Working together to safely deliver responsible energy

2020 Sustainability Report
This report is Premier Oil’s 15th annual Sustainability Report, covering our performance for the period 1 January 2020 to 31 December 2020. The report covers all our operated activities, including our exploration, development and production operations – and, where relevant, those of our non-operated joint venture partners and contractors.

This report has been approved by the Audit and Risk Committee of our Board. It has been prepared using the Global Reporting Initiative (‘GRI’) Standards and makes a GRI Core ‘in-accordance’ claim. The report covers our most material Sustainability issues, as identified in our annual Materiality Assessment Process.

These material Sustainability issues and their related GRI Topic-specific Standards can be found in the Appendix.
The highest standards of business ethics and integrity are fundamental to how we conduct our business. No form of bribery, corruption, misconduct or wrongdoing in the Group’s business dealings is tolerated. Compliance with all relevant laws in the jurisdictions in which we operate is essential in maintaining our core values, preserving our reputation and ensuring we continue to be a safe and sustainable business. As a publicly listed company, we maintain and actively promote the social provisions of the UK Corporate Governance Code throughout our operations, representing the interests of all of our stakeholders, including our workforce and the communities in which we operate.

In 2020, we launched our new Corporate Principles that set out our way of conducting business wherever we operate. These principles reflect the operational controls and best practices we strive to implement across our technical, operational and commercial activities. These principles are operationalised across the Group through our Business Management System, which was fully updated in 2020 following a two-year programme of rationalising and improving over 3,000 documents – including policies, standards, procedures and resources.

These principles have helped us to address the many impacts of the COVID-19 pandemic and are helping us to mitigate our impacts on climate change. We recognise that disclosure alone is not enough. Securing our long-term success requires us to take concrete steps to minimise the footprint of our operations. This report sets out the key steps we are taking to achieve these aims now and in the future.

Delivering the best possible environmental, social and governance (‘ESG’) performance is a matter of professional pride in our organisation.
**Opening message continued**

**Planet**

We carefully consider our environmental footprint in all our decision-making processes and we implement practices and technologies that help mitigate environmental impact throughout the life of our assets. This includes the way we manage our impact on climate change and the role we want to play in upholding the objectives of the Paris Agreement.

In 2020, we announced our ‘Net Zero’ climate change commitment, covering our Scope 1 and Scope 2 greenhouse gas (GHG) emissions. To realise this commitment, we launched our Environmental Improvement Hopper, which has a particular focus on implementing our “Low Carbon by Design” philosophy. Tolmount, for example, is our first asset to be developed in accordance with this approach, and we have taken advantage of the best available technologies and challenged normal practice to deliver one of the lowest emitting offshore platforms in the UK. We have designed it to be operated from onshore and so it is normally unmanned, reducing the pollution that comes with boat and helicopter trips. Our ‘Net Zero’ approach will live on in Harbour Energy, the new company created by Premier’s merger with Chrysaor, where continuous progress towards achieving our Net Zero commitment will be realised by 2035.

In 2020, we also launched our ‘Women@Premier’ Network, a well-received initiative aimed at supporting our ongoing efforts to create a more diverse and inclusive environment for our staff.

**Prosperity**

We are committed to having a positive impact on our host societies and to generating shared value from the hydrocarbon reserves that we develop. Much of the value we create goes to the Governments in the countries in which we operate and that revenue directly supports the long-term socio-economic development of their citizens. We are proud to support the communities where we work and to contribute to charitable causes and other social initiatives. In every country in which we operate, we are committed to local employment and to supporting local supply chains.

In 2020, over 65 per cent of our spending was on locally-owned and operated contractor companies. We also generated US$949.4 million in economic value that was distributed across our stakeholders – from our shareholders and employees to our host governments and local communities.

**Configuring our business for the future**

As we metamorphose into Harbour Energy, we will continue to progress our ESG journey and to explore ways to increase our contribution to the achievement of the United Nations Sustainable Development Goals (SDGs), a set of goals that provide an internationally recognised roadmap for inclusive development.

Our sustainability management efforts continue to be guided by the ten principles of the United Nations Global Compact (UNGC), to which we remain committed. This 2020 Sustainability Report represents our UNGC ‘Communication on Progress’.

**Committed to becoming a Net Zero company**

We are passionate about playing our role in meeting the goals of the Paris Agreement. We are working towards all our operations being carbon neutral by 2035.

1  Our Net Zero commitment covers our Scope 1 and Scope 2 GHG emissions.
2  Achieving Net Zero by 2035 will be realised by Harbour Energy, the new company created by Premier’s merger with Chrysaor.

Read more
Our purpose and strategy

**Our purpose** is to play our role in meeting the world’s energy needs through the safe, reliable and sustainable development of hydrocarbons whilst meeting the needs of society for effective governance and delivering value for our shareholders.

**Our strategy** comprises four pillars, all of which contribute towards delivering our purpose and set us apart as a world-class independent.

1. To operate in a safe and responsible manner
2. To focus on high quality assets with commercially advantaged positions
3. To secure access to capital and financial liquidity
4. To maintain an effective organisation sustained by the right people
Living our values

Our values underpin our behaviours and activities, complement and support our strategy and culture, and are also reflected in our policies and procedures.

