



Tony Durrant – Chief Executive Officer, Premier Oil plc

"Low Carbon by Design. Net Zero by Commitment."

We are taking steps to embed responsible climate change management into all that we do. Our new Climate Change Policy sets out our commitment to ensure all of our operated projects will be developed on a carbon neutral basis in respect of Scope 1 and Scope 2 GHG emissions. We can therefore commit, based on expected future profiles, that Premier will be more than 65 per cent carbon neutral by 2025 and 100 per cent by 2030. This commitment will be realised through the implementation of our new Climate Change Strategy, which supports our efforts to align our risk management and reporting practices to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

[Learn more](#)

About this report

This report is Premier Oil's fourteenth annual sustainability report. This is the first year that we have positioned our report as a 'Sustainability Report', transitioning from the previous title of 'Corporate Responsibility Report'. This is more closely aligned with our broader view of Sustainability which extends beyond the responsible management of our impacts to also include the ongoing benefits we deliver to our stakeholders – from shareholders to host societies.

This report has been approved by the Audit and Risk Committee of our Board. It

makes a GRI Core 'in-accordance' claim against the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards) and covers our most material sustainability issues. These issues and their related GRI Topic-specific Standards can be found in our '[Material issues and related GRI Standards](#)' table.

Relevant reporting scope and levels of disclosure for each GRI Standard can be found in the GRI Index within the '[2019 Sustainability Report Appendix](#)'.

Key performance highlights

Sustainability	Operational	Financial
149 tonnes CO ₂ e per thousand tonnes of production (GHG intensity) (2018: 164 GHG Intensity)	78.4 kboepd Group production (2018: 80.5kboepd)	US\$ 341 m Debt reduction (2018: US\$393m)
1.04 Recordable injuries per million man hours worked (TRIR) (2018: 2.65 TRIR)	Zama successfully appraised	US\$ 1,080 m Cash flows from operations (2018: US\$777m)
US\$ 1,603 m Economic value generated (2018: US\$1,512m)	Tolmount Development on schedule and below budget	US\$ 164 m Profit after tax (2018: US\$133m)

Sustainability focus areas

Strategic response to our organisational review



We took steps to address the outcomes of an independent organisational review. The review was commissioned by Premier's Board of Directors in 2018 to assess and strengthen our governance and organisational structures, core business processes and corporate culture. This included a project to improve the effectiveness of our Business Management System (BMS).

[Learn more](#)

Integrating climate change into our corporate governance and investment practices



We integrated climate change into our Executive Directors' Annual Bonus framework (effective from 2020). In addition, we updated our corporate investment guidelines to integrate climate change analysis into our investment decision-making processes. These measures form part of our broader efforts to deliver our new Climate Change Policy and Climate Change Strategy, minimizing and mitigating our Carbon footprint.

[Learn more](#)

Global CEO HSES awards



We continued to run our annual Global CEO HSES awards programme. This recognises outstanding safe behaviours, environmental leadership and innovation across the organisation.

[Learn more](#)

Global HSE Day



We ran our second Global HSE Day in June 2019, following the success of our first group-wide event in 2017. During the day, Premier's CEO launched our new 'Life Saving Rules' via video link across all our business units.

[Learn more](#)

Global workforce engagement in HSES survey



We launched our first global workforce engagement in HSES survey to identify and address gaps in HSES engagement and culture across the organisation.

[Learn more](#)

Our new Climate Change Policy and Strategy



Our new Climate Change Policy commits us to achieving a target of net zero Scope 1 and 2 GHG emissions for 100% of our operated oil and gas facilities by 2030, with an interim target of net zero for 65% of our facilities by 2025. This will be achieved through the implementation of our new Climate Change Strategy, which is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is overseen by our newly established Climate Change Committee.

[Learn more](#)

Improving energy efficiency at our North Sea assets



We have identified and implemented a series of energy efficiency and energy saving initiatives across our North Sea assets. For example, our Tolmount development has been designed to be a ‘Low Carbon by Design’ gas field, with minimal emissions when on production. We deploy best available technology wherever possible to reduce emissions. We also experiment with new technologies, an example being our installation of a wave-powered device, the Ocean Power Technologies PB3 PowerBuoy® at our Huntington field, to help reduce the environmental impacts of decommissioning.

[Learn more](#)

Assessing our environmental and social impacts at the Sea Lion project



We revised our initial Environmental Impact Assessment (EIA) to implement a series of improvements that were identified during the FEED phase of the Sea Lion project. These improvements collectively help reduce the environmental footprint of the project.

[Learn more](#)

Our new Diversity and Inclusion roadmap



We rolled out the first phase of a new Diversity and Inclusion ('D&I') roadmap. This included a range of measures to strengthen our D&I management practices across the Group.

[Learn more](#)

Addressing the outcomes of our employee engagement survey



We took steps to analyse and address the outcomes of our Group-wide employee engagement survey. The survey was carried out in 2018 to further develop our understanding of employee views and levels of satisfaction across the business.

[Learn more](#)

Our new Staff Forum



We launched our new 'Staff Forum' initiative across our business units. This forms part of our broader efforts to meet the employee engagement provisions of the updated UK Corporate Governance Code –

and also aims to support effective two-way communication, feedback and idea sharing between our employees and management.

[Learn more](#)

SCIMITAR supply chain management system



We developed and launched a new data-driven contract management system called SCIMITAR ('Supply Chain Management Interactive Technology for Analytics & Reporting'). Among other features, SCIMITAR enables contract teams in different business units to more efficiently network with each other.

[Learn more](#)

Our approach to the UN Sustainable Development Goals (SDGs)



In 2019, we undertook a review of our approach to the SDGs to help identify – and focus our efforts on – the Goals where we can make the most meaningful contribution.

[Learn more](#)

Reporting to the CDP



Premier Oil has been responding to the CDP's annual Climate Change questionnaire since 2010. In our

latest submission (2019), we achieved a CDP score of 'B' (2018: 'D'). Our responses are published on the

[CDP's website](#)

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[Learn more](#)

Aligning to the TCFD



In 2020, we launched our new Climate Change Policy and Strategy to support our ongoing efforts to align with the recommendations of the TCFD.

[Learn more](#)



Tony Durrant – Chief Executive Officer, Premier Oil plc

Section 1: Chief Executive Officer's Review

In the first quarter of 2020, oil prices have fallen significantly due to fears over the spread of COVID-19 and the impact this may have on global demand for oil. The current volatile macro environment serves to highlight the importance of the business being sustainably free cash flow positive and ensuring that future growth can be funded through the commodity price cycle without compromising the balance sheet.

Nonetheless, businesses are increasingly assessed not just on the strength of their balance sheets, but also on their environmental, social and governance (ESG) performance. 'ESG' is now part of our everyday dialogue with investors. At the same time, there is increasing focus on corporate 'purpose' and how businesses can best generate long-term value for a broader set of stakeholders. In this context, the importance of taking a proactive stance in addressing climate change is a key priority for Premier Oil and the oil and gas industry more broadly.

Premier Oil has long understood that transparency and disclosure are vital elements in our efforts to meet stakeholder expectations and drive the

continuous improvement of our ESG performance. We first published a Social Performance Report in 2001 – and this document, which has evolved into our Sustainability Report, seeks to address the growing external focus on the ESG impacts and risks of our business. I am pleased that Premier’s efforts to disclose our activities in an open and transparent manner have been recognised externally. This includes, for example, our achievement of a peer-leading ‘B’ rating for our 2019 CDP submission, reflecting ongoing improvements in the disclosure of our climate change management approach and impacts.

However, we recognise that disclosure alone is not enough. Our long-term success demands that we take concrete steps to minimise the footprint of our operations. We must also generate long-term value for all our stakeholders – from shareholders and customers to host governments and local communities. This report sets out the key steps we are taking to achieve these aims now and in the future.

Addressing climate change

The oil and gas industry has driven global energy supply and economic transformation for generations. While oil and gas will continue to play an important role in the global energy transition in coming years, we must minimise the impact of our activities on global warming.

In this context, we are taking steps to embed responsible climate change management into all that we do. Our new [Climate Change Policy](#) sets out our commitment to ensure all our operated projects will be developed on a carbon neutral basis in respect of Scope 1 and Scope 2 greenhouse gas (GHG) emissions. We can therefore commit, based on expected future profiles, that Premier will be more than 65 per cent carbon neutral by 2025 and 100 per cent by 2030. This commitment will be realised through the implementation of our new [Climate Change Strategy](#), which provides a roadmap for minimising our carbon emissions through two workstreams:

- ‘Low Carbon by Design’: reducing emissions by investing in Best Available Technology (BAT) during the design phases of brown-field modifications and green-field projects.
- ‘Carbon Neutral by Commitment’: to the extent that there remain irreducible emissions, from whatever source, Premier will utilise an affordable and appropriate blend of offsetting using carbon credits, derived from a mix of direct investment in offsetting projects and investment in offsetting accredited schemes relevant to Premier’s core business geographies.

Together, these workstreams will place Premier on track to support the UK Government’s target of net zero by 2050 and to support OGUK’s stated objective of [Roadmap 2035](#).

Our new Climate Change Strategy also incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Implementation will be led by Premier’s new Climate Change Committee, which we established in 2019.

Our approach is underpinned by concrete action. We approved a decision to integrate climate change in our Executive Directors’ Annual Bonus framework (effective from 2020), in accordance with the Company’s Remuneration Policy. In 2020, we will also undertake a comprehensive asset-by-asset review to identify and prioritise new emissions reduction projects. The review will help us build on existing emissions reduction projects that we are already implementing across our North Sea Assets.

We made progress in our emissions performance during the year. For example, in 2019 we reduced the greenhouse gas (GHG) intensity of our portfolio by 9% to 149 tonnes of carbon dioxide equivalent (CO₂e) per thousand tonnes of production (from 164 in 2018).

Strengthening our health and safety culture

The health and safety of our employees, contractors and communities continues to be of utmost importance to Premier. To this end, we strengthened our health and safety culture in 2019. I was proud to champion our annual Global CEO HSES awards programme, which recognises outstanding safe behaviours as well as environmental leadership and innovation across the business. We also ran our second Global HSE Day, following the success of our first group-wide training event in 2017. At the event, I launched our new ‘Life Saving Rules’ via video link

across all our business units. These Rules will help us continue to address the most critical hazards across our operations.

We have made further improvements in our health and safety performance, from an already strong baseline. For example, we reduced our Total Recordable Injury Rate (TRIR) to 1.04 (from 2.65 in 2018) as well as reducing our High Potential Incident Rate to 1.04 (from 1.40 in 2018). No recordable injuries were recorded at Premier operated sites during the year.

We are committed to doing our part to help reduce the spread of COVID-19, and will continue to actively monitor the situation to determine how best to safeguard the health and safety of our employees. This will be an area of ongoing focus for our business in 2020.

Helping our people and business thrive

The success of our business depends on our ability to recruit, develop, motivate and retain a highly talented and diverse global workforce. In support of this, we place particular emphasis on listening and responding to the views of our employees. In 2019 we launched our new 'Staff Forum' initiative to support enhanced two-way communication, feedback and idea sharing between our employees and management. In addition, we rolled out a series of action plans across several corporate functions and business units to respond to employee views gathered in our 2018 employee engagement survey.

We also focused on improving the gender balance of our workforce. This included the rolling out of the first phase of our new Diversity and Inclusion (D&I) roadmap to strengthen our D&I policies and procedures, training activities and recruitment processes. I was pleased to see external recognition in this regard when we were named as one of the three finalists in the D&I category of the 2019 OGUK Awards.

Configuring our business for the future

The long-term success of our business requires the right governance and organisational structures, core business processes and corporate culture. In line with the UK Corporate Governance Code, our [Annual Report](#) now sets out the company's purpose. In addition, we implemented several strategic initiatives to address the outcomes of a 2018 independent organisational review. For example, we reviewed and streamlined our Business Management System (BMS) to help ensure we have the right policies and procedures to guide our management efforts. This and other strategic initiatives will continue into 2020 and beyond.

Whilst we will place particular focus on managing our future climate change impacts, we recognise that our responsibilities extend beyond this. To this end, we will continue to explore ways to increase our contribution to the achievement of the United Nations Sustainable Development Goals (SDGs), which provides an internationally recognised roadmap for inclusive development by 2030.

Similarly, our sustainability management efforts will continue to be guided by the ten principles of the United Nations Global Compact (UNGC), to which we remain committed. Our 2019 Sustainability Report represents our UNGC 'Communication on Progress'.

Figure 1: Delivering on our commitments

● Achieved ● Partially achieved ● Not achieved

REPORT SECTION	2019 COMMITMENTS	2019 PERFORMANCE	STATUS	RELEVANT REPORT SUBSECTION
Our approach	Continue to enhance and strengthen our governance and organisational structures, core business processes and corporate culture	Initiated the rollout of our updated corporate strategy, with new strategic priorities developed for each of our business units.	●	'Principles, frameworks and standards'
		Updated our Corporate Investment Guidelines to help integrate climate change analysis into our investment decision-making processes.	●	'Sustainability leadership'
		Reviewed and updated relevant Policies, Standards and Procedures to ensure we continue to meet our obligations under the new UK Corporate Governance Code.	●	'Principles, frameworks and standards'
		Implemented a project to enhance our Business Management System (BMS), creating simpler and more consistent processes across our functions and business units.	●	'Principles, frameworks and standards'
Defining our material issues	Maintain and where possible advance our external corporate responsibility reporting	Achieved a peer-leading 'B' rating for our 2019 CDP submission.	●	'Material issues and related Sustainable Development Goals'
		Remained a constituent of the FTSE4Good Index Series, scoring in the 91-percentile for the Oil and Gas industry.	●	
		Transitioned from issuing an annual 'Corporate Responsibility Report' to an annual 'Sustainability Report', to reflect our more holistic view of Sustainability.	●	
		Enhanced our level of sustainability reporting disclosure (from a 'GRI-referenced' claim in 2018 to a GRI Core 'in-accordance' claim in 2019).	●	
		Reviewed our approach to the UN Sustainable Development Goals, to identify and focus our efforts on the three Goals where we can make the most meaningful contribution.	●	
Environment	Strengthen governance and management of emerging climate change issues	Launched our new Climate Change Policy and Climate Change Strategy, to support our alignment with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and emerging regulations in our countries of operation.	●	'Climate change and GHG emissions'
		Established a dedicated Climate Change Committee, which reports to our Executive Committee on matters concerning our climate change response.	●	
		Integrated climate change performance into our Executive Directors' Annual Bonus framework, in accordance with the Company's Remuneration Policy.	●	
	Continue to improve environmental performance	Achieved a decrease in our GHG emission intensity from 164 tonnes CO ₂ e per thousand tonnes of production in 2018 to 149 in 2019 ² .	●	
		Achieved a GHG emission intensity that improves on our target of 160 tonnes CO ₂ e per thousand tonnes of production in 2019.	●	
	Manage our environmental and socio-economic impacts in the Falkland Islands	Revised our Sea Lion Project Environmental Impact Statement (EIS) to incorporate improvements identified during the Front-end Engineering and Design (FEED) phase.	●	'Impact assessment'
Health, safety and security	Strengthen engagement on HSES	Launched our first Global Workforce Engagement in HSES Survey	●	'Managing health, safety and security'
		Ran our second Global HSE Day, during which we rolled out our new 'Life Saving Rules'.	●	'Managing health, safety and security'
	Recognise employee commitment to HSES	Launched our second Global CEO HSES Awards programme.	●	'Occupational health and safety'
	Continue to improve health and safety performance	No work-related fatalities recorded in 2019 across our employees and contractors.	●	'Process safety and asset integrity'
		One Tier One and one Tier Two process safety LOPC events recorded in 2019 (no injuries incurred).	●	
		An improvement in our TRIR ¹ (from 2.65 in 2018 to 1.04 in 2019) and an improvement in our HiPoR ² (from 0.140 in 2018 to 1.04 in 2019)	●	
	Strengthen crisis management and emergency response	Conducted a review of the emergency response arrangements at our Vietnam, Indonesia and Falkland Island business units to ensure group-wide consistency across our emergency response team structures and operating processes.	●	'Emergency preparedness'
		Conducted an extensive programme of exercises at our UK business unit to test all operated and leased asset emergency response procedures.	●	'Crisis management'
Employees	Support diversity and inclusion across our organisation	Rolling out the first phase of a new Diversity and Inclusion (D&I) roadmap, which includes a range of measures to strengthen our D&I management practices across the Group.	●	'Diversity and inclusion'
		Increased female representation across our global workforce (from 25% in 2018 to 30% in 2019).	●	'Diversity and inclusion'
	Respond to employee feedback on a Group-wide basis	Launched our new 'Staff Forum' initiative across our business units.	●	'Employee feedback'
		Conducted several employee workshops to analyse and address the feedback gathered in our 2018 Group-wide employee engagement survey.	●	'Employee feedback'
Society	Strengthen our supply chain management practices	Launched a new data-driven contract management system to help drive the speed, efficiency and cost-effectiveness of our contract management processes.	●	'HSES Focus'
Business ethics	Continue to strengthen our compliance with Premier's Global Code of Conduct	No significant fines or non-monetary sanctions for legal or regulatory breaches received in 2019.	●	'Risk assessment and due diligence'

¹ Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report), June 2017

² GHG emissions intensity is reported for producing assets only

- ³ Total Recordable Injury Rate (TRIR) - per million man hours worked
- ⁴ High Potential Incident Rate (HiPoR) - per million man hours worked



Our values - tenacity, dynamism, professionalism and respect - underpin our work relationships.

Photo: Exploration Function team meeting, Corporate Office, London

Section 2: Our approach

Premier is committed to operating responsibly. We aim to maximise the positive impacts we have upon our stakeholders and to minimise or avoid our negative impacts. Not only is this the right thing to do, it also supports the maintenance of our social and legal licence to operate – now, and over the long-term. Beyond this, we recognise that sustainability is also about maintaining the sustained and profitable growth of our business to deliver ongoing benefits to our stakeholders – including our employees, shareholders, customers, business partners, local communities and host countries.

1. Governance

Principles, frameworks and standards

Our track record of responsible behaviour and effective performance is underpinned by our Values, Policies and relevant external principles, frameworks and standards. These are summarised below, with further details available in our '[2019 Sustainability Report Appendix](#)'.

The company's Policies that relate to Sustainability are approved by the Board and available to all our staff through our intranet-based Business Management System (BMS, see below).

In 2019, we continued to take steps to ensure our ongoing compliance with the provisions of the updated UK Corporate Governance Code (the 'Code', effective from 1 January 2019). This included, amongst other initiatives:

- The review and update of relevant company Policies, Standards and Procedures in our BMS to ensure we continue to meet our obligations under the Code
- The launch of new 'Staff Forum' initiative. These meet the provisions of the Code regarding employee engagement
- The roll-out of function and business unit action plans to address the outcomes of our 2018 employee engagement survey (see '[Section 6: Employees](#)')
- The implementation of a set of work streams to address the findings of an independent organisational review conducted in 2018. This will help support the alignment of our business strategy with our corporate culture (an area of focus under the Code), and further strengthens our employee culture and engagement processes (see below)

During the year, we also continued to review and monitor our Group-wide controls to prevent the facilitation of tax evasion in our wider supply chain. This follows the conclusion of a range of measures undertaken in 2018 to align our controls with 'The Six Guiding Principles to Inform Prevention Procedures' of the UK Criminal Finances Act (2017).

Finally, we continued to review and update our data management processes to ensure we have the necessary controls in place to comply with the Data Protection Act 2018.

www.premier-oil.com (Company Policies)

Focus area: Strategic response to our organisational review

During the year, Premier Oil took a series of steps to address the outcomes of an independent organisational review that was undertaken in the second half of 2018. The review was commissioned by Premier's Board of Directors in 2018 to assess and strengthen our governance and organisational structures, core business processes and corporate culture. It was based on engagements with over 100 employees across the Group world-wide, including all Board members, as well as feedback received from a range of engagement surveys conducted across the Company.

Key actions to address the outcomes of the review include (among other areas):

1. Strategy and culture

In 2019, Premier's updated strategy was agreed by the Board and we initiated its rollout across the organisation. This was communicated to individual business units through a series of 'town hall' meetings led by our CEO. The updated strategy has been further supported at the operational level through the development of new strategic priorities for each of our business units. In future, these strategic priorities will feed into, and mutually support, team and individual performance objectives across the organisation.

In 2020, we will continue to communicate the strategy and related strategic priorities across the organisation. This will be supported through the development of our 'Premier Way' which aims to define and enhance our key processes (see Business Management System, below), business performance management, culture, values and behaviours. These workstreams will be rolled-out in 2020 through a series of workshops as well as group and individual training sessions.

2. Business Management System

We commenced a project to improve the effectiveness of our Business Management System (BMS), with a focus on simplifying the content and reducing the volume of the documentation controlled on the system. This aimed to:

- Create simpler, clearer and more consistent processes across our functions and business units, and to establish the BMS as the formal 'Premier Way' of working
- Support the transfer of best practices across the organisation
- Facilitate the induction of new staff and assets into the company as it grows
- 'Future proof' these improvements to help ensure the BMS remains fit for purpose and scalable

During the year, a limited set of Policies were agreed for the company and the number of underlying company Standards was significantly reduced. The project will continue to late 2020.

3. Group technical functions

We completed phase one of a two-phase Management of Change process to help strengthen our Group technical functions and ensure they are fully aligned with our broader business priorities. This included the development of a new Functional Mandate to improve engagement between our corporate-level functional teams and business units. In addition, we created new specialist and technical roles to increase the delivery capacity of our technical functions and support key current and planned activities.

We plan to implement phase two of the project in 2020. This will focus on information systems and enterprise architecture priorities to help enable the business to adapt in the context of rapidly changing technology.

4. Contract management

In 2019, we began implementation of new Contract Management Plans (CMPs) for our major Tier 1 and Tier 2 contracts. These are hosted on our new integrated supply chain management system, SCIMITAR (see [Focus area: New SCIMITAR supply chain management system](#)). The CMPs help strengthen our management and monitoring of contract performance and spend against

contract value over time. Under the CMPs, each Premier contract owner is identified and required to actively manage contract performance. This includes tracking a range of key performance indicators relating to HSE, cost, scheduling and services, and equipment quality. In addition, quarterly status update reports are communicated to key contract stakeholders, internally and externally, to support enhanced management oversight. Finally, contract close out reports are now mandatory no later than three months after contract expiry to help document lessons learned and develop recommendations for improving future contract performance.

5. Employee development

We implemented a range of measures to improve the development opportunities offered to our most talented employees. This included adapting our recruitment approach to always make new roles available to internal staff in the first instance, where they apply and meet the requisite skills requirements relative to external contractor hires. In support of this, we created three new roles within our Group technical functions. These will be made available to high-potential existing employees who will be exposed to a range of disciplines to broaden and deepen their areas of expertise.

In 2020, we will also launch a multi-year Leadership Development Programme with a planned initial intake of around 20 employees per year. The programme will focus on key areas related to people management, culture, values and business performance management.

