internet website. Responsibility for the electronic presentation of the 2020 Sustainability Report on the Entity's website is that of management of the Entity. The security and controls over information on the web site should be addressed by the Entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of the 2020 Sustainability Report on the Entity's web site is beyond the scope of the assurance of the Subject Matter Information.



DELOITTE TOUCHE TOHMATSU



Chi Mun Woo
Partner
Sydney, 15 April 2021

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

CORPORATE REPORTING

OSL Corporate Reporting Suite and mapping to ESG Reporting and Disclosure Frameworks

This report considers the requirements of the following Sustainability Reporting Frameworks: Global Reporting Initiative (GRI) Standards; Sustainability Report Frameworks for Sustainable Accountability (SASB); Task Force for Climate-related Financial Disclosure (TCFD) and UN Sustainability Development Goals (SDGs). For mapping against these frameworks and standards refer to our Reporting Index.

GRI sustainability reporting standards

GRI Number	GRI Standard – Disclosure Title	Reference
GENERAL DISCLOSURES		
<i>Organisational Profile</i>		
102-1	Name of the organization	Oil Search Limited
102-2	Activities, brands, products, and services	Website – Our Business
102-3	Location of headquarters	Port Moresby, Papua New Guinea
102-4	Location of operations	Website – Our Business Sustainability Report 2020 – About This Report
102-5	Ownership and legal form	Website – About us Annual Report 2020 – Shareholder information
102-6	Markets served	Most of the crude oil and natural gas produced is sold into the Asia-Pacific region. Our customers include integrated oil companies, refiners, commodity trading organisations and energy generators.
102-7	Scale of the organization	Annual Report 2020 – Ten-year summary Annual Report 2020 – Highlights
102-8	Information on employees and other workers	Website – Data Centre – People and organisation – Workforce
102-9	Supply chain	Sustainability Report 2020 – Health and Safety Website – Sustainability – Community – Our Supply Chain
102-10	Significant changes to the organization and its supply chain	Sustainability Report 2020 – Message from our leaders Annual Report 2020 – Chairman's letter and Managing Director's letter
102-11	Precautionary Principle or approach	Website – About Us – Policies and Standards
102-12	External initiatives	Website – Sustainability – Memberships and commitments
102-13	Membership of associations	Website – Sustainability – Memberships and commitments
<i>Strategy</i>		
102-14	Statement from senior decision-maker	Sustainability Report 2020 – Message from our leaders
102-15	Key impacts, risks, and opportunities	Annual Report 2020 – Material business risks Sustainability Report 2020 – Climate Addendum
<i>Ethics and Integrity</i>		
102-16	Values, principles, standards, and norms of behavior	Sustainability Report 2020 – Integrity Website – Sustainability – Integrity Website – Oil Search Code of Conduct Website – Policies and standards
102-17	Mechanisms for advice and concerns about ethics	Sustainability Report 2020 – Integrity Website – Sustainability – Integrity Website – Code of Conduct Website – Corruption Prevention Policy



Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
GENERAL DISCLOSURES <i>CONTINUED</i>		
<i>Governance</i>		
102-18	Governance structure	Website – About Us – Governance
102-19	Delegating authority	Website – About Us – Governance – Board Governance Website – About Us – Governance – Board Committees
102-20	Executive-level responsibility for economic, environmental, and social topics	Website – About Us – Board Website – About Us – Governance – Board Committees – Sustainability Committee Charter
102-21	Consulting stakeholders on economic, environmental, and social topics	Website – Sustainability – Sustainability Strategy – Stakeholder Engagement Sustainability Report 2020 – Absolute Commitment
102-22	Composition of the highest governance body and its committees	Website – About Us – Governance – Board Governance – Board Charter Website – About Us – Governance – Corporate Governance Statement
102-23	Chair of the highest governance body	Website – About Us – Governance – Board Governance – Board Charter The Chair of the Board is a Non-Executive Director. As per the Oil Search Board Charter, the Board will elect one of the Directors to act as Chair who: (a) is a Non-Executive Director, and (b) has not previously served as Managing Director of the company
102-24	Nominating and selecting the highest governance body	Website – About Us – Governance – Board Governance – Board Charter Website – About Us – Governance – Corporate Governance Statement
102-25	Conflicts of interest 21	Website – About Us – Governance – Board Governance – Board Charter
102-26	Role of highest governance body in setting purpose, values, and strategy	Website – About Us – Governance – Board Governance – Board Charter Website – About Us – Governance – Corporate Governance Statement
102-27	Collective knowledge of highest governance body	Website – About Us – Governance – Board Governance Website – About Us – Governance – Board Governance – Board Charter
102-28	Evaluating the highest governance body's performance	Website – About Us – Governance – Board Governance Website – About Us – Governance – Board Governance – Board Charter
102-29	Identifying and managing economic, environmental, and social impacts	Website – About Us – Governance – Corporate Governance Statement Website – About Us – Governance – Board Committees – Sustainability Committee Website – About Us – Governance – Risk and Assurance
102-30	Effectiveness of risk management processes	Website – About Us – Governance – Board Governance Website – About Us – Governance – Board Governance – Board Charter Website – About Us – Governance – Corporate Governance Statement
102-31	Review of economic, environmental, and social topics	Website – About Us – Governance – Board Committees – Sustainability Committee
102-32	Highest governance body's role in sustainability reporting	Website – About Us – Governance – Board Committees – Sustainability Committee
102-33	Communicating critical concerns	Website – About Us – Governance – Corporate Governance Statement
102-34	Nature and total number of critical concerns	Not Reported
102-35	Remuneration policies	Annual Report 2020 – Remuneration Report
102-36	Process for determining remuneration	Annual Report 2020 – Remuneration Report Website – About Us – Governance – Board Governance – Remuneration for Non-Executive Directors
102-37	Stakeholders' involvement in remuneration	Not Reported
102-38	Annual total compensation ratio	Not Reported
102-39	Percentage increase in annual total compensation ratio	Not Reported
<i>Stakeholder engagement</i>		
102-40	List of stakeholder groups	Website – Sustainability – Sustainability Strategy – Stakeholder Engagement
102-41	Collective bargaining agreements	Not Reported
102-42	Identifying and selecting stakeholders	Website – Sustainability – Sustainability Strategy – Stakeholder Engagement
102-43	Approach to stakeholder engagement	Annual Report 2020 – Papua New Guinea – Stakeholder Engagement
102-44	Key topics and concerns raised	Sustainability Report 2020 – Absolute Commitment

Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
GENERAL DISCLOSURES <i>CONTINUED</i>		
<i>Reporting practice</i>		
102-45	Entities included in the consolidated financial statements	Annual Report 2020 – Subsidiaries and interests in joint arrangements
102-46	Defining report content and topic Boundaries	Sustainability Report 2020 – About this report
102-47	List of material topics	Annual Report 2020 – Material Business Risks Sustainability Report 2020 – Absolute Commitment
102-48	Restatements of information	Changes and restatements, where made, are indicated as footnotes in the Data Centre and Basis of Preparation.
102-49	Changes in reporting	Sustainability Report 2020 – About this report
102-50	Reporting period	The 2020 Sustainability Report covers performance between 1 January and 31 December 2020.
102-51	Date of most recent report	The previous Social Responsibility Report was released in March 2020 and covers performance between 1 January and 31 December 2019.
102-52	Reporting cycle	Annual. Calendar Year.
102-53	Contact point for questions regarding the report	sustainability@oilsearch.com
102-54	Claims of reporting in accordance with the GRI Standards	GRI-referenced Report
102-55	GRI content index	Sustainability Reporting Indexes Table
102-56	External assurance	Sustainability Report 2020 – Independent Limited Assurance
MANAGEMENT APPROACH		
<i>Management approach</i>		
103-1	Explanation of the material topic and its Boundary	Annual Report 2020 – Material Business Risks Sustainability Report 2020 – Absolute Commitment
103-2	The management approach and its components	Website – About Us – Management
103-3	Evaluation of the management approach	Not Reported
ECONOMIC		
<i>Economic performance</i>		
201-1	Direct economic value generated and distributed	Website – Data Centre Sustainability Report 2020 – Economic Sustainability Transparency Report 2020 Annual Report 2020 – Ten Year Summary
201-2	Financial implications and other risks and opportunities due to climate change	Annual Report 2020 – Material business risks Sustainability Report 2020 – Climate Appendix Website – Sustainability – Climate Change
201-3	Defined benefit plan obligations and other retirement plans	No Oil Search employees are in a defined benefit fund
201-4	Financial assistance received from government	Annual Report 2020 – Papua New Guinea Sustainability Report 2020 – Community
<i>Market presence</i>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not Reported
202-2	Proportion of senior management hired from the local community	Sustainability Report 2020 – People
<i>Indirect economic impacts</i>		
203-1	Infrastructure investments and services supported	Sustainability Report 2020 – Community Annual Report 2020 – Papua New Guinea – Stakeholder Engagement
203-2	Significant indirect economic impacts	Sustainability Report 2020 – Community Website – Data Centre – Sustainable Development



Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
ECONOMIC CONTINUED		
<i>Procurement practices</i>		
204-1	Proportion of spending on local suppliers	Sustainability Report 2020 – Community Website – Data Centre – Sustainable Development
<i>Anti-corruption</i>		
205-1	Operations assessed for risks related to corruption	Not Reported
205-2	Communication and training about anti-corruption policies and procedures	Website – Sustainability – Integrity
205-3	Confirmed incidents of corruption and actions taken	Not Reported
<i>Anti-competitive behaviour</i>		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Not Reported
<i>Tax</i>		
207-1	Approach to tax	Transparency Report 2020
207-2	Tax governance, control, and risk management	Transparency Report 2020
207-3	Stakeholder engagement and management of concerns related to tax	Transparency Report 2020
207-4	Country-by-country reporting	Transparency Report 2020 Annual Report 2020
ENVIRONMENTAL		
<i>Materials</i>		
301-1	Materials used by weight or volume	Not Reported
301-2	Recycled input materials used	Not Reported
301-3	Reclaimed products and their packaging materials	Not Reported
<i>Energy</i>		
302-1	Energy consumption within the organization	Website – Data Centre – Responsible operator – Energy
302-2	Energy consumption outside of the organization	Not Reported
302-3	Energy intensity	Website – Data Centre – Responsible operator – Energy
302-4	Reduction of energy consumption	Sustainability Report 2020 – Climate Appendix
302-5	Reduction in energy requirements of products and services	Not Reported
<i>Water and effluents</i>		
303-1	Interactions with water as a shared resource	Website – Data Centre – Responsible operator – Water use
303-2	Management of water discharge-related impacts	Not Reported
303-3	Water withdrawal	Website – Data Centre – Responsible operator – Water use
303-4	Water discharge	Website – Data Centre – Responsible operator – Water use
303-5	Water consumption	Not Reported
<i>Biodiversity</i>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Reported
304-2	Significant impacts of activities, products, and services on biodiversity	Not Reported
304-3	Habitats protected or restored	Not Reported
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Reported

Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
ENVIRONMENTAL <i>CONTINUED</i>		
<i>Emissions</i>		
305-1	Direct (Scope 1) GHG emissions	Website – Data Centre – Responsible operator – Climate change
305-2	Energy indirect (Scope 2) GHG emissions	Website – Data Centre – Responsible operator – Climate change
305-3	Other indirect (Scope 3) GHG emissions	Website – Data Centre – Responsible operator – Climate change
305-4	GHG emissions intensity	Website – Data Centre – Responsible operator – Climate change Sustainability Report 2020 – Climate Addendum
305-5	Reduction of GHG emissions	Sustainability Report 2020 – Climate and Energy Transition Sustainability Report 2020 – Climate Appendix
305-6	Emissions of ozone-depleting substances (ODS)	Not Reported
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Website – Data Centre – Responsible operator – Climate change
<i>Waste</i>		
306-3	Waste generated	Website – Data Centre – Responsible operator – Spills that reach the environment
306-4	Waste diverted from disposal	Not Reported
306-5	Waste directed to disposal	Not Reported
<i>Environmental compliance</i>		
307-1	Non-compliance with environmental laws and regulations	Oil Search has had no sanctions or fines for non-compliance with any environmental laws and regulations
<i>Supplier environmental assessment</i>		
308-1	New suppliers that were screened using environmental criteria	Not Reported
308-2	Negative environmental impacts in the supply chain and actions taken	Not Reported
SOCIAL		
<i>Employment</i>		
401-1	New employee hires and employee turnover	Website – Data Centre – People and organisation
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Website – How we work – Performance and remuneration
401-3	Parental leave	Website – Data Centre – People and organisation
<i>Labor/management relations</i>		
402-1	Minimum notice periods regarding operational changes	Not Reported
<i>Occupational health and safety</i>		
403-1	Occupational health and safety management system	Website – How we work – Responsible operator – Health, safety and security
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report 2020 – Health and Safety Website – Data Centre – Responsible operator
403-3	Occupational health services	Not Reported
403-4	Worker participation, consultation, and communication on occupational health and safety	Not Reported
403-5	Worker training on occupational health and safety	Not Reported
403-6	Promotion of worker health	Not Reported
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not Reported
403-8	Workers covered by an occupational health and safety management system	Not Reported
403-9	Work-related injuries	Website – Data Centre – Health and Safety
403-10	Work-related ill health	Not Reported



Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
SOCIAL CONTINUED		
<i>Training and education</i>		
404-1	Average hours of training per year per employee	Website – Data Centre – People and organisation
404-2	Programs for upgrading employee skills and transition assistance programs	Website – Sustainability – People Sustainability Report 2020 – People
404-3	Percentage of employees receiving regular performance and career development reviews	Website – Data Centre – People and organisation
<i>Diversity and equal opportunity</i>		
405-1	Diversity of governance bodies and employees	Website – Data Centre – People and organisation
405-2	Ratio of basic salary and remuneration of women to men	Website – Data Centre – People and organisation
<i>Non-discrimination</i>		
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report 2020 – People
<i>Freedom of association and collective bargaining</i>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Reported
<i>Child labor</i>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Not Reported
<i>Forced or compulsory labor</i>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Reported
<i>Security practices</i>		
410-1	Security personnel trained in human rights policies or procedures	Voluntary Principles on Security and Human Rights (VPSHR) Report 2020 Sustainability Report 2020 – Health and Safety
<i>Rights of indigenous peoples</i>		
411-1	Incidents of violations involving rights of indigenous peoples	Not Reported
<i>Human rights assessment</i>		
412-1	Operations that have been subject to human rights reviews or impact assessments	Voluntary Principles on Security and Human Rights (VPSHR) Report 2020 Sustainability Report 2020 – Health and Safety
412-2	Employee training on human rights policies or procedures	Voluntary Principles on Security and Human Rights (VPSHR) Report 2020
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Voluntary Principles on Security and Human Rights (VPSHR) Report 2020 Modern Slavery Statement 2019. The 2020 Modern Slavery Statement will be published 30 June 2021.

Corporate Reporting

Continued

GRI sustainability reporting standards *continued*

GRI Number	GRI Standard – Disclosure Title	Reference
SOCIAL CONTINUED		
<i>Local communities</i>		
413-1	Operations with local community engagement, impact assessments, and development programs	Website – Sustainability – Community Sustainability Report 2020 – Community
413-2	Operations with significant actual and potential negative impacts on local communities	Not Reported
<i>Supplier social assessment</i>		
414-1	New suppliers that were screened using social criteria	Not Reported
414-2	Negative social impacts in the supply chain and actions taken	Not Reported
<i>Public policy</i>		
415-1	Political contributions	Oil Search does not make payments in cash or in kind, directly or indirectly, to politicians, political parties, political organisations, their representatives or any independent candidates engaged in politics. Oil Search personnel must not give, pay, offer, promise, directly or indirectly, any benefit, including case, per diems, donations, gifts entertainment or any other benefits of any kind to a Government Official.
<i>Customer health and safety</i>		
416-1	Assessment of the health and safety impacts of product and service categories	Not Reported
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Reported
<i>Marketing and labelling</i>		
417-1	Requirements for product and service information and labelling	Not Reported
417-2	Incidents of non-compliance concerning product and service information and labelling	Not Reported
417-3	Incidents of non-compliance concerning marketing communications	Not Reported
<i>Customer privacy</i>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Reported
<i>Socioeconomic compliance</i>		
419-1	Non-compliance with laws and regulations in the social and economic area	Oil Search has had no non-monetary sanctions or fines issued for non-compliance with laws and regulations. There have been no fines issued against us for non-compliance with laws and regulations concerning the provision and use of products and services.



Corporate Reporting

Continued

SASB - Oil and Gas - Exploration and Production (E&P)

Code	Accounting Metrics	Reference
ENVIRONMENT		
<i>GHG emissions</i>		
EM-EP-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Website – Data Centre – Responsible operator – Climate change
EM-EP-110a.2	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	Website – Data Centre – Responsible operator – Climate change
EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Sustainability Report 2020 – Climate and Energy Transition Sustainability Report 2020 – Climate Addendum Website – Data Centre – Responsible operator – Climate change
<i>Air quality</i>		
EM-EP-120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM ₁₀)	Website – Data Centre – Responsible operator – Climate change
<i>Water and wastewater management</i>		
EM-EP-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Website – Data Centre – Responsible operator – Climate change
EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	Not Reported
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Not Reported
EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	Not Reported
<i>Ecological impacts</i>		
EM-EP-160a.1	Description of environmental management policies and practices for active sites	Sustainability Report 2020 – Environment
EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	This indicator is partially reported. Please see Website – Data Centre – Responsible operator – Environment.
EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Not Reported
SOCIAL CAPITAL		
<i>Security, human rights and rights of indigenous peoples</i>		
EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not Reported
EM-EP-160a.1	Description of environmental management policies and practices for active sites	Sustainability Report 2020 – Environment
EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not Reported
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	The VPSHR Report 2020. Sustainability Report 2020 – Health and Safety
<i>Community relations</i>		
EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Website – Sustainability – Community Sustainability Report 2020 – Community
EM-EP-210b.2	Number and duration of non-technical delays	Not Reported