As we look to our future as Harbour Energy, following Premier Oil’s merger with Chrysaor, our shared values will pave the way forward for our continued success.

Integrity
We believe in doing the right thing in a professional, caring, respectful and honest way that promotes and delivers a transparent organisation that stakeholders can trust. We expect our people to be trustworthy, good to their word and reliable in their dealings with each other and our stakeholders, as well as thoughtful, respectful of the opinions of others, and the customs, cultural diversity and regulatory requirements of the locations in which we do business. We believe that the high levels of peer and family accountability we hold ourselves to will stand up to any scrutiny.

Responsibility
Responsibility for safety and the environment rests with us all...not someone else.
Safety is fundamental to everything we do. It is not a manual or checklist but is inherent in every thought and decision. Everyone should be able to go to bed securely after a safe day's work. We are responsible for ourselves and each other.

We do not own the planet or the environment we live and work in. It is ours to protect and safeguard for future generations. We play our part in providing energy for the world and we are responsible for how we do that and so must be expected to be held to account for our operations.

Innovation
We encourage a creative approach in our business. We firmly believe in the importance of facts over opinions and that the best solution is not always the most obvious. We will not compromise our technical or engineering integrity and we firmly believe that a “can do” tenacious attitude will help us be more successful. We encourage our people to be optimistic and proactive and to work hard to achieve their goals. We believe that having the courage to work on our own initiative and to stand up for what we know is right, is fundamental to achieving success for the Group.

Collaboration
We care passionately about our people, our assets and our responsibilities to our stakeholders. We expect to be trusted, empowered and supported whilst being held to account. Taking the lead to achieve our goals is important but we recognise that success is only possible when people work together in a focused, collegiate and co-operative environment, which carefully recognises and manages risk to achieve the optimal result for the business and ourselves.

Our core values

3. The values described above correspond to Premier Oil’s future values as Harbour Energy.
At a glance

Premier is an international oil and gas exploration and production company. Our strategy is to grow shareholder value by investing in high quality production and development opportunities, while maintaining exposure to upside value from successful exploration, within a strict capital discipline framework.

Where we operate

Premier employs 776 people globally, and is organised into four business units – UK, Indonesia, Vietnam and the Falkland Islands – with support provided from the corporate headquarters in London. We have six offices worldwide. Premier is active both offshore and onshore, but all of the Company’s interests are located offshore.

- **UK**
  - Employees: 776
  - Production: 40.6 kboepd (working interest)
  - Revenue generated: US$729.3m

- **Indonesia**
  - Employees: 418
  - Production: 12.2 kboepd (working interest)
  - Revenue generated: US$116.4m

- **Vietnam**
  - Employees: 86
  - Production: 8.6 kboepd (working interest)
  - Revenue generated: US$103.7m

- **Falkland Islands**
  - Employees: 4
  - Production: N/A
  - Revenue generated: N/A

- **Brazil**
  - Employees: 4
  - Production: N/A
  - Revenue generated: N/A
Key performance highlights

**Sustainability**
- **153** tonnes CO₂e per thousand tonnes of production (GHG intensity)
  - 2019: 141 tonnes CO₂e GHG intensity

- **0.68** Total recordable injuries per million man hours worked ("TRIR") 35% reduction on 2019 performance
  - 2019: 1.04 TRIR

- **US$949.4m** Economic value generated
  - 2019: US$1,603m

**Operational**
- **61.4kboepd** Group production
  - 2019: 78.4kboepd

- **Tolmount** Development on schedule for first gas production in mid-2021

**Financial**
- **US$634.1m** Cash flow from operations
  - 2019: US$1,080m

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4. 2019 data has been revised in 2020 (from 149 to 141 tonnes CO₂e). See Planet section for more information.
Governance

Ensuring the right decisions are made for the right reasons

- Overview
- Our approach
- Business ethics
- Risk management
- Stakeholder engagement
- Material Sustainability issues
- Commitment to the UN SDGs
Why it matters

Operating in a sustainable and responsible manner – through the application of appropriate governance structures and management practices – is more than simply the right thing to do. It supports the maintenance of our social and legal licence to operate – now, and over the long term. This ultimately strengthens our ability to live up to our purpose and values – and to deliver on our strategy.

Our approach

The Board establishes the Company’s purpose, values and strategy and is ultimately responsible for Premier’s Sustainability performance. Accordingly, it approves our Sustainability Policy and endorses the management of significant Sustainability-related risks and opportunities. This process, as well as the overall policies, standards and procedures which constitute our internal controls, is governed by our Business Management System (‘BMS’). Our BMS is also integral to our way of conducting business wherever we operate.

Performance in 2020

Launched our enhanced Business Management System

Reducing the volume of documents, improving their quality and creating clearer processes across our business units.

Launch our new Corporate Principles

Reflecting the best practices we strive to implement across our technical, operational and commercial activities.

Created new corporate positions to support the delivery of our objectives

Appointing a new Chief Operating Officer and Chief Commercial and Technical Officer to oversee the delivery of our corporate objectives.