Figure 1: Our values

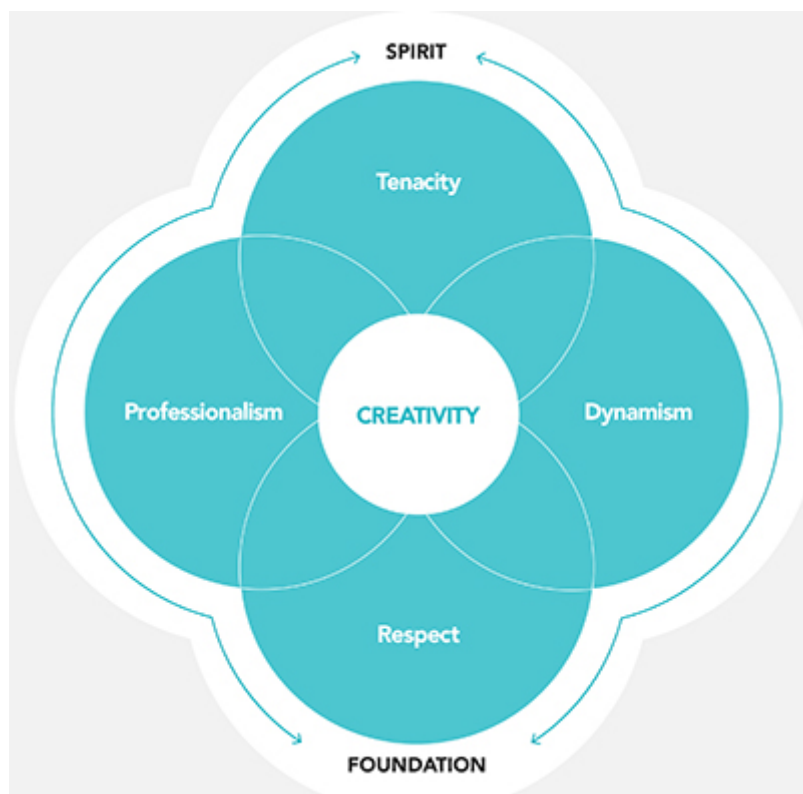


Figure 2: Summary of principles, frameworks and standards

INTERNAL	EXTERNAL
Values www.premier-oil.com Our Values Vision and Strategy www.premier-oil.com Vision, Strategy and Business Model Sustainability Policy, supported by: • Global Code of Conduct • Business Ethics Policy • Human Rights Statement • Community Investment Statement Health, Safety, Environment and Security (HSES) Policy, supported by: • Corporate Major Accident Prevention (CMAPP) Policy Group Wide Dealing Policy Risk Management Policy Supply Chain Policy People Policy Tax Policy Whistleblowing Policy	United Nations Global Compact (participant) www.unglobalcompact.org International Association of Oil and Gas Producers ('IOGP') (member) www.iogp.org OHSAS 18001 occupational health and safety management system standard (applied to all Premier-operated production assets and our drilling operations) www.bsigroup.com ISO 14001 environmental management system standard (applied to all Premier-operated production assets and our drilling operations) www.iso.org Voluntary Principles on Security and Human Rights www.voluntaryprinciples.org United Nations Guiding Principles on Business and Human Rights www.ohchr.org ISO 31000 risk management system standard (which underpins our approach to risk management) www.iso.org

Sustainability leadership

As required by the UK Corporate Governance Code, the Board establishes the

Company's purpose, values and strategy. The Board oversees the execution of the Company's strategy within an agreed framework of internal controls, ensuring that risk is appropriately monitored and managed. As such, the Board is ultimately responsible for the Company's sustainability performance. Accordingly, it approves the Sustainability Policy and endorses the management of significant sustainability-related risks and opportunities.

More information about Premier's governance, including in relation to sustainability, is available on pages 58 – 116 of the Premier Oil 2019 Annual Report.

www.premier-oil.com (2019 Annual Report)

Focus area: Integrating climate change into our governance and investment practices

In 2019, we integrated climate change into our Executive Directors' Annual Bonus Framework (effective from 2020). We also updated our corporate investment guidelines to help integrate climate change analysis into our investment decision-making processes.

More specifically, this included:

- **Climate scenario analysis:** Stress testing our portfolio under a 2 degree global temperature rise scenario to support our ongoing efforts to align with the TCFD recommendations.
- **Carbon emissions pricing:** Integrating a single flat base case for carbon pricing to capture carbon costs in the economics of all future investment decisions, irrespective of whether carbon tax legislation applies to the jurisdiction.

These measures form part of our broader efforts to deliver our new Climate Change Policy and Climate Change Strategy . See 'Our approach to the energy transition and climate change' for more information.

Sustainability management

In 2019, the principal topics arising from Premier's activities that have economic,

social and environmental impacts on stakeholders, and the Premier managers and executives responsible for overseeing them on a day-to-day basis, were:

- Health, safety, environment and security (HSES), overseen by the Chief Executive Officer (CEO)
- Climate change strategy, overseen by the CEO and guided by the newly established Premier Climate Change Committee
- Risk management, overseen by the Group Audit and Risk Manager
- Human resources, overseen by the Group Human Resources Director
- Legal and regulatory compliance, ethical behaviour and human rights, overseen by the Group General Counsel
- Financial reporting and tax, overseen by the Finance Director

These executives reported to the CEO, with the exception of the Group Audit and Risk Manager who reported to the Chief Technical Officer (for day-to-day reporting purposes) and to the Chair of the Audit and Risk Committee. The Group General Counsel was responsible for overseeing day-to-day sustainability performance (excluding our operational-level community interactions, responsibility for which lies with each of our business units). Significant stakeholder feedback was made available to the Board.

Other Group functions, such as supply chain, were also involved in sustainability management. For example, our decision to enter into or maintain relationships with members of the extensive upstream supply chain is informed by not only commercial and operational factors, but also their business ethics, environmental, safety and human rights performance. In 2019, we also published our first Group Supply Chain Policy which sets out how we engage with our suppliers wherever we operate. (see 'Supply chain management' in '[Section 8: Society](#)').

For more information about how we integrate sustainability factors into our procurement decision making through our Supply Chain Contractor Due Diligence Process, see '[Section 9: Business ethics](#)' and '[Section 8: Society](#)'.

www.premier-oil.com (Company Policies)

Figure 3: Corporate-level BMS elements that supported sustainability management in 2019

MANAGEMENT SYSTEM	RESPONSIBLE INDIVIDUAL	REFERENCE
Legal Human Rights Corporate Responsibility	General Counsel Company Secretary	See 'Business ethics', 'Society' and throughout
HSES	Group HSES Manager	See 'Health, safety and security' and 'Environment'
Human Resources	Group Human Resources Director	See 'Employees'
Audit and Risk	Group Audit and Risk Manager	See 'Defining our material issues' and Annual Report
Supply Chain Management	Group SCM Manager	See 'Business ethics', 'Society' and GRI Table
Community Investment	Business Unit country managers	See 'Community relations'
Tax	Finance Director	See 'Society' and Annual Report

Business Management System

Our BMS comprises the Policies, Standards and Procedures that govern our internal controls.

During the year, we launched a new initiative to improve our BMS in response to findings from an independent organisational review carried out in 2018 (see '[Focus area: Strategic response to our organisational review](#)').

For more information about our principles, frameworks and standards, and sustainability management, see our '[2019 Sustainability Report Appendix](#)'.



Anoa - Anoa Gas Exploration (AGX) Complex, offshore Indonesia

Section 3: Defining our material issues

Premier's materiality assessment process enables us to identify our most significant sustainability issues – and directly informs the focus and content of our sustainability reporting. It draws on our existing risk assessment process and broader stakeholder engagement activities – as well as specific research, analysis and stakeholder interviews.

1. Risk management

Premier's Risk Management Policy and Risk Management Standard apply the principles and guidelines set out in the ISO 31000 risk management system standard. The Policy and Standard set our expectations and minimum requirements for the following activities:

- Establishing our risk appetite

- Identifying and evaluating the risks that affect our business
- Ensuring that appropriate and effective risk controls and mitigating measures are put in place

The Policy and Standard also support our efforts to achieve the highest standards of corporate governance.

www.premier-oil.com (Company Policies)

www.iso.org (ISO 31000)

Process

Premier records and reports our main risks using our corporate risk register, 'ARROW' (Analysis and Reporting Risk Online Workbench).

The Sustainability risks that are recorded in ARROW include key risks relating to:

- Physical and/or transitional climate change risks
- Catastrophic events at our operated facilities
- Governance and compliance breaches
- Fiscal or political pressure from host governments
- Organisational capabilities and competency management within the Company or its supply chain
- The Group-wide implementation of our human rights commitments

Using ARROW, Premier personnel can:

- Assess relevant risk components, including a description of the risk and the magnitude of the risk impact and likelihood
- Define an approach to manage each risk, including risk ownership, controls and mitigating measures
- Monitor risks across all business units and corporate functions

2. Stakeholder engagement

Premier systematically identifies, prioritises and engages with our stakeholders on an ongoing basis. This helps us:

- Understand how our activities and relationships impact others
- Manage these impacts responsibly
- Identify new opportunities to work in partnership with our stakeholders

- Track the effectiveness of our management actions

Our engagement activities also help us to better understand any risks that stakeholders could pose to the achievement of our business objectives, and to develop appropriate management responses. Information gathered through stakeholder engagement that may have a bearing on a key business risk is integrated into our risk management activities and recorded in ARROW, where appropriate.

For examples of our stakeholder engagement activity in 2019, see our '[2019 Sustainability Report Appendix](#)'.

3. Materiality assessment

This report focuses on our most significant sustainability issues. For the sixth consecutive year, Premier has undertaken a materiality assessment to prioritise these issues on the basis of:

- The potential and / or actual impact of Premier on stakeholders and their interests
- The potential and / or actual impact of stakeholders on Premier and the achievement of our business objectives

This assessment was conducted with support from third party experts and with input from a range of internal stakeholders. We aim to engage with external stakeholders as part of our materiality assessment process on at least a biennial basis. As such, we will include input from external stakeholders in our 2020 materiality assessment.

Material issues

The outcomes of our sustainability materiality assessment are displayed below (Figure 1: Materiality assessment process).

Presentation of an issue as 'non-material' on this matrix does not mean it is not important to Premier or that it is not being managed, but only that it is not of sufficient significance to be addressed in detail in this report.

Additional details regarding the implications of these findings for our disclosures under the GRI Standards can be found under our list of '[Material issues and related GRI Standards](#)'. The principal changes in material and non-material issues

resulting from our 2019 assessment include the following:

- - Increased impact of 'Energy transition and climate change' reflecting growing investor and other stakeholder focus on the issue as well as Premier's enhanced energy and carbon management efforts in 2019 (see '[Section 4: Environment and climate change](#)' and '[Our approach to the energy transition and climate change](#)')
- Increased impact of 'Cyber security', which remains a non-material issue – reflecting ongoing instances of cyber-attack against multinational companies, including within the oil and gas industry. In 2019, we continued to strengthen our cybersecurity posture – including the ongoing enhancement of our policies, standards and procedures and our systems, access controls and safeguards, culture and awareness, and response and recovery measures

In addition, the issues of 'Resource use' and 'Climate change and GHGs' were redefined as 'Water use' and 'Energy transition and climate change', respectively. The redefined issue of 'Energy transition and climate change' includes Premier's own energy use (previously bundled under 'Resource use') which is closely linked to the ongoing management of our climate change impacts. In addition, this new issue more accurately reflects the strategic, long-term nature of the climate change challenge facing the industry and society more broadly.

Figure 1: Materiality assessment process



Figure 2: Sustainability materiality matrix



To view our approach to the UN Sustainable Development Goals (SDGs) as well as our related material issues, see '[Premier's approach to the SDGs](#)'. Our '[Material issues and related GRI Standards](#)' list can be found [here](#).



Wave-powered PB3 PowerBuoy®, Huntington field

Section 4: Environment and climate change

We are committed to operating in a manner that reduces our environmental impacts to a level that is ‘as low as reasonably practicable’ (ALARP). From everyday business to major capital investments, we factor our environmental footprint into decision-making processes and implement management practices and technologies that help mitigate environmental risks throughout the life of our assets. We will never compromise our environmental standards to meet our operational objectives.

1. Materiality and management approach

During 2019, all our operated exploration and production activities were conducted offshore. This included drilling for, and the extraction of oil and gas from sub-surface reservoirs for transport to international markets. Without effective management, these activities have the potential to negatively impact water quality, air quality and the health of local ecosystems. Any failure to avoid

and / or mitigate these impacts would have material reputational and regulatory implications.

Our most significant environmental issues relate to:

- Energy transition and climate change. This includes the management of greenhouse gas (GHG) emissions associated with energy consumption and flaring at our facilities as well as our broader management of physical and transitional climate changes risks
- Effluents and waste, including the prevention of spills and the responsible management of hazardous materials

Managing our environmental performance

Our Health, Safety, Environment and Security (HSES) Management System (see '[Section 5: Health, safety and security](#)') helps us manage our environmental impacts across the lifecycles of our operations and projects. All of our operated production and drilling activities are certified to the ISO 14001 environmental management standard.

In 2019, we spent approximately US\$5.8 million on environmental protection measures (2018: US\$7.0 million). This includes:

- US\$1.4 million on waste disposal, emissions treatment and remediation
- US\$4.4 million on prevention and environmental management costs

Impact assessment

As required by our HSES Management System, we perform baseline surveys and prepare environmental impact assessments (EIAs) and social impact assessments (SIAs) for all our operated activities. The assessments are designed to consistently identify and mitigate our:

- Physical impacts
- Ecosystem impacts
- Socio-economic impacts

During this systematic process, we assess the impacts of our proposed activities, and consider how they can be reduced to a level that is 'as low as reasonably practicable' (ALARP).

Where applicable, we submit our EIAs and SIAs to the respective regulatory

bodies in our host countries for approval prior to conducting our operated activities.

Focus area: Assessing environmental and social impacts at the Sea Lion project

Sea Lion has the potential to be a transformational project for Premier Oil, our partners and the Falkland Islands more broadly. The project is at a mature stage of definition and, through the Front-end Engineering and Design (FEED) and optimisation process, has been substantially de-risked from a social, environmental, technical, cost and schedule perspective.

In 2019, we revised our initial Environmental Impact Statement (EIS) to incorporate improvements identified during the FEED phase of the project. The revisions included:

- The implementation of direct offloading of crude from the FPSO vessel, which avoids the need for an offshore loading shuttle tanker (OLST) to periodically 'off-take' crude from the FPSO, and avoids the need to routinely bring crude oil into the nearshore water environment of the Falkland Islands. This significantly reduces the nearshore oil spill risk as well as the risk of disturbance to marine mammal and sea bird populations. This approach also reduces the project's greenhouse gas profile by avoiding emissions from the routine operation of the OLST.
- The integration of a flare recovery mechanism on the FPSO, which reduces the project's greenhouse gas and non-greenhouse gas emission profile.
- The introduction of new design features to minimise lighting and noise from the project, which minimises sea bird attraction (thereby reducing the risk of sea bird injury or death) and reduces underwater and airborne noise.

The EIS was submitted to the Falkland Islands Government (FIG) in December 2019 and is due to undergo public consultation in February 2020.

In addition, we completed a Social Impact Assessment (SIA) and developed strategies to ensure the non-competing use of natural resources (such as water and electricity), and to support the availability of housing and access to local healthcare and education for our employees.

Monitoring and evaluation

In line with our HSES Management System requirements, we undertake ongoing monitoring to assess the environmental impact of our activities throughout the lifecycle of our projects. In doing so, we:

- Ensure ongoing compliance with the requirements of our EIAs
- Identify and mitigate unforeseen environmental impacts
- Measure improvements in environmental performance
- Guide changes in our environmental management activities, where necessary

Reporting and benchmarking

We record and monitor key environmental metrics on an ongoing basis to help us to evaluate our performance and identify potential areas of improvement. These metrics are analysed every month and relevant performance indicators reported to the Board. We distribute an HSES scorecard to all employees to keep them informed of Premier's HSES performance (see '[Section 5: Health, safety and security](#)').

This is supported by internal and external benchmarking that we undertake across our operations, and sector benchmarking we participate in through industry associations that include the International Association of Oil and Gas Producers (IOGP).

All our environmental data is assured on an annual basis by an independent third party (see '[Independent Assurance Statement to Premier Oil plc](#)').

2. Energy transition and climate change

Premier Oil is committed to carrying out all that we do efficiently and responsibly

and to minimising our greenhouse gas emissions (GHGs). Scientific evidence has established the pace of global warming as well as the consequences if society fails to achieve the aims of the Paris Agreement.

Improving our energy efficiency and maintaining high standards of disclosure will continue to be important. However, alone they are not sufficient to address the climate change challenge. As global energy demand grows, the world must support the twin objectives of limiting climate change and the associated effects of global warming, while providing affordable energy to a growing global population. This transition will see renewable energy sources providing an increasing share of the global energy mix in future, with oil and gas playing an important role in assisting this transition in the years to come. Embracing this energy transition however means that the oil and gas industry must do more than it has done historically.

The section below sets out the steps that we are taking – as well as our plans for the future – to help meet global energy demand, while proactively addressing our climate change risks and contributing to the global climate change response (see [‘Focus area: Our new Climate Change Policy and Strategy’](#)).

Approach

Under our new Climate Change Policy, Premier commits to ensuring all of our operated projects will be developed on a carbon neutral basis in respect of Scope 1 and Scope 2 GHG emissions. We can therefore commit, based on expected future profiles, that Premier will be more than 65 per cent carbon neutral by 2025 and 100 per cent by 2030. This commitment will be delivered through the implementation of our new Climate Change Strategy, which provides a roadmap for minimising our GHG emissions through two workstreams:

- *‘Low Carbon by Design’*: reducing emissions by investments into Best Available Technology (BAT) during the design phases of brown-field modifications and green-field projects; and
- *‘Carbon Neutral by Commitment’*: utilising an affordable and appropriate blend of offsetting using carbon credits, derived from a mix of direct investment in offsetting projects and investment in offsetting accredited schemes relevant to Premier’s core business geographies.

As part of implementing these workstreams, we will:

- Ensure that all new projects we sanction will deliver net zero GHG emissions

(Scope 1 and Scope 2) across their full lifecycles, through the application of direct design features as well as, where necessary, through investments to offset emissions (including the purchase of carbon credits)

- Undertake routine reviews of our existing operated assets and operating procedures to identify opportunities to reduce our GHG emissions, including:
 - The minimisation of flaring and venting, where possible¹
 - The reduction of fugitive gas emissions through, for example, leak detection and repair (LDAR) programmes
 - The installation of best available technology (BAT) to minimise their GHG intensity
 - Apply carbon-pricing and scenario analysis into decision-making throughout the lifecycles of all new and existing projects
 - Conduct environmental ALARP studies during the design phase of all new projects
 - Set specific, measurable, attainable, relevant and time-bound (SMART) annual GHG intensity targets to drive operational efficiency at our operated production assets
 - Collaborate with industry and other associations on climate change adaptation and mitigation strategies, including the development of a framework to support the oil and gas industry in working towards a target of net zero GHG emissions

Focus area: Our new Climate Change Policy and Strategy

Premier launched our new [Climate Change Policy](#), which builds on our previous Carbon Policy and continues to support the ambitions of the Paris Agreement. Our policy commits us to take a proactive approach to climate change, both in setting climate change objectives but also demonstrating how we meet those objectives over time.

Our renewed climate change response is driven by our new [Climate Change Strategy](#), which we initiated in 2018 and released in early 2020. This strategy supports our efforts to align our risk management and reporting practices to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The strategy will also guide the implementation of our Climate Change Policy and drive the internal practices and collaborative behaviours required to manage our climate change risks and reduce the GHG

intensity of our operations.

The implementation of our Policy and Strategy will be overseen by a dedicated Climate Change Committee. This was established in 2019 and comprises of cross-discipline experts across our organisation. The Climate Change Committee reports to our Executive Committee on matters concerning our response to climate change. This includes emerging climate change regulations, risks, technologies, best practices and stakeholder expectations. The Committee also provides advice and recommendations on target-setting, key performance indicators (KPIs) and opportunities to collaborate with industry peers.

Furthermore, in 2019 we revised our Corporate Investment Guidelines to ensure carbon pricing and the potential impact of future GHG emission regulations is captured in the operating costs and financial planning of all future major capital investment decisions.

Finally, the Board has approved a decision to include a GHG intensity target in the Executive Directors' Annual Bonus framework (effective from 2020), in accordance with the Company's Remuneration Policy.

For more information on our 2019 climate change efforts and future plans, click [here](#).

Governance

Responsibility for climate change matters ultimately rests with Premier's Board of Directors (the Board). The Chief Executive Officer (CEO) has executive responsibility for Premier's Climate Change Policy and for assigning climate-related responsibilities to management-level positions across the Group.

The Board is supported and informed on climate-related issues by:

- The Executive Committee (ExCo), which ensures that climate change developments, risks and opportunities are integrated into the company strategy and investment decisions
- The Audit and Risk Committee, which ensures that climate-related risks are integrated into the Group-wide risk management framework and that this framework is effective at mitigating these risks

- The HSES Committee, which monitors and reviews the Group-wide HSES strategy and performance, as well as monitoring the quality and integrity of internal and external HSES reporting
- The Climate Change Committee, which is an advisory sub-committee that reports to ExCo on emerging climate change risks and opportunities. It also provides advice and recommendations on target-setting, key performance indicators (KPIs) and opportunities to collaborate with industry peers
- The Group Head of Health, Safety, Environment and Security (HSES), which has day to day responsibility for monitoring climate change reporting across the business units – including tracking performance against climate change KPIs and targets

Risk management

Premier faces a broad range of climate-related risks. This includes physical risks, such as extreme weather events or long-term sea level rises – as well as transitional risks, such as reputational, legal and technical risks.

Climate-related risks are defined under Premier's Group-wide risk management framework, which has been developed in accordance with ISO31000: 2009 – the globally recognised international standard for risk management. The framework establishes requirements for the consistent identification, assessment, reduction, communication and real-time monitoring of risks across the company. Climate-related risks are recorded in our Group Risk Register 'ARROW'. In 2019, we undertook a revision of our climate change risk classification and management processes to support their alignment with the TCFD recommendations and other international best practice frameworks.

As part of our management of these risks, we undertake detailed meteorological and oceanographic impact assessments for all new projects, during the design phase. These assessments may incorporate projections of rising sea levels and more frequent unpredictable weather events, as deemed necessary.

We also monitor the evolving fiscal and legislative response to climate change in our countries of operation. The 2015 Paris Agreement reflects the commitment of the international community in this respect. Premier will continue to monitor the developing policy environment at an international and national level and will adapt our future climate change strategy accordingly.

As originally stated in our 2015 Corporate Responsibility Report, we continue to support the position of BP, Eni, BG Group, Royal Dutch Shell, Statoil and Total in

their June 2015 letter to the UN Framework Convention on Climate Change (UNFCCC). This includes the establishment of clear and equitable carbon pricing at a national and, ultimately, an international level.

Finally, we continue to engage with a range of external organisations on climate change issues. This includes the identification of, and support for, responsible industry solutions that balance the commercial sustainability of the hydrocarbons sector with the need to minimise carbon emissions. For example, Premier is a board member of two trade associations – Oil and Gas UK (OGUK) and the UK's Independent Oil and Gas Exploration Companies (BRINDEX). We support the OGUK's position on climate change, as outlined in their [Roadmap 2035](#) and played a leading role in developing BRINDEX's climate change position, available [here](#). Both positions are aligned with the Paris Agreement goals and the UK's 2050 net-zero target.

Climate change reporting

In the UK, we are subject to the European Union Emissions Trading Scheme (EU ETS). Accordingly, we submit an annual, externally verified report on our emissions (from qualifying installations) to the UK's Department for Business, Energy and Industrial Strategy (BEIS).

In 2019, Premier received a fine³ from BEIS for underreporting the GHG emissions of our Huntington asset in the company's 2017 EU ETS inventory submission.

Premier also publishes its Environmental Statement⁴ on an annual basis. This provides information on the environmental performance of operations on the UK Continental Shelf (UKCS). Our 2019 report, which will be submitted to BEIS in May 2020, will include details of greenhouse gas emissions from our North Sea assets.

In addition, we submit an annual environmental report to Indonesia's Program for Pollution Control, Evaluation and Rating (PROPER), a national-level public environmental reporting initiative. The programme uses a five-tier colour-coded rating method. Between 2011 to 2018, we consistently achieved the 'blue' rating, which corresponds to compliance with local regulations.

We are a longstanding participant of the CDP. In 2019, our Climate Change submission achieved a grade of 'B' (2018: D).

As a member of the IOGP, we submit extensive GHG emissions data from our

global operations on an annual basis, along with production figures and other environmental data which contribute towards the IOGP's annual Environmental Performance Indicators report, which we use as a key benchmark of our environmental performance against our upstream industry peers.

[ec.europa.eu \(EU ETS\)](https://ec.europa.eu/eu-ets)

Performance

Energy use

Efficient energy use helps us reduce GHG emissions and lower operating costs. Our efforts in this respect are governed by the ALARP principle, as well as our ISO 14001-certified HSES Management System.

Furthermore, we are obliged under the UK Government's Energy Savings Opportunity Scheme (ESOS) to:

- Calculate our total energy consumption in the UK
- Identify areas of significant energy consumption in the UK
- Provide this information to the UK Environment Agency

Our assets (and the large items of industrial equipment they hold onboard) are designed to last the entire project lifecycle and are rarely replaced. As such, improving their energy efficiency is challenging. Accordingly, our efforts are focused on procuring new equipment (for example, during the construction of new projects) and implementing the latest Best Available Techniques (BAT) that offer higher levels of energy efficiency.