Corporate Reporting

Continued

SASB - Oil and Gas - Exploration and Production (E&P) *continued*

Code	Accounting Metrics	Reference
HUMAN CAPITAL		
<i>Employee health and safety</i>		
EM-EP-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Sustainability Report 2020 – Health and Safety Website – Data Centre – Responsible operator – Health and Safety
EM-EP-320a.2	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Sustainability Report 2020 – Health and Safety Website – Data Centre – Responsible operator – Health and Safety
BUSINESS MODEL AND INNOVATION		
<i>Business model resilience</i>		
EM-EP-420a.1	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Sustainability Report 2020 – Economic Sustainability Annual Report 2020 – Business Outlook, Strategy and Capital Management Annual Report 2020 – Material Business Risks
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Not Reported
EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	Sustainability Report 2020 – Economic Sustainability Annual Report 2020 – Business Outlook, Strategy and Capital Management
EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Sustainability Report 2020 – Economic Sustainability Annual Report 2020 – Business Outlook, Strategy and Capital Management
LEADERSHIP AND GOVERNANCE		
<i>Business ethics</i>		
EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Not Reported
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	Sustainability Report 2020 – Integrity Website – Sustainability – Integrity Website – Oil Search Code of Conduct Website – Policies and standards
<i>Management of the legal and regulatory environment</i>		
EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Annual Report 2020 – Material Business Risks
<i>Critical incident risk management</i>		
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Sustainability Report 2020 – Health and Safety Website – Data Centre – Responsible operator – Health and Safety
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	Not Reported



Corporate Reporting

Continued

Task Force on Climate-related Financial Disclosures

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

GOVERNANCE

Disclose the organization's governance around climate related risks and opportunities.

Describe the board's oversight of climate-related risks and opportunities.	(i) Processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues,	Climate Governance on Page 6 Climate Risk Management on Page 10
	(ii) whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures.	Climate Governance on Page 6 Climate Risk Management on Page 10
	(iii) How the board monitors and oversees progress against goals and targets for addressing climate-related issues.	Climate Governance on Page 6 Climate Risk Management on Page 10
Describe management's role in assessing and managing climate-related risks and opportunities.	(i) Whether the organisation has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues,	Climate Governance on Page 6
	(ii) a description of the associated organisational structure(s),	Climate Governance on Page 6
	(iii) processes by which management is informed about climate-related issues,	Climate Governance on Page 6 Climate Risk Management on Page 10
	(iv) How management (through specific positions and/or management committees) monitors climate-related issues.	Climate Governance on Page 6 Climate Risk Management on Page 10

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	(i) a description of what they consider to be the relevant short-, medium- and long-term horizons, taking into consideration the useful life of the organisation's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms	Climate Risk Management on Page 10
	(ii) specific climate-related issues for each time horizon (short-, medium- and long-term) that could have a material financial impact on the organisation and distinguish whether the climate-related risks are physical or transition risks	Climate Risk Management on Page 10
	(iii) a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organisation	Climate Risk Management on Page 10
	(iv) Organisations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues, organisations should refer to Tables 1 and 2 (pp. 11-12).	Climate Risk Management on Page 10

Corporate Reporting

Continued

Task Force on Climate-related Financial Disclosures *continued*

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

STRATEGY CONTINUED

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

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

Corporate Strategy considers climate on Page 6

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

Corporate Strategy considers climate on Page 6

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

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

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

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

- (iii) Supplemental Guidance for Non-Financial Groups

Corporate Strategy considers climate on Page 6

- Consider discussing how climate-related risks and opportunities are integrated into their (1) current decision-making and (2) strategy formulation, including planning assumptions and objectives around climate change mitigation, adaptation, or opportunities such as:
- R&D and adoption of new technology
 - Existing and committed future activities such as investments, restructuring, write-downs, or impairment of assets
 - Critical planning assumptions around legacy assets, for example, strategies to lower-carbon, energy, and/or water-intensive operations
 - How GHG emissions, energy, and water issues, if applicable, are considered in capital planning and allocation; this could include a discussion of major acquisitions and divestments, joint-ventures, and investments in technology, innovation, and new business areas in light of changing climate-related risks and opportunities.
 - The organisation's flexibility in positioning/repositioning capital to address emerging climate-related risks and opportunities.



Corporate Reporting

Continued

Task Force on Climate-related Financial Disclosures *continued*

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

STRATEGY CONTINUED

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Organisations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with increased physical climate-related risks.

Organisations should consider discussing:

- where they believe their strategies may be affected by climate-related risks and opportunities;
- how their strategies might change to address such potential risks and opportunities; and
- the climate-related scenarios associated time horizon(s) considered.

Supplemental Guidance for Non-Financial Groups

Organisation's with more than one billion USD in annual revenue should consider conducting more robust scenario analysis to assess the resilience of their strategies against a range of climate-related scenarios, including a 2°C or lower scenario and, where relevant to the organisation, scenarios consistent with increased physical climate-related risks.

Organisations should consider discussing the implications of different policy assumptions, macro-economic trends, energy pathways, and technology assumptions used in publicly available climate-related scenarios to assess the resilience of their strategies.

For the climate-related scenarios used, organisations should consider providing information on the following factors to allow investors and others to understand how conclusions were drawn from scenario analysis:

- Critical input parameters, assumptions, and analytical choices for the climate-related scenarios used, particularly as they relate to key areas such as policy assumptions, energy deployment pathways, technology pathways, and related timing assumptions
- Potential qualitative or quantitative financial implications of the climate-related scenarios, if any.

Climate Risk Management – Climate Scenario Analysis on Page 10

Climate Risk Management – Climate Scenario Analysis on Page 10

RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks.

Describe the organization's processes for identifying and assessing climate-related risks.

(i) Organisations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organisations determine the relative significance of climate-related risks in relation to other risks.

Climate Risk Management on Page 10

(ii) Organisations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.