In 2019, our operations used 12.6 million GJ of energy (2018: 12.7 million GJ). Our energy use was comprised of⁵

- A total of 10 million GJ in the form of fuel gas (2018: 9.3 million GJ), an increase of 8.3 per cent. This was largely a result of an increase in fuel gas consumption on Catcher as the gas compression system on the FPSO was commissioned and brought into full service at the end of 2018.
- A total of 2.6 million GJ in the form of diesel (2018: 3.5 million GJ), a decrease of 26.4 per cent. This decrease reflects large falls in the use of diesel at some of our largest producing assets. On Catcher, a drop of 34 % in diesel usage was due to lower diesel requirements needed in 2019 with the asset in steady state production, when compared to the commissioning activities that were taking place on the facility in 2018. On Chim Sao in

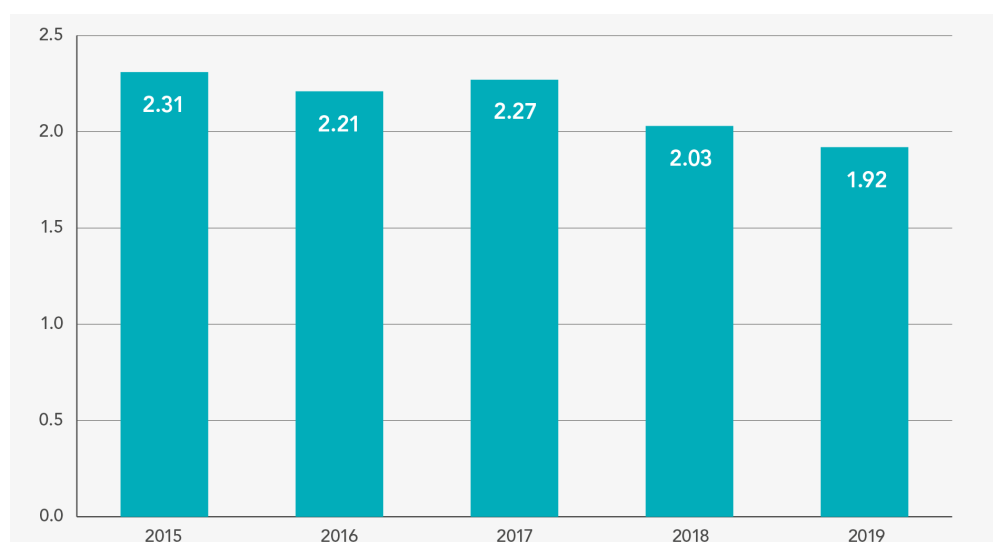
Vietnam, the drop in diesel usage was due to more steady state operations compared to 2018, where increased diesel usage was required to run two boilers for five days whilst fixing a leaking fuel gas line.

In line with the slight fall in energy consumption in 2019 compared to 2018, our overall energy intensity in 2019 also fell to 1.92 GJ per tonne of production (2018: 2.03 GJ per tonne of production). The improvement in our energy intensity reflects the increase in production from our operated assets, which is largely accounted for by the introduction of the Catcher asset to our portfolio.

Figure 1: Fuel use⁶ (tonnes)

	2015	2016	2017	2018	2019
Fuel gas	132,108	160,026	174,862	194,658	210,767
Diesel (platform/rig)	19,707	24,922	30,025	36,191	33,964
Diesel (vessels & helicopters)	22,353	20,014	27,289	45,156	25,879

Figure 2: Energy intensity (gigajoules per tonne of production)



Focus area: Improving energy efficiency at our North Sea assets

Improving the energy efficiency of our operations is a key priority for our business. It helps to reduce our environmental footprint, by lowering our greenhouse gas emissions, and has the potential to deliver long-term cost benefits. Across our North Sea assets, we have identified and implemented a series of energy efficiency and energy-saving initiatives:

Huntington: In August 2019, Premier launched a trial of the Ocean Power Technologies PB3 PowerBuoy®, to help reduce the environmental impact of

decommissioning at the Huntington field. The wave-powered PowerBuoy®, has zero emissions and acts as an uninterruptable power supply that constantly recharges itself by harvesting energy from waves. It will be used to monitor and guard subsea equipment prior to decommissioning and well abandonment activities. This provides an alternative to conventional diesel-powered guard vessels and will deliver significant reductions in primary energy consumption at the field. In November, Premier's work on the project led to the company being named as one of the three finalists in the Energy Transition category of the OGUK Awards 2019. The award recognises companies that have demonstrated emissions performance excellence or innovation to reduce emissions during the production of oil and gas.

Catcher: The FPSO on Premier's operated Catcher field was designed to maximise energy efficiency and uptime at the platform. This includes the installation of a vapour recovery unit (which reduces need to operate the low pressure flare), and a waste heat recovery unit on each gas turbine generator (which reduces the amount of fuel gas combustion required for process heating and thereby reduces associated air emissions). In 2019, Catcher recorded an operating efficiency of 99 per cent. This had a positive impact on Premier's group-wide GHG intensity (149 in 2019 compared to 164 in 2018), as the field accounts for approximately 40 per cent of Premier's total production.

Tolmount and Solan: Primary power on Premier's operated Tolmount platform (which is due to commence production in December 2020) will be delivered by an on-site gas-powered micro-turbine, using gas produced from the Tolmount reservoir. Similarly, Premier will use the excess gas from the planned Solan P3 well to power the Solan platform; the P3 well is planned to commence production in the third or fourth quarter of 2020. Using natural gas to power the platforms delivers significant reductions in GHG emissions compared to using diesel for energy generation. In addition to lower direct emissions from using fuel gas instead of diesel, the reduced requirements to transport diesel by supply vessel will also lower overall emissions.

Direct emissions^{7, 8}

The primary sources of our GHG emissions across our operations are the combustion of fuels and, in some locations, the flaring and venting of natural gas

(methane) that is extracted with the crude oil.

In 2019, total Scope 1 (i.e. direct) greenhouse gas emissions⁹ from our operated facilities and drilling operations amounted to 976 thousand tonnes CO₂e (2018: 1,193 thousand tonnes CO₂e). This decrease is predominantly due to:

- Improved plant stability and reduction in flaring at the Huntington asset
- Reduction in flaring at the Chim Sao asset
- Lower diesel usage at our Catcher asset
- Lower flaring and fuel gas demand across our Indonesian assets
- The sale of our Babbage asset in late 2018

In 2019, Scope 1 (i.e. direct) greenhouse gas emissions¹⁰ from our non-operated facilities (the percentage of total emissions based on Premier's equity share) amounted to 44 thousand tonnes CO₂e (2018: 89 thousand tonnes CO₂e). This decrease reflects the sale of our non-operated gas business in Pakistan.

Combined with the equity share of emissions from our operated assets, the GHG emissions across our total portfolio in 2019 were just over 471 thousand tonnes CO₂e (2018 : 507 thousand tonnes CO₂e).

Figure 3: Greenhouse gas emissions per function (thousand tonnes CO₂e)

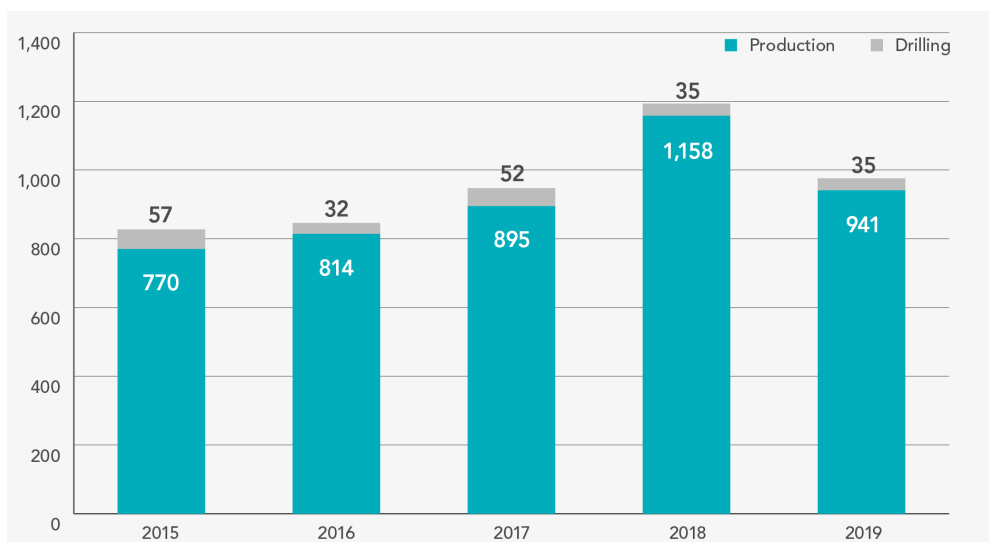


Figure 4: Greenhouse gas intensity (tonnes CO₂e per thousand tonnes of production)

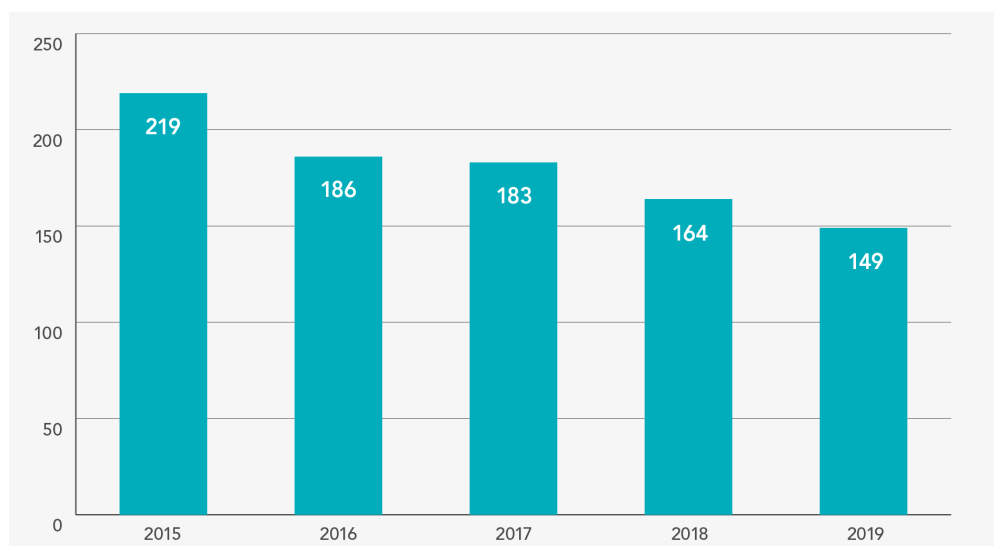


Figure 5: Flaring of gas (tonnes)

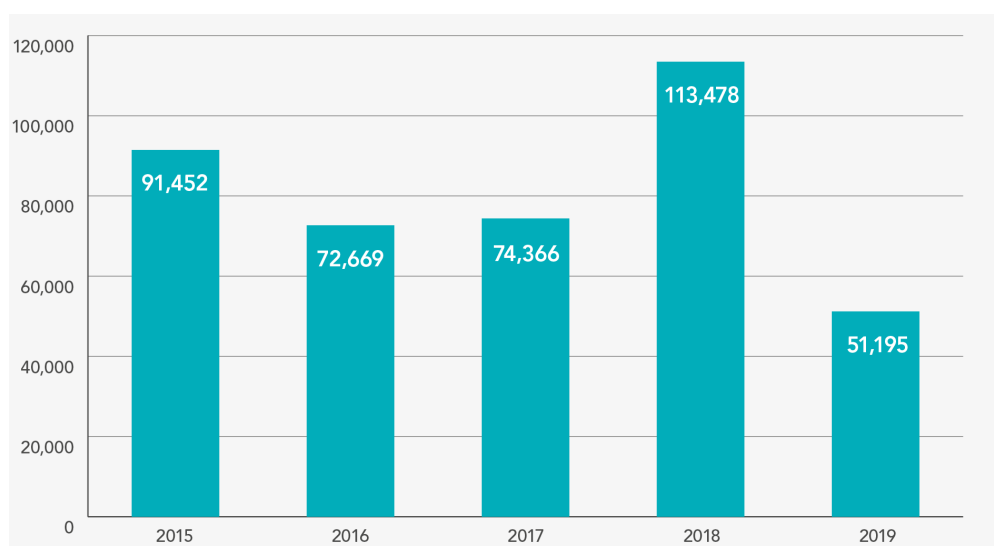


Figure 6: Flaring and venting of gas (tonnes/tonnes per tonne produced)

	INDONESIA	UK	VIETNAM	TOTAL
Flaring (tonnes)	7,356	28,640	15,200	51,195
Flaring per tonne produced	0.005	0.007	0.014	0.016
Venting (tonnes)	1,116	n/a	n/a	1,116
Venting per tonne produced	0.001	n/a	n/a	0.000

Indirect emissions

Although our indirect emissions account for only a small percentage of our overall emissions output, we seek to reduce these emissions where possible. For example, this includes reducing unnecessary air travel by using video-

conferencing where feasible.

In 2019, our indirect emissions were:

- Scope 2 (i.e. indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam): 983 tonnes CO₂e from office energy consumption (2018: 773 tonnes CO₂e) . This increase is largely accounted for by extending the scope of reporting to include all our onshore supply bases in South East Asia and by an increase in Scope 2 emissions in our Jakarta office (in Indonesia) and Ho Chi Minh office (in Vietnam)¹³ .
- Scope 3 (i.e. other indirect emissions, such as transport-related activities and accommodation): 5,695 tonnes CO₂e from global business travel and accommodation . These emissions increased in comparison to 2018 due to a significant upgrade in our travel GHG reporting platform, with the expansion in Scope 3 reporting to include travel data from all our global locations (previously required data was not available for travel originating in some of our business units). In addition, we've applied more specific emissions factors based on the nature of the journey (e.g. short or long haul) and based on the class of airline travel (e.g. economy or business). These improved emission factors and scope of reporting have been applied retrospectively to our 2018 travel scope, indicating that 2018 Scope 3 emissions were in fact 4,062 tonnes CO₂e for the travel scope reported i.e. Scope 3 emissions increased by 40% compared to 2018, which is explained by the 50% overall increase in air travel between 2018 and 2019 across all our business units.

¹ Our ability to reduce our GHG emissions is constrained significantly by the original design of our assets. Furthermore, major variations in our greenhouse gas intensity are, and will continue to be, in large part, a consequence of the age of the assets within our portfolio. This is because, as fields mature, hydrocarbon production declines and produced water (and thus fluid handling) increases. The energy intensity of a late-life asset therefore typically increases over time.

² Subsequently acquired by Royal Dutch Shell.

³ The fine amounted to GBP 6,000.

⁴ For more information, see Premier's 2018 report at: <http://www.premier-oil.com/sites/default/files/reports/2018-premier-oil-uk-environmental-statement.pdf>.

⁵ Energy data was calculated in accordance with the IOGP methodology, from the 2013 EPI User Guide.

⁶ Across all drilling and production activities.

⁷ Greenhouse gases reported in this section include carbon dioxide, methane and nitrous oxide. The chosen base year is 2011 (when Gajah Baru (Indonesia) and Chim Sáo (Vietnam) came on-stream). Prior to this, our operated production portfolio was materially different, making comparison prior to 2011 much less relevant. Calculations of Scope 1 emissions (i.e. direct emissions from owned or controlled sources) are based on equations and emission factors provided in the 2009 API GHG Compendium. Global warming potential rates are taken from the IPCC (2013) Assessment Report as well as IOGP guidance. Premier does not produce any biogenic emissions.

⁸ Our planned activities do not typically produce significant amounts of hydrofluorocarbons, perfluorocarbons or sulphur hexafluoride.

⁹ i.e. combustion emissions; flaring and venting; stationary sources; and mobile sources.

¹⁰ For non-operated assets, emissions are calculated from fuel gas usage and flaring only and do not include diesel use.

¹¹ Includes flaring and venting from production, and where applicable, drilling. Based on previous years, all flaring is continuous. All venting is non-continuous with the exception of the West Lobe instrument gas vent, which represents the majority of Anoa's venting.

¹² Note: Premier's offshore facilities produce their own electricity.

¹³ Scope 2 calculations for UK operations are based on the 2019 emission factors supplied by the Department for Business, Energy and Industrial Strategy (BEIS) (2019). These are lower than the emission factors used for Scope 2 calculations in 2018, which were based on UK Department for Energy & Climate Change (now BEIS) (2015) emission factors. For operations outside the UK, country-specific data published by the International Energy Agency (IEA) were used.

¹⁴ Scope 3 calculations are based on Defra guidelines and the emission factors they supply are used to calculate a CO₂ equivalent figure based on kilometres travelled. Emissions associated with end-use are not included as this is beyond our control.

3. Effluents and waste

A range of pollution risks are associated with our offshore production activities. This includes risks relating to planned discharges, unplanned discharges and waste management. Accordingly, as part of our environmental management activities, we measure and report produced water quality as well as waste production on a monthly basis.

Planned discharges

All our operated offshore assets extract oil, gas and formation water from offshore reservoirs. We separate the oil, gas and water using our on-site processing plant. The constituent parts are then:

- In the case of oil, exported
- In the case of gas, exported, used by the facility itself as fuel gas, re-injected or, to the extent it cannot be put to any of these uses, flared
- In the case of water (known as 'produced water'), it is either re-injected into the reservoir to maintain underground pressure or it is cleaned, filtered and then discharged into the sea

In 2019, we discharged 3.45 million tonnes of produced water (2018: 3.27 million

tonnes), representing an increase of 5.6 per cent. The increase in produced water content from our maturing assets across our operated portfolio is due to the recognised behavior of oil and gas reservoirs where the water produced back to surface naturally increases over time as the field ages.

Almost all of the produced water from our operated assets is discharged to the sea¹⁵, after undergoing treatment to reduce oil content to as low as possible. Only produced water at our Catcher asset is currently reinjected.

During 2019, the average amount of oil in produced water was 15.1 parts per million by weight (2018: 12.2 ppm-wt). This increase was caused by:

- an increase in oil in produced water at our Indonesia asset due to well workover campaigns
- periodic back flushing of the produced water treatment equipment across all our facilities

Almost all of the produced water from our operated assets is discharged to the sea, after undergoing treatment to reduce oil content to as low as possible. Only small volumes are reinjected.

Discharges of produced water from our offshore production operations did not take place in any protected areas¹⁶.

Figure 7: Oil in produced water (ppm-wt)

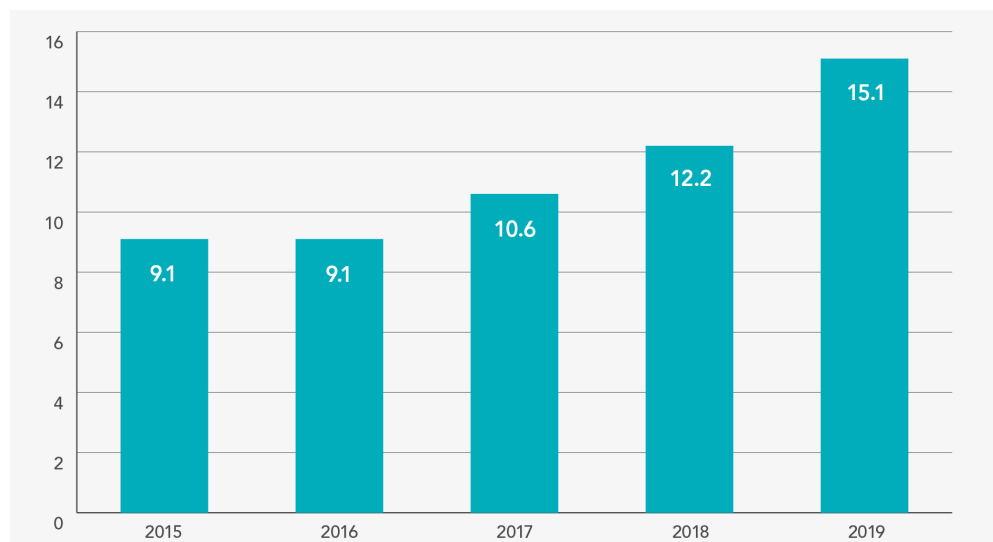
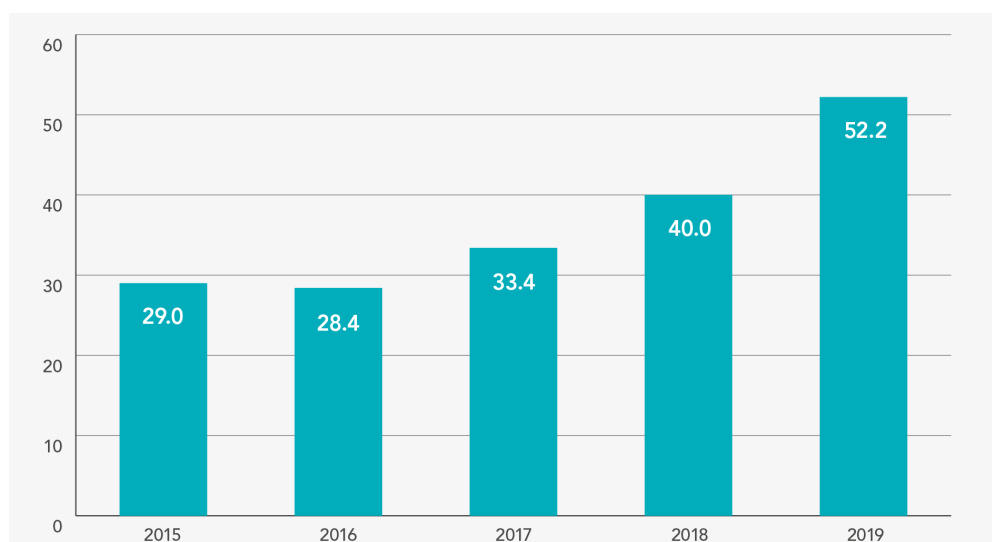


Figure 8: Oil in produced water (tonnes)



Air pollutants

We aim to design our infrastructure and operate it in a manner that protects air quality and reduces emissions. As an exploration and production company, our air pollution emissions are lower than midstream and downstream companies. A breakdown of selected emissions to air is set out in Figure 7.

In comparison to 2018, emissions for CO₂ and CH₄ in 2019 decreased (for reasons attributed to the overall decrease in Scope 1 emissions discussed earlier), and also decreased for NO_x, SO_x and VOCs (due to lower diesel usage on platforms and vessels). 2019 emissions of CO increased however, due to an increase in use of fuel gas relative to diesel for power generation.

There are no routine material emissions of ozone-depleting substances from our facilities. Furthermore, since 2014, we have invested over US\$400,000 in Leak Detection and Repair (LDAR) technologies, including forward looking infra-red (FLIR) cameras, to identify fugitive gas emission leaks quickly, accurately, and safely. These technologies have been implemented across selected assets in the UK and across all our assets in Indonesia and Vietnam. In 2020, we plan to introduce a KPI on frequency of LDAR monitoring to drive wider and more consistent use across the company.

Figure 9: Emissions to air (tonnes)¹⁷

	2015	2016	2017	2018 ^a	2019
CO ₂	719,229	753,894	847,307	1,012,429	897,880
CH ₄	3,754	3,522	3,805	3,904	2,909
N ₂ O	10	12	13	14	15
VOCs	17	19	23	23	25
NO _x	1,374	1,583	1,806	1,926	2,061
SO _x	83	92	112	112	118
CO	435	521	575	634	685

Figure 10: Intensity of discharges to air in 2018 (tonnes per thousand tonnes of production and tonnes per well drilled)

	INDONESIA	UK	VIETNAM	TOTAL
Flaring (tonnes)	7,356	28,640	15,200	51,195
Flaring per tonne produced	0.005	0.007	0.014	0.016
Venting (tonnes)	1,116	n/a	n/a	1,116
Venting per tonne produced	0.001	n/a	n/a	0.000

Unplanned discharges

We take a range of precautions to reduce the risk of spills, and continually evaluate spill risks across our operations. We aim to design, operate and maintain our facilities in a manner which protects the environment wherever we operate. We also focus on strengthening our oil spill response capability through our systematic, multi-tiered approach to emergency preparedness and crisis management (see '[Section 5: Health and Safety](#)').