Climate Risk Management on Page 10

(iii) Organisations should also consider disclosing the following: – processes for assessing the potential size and scope of identified climate-related risks and – definitions of risk terminology used or references to existing risk classification frameworks used.

Climate Risk Management on Page 10

Describe the organization's processes for managing climate-related risks.

Organisations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organisations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organisations

Climate Risk Management on Page 10

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Organisations should describe how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management.

Climate Risk Management on Page 10

Corporate Reporting

Continued

Task Force on Climate-related Financial Disclosures *continued*

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

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.

(i) Organisations should provide the key metrics used to measure and manage climate-related risks and opportunities. Organisations should consider including metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable.

Where climate-related issues are material, organisations should consider describing whether and how related performance metrics are incorporated in to remuneration policies.

Where relevant, organisations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a low-carbon economy.

Metrics should be provided for historical periods to allow for trend analysis. In addition, where not apparent, organisations should provide a description of the methodologies used to calculate or estimate climate-related metrics.

Supplemental Guidance for Non-Financial Groups

(ii) For all relevant metrics, Energy Group organisations should consider providing historical trends and forward-looking projections (by relevant country and/or jurisdiction, business line, or asset type).

(iii) Organisations should also consider disclosing metrics that support their scenario analysis and strategic planning process and that are used to monitor the organisation's business environment from a strategic and risk management perspective.

(iv) Energy Group organisations should consider providing key metrics related to GHG emissions, energy, water, land use and, if relevant, low-carbon alternatives that address potential financial aspects of shifting demand, cost of supply, reserves, and capital allocation.

Climate Change Controls on Page 8

Climate targets, metrics, and indicators on Page 11

Climate Risk Management – Climate Scenario Analysis on Page 10

Climate Targets, Metrics, and Indicators on Page 11

Climate Risk Management – Climate Scenario Analysis on Page 10

Climate Targets, Metrics, and Indicators on Page 11

Additional information can be found in the Oil Search Data Centre.

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

(i) Organisations should provide their Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions and the related risks. GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organisations and jurisdictions.

As appropriate, organisations should consider providing related, generally accepted industry specific GHG efficiency ratios.

Not included in Climate Change Addendum. This can be found in the Oil Search Data Centre.









Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Organisations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with anticipated regulatory requirements or market constraints or other goals. Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a low-carbon economy. In describing their targets, organisations should consider including the following: whether the target is absolute, or intensity based; time frames over which the target applies; base year from which progress is measured and key performance indicators used to assess progress against targets. Where not apparent, organisations should provide a description of the methodologies used to calculate targets and measures.

Climate Metrics, Targets and Indicators on Page 11








UN SUSTAINABLE DEVELOPMENT GOALS

Related SDG	OSL's commitments to SDGs	Reference
CLIMATE		
 	<p>Oil Search are committed to managing material climate change risks and making disclosures in line with recommendations of the global Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD).</p> <p>We acknowledge the science of climate change and are committed to delivering low cost, high value energy that meets society's needs.</p> <p>Oil Search is committed to taking action by setting meaningful targets to reduce our own GHG emissions and aligning our growth portfolio with the objectives of the Paris Agreement and a global warming trajectory well below 2°C.</p> <p>Climate change is a complex issue that requires a coordinated approach by companies, governments and communities. As one of the largest companies in PNG and a socially responsible operator, we are committed to engaging with these stakeholders who shape the policies that impact our business.</p>	<p>Sustainability Report 2020 – Absolute Commitment</p> <p>Sustainability Report 2020 – Climate</p> <p>Sustainability Report 2020 – Climate Addendum</p>
ENVIRONMENT		
 	<p>We are committed to protecting the local biodiversity of our unique operating areas for future generations.</p> <p>We are committed to the improvement of breadth and detail of our reporting of environmental performance externally.</p> <p>We strengthened our commitment to be a responsible steward of these unique environments, committing to:</p> <ul style="list-style-type: none"> - No net loss of biodiversity in our new projects. - No exploration activities in the Arctic offshore or UNESCO World Heritage sites. <p>We are committed to conserving and managing biodiversity across all the geographies in which we operate.</p> <p>Oil Search is committed to constructing and operating the Pikka project in an environmentally and socially responsible manner.</p>	<p>Sustainability Report 2020 – Environment</p>
COMMUNITY		
   	<p>We are committed to driving improved health outcomes, gender equality, quality education and sustainable livelihoods.</p> <p>We will partner with our communities and governments to implement development programs, backed by 5-year plans that the self-sustainability of our communities.</p> <p>We will apply disciplined social development and investment practices reflective of industry and UN standards and embed governance across all aspects of our responsible business practices.</p>	<p>Sustainability Report 2020 – Community</p>

UN Sustainable Development Goals

Continued

Related SDG	OSL's commitments to SDGs	Reference
HEALTH AND SAFETY		
	<p>We are committed to protecting and enhancing the health and safety of our employees, contractors and communities.</p> <p>Our approach to security management is aligned with industry best practice and our commitment to the Voluntary Principles on Security and Human Rights (VPSHR).</p> <p>Our Health, Safety, Environment and Security Policy details our commitment to achieving incident free operations through the provision of effective Health, Safety, Environmental and Security (HSES) Management across all our operations and worksites</p> <p>As committed, in 2020 we completed the revision of our process safety management framework to support the improved integration of process safety into our activities across both our PNG and Alaska business units.</p>	Sustainability Report 2020 – Health and Safety
PEOPLE		
 	<p>Our commitment to supporting, empowering and enabling our people is sustained by our diversity and inclusion strategy, our plans for succession management and our leadership and broader development programs.</p> <p>Our commitment to be the trusted and preferred employer of choice in our industry comes with a responsibility to the safety and wellbeing of our people.</p>	Sustainability Report 2020 – People
INTEGRITY		
	<p>We are committed to monitoring and improving our processes to maintain our ethical standards and deliver on our Company strategy.</p> <p>The Oil Search Code of Conduct represents our commitment to upholding ethical business practices.</p> <p>We will maintain our industry commitments and actively participate in and EITI Multi-Stakeholder Group and Global Compact Network activities.</p>	Sustainability Report 2020 – Integrity
ECONOMIC SUSTAINABILITY		
	<p>To deliver our low cost, low GHG commitment, we reviewed and streamlined our portfolio through the consideration of cost and degree of alignment to the objectives of the Paris Agreement.</p> <p>Oil Search recognises and is committed to meeting society's growing demand for energy while ensuring that the energy we provide is low GHG intensity, reliable, and affordable. Our two main growth projects, Pikka and Papua LNG, are both low cost and low GHG intensity projects that are aligned with the objectives of the Paris Agreement.</p> <p>Our commitment to work towards achieving net zero by 2050</p>	Sustainability Report 2020 – Economic Sustainability