In 2019, a total of 228kg of R-134a refrigerant gas was released from a heating, ventilation and air conditioning (HVAC) unit on the Catcher FPSO over two separate incidents. The total gas released is equivalent to 326.04 tonnes CO₂e. An enforcement notice was received from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) in relation to this incident.

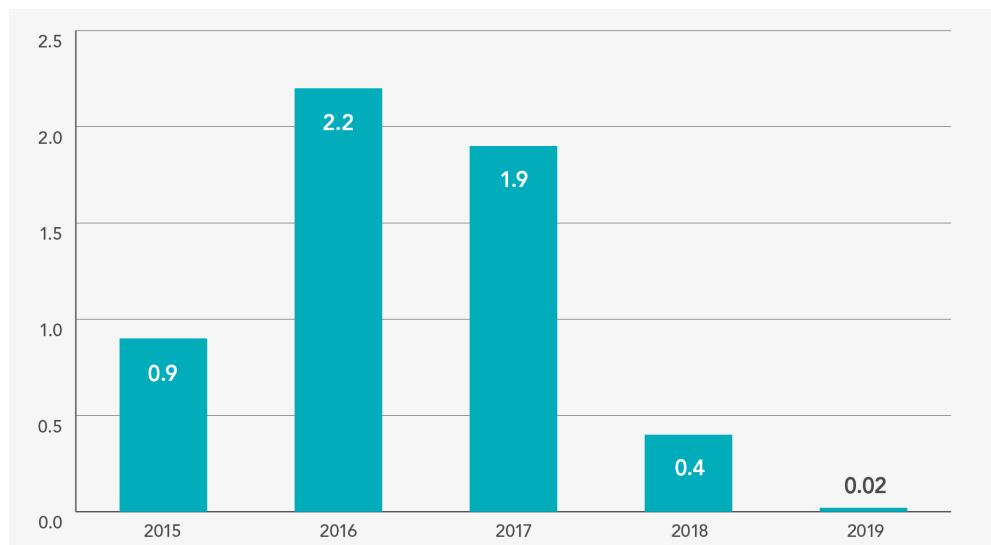
In 2019, we recorded seven hydrocarbon spills releasing a combined total of 19 kilograms that reached the environment. None of these hydrocarbon spills are considered significant. The largest hydrocarbon spill, involving the release of 17.1 kg of oily water, occurred at the Catcher FPSO, and was due to an overflow in the hazardous open drain tank to sea.

No significant chemical releases were recorded in 2019.

All our operations maintain comprehensive spill contingency plans. We also have ongoing contracts with spill response specialists to provide emergency support in

the unlikely event of a major incident.

Figure 11: Unplanned hydrocarbon released to sea (tonnes)



Waste management

In 2019, we collected a total of 7,314 tonnes of waste materials (2018: 5,982 tonnes) from our global offices and drilling and production operations, and returned it to shore for disposal. Of this:

- A total of 6,549 tonnes was hazardous waste (2018: 5,043 tonnes of hazardous waste). This increase is due to an increase in drill cuttings generated in 2019 compared to 2018.
- A total of 765 tonnes was non-hazardous waste (2018: 939 tonnes of non-hazardous waste). This included scrap metal, wood, plastic and other materials. This decrease is largely accounted for by a reduction in waste generated in Indonesia (as onshore construction for the BIG-P project was winding down) and on our Catcher asset (due to offshore commissioning activities winding down). Where feasible, we segregate and recycle as much non-hazardous waste as possible and encourage the use of recycled input materials.

¹⁵ Produced water is only reinjected at our Catcher field in the North Sea.

¹⁶ Our produced water is not reused by other organisations

¹⁷ NOx, SOx and VOCs have been calculated on the basis of standard emission factors from Oil & Gas UK EEMS Guidelines for the Compilation of Atmospheric Emissions Inventory, 2008. These are applied to diesel and fuel gas use from production and drilling operations. We do not emit significant amounts of persistent organic pollutants, hazardous air pollutants or particulate matter.

¹⁸ This is based on the 100-year global warming potential (GWP) of 1,430 as per the IPCC Fourth Assessment Report (AR4).

¹⁹ We classify significant spills as those exceeding one barrel (0.134 tonnes) of hydrocarbons or other hazardous material.

²⁰ Other than water, the majority of input materials used in our exploration and production activities are chemicals-based and are not available in recycled form.



Safety briefing, Catcher field

Section 5: Health, safety and security

Premier strives to create a working environment that is free from injury and occupational illness. Our requirements for safe, reliable and compliant operations are embedded in our HSES Management System, which is implemented across all our business units. Our facilities and workplaces apply robust systems to identify, manage and effectively respond to foreseeable crises and emergencies. We go beyond legal compliance, strive for continuous improvement and endeavor to implement industry best practice in all our management activities relating to health, safety and security.

1. Materiality and management approach

Given the potential hazards associated with offshore oil and gas operations, the application of rigorous health, safety and security practices is essential in all that we do. This not only helps us protect our employees and contractors, it also enables us to maintain our:

- Operational efficiency
- Regulatory compliance and licence to operate
- Corporate reputation

Our most significant health, safety and security issues are:

- Process safety and asset integrity
- Occupational health and safety
- Emergency preparedness
- Workforce and asset security

Managing health, safety and security

Premier's long-standing Health, Safety, Environment and Security (HSES) Policy supports our commitment to continually improve our HSES performance. The Policy is endorsed by our Chief Executive Officer and sets out our overarching commitment to:

- Never compromise our health, safety, environmental or security standards
- Do all that is reasonably practicable to reduce HSES risks
- Ensure the safety and security of everyone affected by our operations

Our HSES Policy is implemented through our HSES Management System. The system is comprised of a comprehensive set of standards and procedures that define our expectations for how HSES issues are managed throughout all our business activities, including the entire exploration, development, production and decommissioning lifecycle.

The HSES Management System forms part of Premier's Business Management System (BMS – see '[Section 2: Our approach](#)') and is applied across our global operational activities. The system is externally certified to the OHSAS 18001 health and safety management system standard for our production facilities and

drilling operations. We are in the process of transitioning our OHSAS 18001 certification to the ISO 45001 standard by 2021, as part of the implementation of our three-year Group HSES Strategy. The Strategy is reviewed and updated annually and aims to drive a consistent HSES Management System approach and culture across all our business units.

In 2019, we implemented a range of measures to strengthen our Group-wide HSES management practices. This included:

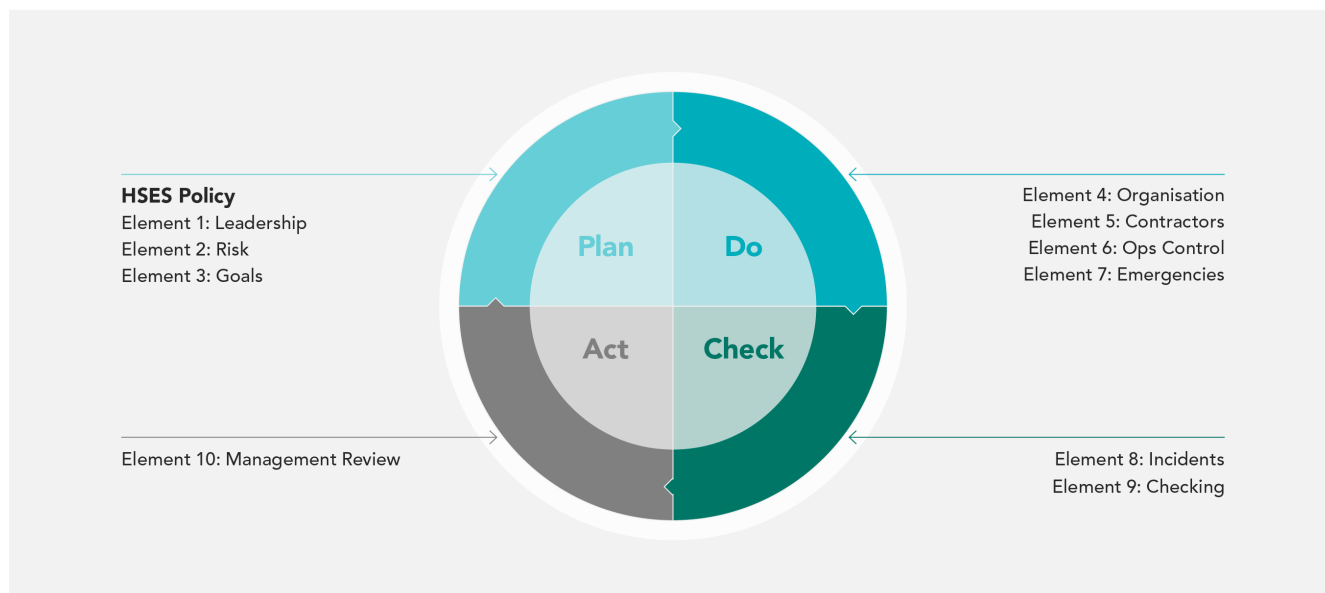
- The rollout of our first 'Global Workforce Engagement in HSES Survey' to identify potential gaps in HSES engagement and culture across our business units
- The launch of our second 'Global HSE Day', during which we rolled out our new 'Life Saving Rules' and our new HSE Management System booklet as well as conducting a course session from our 'Major Hazards Awareness Programme' (see [Focus area: Global HSE Day](#))
- The launch of a new 'Training and Competency Management System' in our UK business unit. The system will be rolled out across the company in 2020. It will help assure the competencies required to identify, assess, manage and control major accident hazards
- The strengthening of HSES reporting and management responsibilities. This included the integration of the process safety discipline within the HSES function across all business units (the discipline previously reported to the Engineering function), as well as supplementing the Group HSES Team with a Group Crisis and Emergency Response Lead and a Group HSES Assurance Manager
- The enhancement of emergency response training and crisis management and communication in our corporate office and across all business units
- The update and streamlining of a range of HSES standards and procedures, as well as the introduction of new standards, including a new Case for Safe Operations (CSO) Standard – which documents a common group-wide approach for cumulative Operational Risk Assessment of degraded Major Hazard barriers. The review of our HSES standards and procedures was undertaken in response to findings from internal audits as well as the recommendations of an independent organisational review (see [Focus area: Strategic response to our organisational review](#))

www.premier-oil.com (Company Policies)

www.bsigroup.com (ISO 45001)

www.bsigroup.com (ISO 14001)

Figure 1: Scope and hierarchy of the HSES Management System



Reporting, monitoring and assurance

We monitor and review our HSES Management System on an ongoing basis to ensure its effectiveness and to support continuous improvement. This includes:

- Internal auditing against our corporate and business unit HSES standards
- Third party OHSAS 18001 certification of our operated production and drilling activities

The Board reviews Premier's Group-wide HSES performance on a monthly basis, and the Executive Committee carries out quarterly reviews with each business unit. These reviews cover a range of leading and lagging¹ key performance indicators (KPIs) that we use to measure our HSES performance and to further support continuous improvement.

The following KPIs are linked to Board remuneration and reported to the Board on a monthly basis:

- Total Recordable Injury Rate (TRIR)
- Process safety events (Tier 1 and Tier 2 Losses of Primary Containment² (LOPC))

- Hydrocarbon spills to the environment
- Key HSES audit action close out rates
- HSES Leadership Visits

In 2019, an additional KPI focused on 'Non-compliant overdue Safety and Environmental Critical Elements (SECE) assurance work' was linked to Board remuneration. This was introduced to improve Board visibility and accountability of process safety across the business units.

In addition, the following HSES KPIs are tracked by the Executive Committee and the Group HSES Team:

- High Potential Incidents (HiPos)
- Leading (Tier 3) process safety and asset integrity metrics³
- Greenhouse gas intensity

HSES Management System audits

Premier implements risk-based HSES Management System audit programmes across our business units and corporate office, as well as focused reviews against key HSES standards. These cover process safety and asset integrity, as well as occupational health and safety.

Progress against these audit programmes is tracked by the Executive Committee in Quarterly Performance Reviews, with significant findings reported to the Audit and Risk Committee. Actions are tracked to closure, with common findings used to inform HSES Management System updates and future areas of focus for our audit programmes.

Workforce engagement

All Premier employees are accountable for their own HSES performance and that of their team.

As part of the induction process, all employees receive HSES awareness training. Employees working on or travelling to offshore facilities must undertake a basic offshore safety induction and emergency training programme. They are required to attend a further offshore emergency training refresher programme every four years thereafter.

As part of our employee engagement process:

- Each team enters into collective HSES performance contracts
- All employees enter into individual performance contracts that include a behavioural measure concerning health and safety
- All employees receive a corporate HSES scorecard on a monthly basis, summarising Premier's performance
- We hold regular safety meetings at our operated locations and in our business unit offices where health and safety issues are discussed by both management and employees
- Employees receive regular, direct communications on HSES issues from senior managers and supervisors – including through the issuing of HSES Alerts (see 'Occupational health and safety', below) and the sharing of best practice

All employees and contractors⁴ at our UK, Vietnam and Falkland Islands⁵ business units, as well as our Brazil office and London corporate offices (representing 100 per cent of our workforce⁶ at these locations) have representatives on formal joint management-worker HSE Committees (2018: 100 per cent). While we have not yet established a formal joint management-worker HSE Committee at our Indonesia business unit (following the Jakarta corporate office relocation in 2019), employees and contractors participate in monthly HSE management meetings and a formal HSE Committee will be established in 2020.

Focus area: Global Workforce Engagement in HSES Survey

In 2019, Premier launched our first 'Global Workforce Engagement in HSES Survey' to seek the views of our workforce on HSES management and culture across the organisation. The survey included a series of questions divided across six key dimensions: visibility, communication, involvement, support, participation and challenge.

The survey methodology adopts a 'Step Change in Safety' maturity model. This will enable Premier to identify the steps needed to achieve the highest level of HSES maturity (Level 5), whereby our employees are not just routinely engaged on HSES, but actively lead engagement efforts

The survey received an average response rate of 87.7% across all business

units. The results, which were reviewed by an independent third party, showed that employees in sites and offices are routinely engaged on HSES (scoring a maturity level of 3/5), with all six dimensions scoring at or above the industry average. The results identified key strengths including leadership visibility, collaborative behaviours and constructive feedback. However, they also identified a potential weakness with employees not challenging unsafe acts, particularly at some of our business units where cultural drivers may discourage some individuals from intervening. The results also indicated a general desire among employees to receive more training and communication on health and safety.

In 2020, we plan to address the outcomes of the survey through the implementation of targeted intervention programmes as well as commencing a group-wide safety leadership programme.

¹ Calculation of our lagging HSES KPIs (e.g. TRIR) include all Premier employees and all contractors employed (both directly and indirectly) across our operated activities.

² A process safety LOPC is the unplanned or uncontrolled release of certain types of hazardous material from a tank, pipe or other receptacle that is intended to serve as the primary container used for processing, storing or transferring the material concerned.

³ These include SECE failures, alarm rates, safety critical role competency assurance and the status of safety critical documentation

⁴ 'Contractors' relates specifically to individuals employed directly by Premier or via an agency but on fixed-term contracts (often related to specific projects). These individuals typically work full-time for periods exceeding three months. The definition does not include individuals employed by our contractor companies. Both groups, however, are included in our health and safety statistics.

⁵ Employees and contractors at our Falkland Islands business unit and London corporate office are represented by one HSE committee in London.

⁶ 'Workforce' relates to our employees and contractors.

2. Process safety and asset integrity

Premier's HSES Management System defines our objectives and minimum requirements for process safety and asset integrity in all operations, as well as the accountabilities, verification and validation required to provide assurance that they have been met.

Performance reporting

Each business unit tracks a suite of leading and lagging process safety and asset integrity KPIs, which are reported monthly and support the strategic decision-making required to drive continuous improvement. A subset of these KPIs are reported monthly at Group-level and are included in both HSES scorecards available to employees and the monthly report to the Board.

During the year, we revised our Process Safety and Asset Integrity Performance

Reporting Standard to enhance the effectiveness of the process safety KPIs that monitor major accident hazard management. This included the restructuring of four KPIs which were reported for the first time in 2019. These KPIs relate to:

- Non-compliant overdue SECE assurance work orders (i.e. without approved deferral)
- Compliant overdue SECE assurance work orders (i.e. with approved deferral)
- Compliant SECE Performance Standard failures (i.e. with risk assessment / mitigation in place)
- Non-compliant SECE Performance Standard failures (i.e. without risk assessment / mitigation in place)

The alarm management KPIs were also improved (to include average alarm rate, and percentage of time system is in flood).

Loss of Primary Containment

Premier records process safety events through the measurement of consequences (i.e. injury or impact) and process safety LOPC events. We classify significant process safety LOPC events as either 'Tier One' or 'Tier Two' process safety events and report our performance annually to the International Association of Oil & Gas Producers (IOGP) for benchmarking. We also record other less significant LOPC events (i.e. below the Tier One and Tier 2 threshold values) for investigation and internal performance reporting.

During 2019, we reported one Tier One LOPC process safety event and one Tier Two LOPC process safety event. Both events occurred on the Catcher Floating Production Storage and Offloading (FPSO).

The Tier One event involved the release of 29.2 tonnes of crude oil from an open drain valve during crude transfer operations. While the majority of crude oil was captured in the vessel's hazardous drains, an estimated 1 kg reached the sea due to windblown spray. A series of corrective and preventative actions have been implemented that include undertaking a complete review of all valves that provide a single point of isolation and containment, as well as reviewing and enhancing existing operational standards and procedures.

The Tier Two event involved the release of approximately 88kg of hydrocarbon gas from the gas pre-treatment module on the topsides of the Catcher FPSO. The incident investigation identified weaknesses in the quality control processes governing gasket selection, inspection and testing, which led to a review of these

processes and the replacement of gaskets to meet correct specifications where required.

Major Hazards Awareness Training

We continued to implement our Major Accident Hazard Awareness Programme, which was launched in 2018 to enhance leadership understanding of hazards relating to major accidents (such as LOPC events). We ran six course sessions in 2019, which were attended by 142 personnel across the group (see [‘Focus area: Global HSE Day’](#)).

Figure 2: Process safety data

LOPC EVENTS	2016	2017	2018	2019
Tier One	0	0	0	1
Tier Two	0	1	2	1
Total	0	1	2	2

Focus area: Global HSE Day

On 26 June 2019, Premier held our second Global HSE Day, following the success of our first group-wide event in 2017. The Global HSE Day focused on the importance of building and maintaining a strong HSE culture. During the day, senior management visited all of our operated facilities, and staff participated in a range of safety- and environmentally-focused events. This included a focus on first aid and fire safety, among other topics. Our Vietnam business unit also invited all key front-line contractors to participate in the event.

In addition, Premier’s CEO announced the company’s adoption of new ‘Life Saving Rules’. The nine Life Saving Rules replace our previous Golden Rules and are designed to help prevent the most likely causes of fatalities in the oil and gas industry. The decision to adopt the Life Saving Rules was taken following a consultation with our global workforce. The new Rules are aligned to the industry approach of the International Association of Oil and Gas Producers (IOGP).

We also held one of our Major Accident Hazard Awareness course sessions at the DNV GL Spadeadam Testing and Research Centre in the UK. These sessions were launched in 2018 and are aimed at raising safety awareness among personnel across all functions and levels of the organisation. The

course sessions focus on improving employee understanding of process safety and asset integrity through live demonstrations of the potential consequences of hydrocarbon releases, theatre-based re-enactments of real incidents, presentations and group discussions.

Finally, we published a new HSES Management System booklet to coincide with HSE Day. This booklet contains the key expectations for HSES management within our business. To encourage employees to engage with these key expectations, in the months leading up to HSE Day we ran an HSES photograph competition. Employees were asked to submit photographs that best represent the expectations listed under the 10 HSE Management System elements. Over 100 photographs were submitted by employees from across the business. Winners were selected by our Group HSES Manager and each received an award. In addition, winning images were used in the published HSES MS Booklet, copies of which were distributed across the organisation on Global HSE Day. Some of the winning images have also been reproduced in this Sustainability Report.

⁷ Based on IOGP Report 456: Process Safety – Recommended Practice on Key Performance Indicators (2018)

3. Occupational health and safety

Premier has a duty of care to protect the health, safety and welfare of our workforce and other people who might be impacted by our business. We will do whatever is reasonably practicable to control the risks of injury or ill-health that could arise from our activities.

Total Recordable Injury Rate⁹

Common workplace hazards in the offshore oil and gas industry include:

- Potential exposure to fluids and gasses at high temperatures and pressures
- Contact with harmful substances
- Work on machinery with rotating and other moving parts
- Working in difficult conditions such as working at heights or in confined spaces

In 2019, we experienced no work-related fatalities.

In 2019, we worked 7.7 million man hours (2018: 6.4 million). The increase in man hours was largely due to construction work for the planned Tolmount platform (which is due to be installed in the southern North Sea in 2020) as well as project work on the Bison, Iguana and Gajah-Puteri (BIG-P) gas field in Indonesia, where three new wells were drilled and subsea tie-back facilities were installed on our existing platforms.

There were eight recordable injuries in 2019 compared with 17 in the previous year. These comprised:

- 2 lost work day cases (LWDC)
- 3 restricted work day case (RWDC)
- 3 medical treatment cases (MTC)

These recordable injuries took place either on the Catcher leased FPSO or on contracted support vessels. Globally, our directly operated sites did not record any recordable injuries in 2019.

Across the Group, our TRIR decreased by 61% from a rate of 2.65 per million man hours worked in 2018 to 1.04 per million man hours worked in 2019. This decrease reflects strong safety performance improvements across our operated sites in South East Asia and at the Solan asset in the UK and a significantly improved performance at our Balmoral asset, following extensive work by onshore and offshore teams in the UK business unit to enhance our safety culture. These efforts were supported by our second Global HSE Day, which took place in June 2019 (see '[Focus area: Global HSE Day](#)').

We report and investigate all our incidents and near misses in accordance with our Group HSES Management System. Our incident investigation and supporting procedures specify how to:

- Appoint the investigation team members
- Gather and assess evidence
- Identify and analyse immediate and root causes
- Set appropriate corrective and preventive actions to address root causes
- Report the investigation results
- Share findings with other areas of the business
- Track the actions to ensure they are effectively implemented

Focus area: Global CEO HSES Awards

In 2019, our annual Global CEO HSES Awards programme received over 60 submissions across its two award categories for 'Best Individual' and 'Best Team'. The programme recognises outstanding safe behaviours, HSES leadership and environmental or safety innovation across our business units.

Individual Award Winner: Balmoral Offshore Installation Manager, UK

The Offshore Installation Manager at our Balmoral asset received this award for his decision to shut down production after observing a crack in the flare tip of the Floating Production Vessel. The crack compromised the ability of the flare system to safely dispose of gas and also presented a 'dropped object' hazard in the event it should fall from the flare stack. The manager took this decision, even though shutting down production at the late-life vessel could have meant it was not financially viable to restart operations. He was therefore recognised for his leadership in putting the crew's safety and the asset integrity of the vessel above operational and financial considerations.

Team Award: Gajah Baru Platform, Indonesia

The Gajah Baru Operations Team received this award in recognition of the outstanding performance record achieved at the Gajah Baru asset since first gas was produced in September 2011. Over this period, the asset has recorded over two million hours without any loss of primary containment events, recordable injuries or high potential incidents. It also safely delivered several high-risk activities, including installation upgrades to improve the asset's uptime and production efficiency. The outstanding record has been achieved as a result of efforts by the team to strengthen Premier Oil's HSES Management System, including:

- Delivering campaigns to encourage the use of the SAFE card system for

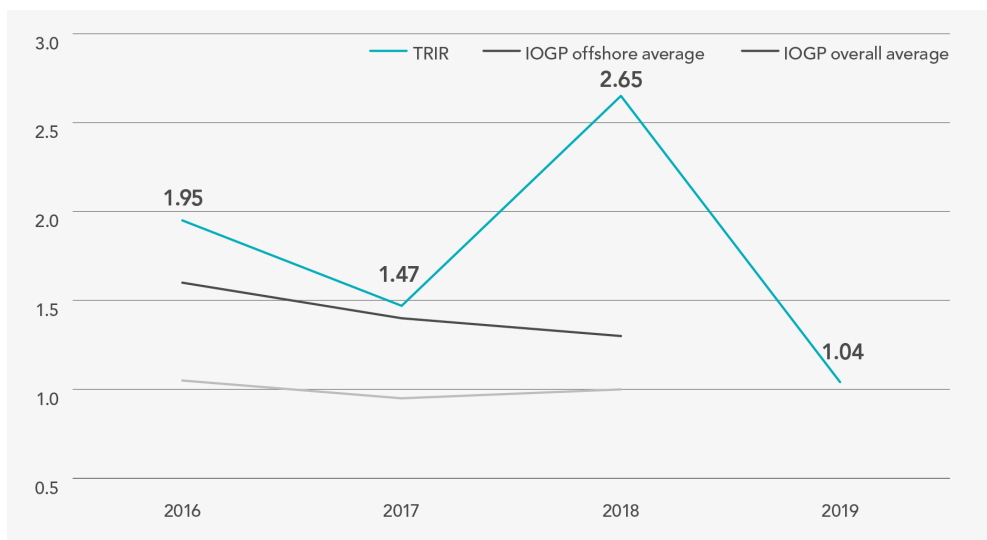
reporting safe and unsafe acts (2019: over 3,400 SAFE cards submitted).

- Implementing rigorous planned and unplanned audit programmes (2019: 335 Permit to work audits and 20 Job Risk Assessment audits undertaken).
- Implementing a rigorous asset integrity management programme (2019: Zero safety critical equipment backlog).

Figure 3: Occupational safety data

	2016	2017	2018	2019
Man-hours worked (million)	6.7	6.1	6.4	7.7
Fatalities	0	0	0	0
Lost work day cases	6	3	9	2
Restricted work day cases	1	0	1	3
Medical treatment cases	6	6	7	3
Total Recordable Injury Rate (TRIR)*	1.95	1.47	2.65	1.04

Figure 4: Total Recordable Injury Rate (TRIR)¹⁰ benchmarking¹¹



High Potential Incidents

We use the High Potential Incident (HiPo) metric to monitor incidents that could have had major HSES consequences. We define HiPos as incidents that have the potential (under different circumstances) for life-changing injury, single and/or multiple fatalities, significant environmental impact and/or reputational damage to the Company. By closely monitoring HiPos and analysing their root causes, we can take action to reduce the likelihood of reoccurrence, as well as the impact of potentially significant future incidents.

Once we have established the cause of each HiPo, we issue HSES Alerts to all

relevant personnel and appropriate external stakeholders (where the sharing of insight is useful). Our HSES alerts describe the incident, its causes and necessary preventative actions.¹².

In 2019, we identified eight HiPo events (2018: nine). Our 2019 High Potential Incident Rate (HiPoR) was 1.04 per million man hours worked (2018: 1.40). Our HiPos in 2019 comprised:

- Four relating to production activities
- Three relating to construction activities
- One relating to drilling activities

Figure 5: Breakdown of High Potential Incidents by type

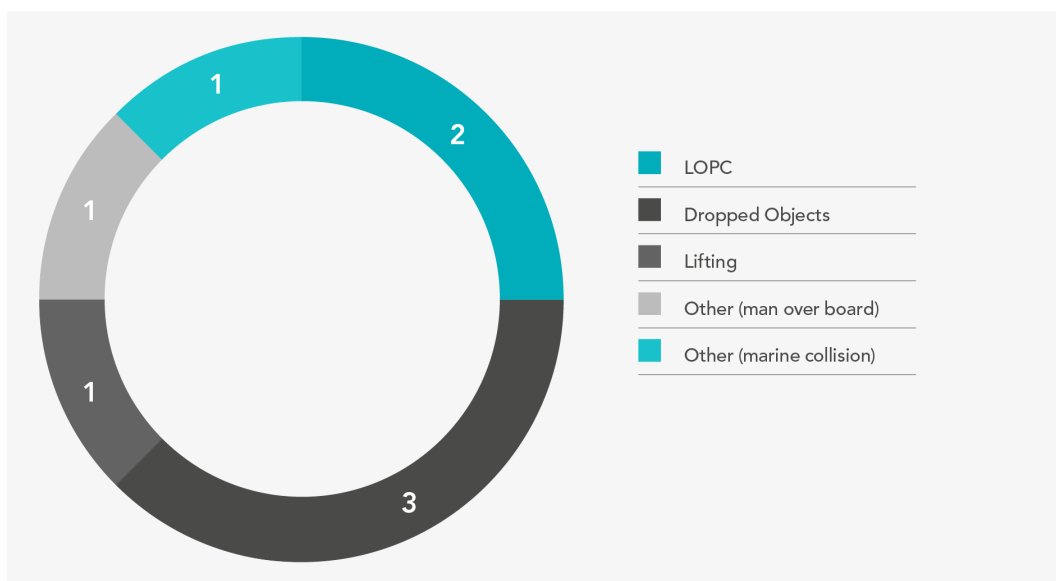


Figure 6: Breakdown of High Potential Incidents by location

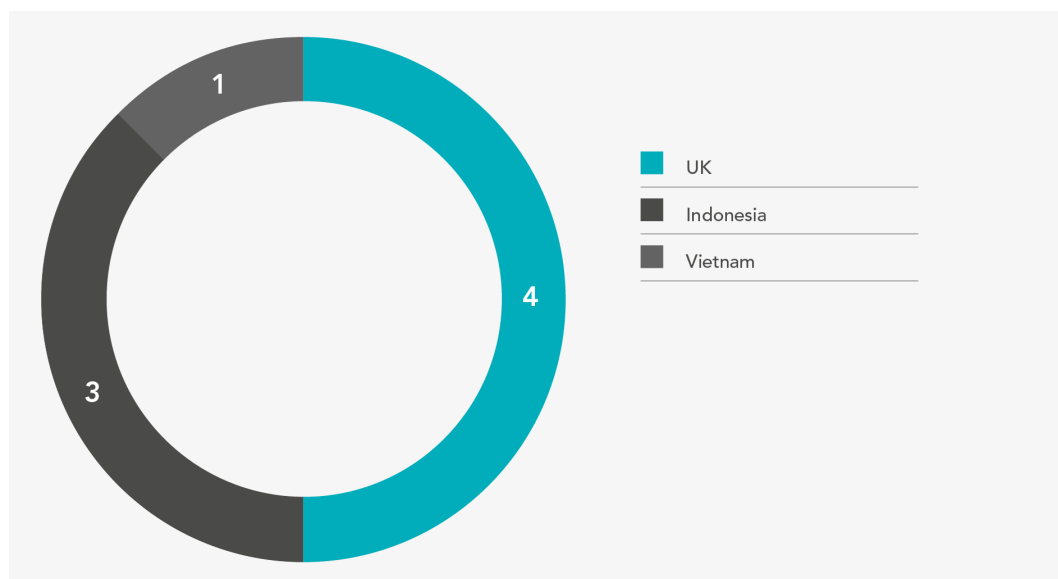


Figure 7: High Potential Incidents data

	2016	2017	2018	2019
High Potential Incidents (HiPos)	8	4	9	8
High Potential Incident Rate (HiPoR)	1.20	0.65	1.40	1.04

Occupational health and wellness

Under Premier's HSES Management System, we implement a rigorous approach to occupational health hazard identification and risk assessment. This enables us to establish the necessary control measures to reduce risk exposure to a level that is in line with the 'as low as reasonably practicable' (ALARP) principle. We also implement a workforce health surveillance programme to identify potential early signs of work-related health issues and the follow-up actions required to diagnose, treat or prevent their progression.

The health hazards that are primarily encountered in the offshore oil and gas industry include:

- Exposure to hydrocarbons and other hazardous chemicals
- Physical hazards (e.g. noise, heat, vibration and radiation)
- Biological hazards (related to food/water hygiene)
- Psychosocial hazards (e.g. stress as a result of work or organisational factors)

In 2019, we introduced a global standard for Chemical Management as part of our continuing efforts to enhance our HSES Management System. This sets

minimum requirements for the selection, screening and risk assessment, transportation, handling, use and disposal of all chemicals in use across the company.

In 2019, we had no new occupational illness cases reported in 2019 (2018 four cases). However, we had three non-work related fatalities affecting three contractors at our Indonesia business unit . The three fatalities were all due to poor cardiovascular health.

We have undertaken a review of our offshore medical certification practices in Indonesia, including implementation of a programme to review and re-approve the facilities we use to undertake pre-deployment medical checkups. In addition, we are working with the oil and gas regulator in Indonesia (SKK Migas) on an industry-wide initiative to improve health monitoring across the industry. This initiative is scheduled to launch in 2020.

In our efforts to encourage employee wellness, Premier entered four teams from our London corporate office (7 people per team) into the 'Virgin Pulse Global Challenge' The event runs over 100 days with teams undertaking healthy activities to count steps on a theoretical journey that aims to improve both their physical and psychological health. . At the end of the Challenge, which ran from February to May 2019, the premier teams collectively completed approximately 49 million steps, covering a combined distance of 31,226 kilometers. After the success of this pilot project, plans are being introduced to launch this Challenge across the global business units in 2020.

⁸ A gasket is a flat piece of soft material or rubber that is inserted between two joined metal surfaces to prevent gas, oil, or steam from escaping.

⁹ Injury data is reported in accordance with IOGP guidelines.

¹⁰ Per million man hours worked.

¹¹ IOGP TRIR data for 2019 was not available when this report was issued.

¹² HSES Alerts are also issued for non-HiPos that nonetheless require heightened awareness and caution.

¹³ One involved an onshore contractor who was on a business trip and two involved offshore contractors working on vessels contracted to work on our Bison, Iguana and the Gajah-Puteri (BIG-P) Project.

4. Emergency preparedness

Premier's HSES Management System aims to minimise the risk of major accidents occurring at our facilities. The complex nature of our assets, their offshore location and the combustibility of hydrocarbons and other materials used on our facilities means that we go to significant lengths to prevent the occurrence of major accidents.

All our business units and operated sites have integrated response plans which document the roles and responsibilities of employees and contractor personnel in the unlikely event of an emergency.

In 2019, we established a dedicated position for a group Crisis and Emergency Response Lead, who is responsible for ensuring that all Premier locations of operation have the plans, resources and competencies required for effective crisis management and emergency response. We conducted detailed reviews of the emergency response arrangements at our Indonesia, Vietnam and Falkland Island business units in 2019 to drive group-wide consistency across our emergency response team structures and operating processes. In the UK business unit office in Aberdeen, we established a new Emergency Response facility consisting of dedicated response rooms with the latest incident IT systems to simultaneously support the Emergency Response Team and technical support teams.

Drills and exercises

We regularly review our response plans and routinely undertake drills and exercises to test response arrangements. This includes the testing of equipment and lines of communication, as well as running training exercises within a controlled environment, to ensure that all relevant staff understand their roles in handling an emergency.

Exercises are based on major accident scenarios such as large-scale oil spills, helicopter accidents and fire and explosions.

In 2019, we conducted an extensive programme of exercises at our UK business unit to test all operated and leased asset emergency response processes. This was undertaken in collaboration with our main contractor companies, including our new helicopter service provider. In addition, we carried out a successful exercise programme at our Indonesia business unit to verify recent

enhancements to the Incident and Emergency Management structure.

Crisis management

Premier's Crisis Management Team, located at our corporate office in London, is responsible for managing the company's reputation and protecting its license to operate in the event of a major event evolving into a crisis. In 2019, we enhanced our Crisis Management procedures, provided training to senior executives and conducted a series of crisis exercises with a number of business units to raise awareness of our systems and procedures.

We also revised our Crisis and Emergency Response Standard. This introduces a series of new expectations, including an increase in the frequency of emergency response drills and exercises. We also launched a new Crisis Communications Procedure and engaged external consultancies to provide additional crisis communication support.

Oil spill response

To support our oil spill response plans and on-site spill response capabilities, Premier retains the services of industry leading oil spill recovery companies to provide expert assistance in the event of a major event.

Our associate membership of Oil Spill Response Limited (OSRL) gives us access to their worldwide network of oil spill response equipment and expertise. This includes offshore and shoreline oil recovery equipment, dispersant stockpiles and aerial dispersant spraying capabilities. Equipment can be rapidly mobilised from OSRL's regional bases 24 hours a day, 365 days of the year.

Well capping

Well capping is a critical contingency capability for controlling a blown-out well, where an emergency subsea well closure needs to be performed. Whilst our primary focus is on blowout prevention, Premier has access to a global inventory of subsea well containment systems on a fully staffed basis. They are maintained in a state of readiness and can quickly be transported by sea or air, in response to a loss of control on any Premier-operated well in the world.

5. Workforce and asset security

We undertake security assessments covering both our workforce and assets. These consider the latent risks posed by their location, as well as incident trends.

Areas in which we work that pose higher potential security risks include:

- Mexico – linked to potential kidnap risks during onshore business travel and employee transfer. In 2018, we opened an office in Mexico City, currently staffed by a single contracted representative
- Brazil – linked to the potential for personnel to be subject to violent crime
- London and Jakarta – as well as other major cities where we have offices – due to the raised threat from international terrorism

Premier applies a formal travel risk management process when any employee travels abroad. As such, visitors to these locations are supported by in-depth travel risk assessments and guidance, as well as enhanced physical security and evacuation precautions where appropriate.

Premier has a global contract in place with Control Risks Group through which we can obtain up-to-date security advice and support on a call-off basis.

Premier also contracts with International SOS, which provides the Company with international medical assistance, healthcare and security services, as well as updates on local health-related risks.

Furthermore, we provide any employees (and their families) travelling to or working in areas that pose a high risk of infection with information on disease prevention. Medication is provided when necessary.

During 2019, there were no significant security incidents that directly affected Premier's workforce. However, there was one minor incident at our Matak supply base in Indonesia, where some used plastic drums were stolen.



Production and Maintenance Team's Tool Box Meeting prior to commencing work, Anoa-AGX facility, offshore Indonesia

Section 6: Employees

We are committed to providing a working experience for our staff that offers equal opportunities, safe working conditions, competitive terms of employment and quality learning and development experiences. In doing so, we seek to attract, develop and retain the kind of high-quality talent that will support our productivity, efficiency and profitability over the long-term.

1. Materiality and management approach

We recognise that our current and future success is underpinned by our ability to recruit, retain and motivate high quality, skilled employees and contractor personnel.¹ Accordingly, we seek to treat our people fairly, listen and respond to their views, offer meaningful professional development and deliver rewards commensurate with employee performance.

Key issues in this regard include:

- Workforce profile
- Employee engagement

Managing employees

Our management of human resource (HR) issues is guided by our Sustainability Policy, People Policy, Human Rights Statement, Business Ethics Policy and our Global Code of Conduct. Our day-to-day management of employees is supported by our Human Resources Management System, which forms part of our Group-wide Business Management System (BMS). It includes a range of Human Resources Standards (i.e. high-level guidance documents) to help us achieve an appropriate balance between consistent corporate policy and flexible, local-level requirements. In 2019, we simplified these Standards as part of a Group-wide effort to improve the BMS (see [Focus area: Strategic response to our organisational review](#)). This resulted in the development of new HR Standards relating to:

- HR Emergency Response
- Employee Engagement
- HR Information Systems and Management
- Learning and Development
- Organisational Design and Workforce Planning
- Performance Management
- Resourcing
- Reward
- Talent Management
- Global Mobility

During the year, we also began developing new guidelines to support the voluntary movement of employees between our international business units to support employee development. Once implemented, the new guidelines will support the transfer of best practice across the Group and help open up new professional development opportunities for our employees.

Finally, we continued to manage human resources-related risk through our Group Human Resources Risk Council. The Council is comprised of human resources managers from each of our business units. It meets on a quarterly basis to provide greater Group-level visibility of material human resources challenges

within our business units.

www.premier-oil.com (Company Policies)

¹ The term 'contractor personnel' relates specifically to individuals employed directly by Premier or via an agency but on fixed-term contracts (often related to specific projects). These individuals typically work full-time for periods exceeding three months. The definition does not include individuals employed by our contractor companies. Both groups, however, are included in our health and safety statistics.

2. Workforce profile

At the end of 2019, Premier had 770 employees (2018: 767 employees) and 208 contractor personnel (2018: 200 contractor personnel).

In 2019:

- A total of 37 new employees joined our workforce (2018: 43 new employees)
- A total of 37 employees² exited our workforce on either a voluntary or involuntary basis, representing a turnover rate of 0 per cent (2018: 43/6 per cent)
- A total of four employees that left the Company were subject to redundancy, representing a redundancy rate of 0.51 per cent (2017: 4/1 per cent)

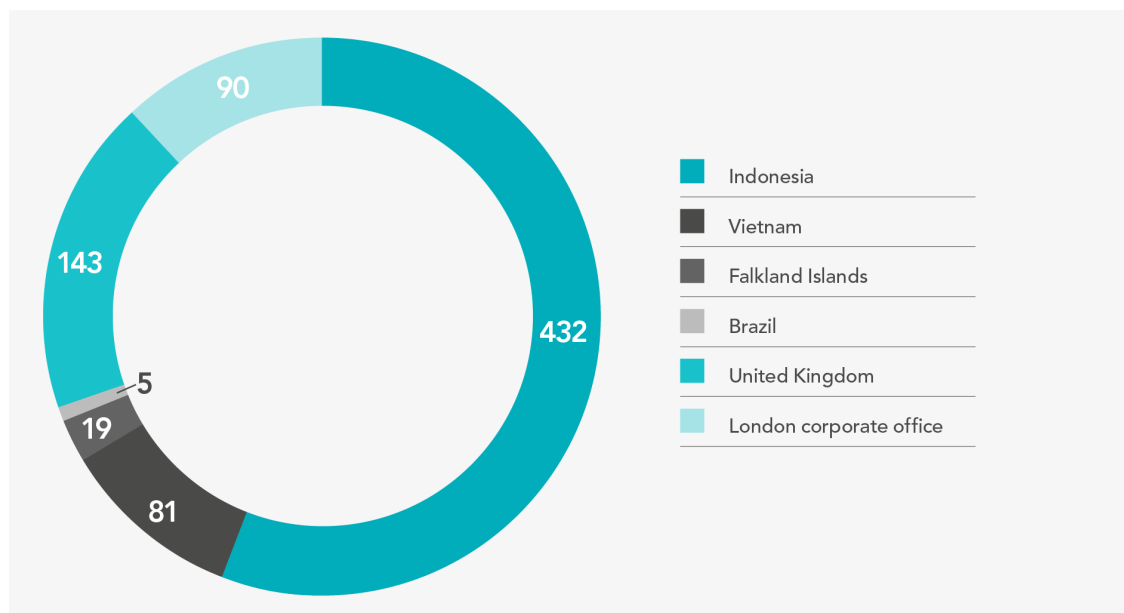
The size of our employee and contractor personnel workforce remained relatively stable in 2019. This reflects:

- The ongoing financial stability provided by the Group's continued progress in reducing its external debt position
- Our continued efforts to protect jobs in the context of challenging economic conditions. These efforts have included:
 - Continued focus on sustainable cost reduction efforts within our supply chains, and contractor personnel workforce
 - Transfer of staff to new roles where possible, in order to avoid redundancy

In addition, we continue to work to ensure that we retain high-performing employees through our appraisal and reward framework (see 'Performance and reward', below).

The small number of employees who were subject to redundancy during the year, all received enhanced redundancy packages that exceeded statutory requirements. Furthermore, they were offered career transition support, financial counselling and/or additional training.

Figure 1: Number of employees by business unit



Local employment

We prioritise the employment of suitably qualified nationals whenever possible, and support this aim through investment in their skills, knowledge and experience. We also aim to ensure that the nationals we employ can access opportunities across our organisation, helping support their professional development as well as the success of our business.

Nationals continue to hold senior roles throughout our business. For example, the majority of the senior management team within our Indonesia business unit are Indonesian nationals.

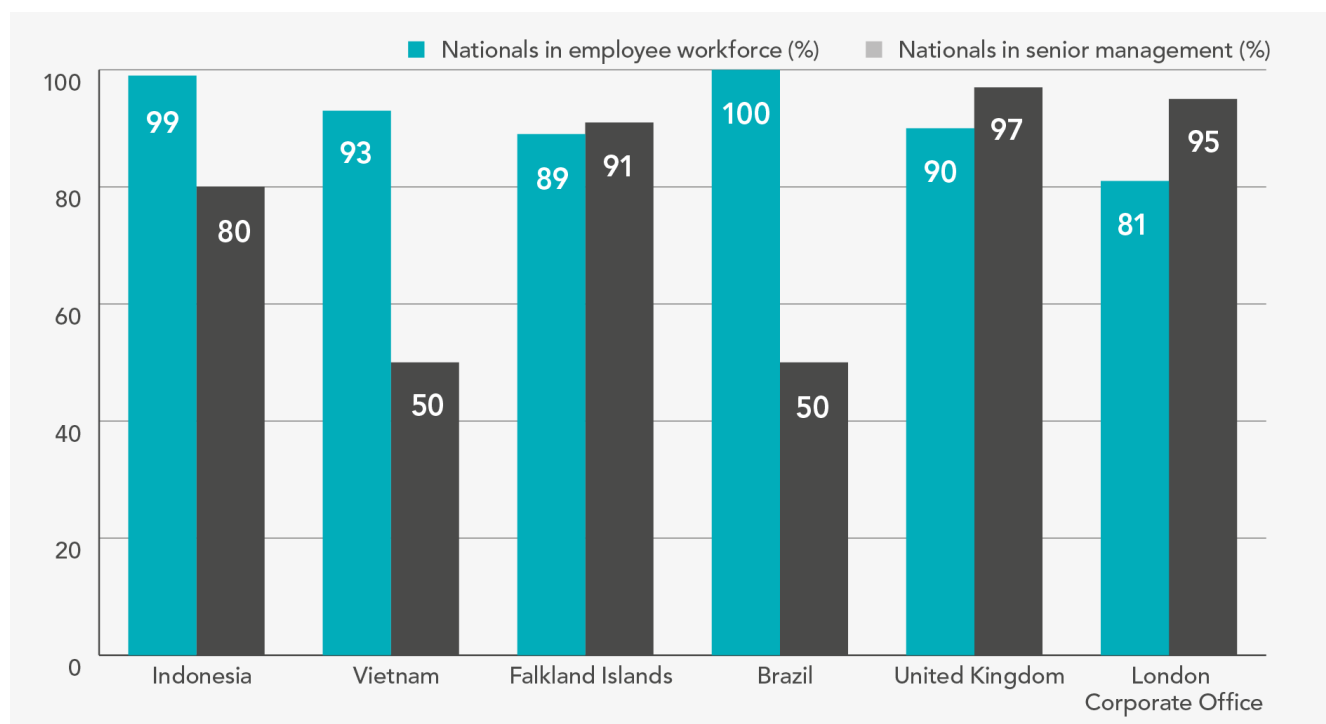
When we employ expatriate managers (i.e. those employed on foreign contracts) at a senior level, we do so because of:

- The need for highly qualified expatriate managers with appropriate industry experience for specific roles, in the absence of such experience at local-level
- Greater geographical mobility amongst senior managers within the business
- The need for Group oversight of international operations
- The value of international exposure to support Group succession planning

In 2019, we implemented a new Global Mobility Policy to better define and standardise the circumstances in which we employ expatriate managers. We continue to seek opportunities to transfer positions occupied by expatriate managers to nationals, where possible.

Nationals make up 94 per cent of our employee workforce (2018: 99 per cent) and 89 per cent of our senior management (2018: 93 per cent). At the end of 2019, we employed 12 expatriate employees (2018: 10).

Figure 2: Percentage of nationals in employee workforce and senior management by business unit³



Diversity and inclusion

We treat people fairly, equally and without prejudice, irrespective of gender, race, nationality, age, disability, sexual orientation or any other discriminatory attributes. This is reflected in our People Policy which applies to all permanent and temporary staff, contractor personnel and job applicants.

Employee obligations in this respect are set out in our Employee Handbook. This prohibits employees from carrying out discrimination (whether direct or indirect), harassment and victimisation.