ABSOLUTE

COMMITMENT

Climate resilience addendum

Climate Resilience Addendum

CLIMATE CHANGE RESILIENCE

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

Forward Looking Statements

The information contained in this report is based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks, uncertainties and other factors which are beyond the control of Oil Search Limited. Oil Search Limited assumes no obligation to update this information, which is provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

While every effort is made to provide accurate and complete information, Oil Search Limited does not warrant that the information in this report is free from errors or omissions or is suitable for its intended use. Subject to any terms implied by law which cannot be excluded, Oil Search Limited accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information in this report. All information in this report is subject to change without notice.

This report also contains forward-looking statements including with respect to climate change scenario analysis, carbon pricing, demand for oil and gas and the possible effect and impact of climate change on the value of Oil Search's portfolio and Oil Search's plans, strategies and objectives all of which are subject to particular risks associated with the oil and gas industry. Oil Search Limited believes there are reasonable grounds for the expectations on which the statements are based. However, actual outcomes could differ materially due to a range of factors including oil and gas prices, demand for oil, currency fluctuations, drilling results, field performance, the timing of well work-overs and field development, reserves depletion, progress on gas commercialisation and fiscal and other government issues and approvals. In respect of the forward-looking statements in relation to scenario analysis, while the use of scenarios may assist in the understanding and description of possible future events or circumstances, scenarios may have their own inherent disadvantages, limitations or deficiencies. Oil Search is not able to predict which if any of the scenarios referred to in this report may eventuate and does not regard any scenario as a preferred outcome for Oil Search.

Climate Resilience Addendum Contents

IFC

Forward Looking Statements

04

TCFD reporting

04

Climate governance

05

How our corporate strategy considers climate

08

Climate risk management

09

Climate targets, metrics, and indicators

12

Resilience Testing Analysis

16

TCFD Reference Guide



2020 SUSTAINABILITY REPORTS

Sustainability
Report

Climate Resilience
Addendum

Transparency
Report

Basis of
Preparation

Voluntary Principles
Report

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

sustainability@oilsearch.com

Climate Resilience Addendum

Continued

Continued Climate Change Resilience

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

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

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

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

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

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

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

Extension of 2018 Climate Change Resilience Report

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

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

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

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

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

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

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

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

Climate Resilience Addendum

Continued

Climate change policy

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



The image shows the cover of the Oil Search Climate Change Policy document. It features the Oil Search logo at the top center, followed by the title "Climate Change Policy" in a bold, black font. Below the title, there is a list of seven bullet points detailing the company's commitments and goals. At the bottom, there are two signatures: Richard Lee, Chairman, and Keiran Wulff, Managing Director. The document is set against a background of large, stylized green leaves.

Oil Search

Climate Change Policy

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

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

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

Oil Search will:

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

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

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

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


Richard Lee
Chairman


Keiran Wulff
Managing Director

EMS-POL-000011 Approved: 19 February 2021



Climate Resilience Addendum

Continued

TCFD reporting

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

Core Elements of Recommended Climate-Related Financial Disclosures

Governance

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

Strategy

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

Risk Management

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

Metrics and Targets

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



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

Climate governance

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

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

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

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

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

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

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

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

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

Climate Resilience Addendum

Continued

How our corporate strategy considers climate

2020 – 2030 Oil Search Strategy

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

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

7-Pillar Sustainability Model



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

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

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

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

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

Our disciplined three-phase strategy to meet that ambition includes

FOCUS

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

DELIVER

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

EVOLVE

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

Climate Resilience Addendum

Continued

Focus Phase

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

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

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

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

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

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

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

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

Deliver Phase

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

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

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

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

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

1. Wood Mackenzie Carbon Benchmarking Tool, November 2020

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

Climate Resilience Addendum

Continued

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

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

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

Evolve Phase and net zero by 2050

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

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

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

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

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

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

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

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

Engaging on climate policy

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

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

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



Climate Resilience Addendum

Continued

Climate risk management

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

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

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

Material climate change risks

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

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

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

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

CLIMATE CHANGE OPPORTUNITIES

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

CLIMATE CHANGE CONTROLS

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

Climate scenario analysis

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

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

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

Internal carbon price

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

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

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

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

Climate Resilience Addendum

Continued

Physical climate risk assessment

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

Physical climate change scenario and risk assessment



PHASE 1: GEOGRAPHIC RISK SCREENING

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

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

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

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

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

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

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

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

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

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

PHASE 3: EMBEDDING PHYSICAL CLIMATE RISK CONSIDERATIONS INTO DESIGN DECISIONS

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

Climate targets, metrics, and indicators

GHG Targets

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

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

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

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



Climate Resilience Addendum

Continued

GHG intensity target - Short Term Focus on PNG:

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

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

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

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

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

Abatement Curve

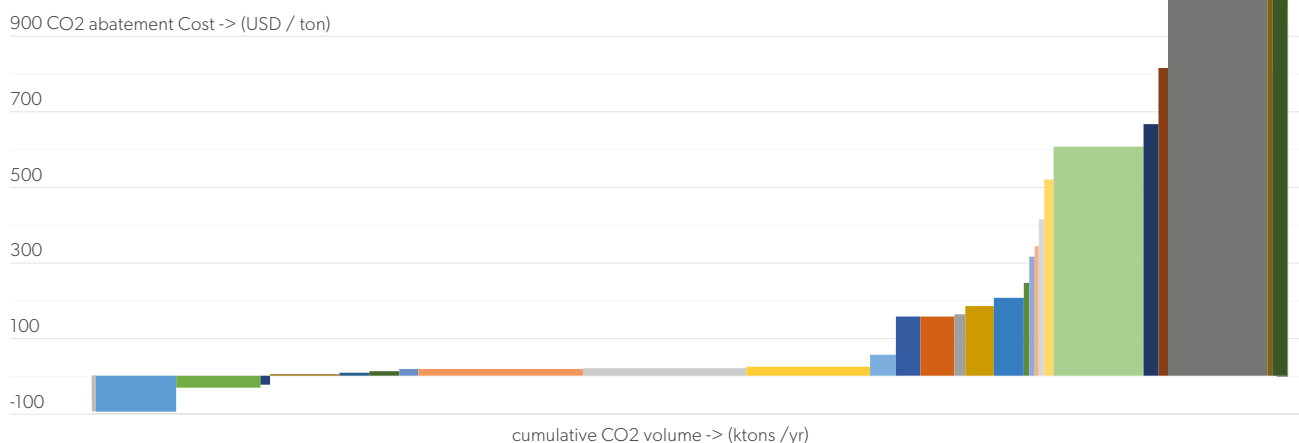


Figure 2: PNG Business Unit Marginal Abatement Curve

Medium term Focus: GHG intensity target and Paris Alignment Investments

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

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

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

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

History of reducing GHG intensity

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

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

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

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

Climate Resilience Addendum

Continued

Oil Search Operated GHG Intensity (ktCO₂e/mmboe)

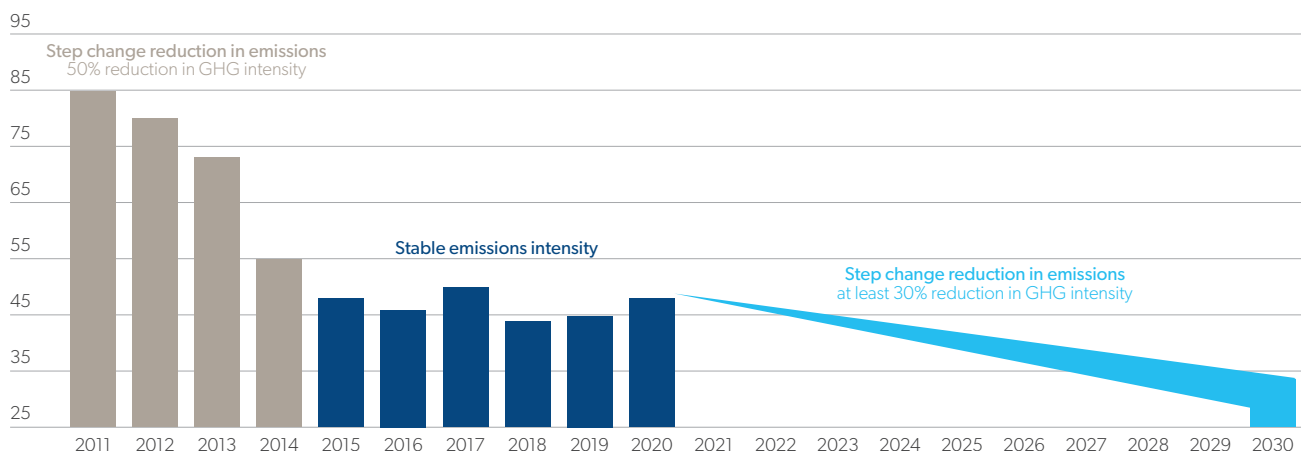


Figure 3: Oil Search Operated GHG Intensity (ktCO₂e/mmboe)

Internal metrics

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

The GHG metrics include:

- Operated GHG emission intensity (kt CO₂e/mmboe),
- Operated Scope 1 GHG emissions (kt CO₂e),
- Operated Scope 2 GHG emissions (kt CO₂e),
- Operated flaring GHG emissions (kt CO₂e),
- Operated vented GHG emissions (kt CO₂e),
- Operated Methane emissions (kt CO₂e),
- Equity Scope 3 emissions (kt CO₂e).

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

External indicators

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

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

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

Lag indicators

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

Lead indicators

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

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

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



Climate Resilience Addendum

Continued

Resilience Testing Analysis

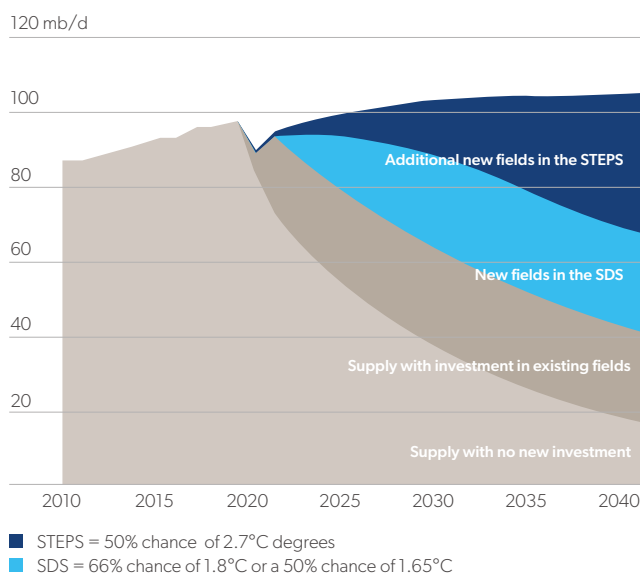
- Oil Search's strategy is focused on low cost, low GHG intensity, and Paris Aligned investments.
- Oil Search's climate scenario analysis indicates long-term resilience and value generation in a range of decarbonisation scenarios, including Paris Aligned pathways.
- Oil Search's major growth projects,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