Figure 3: Employee gender balance (%)

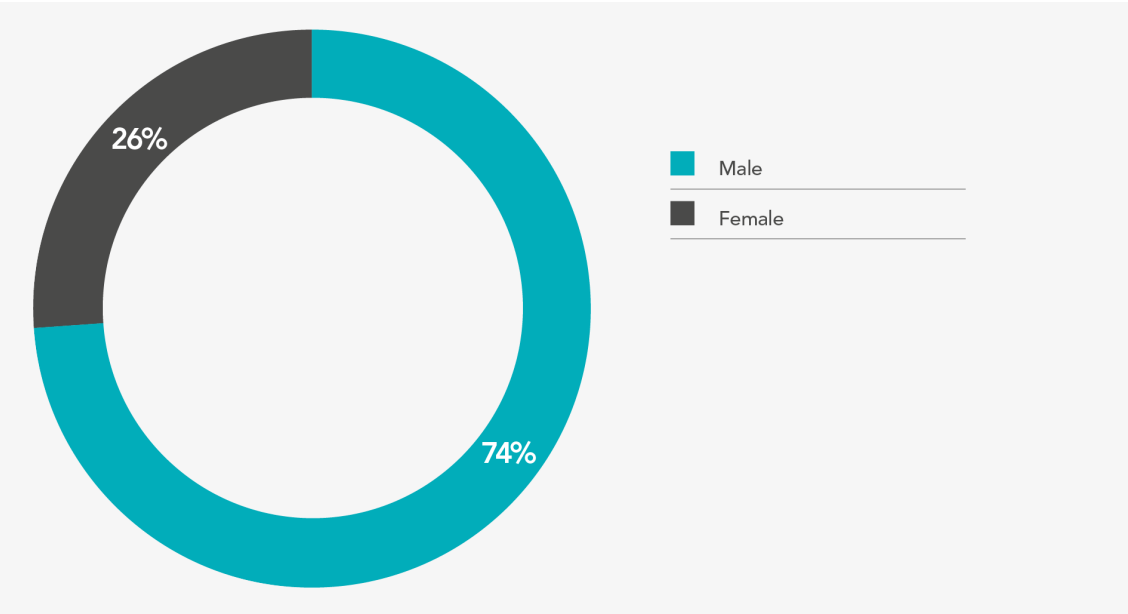


Figure 4: Gender balance at senior management level (%)

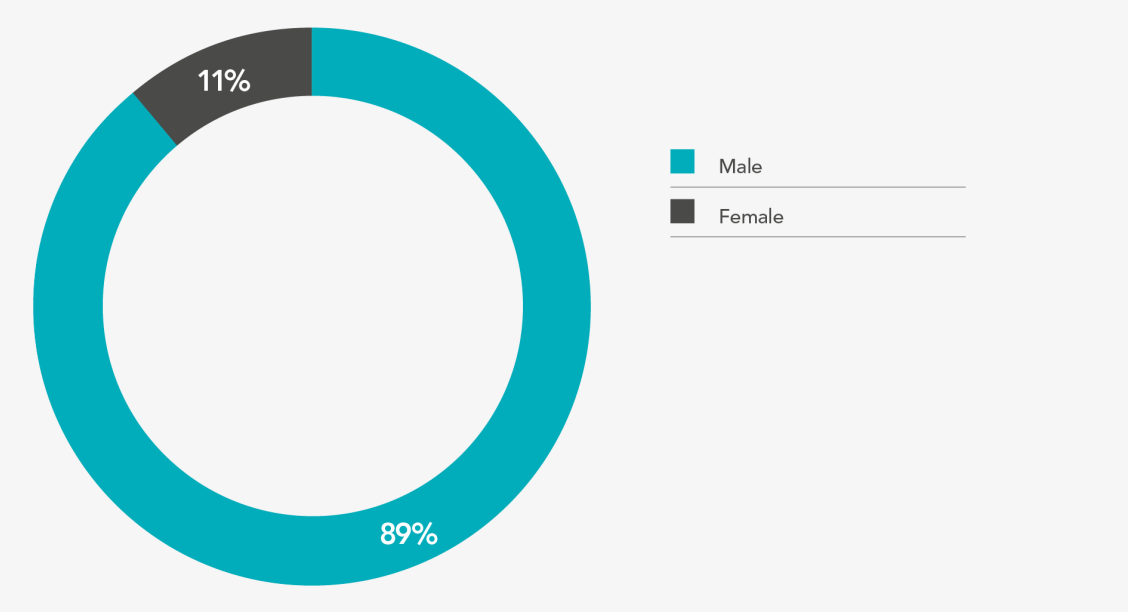


Figure 5: Gender balance at Board level (%)

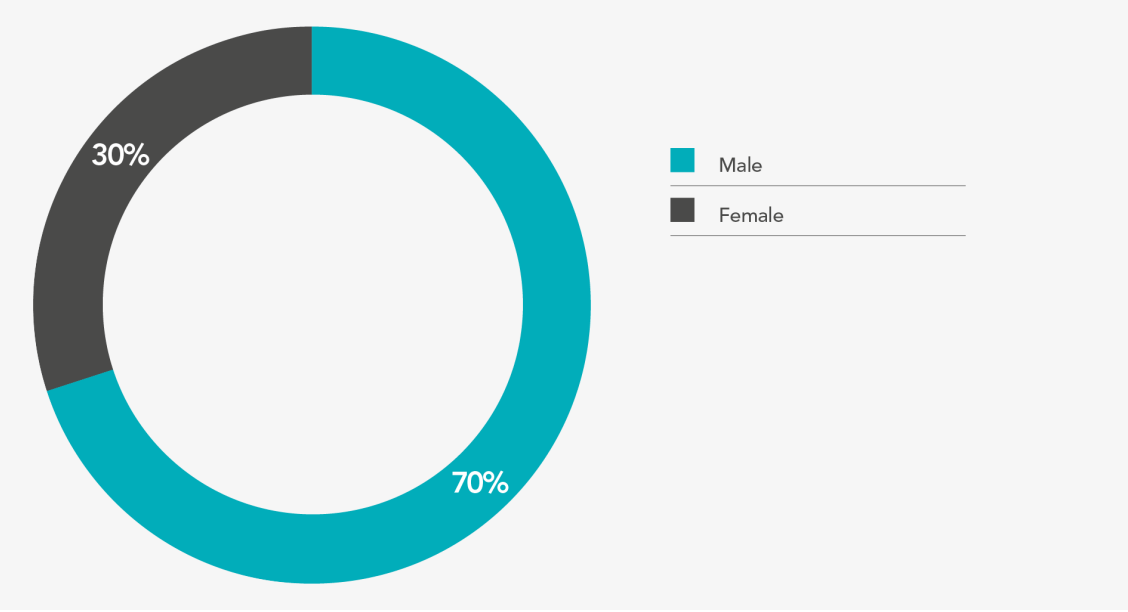
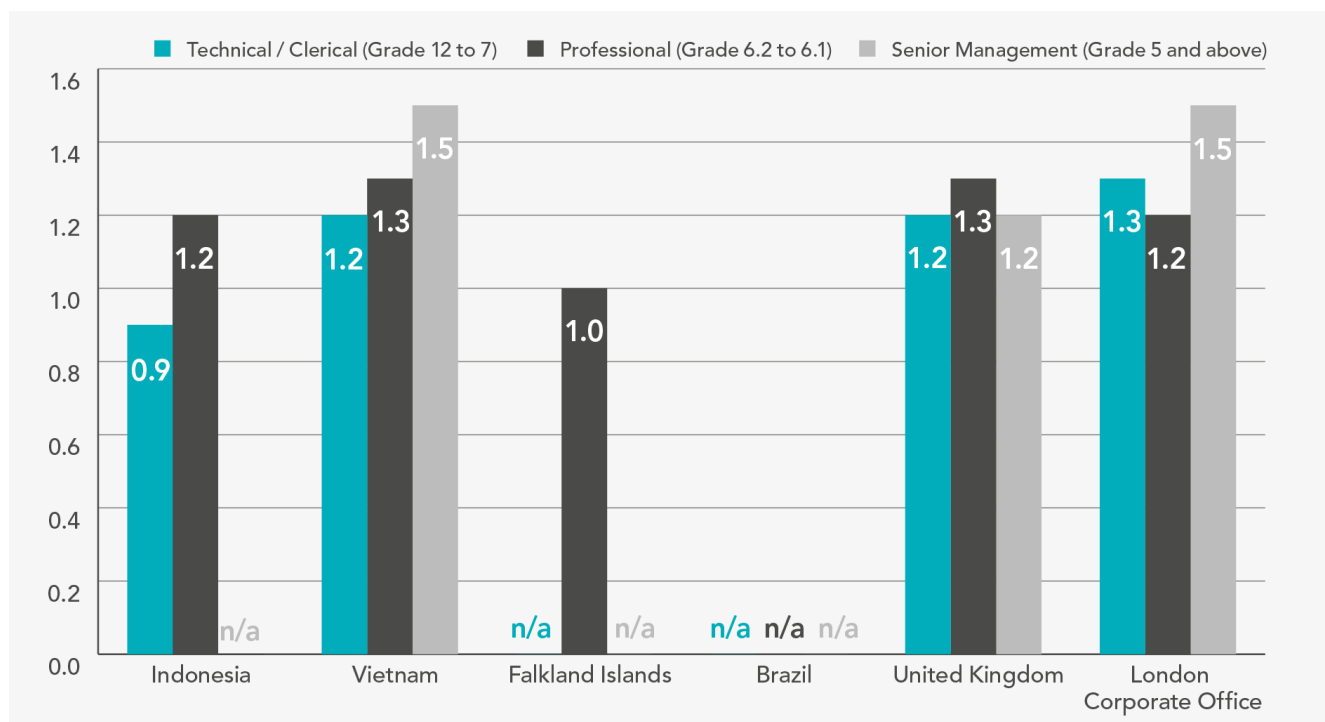


Figure 6: Ratio of male to female salaries by job role at business units⁴



Women are typically under-represented in the oil and gas sector. Recognising this, we aim to ensure that our own management systems, practices and working culture support female access to – and success within – our workforce. A significant factor behind the difference in the overall ratio of male to female salaries is the higher level of representation of males in senior management roles. We seek to ensure that those in equivalent roles who are achieving equivalent performance receive equivalent pay, irrespective of personal characteristics such as gender.⁵

Focus area: Our new Diversity and Inclusion Road Map

The development of a diverse and inclusive working environment supports our ability to recruit, motivate and retain the talent we need to achieve our business objectives. Premier places particular emphasis on improving the gender balance of our workforce – in the context of the historic underrepresentation of women in the oil and gas industry.

During the year, we rolled out the first phase of a new Diversity and Inclusion (D&I) Road Map. This included, among other initiatives:

- **Policy and procedure:** We revised and updated our People Policy to further strengthen our Group-wide approach to D&I. The updated policy helps clarify the responsibilities of our workforce with respect to D&I; sets out the organisation's commitment and approach to D&I; and details the procedure to address any identified breaches.

In addition, we implemented a new Flexible Working Policy for our UK workforce to support the application of a consistent approach across our UK business units. This provides increased flexibility in relation to core working hours, occasional remote working and time off in lieu. The new policy was implemented in response to feedback gathered via our Employee Engagement Survey as well as our new 'Staff Forum' initiative (see [Focus area: Staff Forum](#)).

- **Training:** We continued to roll out our global D&I training programme, which we launched in 2018. Under the programme, all employees and contractor personnel complete an interactive e-Learning module – while face-to-face training is provided to all managers.
- **Supply chain:** We ran a one-day D&I training workshop for a contractor drilling crew. We identified a requirement for additional training to ensure the crew's behaviours and performance are aligned with our Group policies. Following the workshop, the crew were invited to complete our employee e-Learning module to help reinforce the key training messages. This provided an opportunity to clearly communicate that all crews representing Premier must demonstrate inclusive and respectful behavior at all times. Separately, we collaborated with one of our main operating partners to help promote D&I beyond our own operations. This involved co-hosting a one-day Equality, Diversity and Inclusion training workshop at the partner's offices. The workshop was attended by onshore and offshore employees from both Premier and the partner company.
- **Recruitment:** We implemented a range of measures to improve gender diversity within our talent pipeline. This included adapting our hiring approach to allow external recruiters to put forward additional candidates in instances where this improves the gender balance of our application pool. We also continued to monitor gender diversity across our recruitment processes to identify opportunities to further improve the gender balance of our workforce. The outputs from this are reported to our Executive Committee on a quarterly basis.

In November, Premier's ongoing progress in this area was recognised when we were named as one of the three finalists in the Diversity and Inclusion category of the 2019 OGUK Awards. The award category focuses on companies that drive improved business results through recognising and promoting the value of diverse teams and inclusive behaviours.

We plan to evolve our D&I Road Map further in 2020 through the implementation a range of new initiatives. These will include, for example, the launch of our new Culture Project, which will build on our existing corporate values, behaviours and employee survey results to help establish our future 'target' culture; the launch of our Leadership Development Programme (see [Focus area: Strategic response to our organisational review](#)); and the revision of our Performance Management approach, including the introduction of an employee-focused leadership target for all managers.

We provide our employees with flexible working options, to enable them to manage their work and home life. In 2019, we strengthened this commitment through the implementation of a new Flexible Working Policy for our UK workforce (see [Focus area: Our new Diversity and Inclusion Road Map](#)). A total of 18 employees took parental leave during the reporting period (11 women and 7 men), representing 100 per cent of those entitled to take such leave. 100 per of these individuals either returned to work in 2019 or indicated plans to do so in 2020 (i.e. none exited the company). One employee was also given extended parental leave to manage their caring responsibilities.

² This excludes the 12 employees that were working at the Pakistan business unit, which was sold in March 2019.

³ Senior management refers to Grade 5 and above.

⁴ Where 'n/a' is displayed, a meaningful comparison cannot be made between males and females. This is because men or women were not employed in these roles.

⁵ For information on our gender pay gap in the UK, see [Premier Oil Plc Gender pay gap report 2019](#)

3. Performance and reward

Pay and benefits

Our Global Pay and Benefits Policy and Reward Standard ensure that pay and benefits for all employees are appropriate for the markets in which we operate. The Policy is approved by the Remuneration Committee of the Board, which also:

- Sets the remuneration of the Company's Executive Directors
- Reviews and approves the remuneration of the Company's senior managers
- Reviews remuneration trends and employment conditions across the Group

A global corporate grading system supports implementation of the Policy and Standard. The system defines awards across the Group, taking account of local economic conditions, to help us ensure consistent treatment in all locations.

We conduct annual market reviews to assess market pay levels. On the basis of this information, we aim to progress employees towards upper-quartile base salaries in each market we operate in, where this is supported by individual performance (see '[Performance management](#)' below).

Our employees typically receive salaries that are significantly higher than applicable local minimum wage levels. This reflects the nature of employee roles at Premier (which are generally office-based administrative roles or highly skilled technical roles), and our stringent compliance requirements. Indeed, our entry grade salary levels in Brazil, Indonesia, the UK and Vietnam are significantly higher than the applicable local minimum wages.

Furthermore, we supplement employees' base salaries with additional benefit packages. These vary depending on national employment law and local circumstances, but typically include:⁶

- Life insurance
- Healthcare
- Disability and invalidity coverage
- Parental leave
- Retirement provision
- Stock ownership

Our retirement plans have a participation rate of 100 per cent across our

applicable business units,⁷ with Premier contributing up to 15 per cent of salary to employee pension funds (depending on location).

Performance management

All employees are subject to regular performance management and appraisal. We use annual Individual Performance Contracts (IPCs) to set annual goals and performance measures. Performance review meetings are conducted at mid- and year-end to ensure targets are on track, and to address any performance gaps. At the end of the performance year, IPC scores are balanced across business units to ensure they fully support the achievement of the Group's strategic objectives.

In 2019, 99 per cent of employees received performance reviews against their IPCs (2018: 99 per cent) and were assigned a performance rating by their managers. This rating was then compared against corporate and business unit Team Performance Contracts to guide salary adjustments and bonus recommendations.

Bonuses and incentives

Our strategy is to reward superior performance with commensurate remuneration. We incentivise and reward high performance through individual reward frameworks. These include:

- Annual discretionary bonuses for all eligible employees on the achievement of a range of corporate, business unit and individual performance targets. Nearly all eligible employees (99.2 per cent) were paid this bonus in 2019, reflecting delivery against our corporate performance targets
- The share-based Premier Value Share Plan (PVSP) or Long Term Incentive Plan (LTIP), which is designed to focus employees on longer-term corporate strategy and align their interests with those of our shareholders. The PVSP positively vested for the first time in March 2019

www.premier-oil.com (2019 Annual Report)

⁶ For more information about the benefits available to our employees, see our '2019 Sustainability Report Appendix'.

⁷ This does not include our Vietnam business unit, where employees are subject to a mandatory state pension scheme, into which we make contributions.

4. Employee engagement

Premier encourages open communication between employees and managers on an ongoing basis. We keep employees informed about wider Company issues via a number of channels, including:

- Our new Staff Forums (see [Focus area: Our new Staff Forums](#))
- Regular team meetings
- Larger-scale 'Town Hall' staff meetings at each business unit, attended by visiting members of the Executive Committee and senior management
- Messages from our Chief Executive Officer and business unit managers
- The Company intranet and regular email communications
- The release of the Company's half-year and annual operational and financial results, as well as trading and operations updates

Engagement of this sort continued to be important during 2019, helping to keep employees informed about a range of significant developments, including the Group's asset disposals, the progress of our development projects and our sustainability performance.

Focus area: Our new Staff Forums

In 2019, we launched our new 'Staff Forum' initiative across our business units. This forms part of our broader efforts to meet the employee engagement provisions of the updated UK Corporate Governance Code (effective from 1 January 2019). The initiative also aims to support effective two-way communication, feedback and idea sharing between our employees and management.

The Staff Forums are comprised of:

- **Local Staff Forums:** These have been established at each of our business units. They are staffed with employee and company representatives who meet throughout the year to share feedback and ideas. The local forums help ensure that all employees have a 'voice' in enhancing the Premier Oil working experience and addressing issues that have implications for our ability to attract, engage, develop and retain talent within the organisation. In addition, they support the development of shared understanding between staff and the Board of Directors to

promote closer alignment between corporate strategy and staff engagement.

- **Annual Group Staff Forum:** This takes place at the Group-level and is comprised of representatives from across our business units and functional areas. It provides an opportunity for our Executive and Non-executive Directors to engage with the workforce and to develop a deeper understanding of key workforce challenges and opportunities. At the same time, it also provides the Board with an opportunity to share their strategic direction, ideas and relevant experience directly with staff (as appropriate).

We held our first Group Staff Forum in November 2019 at our corporate office in London. Prior to the event, each local forum representative was offered presentation skills training to support them in delivering their feedback to the Board. Key topics discussed at the event included our culture, communications and staff development, among other areas. We plan to continue the Staff Forum initiative in 2020 and beyond to help maintain a consistent channel for responding to the feedback and ideas of our employees.

Premier will typically provide its employees and, where relevant, their elected representatives with at least one month's notice of any significant operational changes that might affect them.

Employee feedback

We conduct structured employee surveys at Group and business unit level. The results of these surveys help us to understand and respond effectively to employee attitudes towards engagement, rewards, retention, working environment and related issues.

Focus area: Addressing the outcomes of our employee engagement survey

During the year, Premier took steps to analyse and address the outcomes of our Group-wide employee engagement survey. The survey was carried out in 2018 to further develop our understanding of employee views and levels of

satisfaction across the business. In 2019, we conducted several follow-up employee workshops to help contextualise the survey findings and inform appropriate management actions. This resulted in the development and rollout of management action plans across several corporate functions and business units.

These were focused on a range of areas including:

- **Strategy:** This included the implementation of a new Organisational Governance Charter that clearly sets out the roles and responsibilities of each business unit and helps guide their interaction with our corporate functions. In addition, our CEO hosted a series of 'town hall' meetings to clearly communicate Premier's updated strategy, and to provide additional clarity on how each business unit contributes to our short- and long-term strategic objectives.
- **Growth:** This included a range of measures to improve our Talent Management processes. For example, we revised the timelines of the TMP to ensure closer alignment between team and individual performance target setting. In addition, we continue to implement processes such as succession planning, talent assessment and performance management to support our Talent Management Framework.
- **Reward:** This included the hosting of reward information sessions with select groups of employees, as well as pension road shows to provide additional clarity on the Premier Value Share Plan (PVSP) and Save As You Earn (SAYE) plan. Premier was shortlisted for an award from not-for-profit organisation Proshare for the reward information sessions that we ran when the PVSP and SAYE were maturing in early 2019.
- **Recognition:** This included the integration of compulsory 'people management' targets for all line managers. These targets require managers, among other things, to lead by example and to recognise strong performance and behaviours. We also revised our expected team behaviours to further foster a corporate culture that is results driven, safety focused and based on respect and collaboration.
- **Workload:** This included the implementation of a new Flexible Work Policy at our corporate head office, Falkland Islands and UK business units (see [Focus area: Our new Diversity and Inclusion Road Map](#)).

We plan to undertake a further employee engagement survey in 2020 to continue building our understanding of employee views across the

organisation, and to monitor the progress of related management responses.

In addition to surveys, we also gather employee feedback through:

- Regular performance reviews
- A formal, non-recriminatory and confidential human resources grievance procedure⁸, should employees feel uncomfortable raising issues through normal management channels
- Our confidential whistleblowing hotline (see '[Section 9: Business ethics](#)')

As defined in our Grievance Policy, we ensure all employees have access to a fair grievance procedure without unreasonable delay. Our human resources department records all written grievances, which are included in personnel files (and are subject to data protection). Any decisions taken by the Company in response to a grievance can be appealed by employees via a publicised appeals procedure.

In 2019, two new grievances were raised. The first grievance related to an internal process and was resolved in 2019 in agreement with both parties. The second grievance related to training and competence, and was also resolved in 2019.

Organised labour

We respect the right of all employees to join a legitimate trade union and bargain collectively. We support organised labour through, amongst other things, carrying out official collective consultations in Indonesia, Vietnam and the UK. At our Vietnam business unit, we undertake an annual consultation forum between employees and management to discuss and agree organisational changes. At our UK and Falkland Islands business units, as well as our corporate office, we undertake collective consultation with employee representatives only if 20 or more UK-based employees are made redundant within a 90-day period.

We have a collective bargaining agreement in place in Indonesia, covering 432 employees and contractors, representing 100 per cent of the business unit employee workforce. At our Vietnam business unit, we have established a collective bargaining agreement covering 81 employees, which represents 100 per cent of the business unit's employee workforce. Collectively, these agreements cover 66.8 per cent of Premier's total employee workforce.

These agreements regulate employee terms and conditions specific to the country, including:

- Working hours and overtime⁹
- National holidays, annual leave and other breaks
- Health, safety and medical treatment
- Grievance
- Disciplinary and termination

⁸ These are available in local languages at Premier's operations, except in Pakistan, where all of our employees speak English.

⁹ Premier complies with all local labour laws, including those related to working hours and overtime.



Village Health Care Centre and Public Library in Anambas, Indonesia

Section 7: Community relations

Premier understands the importance of actively managing both our positive and negative community impacts – including through the delivery of our community investment activities. By doing so, we help build and maintain strong relationships with our local communities and provide them with sustainable socio-economic benefits. In turn, this supports the maintenance of our social licence to operate and the success of our business over the long-term.

1. Materiality and management approach

As an offshore operator, we have relatively limited interaction with local communities compared to most companies with onshore operations. Nonetheless, our relations with communities are very important, due to:

- The potential and actual impacts of our activities (and those of our partners) on local fishing communities
- The role of certain onshore communities as transit and logistics points for our offshore operations

- The positive impact our community investment has on local communities, as well as the positive impact on our social licence to operate and the success of our business over the long-term
- The potential for new onshore operations in the future

We are careful to minimise our negative impacts on local communities, if they do occur.

Managing our relations with communities

Premier's Community Investment Statement guides our approach to building and maintaining robust relations with local communities. We implement this through our Community Investment Management System, which is aligned with IPIECA¹ standards. This enables us to systematically identify, manage, evaluate and budget our engagements in host countries. It focuses on the following key elements:

- Policy governance
- Risk evaluation management
- Planning
- Implementation and monitoring
- Audit and review

With the exception of Mexico, all our operations have established community engagement and investment programmes.

www.premier-oil.com (Company Policies)

¹ International Petroleum Industry Environmental Conservation Association.

2. Engagement and impact management

Offshore exploration and production

The offshore profile of our operations means we have relatively limited interaction with local communities. Nonetheless, we recognise the importance of engaging with those stakeholders that are, or could be, affected by our activities. These include:

- Local fishing communities
- Communities hosting our onshore supply and logistics bases
- Our community investment partners and beneficiaries

Examples of community engagement in 2019 include:

- Communication with fishing communities in the UK, Indonesia, Vietnam, Mexico and Brazil, regarding the temporary and localised impact that our offshore production operations – and, where relevant, the seismic exploration activity conducted by our contractor companies – can have upon fishing activity. During the year, for example, we successfully completed seismic exploration activity off the Yorkshire Coast in the UK following the completion of consultation with local fishing communities in 2018. We also alert local fishing vessels to the health and safety risks they expose themselves (and our assets) to by entering the waters immediately around our offshore operations
- The continued provision of assistance to fishermen in distress in Vietnam. As our operations are typically located far from shore, fishing vessels often seek help from us and other operators in the region when they have injured crew members
- Working with numerous stakeholders in the Falkland Islands regarding the current and future impact of our development activities (see '[Section 4: Environment and climate change](#)')
- Working with local community groups in Indonesia to ensure the effective targeting and implementation of our community investment projects in the country (see below)

Furthermore, our Health, Safety, Environment and Security (HSES) Policy requires us to prepare environmental and social impact assessments (ESIAs) for each of our operated activities (see '[Section 4: Environment and climate change](#)'). As

part of this process, we engage with local communities where relevant. None of our operations has been identified as having any material negative impacts on local communities, again reflecting their remote, offshore locations.

Onshore exploration and non-operated joint venture operations

Premier had no onshore exploration activities in 2019. Similarly, Premier does not currently hold any interests in onshore production assets, following the sale of our Pakistan business in March 2019.

We work with our joint venture partners to engage with local communities where required. Our partners sometimes operate in remote and undeveloped locations where their presence can have a positive economic impact. This includes, for example, through the creation of local employment opportunities.

Other issues that can affect relations between our partners and local communities include demands for employment and the negotiation of lease terms.

3. Community investment

We invest in community projects to help deliver sustainable social, economic and environmental benefits for local communities and their host governments. Reflecting this, in 2019, we spent US\$0.68 million on community investment projects (2018: US\$0.74 million).

Examples of our community investment activity in 2019 are set out below.

Figure 1: Community investment trend (US\$ million)

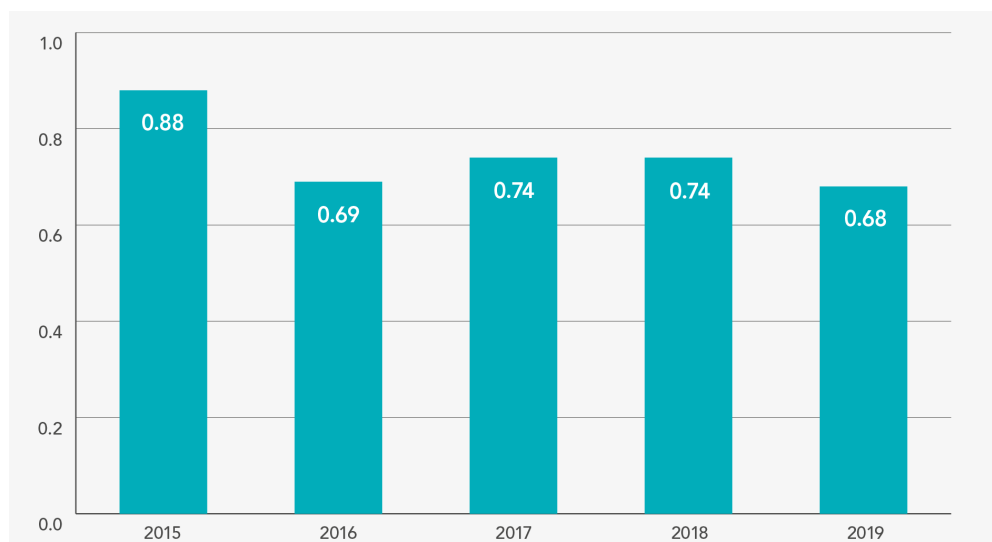
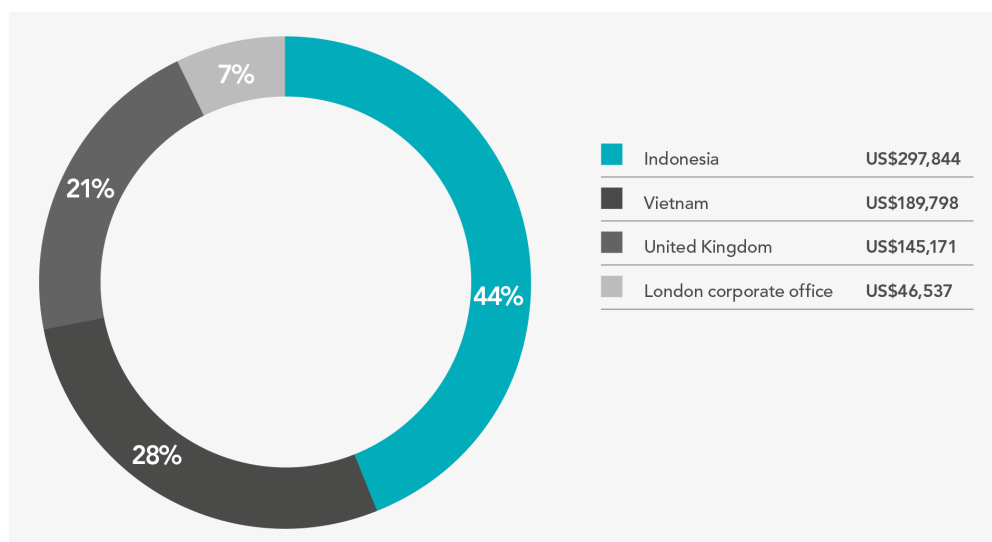


Figure 2: Our community investment profile in 2019



Indonesia

In 2019, the Indonesia business unit sponsored the construction of an early childhood education centre in Harung Hijau village. The centre has capacity to provide education for 25 pupils who previously received schooling at a public library. The business unit also sponsored the construction of a public library in Batu Belah village, with a capacity for 75 pupils.

In addition, the business unit continued to fund various community investment projects in 2019. These include:

- The provision of financial support for the development of Kencana beach in

the Natuna region, to enhance the tourism potential and economic development of the area

- The provision of financial support for boats and an ambulance to support the earthquake responses in Lombok and Palu provinces
- The renovation of public health and educational facilities in Belibak village
- The provision of financial support for agricultural farming facilities in the villages of Teluk Bayur and Langir to help support their agricultural potential and diversify local income sources which are otherwise reliant on fishing
- The provision of financial support for a local NGO to help fund a new fishing boat for local fishing communities in Ladan village
- Ongoing support for a scholarship programme in partnership with the Muhammadiyah University of Malang, where students completing higher education in marine and fisheries sciences can contribute their skills to their local provinces on their return from study
- The ongoing protection of nesting turtles and their offspring on Pahat Island. Since the beginning of the project in 2014, around 63,000 hatchlings have been released into the sea
- The provision of financial support for a Malay art and cultural festival in Anambas for the fourth consecutive year

Vietnam

The Vietnam business unit provided funding for the planting of trees in five hectares of forest in Dong Nai, a designated UNESCO Biosphere Reserve. The business unit also funded an initiative in partnership with ProCi garden, a local farming and gardening organisation, to help local farmers improve production, harvesting and delivery to consumers.

The Vietnam business unit also continued to support other education and development initiatives throughout the year. This included:

- The provision of funding to support the construction of the state-run Tam Ngai B primary school in the Tra Vinh province. The school opened in November 2019 and will provide education to 170 students annually
- The provision of funding towards certified IT vocational training at an authorised centre in Ho Chi Minh City. The programme helps improve future employment prospects for students aged between 16 and 23
- The provision of funding for Thanh Tam's Special Education Centre, a privately-funded specialist centre that provides therapeutic, educational, wellness and recreational programmes to empower children and young

people with disabilities

- The provision of funding for the Christina Noble Children's Foundation, which provides vulnerable children in Vietnam with medical care, nutritional rehabilitation and educational opportunities. The centre provided services to around 150 children in 2019
- The provision of a career mentoring programme in Hanoi and Saigon. The programme supported 30 undergraduate students in 2019
- The provision of school and university scholarships for 10 students in 2019-2020, through the Light Your Hope Scholarship Foundation in Hanoi
- The provision of educational and healthcare services at the Binh Tho Development Centre in Ho Chi Minh City. The privately-funded centre provides services for around 105 children, many of whom are from poor backgrounds
- The provision of funding for the LIN Centre for Community Development's 'Narrow the Gap' community fund, which provides support to local not-for-profit organisations located in and around Ho Chi Minh City
- The provision of funding to train doctors and nurses at a neonatal unit as well as for the purchase of a neonatal ambulance at a hospital in DaNang

UK

The UK business unit continued to support a range of charities in 2019. This included:

- The provision of funding for HorseBack UK, a charity that helps injured servicemen and others to regain their confidence and mobility
- The provision of funding for Mental Health Aberdeen, a charity that provides free counselling and mental health information services to adults and young people
- The provision of funding for Aberdeen Cyrenians, a charity dedicated to supporting people affected by homelessness, violence, domestic abuse and other forms of exclusion
- The provision of funding for Charlies House, an Aberdeen-based charity which supports babies, children and young people with complex disabilities and life-limiting conditions, and their families
- The provision of funding for the Aberdeen Seafarers Centre, which offers welfare services and advice to seafarers visiting the port of Aberdeen

Focus area: Supporting STEM education

Premier Oil recognises that we have a key role to play in encouraging new and diverse talent to join the oil and gas industry. In support of this, employees at our UK business unit in Aberdeen volunteer as STEM Ambassadors to help inspire young people to learn science, technology, engineering and mathematics (or 'STEM') subjects. The programme is run by STEM Learning, a UK-based partnership between government, charitable trusts and employers which provides young people with STEM-based education and career support.

During the year, four Premier employees volunteered as STEM Ambassadors – including individuals from our operations, projects and information services teams. Premier supports employee volunteers by providing them paid time off from work to attend such events on behalf of the Company. In August 2019, our STEM Ambassadors ran interactive training workshops for young people and the wider community at the two-day TechFest festival in Aberdeen, an event which is co-sponsored by Premier Oil. TechFest is an Aberdeen-based charity that supports STEM educational events for children. In September, Premier also sponsored a 'STEM Through The Ages' training workshop, which forms part of TechFest's training curriculum for primary school children.

In future, we hope to further increase the number of STEM Ambassadors at Premier. Indeed, an awareness-raising event we ran at our Aberdeen office in November 2019 resulted in five new volunteers signing up. In addition, we plan to collaborate with STEM Ambassadors from other Aberdeen-based companies to help build stronger links with our local schools and communities. In doing so, we also aim to support the long-term development of a diverse and talented future skills pipeline at Premier.

www.stem.org.uk/stem-ambassadors

www.techfestsetpoint.org.uk/festival/activity-weekend

Falkland Islands

Our Falkland Islands business unit provided funding to the Falkland Islands Overseas Games Association, which sponsors local athletes to compete in international sports competitions. The business unit also provided funding to the Farmers Week event, which is held annually by the Falkland Islands Rural Business Association. Finally, Premier employees attended the Falkland Island

Community School Careers Fair to encourage local students to play a role in developing the nation's oil and gas industry.

Other

Premier's corporate office continued to provide support for various charities and causes throughout 2019, including:

- The provision of funding for The Passage, a charity close to Premier's corporate office in London that provides support to homeless and vulnerable people. For example, we funded the charity's flagship Home for Good project, which provides vital community support to former rough sleepers who have moved into their own accommodation
- The provision of bursaries for UK-based undergraduate students, allowing their participation in expeditions run by Operation Wallacea. The organisation conducts biological and conservation management research programmes across the world
- A donation to Shooting Star Children's Hospices to match funds raised by our employees
- Participation in a Charity Golf Day to raise funds for CLIC Sargent, a cancer charity for children, young people and their families
- Participation in a charity gala to raise funds for The Citizens Foundation, a non-profit organisation that supports formal education in Pakistan

Focus area: Addressing homelessness in London

Since 2014, Premier Oil has provided around £200,000 in financial support to [The Passage](#), a UK-based charity that helps transform the lives of homeless people in London. The Passage has been operating for 40 years in Westminster, which has the highest levels of rough sleeping in the UK. It works with around 3,000 people annually to provide outreach, accommodation and homelessness prevention programmes. In addition, it operates the UK's largest homelessness resource centre which provides food, showers, laundry and clothing, a health centre, employment, benefits and immigration advice, social clubs and personal development activities to around 150 people each day.

The Passage uses Premier's ongoing financial support to fund its flagship 'Home for Good' project. Established in 2014, the project supports formerly homeless people who are transitioning into self-contained accommodation. The project helps these individuals build local networks and settle into their new communities – thereby reducing the likelihood that they return to rough sleeping. This includes help with joining libraries, gyms or social clubs; advice on the practicalities of living in self-contained accommodation, such as maintenance and budgeting; and assistance with enrolling on training courses and finding employment. The project has successfully assisted 144 people in making this transition since 2014 (including 17 people in 2019).

In recognition of these efforts, Home for Good was presented with a Social Integration (Innovative Project or Charity) Award at the Team London Awards 2018. These awards, which are headed by the Mayor of London, recognise *"the individuals, teams and corporate volunteers who are making outstanding contributions to their communities and helping to make London the best city it can be"*.

"Home for Good has achieved a 98% success rate in helping people sustain their accommodation. We would not have accomplished this without Premier Oil's ongoing support."

Mick Clarke, CEO of The Passage

"We are proud to support a worthy charity in the city where our business is headquartered. The goals of The Passage closely align with Premier Oil's own commitment to providing sustainable, positive benefits for our local

communities.”

Tony Durrant, CEO of Premier Oil



Global HSE Day, 5K Run – Indonesia Business Unit

Section 8: Society

Premier is committed to having a positive impact upon our host societies. By doing so, we build strong relations with key partners, secure and maintain our social licence to operate and can access and benefit from new opportunities our host societies make available to us. One of our most significant impacts in this respect is our distribution of economic value through procurement, wages, taxes, community investment spending, and other means.

1. Materiality and management approach

Premier does not operate in isolation. Our activities can have a range of direct and indirect impacts upon national- and local-level stakeholders. In turn, these stakeholders can potentially affect the achievement of our business objectives in our countries of operation. In this context, we are committed to delivering economic value to society; cooperating transparently and constructively with host governments; decommissioning our late-life assets in a responsible manner; and respecting the human rights of stakeholders across society, including our employees, contractors, suppliers and local communities.

Key issues in this regard are:

- Value generation and distribution
- Public policy and government relations
- Decommissioning
- Human rights

Managing our interactions with society

Premier's interactions with stakeholders across society are governed by several policies. Most notably, this includes our Sustainability Policy, which is supported by our:

- Global Code of Conduct (the Code)
- Business Ethics Policy
- Risk Management Policy
- Tax Policy
- Supply Chain Policy
- Human Rights Statement
- Community Investment Statement

These policies are implemented through our associated management systems. Our efforts are also guided by the UN Guiding Principles on Business and Human Rights.

www.premier-oil.com (Company Policies)

www.ohchr.org (UN Guiding Principles on Business and Human Rights)

2. Value generation and distribution

We believe that we can most effectively generate longer-term value for our shareholders by operating in a way that also delivers lasting economic benefits to all our other stakeholders. These stakeholders include our:

- Host governments, which grant us oil and gas licences and regulate our activities
- Host societies, which grant us our social licence to operate
- Employees, whose skills and efforts underpin our ability to create value

Any failure to deliver value to these stakeholders would risk undermining our core business objectives¹.

Managing our economic contributions

We play an important role in generating shared value from national hydrocarbon reserves. Much of the value we create is distributed throughout our host societies, directly supporting long-term socio-economic development.

This includes distribution through:

- Payments to business partners, including locally-based contractors
- Payments to our workforce, including wages and benefits paid to employees from our host countries
- Payments to our providers of capital, including shareholder dividends and interest on debt
- Payments to government, including corporate income taxes, royalties and other payments to our host governments²
- Spending on community investment projects (see '[Section 7: Community relations](#)')

In this context (and in line with relevant local content requirements) Premier seeks to:

- Employ nationals where they are appropriately qualified (see '[Section 6: Employees](#)')
- Use contractors based in our host countries, where they are able to meet our HSES, operational and performance requirements

Where economically feasible, we also support local content capacity building to

help nationals and host country contractors access relevant business opportunities.

In 2019, 45 per cent of our combined spending on contractor companies at our Vietnam, UK and Indonesia business units was with locally-owned and operated entities (2018: 27 per cent). A further 36 per cent of this spending was with local entities owned by foreign parent companies (2018: 67 per cent).

Figure 2 provides more information about how we distribute the value we create.

Figure 1: Economic value retained and distributed (US\$ million)

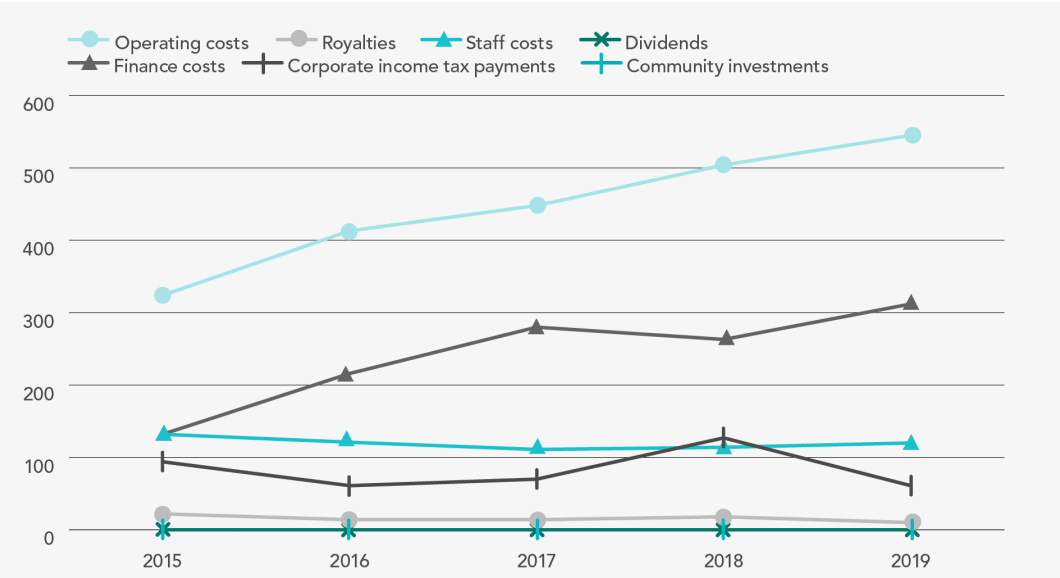
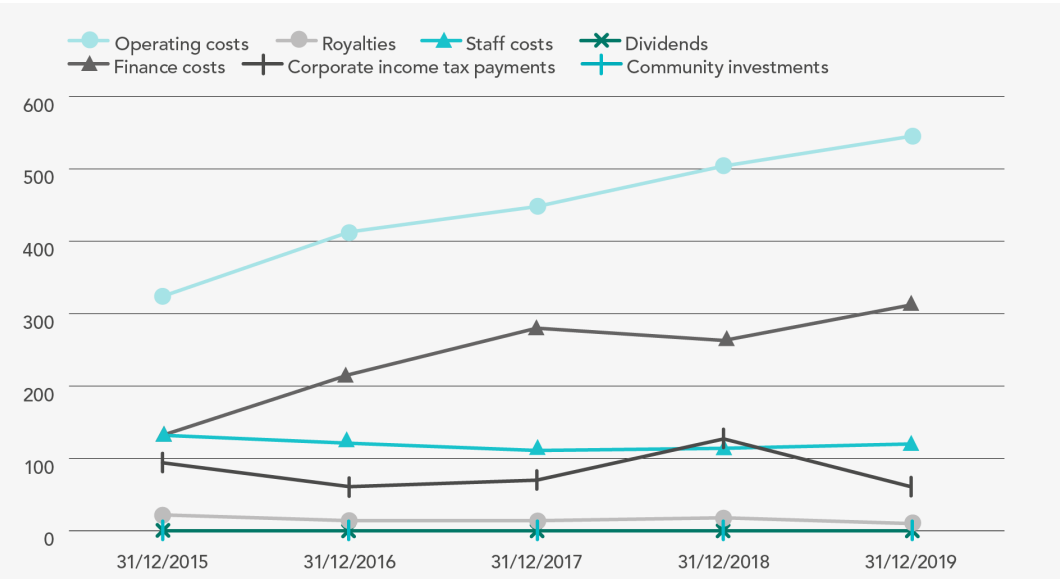


Figure 2: Economic distribution by type (US\$ million)



Payments to governments

Tax transparency

Premier is committed to prompt disclosure and transparency on all tax matters. We have met all applicable statutory requirements in this respect. This includes the disclosures and submissions that we make in order to comply with the requirements of the European Union Accounting Directive (EUAD), the Extractives Industries Transparency Initiative (EITI) and the Country-by-Country Reporting (CBCR) template developed by the Organisation for Economic Co-operation and Development (OECD).

Premier's Tax Policy commits us to:

- Complying with tax laws, regulations, reporting and disclosure requirements in all countries in which we have a taxable presence
- Respecting the intention of tax legislation and not engaging in artificial tax avoidance arrangements
- Prompt disclosure and transparency in tax matters

We make use of tax concessions, incentives and reliefs where available.

Board oversight

The Finance Director has ultimate responsibility for Premier's tax risk management. The Board receives regular updates from the Audit and Risk Committee on significant tax risks and on how they are being managed.

Premier's Tax Policy, which sets out the tax policy that applies to Premier Oil plc and its subsidiaries, is reviewed on an annual basis to ensure compliance with applicable laws.

www.premier-oil.com (Tax Policy)

Verification

All of the underlying tax data that we report has been audited at a local level by our independent external auditor in accordance with our statutory audit requirements.

¹ The means by which we create and distribute this value as well as the results of our efforts are set out in our 2019 Annual Report.

² Currently, the UK and Indonesia are EITI Members. Both are yet to be assessed against the 2016 Standard. Premier is not an EITI Supporting Company.

3. Public policy and government relations

Managing our relations with government

Our host governments count among our most important stakeholders. This is due to the significant impacts that related issues – including public policy, legislation, regulation and the awarding of new licences – have on our business.

Furthermore, the maintenance of transparent and constructive relations between business and government helps ensure that the legitimate interests of other stakeholders are not undermined – and supports balanced, well-informed public policy.

Each of our business units engages directly with their host governments and regulators. Furthermore, our Exploration team has significant interaction with government entities in the process of acquiring acreage, including the preparation of bids in licensing rounds or through direct negotiations. All engagement is carried out in line with Premier's applicable policies, including our Sustainability Policy, Business Ethics Policy and associated Code, and Human Rights Statement.

In 2019, Premier did not:

- Make any political donations or contributions
- Receive any significant financial assistance from government³
- Have any direct government shareholders

Premier is a member of a number of bodies that use their legitimate influence to lobby governments on issues affecting the oil and gas sector. These include the following organisations:

- Asociación Mexicana de Empresas de Hidrocarburos (AMEXHI)
- Association of British Independent Oil Exploration Companies (BRINDEX)
- Falkland Islands Petroleum Licensees Association (FIPLA)
- Indonesian Petroleum Association (IPA)
- International Association of Oil & Gas Producers (IOGP)
- Oil & Gas UK

- Instituto Brasileiro de Petróleo (Brazilian Petroleum Institute)

Key public policy issues

The Falkland Islands

Premier holds several production licences in the Falkland Islands, awarded to us by the Falkland Islands Government (FIG). These have the full backing of the UK Government. Our presence in the Falkland Islands includes our flagship Sea Lion project, which is anticipated to make an important contribution to our overall portfolio once it enters production.

Throughout the year, we continued to engage constructively with the FIG and other Falkland Islands stakeholders regarding a range of issues relating to our Sea Lion project. This included:

- The resubmission of our legally-compliant Environmental Impact Statement (EIS), following proposed project modifications that have the potential to improve the asset's operational performance and reduce its environmental impacts. The EIS received preliminary approval from FIG in 2019, and will undergo public consultation in 2020
- The development of our Environmental Monitoring and Management programme
- Management of our potential future socio-economic impacts. This includes engagement with FIG regarding the development of a Local Content Plan in the context of the future development of onshore infrastructure to support our drilling and production activities
- Engagement regarding the fiscal terms for the project

In 2019, Premier focused on continuing to progress commercial and regulatory work streams and on securing external financing for the Sea Lion project, as well as identifying key service providers and contractors. For more information on environmental management at our Sea Lion Project, see '[Section 4: Environment and climate change](#)'.