Additional oil and gas projects need to be developed

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

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

Figure 4: Oil Prices by IEA Scenario



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

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

PARIS ALIGNED GROWTH PORTFOLIO

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

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

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

Pikka Project – capital spending aligned with Paris Agreement

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

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

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

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

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

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

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

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

Climate Resilience Addendum

Continued

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

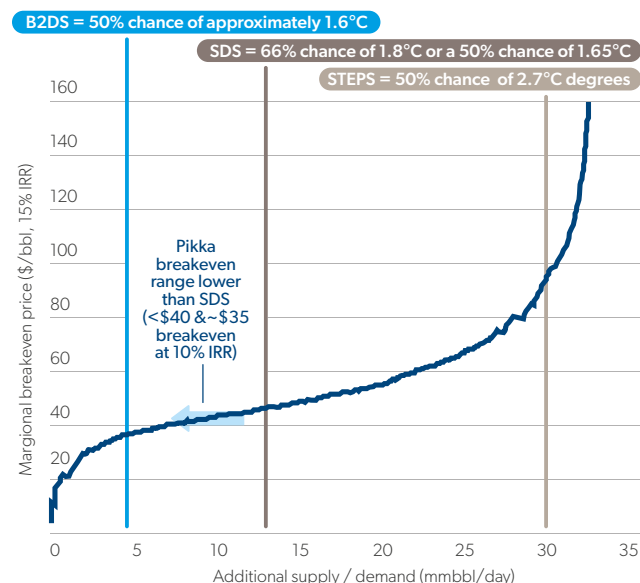


Figure 5: Source: Carbon Tracker. (2020) Fault Lines, pg. 48 Fault-Lines_CTI_report_Oct2020_2.pdf; and Oil Search Pikka breakeven range.

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

LNG expansion – capital spending aligned with Paris Agreement

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

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

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

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

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

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

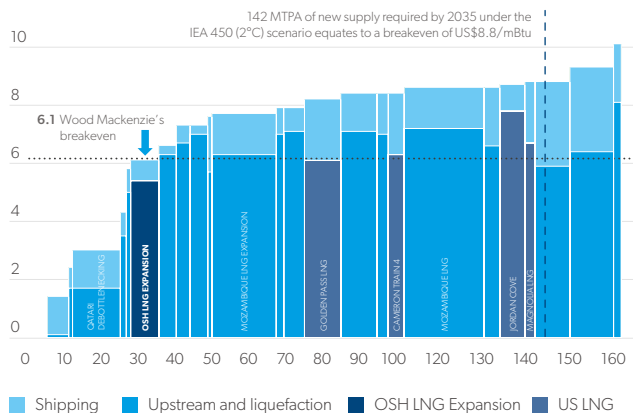


Figure 6: 2035 LNG break-even cost stacks. Cross section of projects required to meet the additional demand required under an IEA 450 scenario. Excludes projects are currently operational or under construction. Source: Wood Mackenzie (2017)

PNG Biomass

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

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

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

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



Climate Resilience Addendum

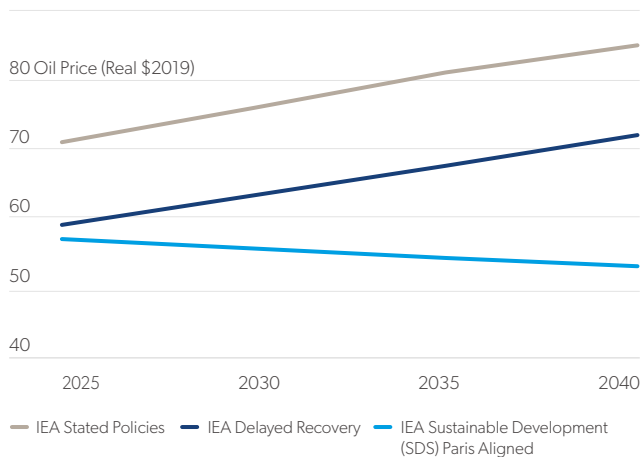
Continued

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

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

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

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



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

PORTFOLIO REMAINS GAS DOMINANT

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

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

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

Climate Resilience Addendum

Continued

PNG physical climate change context

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

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

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

Alaska physical climate change context

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

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

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

1. ANU Development Policy Centre 2017

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

3. US EPA 2016

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



TCFD Reference Guide

Task Force on Climate-related Financial Disclosures

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

TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

Disclosure	Supplemental guidance for energy group	Disclosed in Climate Change Addendum
STRATEGY CONTINUED		
Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>(i) Organisations should disclose how identified climate-related issues have affected their businesses, strategy, and financial planning.</p> <p>Organisations should consider including the impact on their businesses and strategy in the following areas:</p> <ul style="list-style-type: none"> – Products and services – Supply chain and/or value chain – Adaptation and mitigation activities – Investment in research and development – Operations (including types of operations and location of facilities) 	Corporate Strategy considers climate on Page 6
	<p>(ii) Organisations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized.</p> <p>Organisations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.</p> <p>Organisations should also consider including in their disclosures the impact on financial planning in the following areas:</p> <ul style="list-style-type: none"> – Operating costs and revenues – Capital expenditures and capital allocation – Acquisitions or divestments – Access to capital <p>If climate-related scenarios were used to inform the organisation's strategy and financial planning, such scenarios should be described.</p>	Corporate Strategy considers climate on Page 6
	<p>(iii) Supplemental Guidance for Non-Financial Groups</p> <p>Consider discussing how climate-related risks and opportunities are integrated into their (1) current decision-making and (2) strategy formulation, including planning assumptions and objectives around climate change mitigation, adaptation, or opportunities such as:</p> <ul style="list-style-type: none"> – R&D and adoption of new technology – Existing and committed future activities such as investments, restructuring, write-downs, or impairment of assets – Critical planning assumptions around legacy assets, for example, strategies to lower-carbon, energy, and/or water-intensive operations – How GHG emissions, energy, and water issues, if applicable, are considered in capital planning and allocation; this could include a discussion of major acquisitions and divestments, joint-ventures, and investments in technology, innovation, and new business areas in light of changing climate-related risks and opportunities. – The organisation's flexibility in positioning/repositioning capital to address emerging climate-related risks and opportunities. 	Corporate Strategy considers climate on Page 6



TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

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

TCFD Reference Guide

Continued

Task Force on Climate-related Financial Disclosures *continued*

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

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

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

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