UK energy policy

We continue to engage with the UK Government in the context of the MER UK Strategy. The MER UK Strategy places an obligation upon operators in the UK Continental Shelf (UKCS), among other stakeholders, to realise maximum benefit from the UK's remaining economically recoverable offshore petroleum reserves.

Discussions focus on some of the challenges faced by the UKCS oil and gas sector, including:

- Ageing fields and infrastructure
- The impact of volatile oil and gas prices
- Sharply reduced investment in recent years
- Significant decommissioning liabilities

We have frequent and detailed engagement with the UK's Oil & Gas Authority (OGA), in the context of their published strategies relating to MER UK. These strategies and the specific areas of engagement include:

- Asset Stewardship – Premier's participation in Tier 2 and 3 Reviews
- Exploration – regarding the acquisition of new licences and current licence commitments
- Supply Chain – including Premier's submission of Supply Chain Action Plans for the Greater Balmoral and Huntington decommissioning programmes
- Decommissioning – Premier's participation on the Regulatory Guidance working group, and frequent dialogue on Premier's existing and future decommissioning portfolio and cost efficiencies
- Information Management – Premier's participation in the Information and Samples Co-ordinators Working Group (which supports the OGA in implementing the relevant provisions of the Energy Act 2016)
- Technology – Premier's collaboration on technological developments designed to support the MER UK Strategy. We also collaborate with the Industry Technology Facilitator (ITF) and the industry-led Oil and Gas Technology Centre (OGTC)
- Southern North Sea (SNS) Tight Gas – in view of Premier's SNS assets and prospects in our 2016 acquisition of the E.ON portfolio
- Southern North Sea Infrastructure Optimisation – to help ensure that appropriate consideration is given to undeveloped and future discoveries when decommissioning proposals are reviewed

Furthermore, we engage in regular dialogue with the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) in the UK Government's Department for Business, Energy and Industrial Strategy (BEIS). This dialogue focuses on the development of our Decommissioning Programmes, primarily for the Greater Balmoral and Huntington operated fields.

Premier also participated in the UK Oil Industry Taxation Committee (UKOITC), which met regularly with HMRC to discuss tax technical matters relating to the

UK oil and gas industry.

Finally, we actively engaged with HMRC on the new IR35 tax reforms (effective from 6 April 2020), which aim to combat tax avoidance by workers supplying their services through intermediaries. We also commenced the rollout of an IR35 management action plan across our business units to help ensure our compliance with the new legislation. This included the audit of relevant areas of our recruitment processes.

Resource nationalism

Resource nationalism remains an ongoing challenge for companies in the oil and gas industry. We therefore closely monitor political and policy dynamics at each of our business units to assess relevant drivers and respond appropriately. An important part of this is quantifying and communicating the value that we generate for our host societies, including through our:

- Generation of economic value for host governments and other stakeholders
- Employment of host country nationals and the development opportunities we provide to them
- Use of host country contractor companies (as well as associated capacity-building, where relevant)
- Investment in community development programmes

In 2019, we continued to monitor risks in:

- Indonesia: Including continuing policy and fiscal uncertainty
- Brazil: Including issues relating to local content requirements
- Vietnam: Including uncertainties regarding the regulatory environment
- Mexico: Including uncertainties related to political and security dynamics as well as fiscal and regulatory regimes
- UK: Including uncertainty relating to the political outlook and the implications of Brexit

³ This includes any exceptional and significant tax relief / credits, subsidies, investment grants, awards, royalty holidays, financial support from export credit agencies and other financial benefits from any government, outside the application of national fiscal frameworks as generally applied.

⁴ The OGA uses these reviews to monitor operator compliance with the obligations defined in the MER UK Strategy and related legislation.

4. Decommissioning

Approach

Premier is committed to the safe and cost-effective decommissioning of its late-life assets. Wherever possible, and commercially feasible, we continually strive to delay the cessation of production at these assets. A decision to cease production (which needs to be approved by the appropriate regulatory body) is taken in consideration of both asset integrity and current and forecast economic returns from the producing asset, as well as an assessment that further field development is uneconomic (whether from new wells or the integration of third party production).

The safe abandonment of subsea wells and the removal of offshore infrastructure have important potential implications for Premier and its stakeholders. These include:

- The risk of associated health, safety and environment (HSE) incidents – both now and in the years after decommissioning has taken place
- The costs associated with decommissioning. These costs are typically borne by operators; although in some jurisdictions (such as the UK), the government may also bear some of the costs (in the form of tax relief, for example)
- The potential financial opportunities likely to be offered to contractor companies (and their stakeholders) acting as service providers in the decommissioning process

In this context, we have developed a clear strategy to decommission our operated assets in a sequential, safe and efficient manner. This includes the application of learnings, progressive improvements and new technology where appropriate. Our activities in this respect are managed by our experienced in-house team, and are guided by our HSES Policy and standards.

Accordingly, our approach to decommissioning includes the following elements:

- The use of a stage-gate project assurance process on all decommissioning activities, helping to ensure effective project management, safe delivery (that minimises the risk of environmental incidents), cost control, auditability and regulatory compliance
- The application of innovative technological and engineering solutions, which

help us minimise HSE risks and reduce our costs (see [Focus Area: Improving energy efficiency at our North Sea assets](#))

- Proactive collaboration with joint venture partners and other operators, to share knowledge, contribute to joint research initiatives and rationalise and coordinate Decommissioning Programmes where possible, which helps identify opportunities for cost efficiencies
- Efforts to ensure that components and materials are reused and, where this is not possible, recycled. We apply, in close consultation with environmental bodies, the principles of the waste hierarchy to the onshore disposal of decommissioned material
- Extensive and constructive engagement with relevant government departments and other external bodies, as appropriate

Finally, Premier has successfully completed a collaborative behaviours review with our joint venture partners at the Balmoral asset. This was conducted using the OGA's Collaborate Behaviour Quantification Tool (CBQT), ahead of decommissioning work scheduled to commence in 2021.

Programmes

At present, the Rita, Hunter and Caledonia Fields are Premier's only operated production fields that have been declared inactive.⁵

We are in the process of developing full Decommissioning Programmes for the Greater Balmoral Area, Caledonia and Huntington Fields, some of which were submitted for public consultation and regulatory approval during the course of 2019. Decommissioning work at our Hunter and Rita Fields commenced in April 2019 and is being undertaken by our joint venture partners. Cessation of Production dates for all of these production assets (except Caledonia, which was suspended in 2010, and Rita and Hunter, which ceased producing in 2018) remain under review.

Preliminary decommissioning works – including surveys of facilities topsides, subsea equipment and pipelines – have already commenced on several Premier operated assets to optimise our planning activities. For example, in 2019 we conducted several rig-based interventions in the Southern North Sea to finally abandon previously suspended legacy exploration wells that have no future utility.

⁵ We define 'inactive sites' as production fields that are no longer producing, but have not yet been decommissioned, as well as subsea infrastructure that is no longer economically viable for production (this includes: subsea wells, templates, manifolds and flow lines, and umbilicals that have been flushed of hydrocarbon and other chemicals disconnected from production assets, prior to decommissioning).

5. Human rights

All of our operated assets are located offshore, and we did not conduct any onshore exploration activities in 2019. Therefore, our human rights risk and impact profile is very different from that of onshore operators, for whom interaction with local communities is likely to be a key focus. Our attention and efforts are therefore primarily focused on our workforce and supply chain.

Human rights management

Policy and procedures

Our Human Rights Statement – which is based on international human rights norms – requires us to respect and promote human rights. It is aligned with and mutually supports our broader corporate responsibility and community investment frameworks. Furthermore, the Policy commits us to ensuring that we are in no way involved or associated with the issue of forced or involuntary labour (for more details, see the link to our Modern Slavery Statement below).

We implement the Policy through our Human Rights Management System, which sets out how to:

- Embed human rights
- Conduct risk assessments
- Develop action plans
- Carry out implementation and monitoring
- Audit and review compliance and performance

www.premier-oil.com (Modern Slavery Statement)

www.premier-oil.com (Company Policies)

www.un.org (Universal Declaration of Human Rights)

www.ilo.org (International Labour Standards)

www.ohchr.org (UN Guiding Principles on Business and Human Rights)

Both our Human Rights Statement and broader Human Rights Management System are aligned with the UN Guiding Principles on Business and Human Rights

Human rights risk screening

Our Human Rights Management System contains our Human Rights Risk

Screening Tool, which integrates third party country risk data. The tool is available for Group-wide reference and is used to screen our high-level human rights risks, in the context of:

- Our operated production operations, exploration projects and development projects
- Our non-operated joint venture assets
- Countries identified for possible exploration or joint venture activities

The tool helps us identify, score and prioritise current and future assets that are exposed to higher levels of human rights risk. Using this tool, we conduct annual reassessments of our operated assets and non-operated joint venture assets. Where required, we also conduct ad hoc human rights risk assessments for our operations and employees.

Human rights training

We offer, via our centralised BMS, a scenario-based training module focused on security and human rights. This module supports our application of the Voluntary Principles on Security and Human Rights (VPs) ('see 'Our own operations', below) in the offshore operating context.

Human rights grievance mechanism

Premier's human rights grievance procedure enables us to better identify, report and address actual or potential human rights impacts, whether they are directly or indirectly associated with our activities.

Under the procedure, users are able to raise complaints through the following means:

- Via a free, 24-hour, confidential and multilingual telephone hotline, run by third party service provider
- By writing to Premier via email or letter
- By lodging a complaint in person via our business unit managers

Complaints raised are addressed in line with a well-defined and predictable framework.

There were no reported violations of our Human Rights Statement in 2019, and no identified incidents of human rights abuse.

Our operations

Labour rights

Premier's Human Rights Statement aims to ensure that we are in no way involved or associated with the issues of forced, involuntary or child labour. None of our operations have been identified as being at material risk of such involvement or association, nor were any such incidents recorded in 2019.

The likelihood of forced, involuntary or child labour occurring within Premier is minimal due to the relatively limited size of our workforce, our highly-developed human resources procedures, and the fact that the majority of our employees hold specialised technical roles, administrative office-based roles or managerial roles.

We respect the right of all employees to:

- Join a legitimate trade union, and we comply with all local legislation regarding collective bargaining (see 'Organised labour' within '[Section 6: Employees](#)')
- Be free from discrimination within the workplace (see '[Section 6: Employees](#)')

We have not identified any of our operations as presenting risks to workers' rights to exercise freedom of association and collective bargaining. There were no alleged incidents of discrimination reported at our operations in 2019 (see '[Section 6: Employees](#)').

Community rights

The offshore nature of our operated activities means there is only a small likelihood that our activities will adversely affect the human rights of local community members. Should such incidents occur, they would likely relate to the ability of local fishing communities to exploit the waters in the immediate vicinity of our operated facilities.

These potential impacts are identified through the environmental and social impact assessments (ESIAs) we undertake for all exploration and development activities. Our ESIAs guide us in the implementation of appropriate safeguards through our Socio-economic Management Plans (SMPs), which also incorporate stakeholder engagement plans and grievance mechanisms.

Community-related impacts associated with our activities during 2019 are addressed under '[Section 7: Community relations](#)'.

Security and human rights

We are committed to the application of the VPs at all our operated assets.

Premier does not typically employ or contract security personnel, although landlords at our office locations do provide their own security personnel. Accordingly, we do not typically conduct human rights training for internal or external security personnel. Where we require additional security support outside of our office locations, our providers are required to apply human rights standards that are aligned with our Human Rights Statement.

In exceptional cases, we hire private security contractors to accompany employees travelling to high-risk exploration and / or business locations. The service providers we use:

- Are members of the International Code of Conduct for Private Security Service Providers' Association
- Apply the VPs
- Apply standards that commit them to respecting human rights in all their activities, as well as relevant supporting practices, such as training, risk assessment, monitoring, internal whistleblowing processes and grievance procedures

No security-related incidents with human rights implications were recorded in 2019.

Our business partners

In line with the UN Guiding Principles on Business and Human Rights, we seek to monitor the human rights performance of our business partners, including our non-operated joint venture partners and contractors.

We focus on their health, safety, environment and security (HSES) performance – and, with respect to new contractor companies, their human rights and labour rights performance.

Supply chain management

Our business units typically undertake their own contracting and procurement, with the corporate office providing strategic oversight and endorsement where relevant.

HSES focus

All prospective new contractors undergo an initial risk-based HSES assessment via pre-qualification, bidding or as part of a single or sole source contract negotiation process. Any prospective contractors that are assessed to be ‘high risk’ are subjected to a more detailed HSES screening or are removed from further consideration.

All major commitments include relevant HSES (as well as human rights, and prevention of forced / involuntary labour and human trafficking) obligations. To monitor compliance with these obligations, we:

- Embed HSES performance indicators within some of our contracts with major service providers
- Carry out reviews of our most significant contracts following their award, including reviewing the HSES performance of the contractor
- Maintain a Company presence at major construction and fabrication yards undertaking work for Premier to ensure their adherence to contractual HSES, human rights and labour rights obligations

To support these efforts, we have implemented a contract management framework across our business units – a key focus of which is the ongoing HSES performance of our contractors.

Focus area: New SCIMITAR supply chain management system

In 2019, Premier developed and launched a new data-driven contract management system called SCIMITAR (Supply Chain Management Interactive

Technology for Analytics & Reporting). The system has three key features that will support the delivery of more effective contract management across the organisation:

- 1. Networking:** SCIMITAR enables contract teams in different business units to more efficiently network with each other when contracting for similar scopes of work. This includes HSES contracting teams who can use the enhanced networking platform to identify the HSES criticality related to the scope of work and review the HSES requirements within the overall contracting process. Similarly, it helps legal contracting team members to establish whether a contract should be subject to relevant human rights due diligence reviews. The system also enables sponsors and budget holders to network with contract teams and track the status of the contracting process at each stage. In addition, SCIMITAR is linked to relevant contract performance information from other internal systems, including the HSES 'Synergy' data collection system and the corporate risk register 'ARROW' (Analysis and Reporting Risk Online Workbench).
- 2. Data storage:** SCIMITAR enables our business units to easily identify historic and current contractual documentation. This supports contract teams and other key internal stakeholders in their efforts to share lessons learned and to identify potential efficiencies to support the delivery of future contracts. In addition, the business units can access – and draw lessons from – 'Best in Class' Premier contracting deliverables for similar scopes and contracts across the organisation.
- 3. Data analysis:** SCIMITAR supports the analysis and extraction of contract-related information at any stage of the contracting process. This enables the organisation to analyse contract metadata against a series of criteria, including 'contractor type' (e.g. the number of contracts that are delivered by locally-owned versus foreign-owned companies, and their relative levels of spend); 'HSES criticality' (e.g. the number of high risk HSES contracts in place at a specific business unit or across the organisation more broadly); and 'due diligence requirements' (e.g. which contracts must undergo human rights screening, either prior to contract execution or at pre-defined periods within the contract term).

Collectively, these features will help drive the speed, efficiency and cost-effectiveness of the contract management process within Premier Oil. In addition, SCIMITAR will support our decision-making processes by promoting

greater visibility over the multiple contracts in place across our geographically diverse supply chains.

Broader human rights and labour rights risks

In addition to HSES screening and monitoring, all material new contracts are assessed for a range of human rights and labour rights risks as part of our Supply Chain Contractor Due Diligence Process. The application of this process, which utilises an online, third party assessment tool, is mandatory for all business units (see 'Section 6: Business Ethics').

No significant negative human rights or labour rights impacts were identified in our supply chain in 2019.

New licences, acquisitions and relationships

We take appropriate measures to identify potential human rights risks when making significant acquisitions, entering new countries or engaging in major new relationships with joint venture partners. This includes, where necessary:

- Ad hoc risk assessments that cover human rights issues, if relevant
- Third party due diligence focused on reviews of, for example, political exposure and financial probity, etc.

We also take a risk-based approach to the inclusion of relevant human rights provisions in related contracts. These take into account any precedents and human rights issues identified by our risk assessments and due diligence.



*Employees working in roles that are more exposed to corruption risks are given additional, targeted training.
Photo: Geoscience team meeting, Corporate Office, London*

Section 9: Business ethics

Premier is committed to conducting its activities to the highest ethical standards, and in compliance with all applicable laws and regulations. This is vital to maintaining the trust of our stakeholders, protecting our reputation and supporting our current and future success. We therefore uphold and, where feasible, strengthen ethical standards wherever we do business.

1. Global Code of Conduct

Premier requires all its employees and contractor personnel to behave ethically and with personal integrity, as established in our Business Ethics Standard. Our approach to business ethics is further set out in our Global Code of Conduct (the Code) which establishes specific standards for the Group (including in relation to anti-corruption and preventing the facilitation of tax evasion).

Premier has established a Company-wide leadership group to support compliance with the Code. This group is comprised of 'business ethics champions' from each business unit. It meets at least twice annually to discuss where performance can be further improved.

We have also implemented a Company-wide review process to assess internal compliance with the Code (see 'Monitoring', below). The Audit and Risk Committee monitors the effectiveness of the Code and its supporting policies.

www.premier-oil.com (Company Policies)

Scope of application

All employees, contractor personnel and those associated with Premier, such as consultants, are required to adhere to the Code. Our business partners, including joint venture partners, contractors and customers, must also apply the principles of the Code – or equivalent standards. We achieve this through the inclusion of business ethics provisions in our contracts. All business partners can access the Code via our website.

Depending on the nature of the relationship, we will:

- Require an undertaking by the counterparty to comply with the Code
- Require an undertaking by the counterparty to comply with their own code of ethics
- Include specific conditions and warranties relating to ethical standards in our contract with the counterparty

Beyond this, we also:

- Publicise the Code amongst all our business associates on an ad hoc basis (including via presentations, documentation and relevant contractual terms integrated into specific agreements and contracts)

- Require (under our standard contracts) all intermediaries and agents to adhere to appropriate standards of ethical conduct and, where appropriate, receive relevant training
- In the case of our joint venture agreements, include a right to request an annual certificate of compliance with the Code

In some cases, it may be difficult for business partners to comply with all our requirements immediately. This can be due to, for example, local-level social, political and cultural dynamics. In these circumstances, we look for evidence of measurable progress towards compliance and will withdraw from the relationship if no meaningful progress is evident over a reasonable period of time.

Communication and training

We aim to train all employees and contractor personnel on the Code within one month of their induction. In 2019, 100 per cent employees and contractor personnel received induction training on the Code (2018: 100 per cent).

All employees and contractor personnel (including all of our Executive Directors) are required to undertake additional training on the Code on an annual basis thereafter . This training is tailored to reflect local norms and is delivered through interactive workshops and online modules. In 2019, we continued to review and revise our training materials to help ensure that our training programmes remain up-to-date, engaging and effective. Where we consider it necessary, we also require personnel employed by contractor companies to undertake training on our Code.

All existing employees and contractor personnel were assigned such training in December 2019 (2018: 100 per cent). As of March 2020, 93 per cent of employees and contractor personnel assigned this training had completed it. We also provide employees working in roles identified as having higher levels of exposure to corruption risks to undertake additional, targeted training (these roles include business development, procurement and permitting).

Risk assessment and due diligence

Our legal team assesses all business units for risk of non-compliances with the Code, including those related to corruption. These assessments place particular focus on activities evidenced to present higher risk in some local contexts, including procurement, facilities management, logistics and the obtaining of

permits. The legal team also carries out screening on contractors, joint venture partners and customers to identify politically exposed persons, the application of sanctions and other relevant associated information.

We also apply our Business Ethics Risk Screening Tool to support our internally-focused anti-corruption management efforts. The tool assesses the exposure of Premier's operated and non-operated exploration, development and production operations to external business ethics risks – including corruption. The tool uses country risk data from a specialist third party provider, weighted to reflect the specific characteristics of our operations.

Across our business units, all new contracts which fall within the stated threshold are subject to our Supply Chain Contractor Due Diligence Process. The process was made operational across the Group in 2018. It involves an online business ethics questionnaire, tailored to Premier's specific needs, which identifies and assesses potential issues of concern. The assessment enables us to effectively manage the identified risks to closure, which may include appropriate mitigations, before contracts are executed.

During the year, approximately 97 per cent of our new material contracts were subject to the due diligence process. We will continue to implement this process for all material contracts throughout 2020.

Contracts that are categorised as 'high risk' under this process will be reassessed every two years, while those categorised as 'low risk' will be reassessed every three years. Any intermediaries, agents or other third parties that we use to support our interactions with government stakeholders, other oil and gas companies, or service providers are appointed in accordance with our Intermediaries Policy. This requires us to carry out appropriate screening for corruption and other business ethics risks.

Monitoring

Our legal team undertakes cyclical reviews of all our business units to ensure employees and contractor personnel are compliant with the Code. In 2019, our Falkland Islands and UK business units were subject to such reviews, as well as our offices in London and Brazil. These found that our employees (and contractor personnel where relevant) in these locations were complying with the Code.

Employees, contractor personnel and agency workers who believe that Premier, or anyone working for or on behalf of the Company, has violated the Code are

encouraged to report their concerns to their line managers. They can do so without fear of recrimination and on a confidential basis. All reports are thoroughly investigated and the results reported to the Board.

Allegations of malpractice can also be raised via Premier's well-publicised, confidential and independently managed reporting hotline, which is available 24 hours a day. In addition to business ethics, the hotline accepts concerns or questions related to health, safety, human rights and other matters.

In 2019, Premier:

- Was not subject to any significant fines or non-monetary sanctions for legal or regulatory breaches
- Was not subject to any legal actions relating to business ethics, corruption or anti-competitive behaviour
- Identified zero confirmed cases of non-compliance with the Code (see below for more information)

www.safecall.co.uk (Whistleblowing hotline)

Enforcement

Employees found to have breached the requirements of the Code, will be subject to a disciplinary procedure, and, in extreme cases, instant dismissal and referral to the relevant law enforcement authorities. Contractor personnel found to have breached the Code may have their contracts terminated.

In 2019, there were zero confirmed cases of non-compliance with the Code.

Any breach of the Code by our business partners will result in either:

- An agreed corrective action plan and measures to avoid a recurrence, or
- Potential termination where contractually permissible

In 2019, we did not terminate or fail to renew any external business relationships due to breaches of the Code.

¹ 'Contractor personnel' relates specifically to individuals employed directly by Premier or via an agency but on fixed-term contracts (often related to specific projects). These individuals typically work full-time for periods exceeding three months. The definition does not include individuals employed by our contractor companies. Both groups, however, are included in our health and safety statistics.

² Available in English, Bahasa Indonesia and Vietnamese.

³ Non-Executive Directors receive a formal briefing on the Code as part of their induction, as well as periodic updates.

⁴ The reporting hotlines is publicised through the induction process, the Employee Handbook and the Business Management System (BMS). Our whistleblowing hotline is operated by Safecall, a third party provider.

SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals ('SDGs') offer businesses and governments a comprehensive, internationally-agreed framework to pursue and support meaningful development.

In 2019, we reviewed our approach to the SDGs to identify – and focus our efforts on – those Goals where we can make the most meaningful contribution. This includes both maximising our positive impacts on the achievement of the SDGs, as well as minimising any of our negative impacts. The figure below sets out the three SDGs identified by this review, as well as our related material issues and key performance indicators ('KPIs').



Target 7.3

By 2030, double the global rate of improvement in energy efficiency

Related material issues

- Energy transition and climate change.
- Environmental management.

KPI & performance

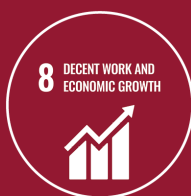
Energy efficiency

1.92

GJ per thousand tonnes of production

Focus areas

- Improving energy efficiency at our North Sea assets.



Target 8.8

Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Related material issues

- Occupational health and safety.
- Process safety and asset integrity.
- Emergency preparedness and response.
 - Human rights.
- Diversity and inclusion.

KPIs & performance

Non-compliance with Global Code of Conduct

0

Cases recorded

Lost time injury frequency

1.04

Injuries per million man hours

Focus areas

- Our new diversity and inclusion road map.
- Global CEO HSES awards.
- Global HSE day.



Target 13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Related material issues

- Energy transition and climate change.

KPI & performance

GHG intensity

149

tonnes CO₂e per thousand tonnes of production

Focus areas

- Our new Climate Change Policy and Strategy
- Integrating climate change into our governance and investment practices