Premier is committed to operating sustainably and responsibly. We aim to maximise the positive impacts we have upon our stakeholders and to minimise or avoid our negative impacts. This commitment is underpinned by our governance structures and management practices.
Our approach

The Board is ultimately responsible for our Sustainability performance. It approves our Sustainability Policy and endorses the management of significant Sustainability-related risks and opportunities.

Sustainability management
In 2020, the principal topics arising from our activities that have economic, social and environmental impacts on stakeholders, and the principal 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 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.
Other corporate functions, such as supply chain, were also involved in Sustainability management. For example, our decision to enter into or maintain relationships with businesses in our upstream supply chain is informed by their business ethics, environmental, safety and human rights performance – in addition to commercial and operational factors.
In 2020, we appointed a new Chief Operating Officer, to support our corporate functions, and a new Chief Commercial Officer and Technical Officer, to support our business unit functions.

Business Management System
Our BMS hosts the policies, standards and procedures that are owned by each of Premier’s corporate functions. It also contains local-level management system content (e.g., operating procedures) owned by each business unit. This supports compliance with local laws and regulations, as well as the tailoring of management activity to local contexts.

The Audit and Risk Committee audits and reviews corporate and business units’ compliance with the BMS on an annual basis.
In 2020, we launched our updated BMS as well as the new Corporate Principles that set out our way of conducting business wherever we operate. These principles reflect the operational controls and best practices we strive to implement across our technical, operational and commercial activities. The principles are also operationalised across the business through the application of our BMS.
In support of this, during the year we introduced a new Organisational Governance Framework to the BMS, setting out the roles of corporate and business unit functions in the implementation of each of the seven Corporate Principles. We also hosted a series of workshops across our business units to engage our employees on how to implement these principles within our diverse local operating contexts.

For more information about our governance approach, including in relation to Sustainability, please visit pages 66 to 73 of our 2020 Annual Report:

Launched our enhanced Business Management System
In 2020, we launched our updated BMS, following two years of implementing a range of streamlining processes across over 3,000 documents – including policies, standards, procedures and resources. This process aimed to reduce the volume of documents, improve their quality and enhance ownership and accountability for their implementation.

Find out more
Our approach continued

Focus area: Group-wide Strategy and Culture Workshops

In 2020, we ran 14 Strategy Workshops and Culture Workshops across our business units, with the aim of engaging our employees on how our Corporate Principles can most effectively be implemented across our diverse local operating contexts. The workshops were facilitated by local business unit representatives who were selected and trained by members from our corporate office.

The Strategy Workshops, which involved the leadership teams in each business unit, collected feedback on our Corporate Strategy and Purpose, and explored the Corporate Strategy from a local business unit context. Five strategic priorities were then identified for each business unit to help support the delivery of the overall Corporate Strategy. Each business unit also developed a strategy tag line to describe the business unit's mission and its alignment with Premier's overall purpose.

The Culture Workshops, which involved representatives from across grades and functions within each business unit, aimed to explore how our Corporate Values and Behaviours could be realised at the local level and how they contributed to business success. The workshops also sought feedback on how the existing Values and Behaviours are described and defined, as well as which Values and/or Behaviours were important to local business units, but did not feature in the Corporate Values and Behaviours proposition.

The feedback documented throughout these workshops will be used to inform the strategies, values and culture of the combined organisation, Harbour Energy plc.

14 Strategy Workshops and Culture Workshops were held across our business units.

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Our Corporate Principles

1. Execution of activities
   Executing our work programmes across the Company in a safe, efficient and high-quality manner.

2. Supporting others
   Providing efficient and expert support across the Company through positive relationships and regular engagement, plus also when more formally requested.

3. Resources and competency
   Ensuring the Company structure, people, methodologies and tools are fit for purpose.

4. People management and development
   Facilitating the positive performance, and the longer-term career and competency development of staff.

5. Controls
   Maintaining a robust and fit-for-purpose Business Management System.

6. Assurance
   Assuring the effectiveness and quality of the Company’s controls and the work delivered against them.

7. Running the Company
   Setting relevant and focused performance measures and targets, conducting appropriate planning work in all areas, and the regular reporting of performance and other matters to stakeholders.
We are committed to conducting our activities to the highest ethical standards, and in compliance with all applicable laws and regulations. We believe this is critical in maintaining the trust of our stakeholders and our approach supports our current and future success.

Approach

We require all our employees and all our contractor personnel to behave ethically and with personal integrity, as set out in our Business Ethics Standard. Our approach to Business Ethics is also established in our Global Code of Conduct (the Code). This establishes specific standards for the Group, including specific instructions relating to anti-corruption and preventing the facilitation of tax evasion.

We have established a Company-wide leadership group to support compliance with the Code. In addition, we undertake a Company-wide review process to assess internal compliance with the Code. In addition, our Board Audit and Risk Committee monitors the effectiveness of our Code and its supporting policies.

Performance

In 2020, we:

- Gave 100 per cent of employees and contractor personnel induction training on the Code (2019: 100 per cent).
- Identified zero cases of non-compliance with the Code.
- Did not terminate or fail to renew any external business relationships due to breaches of the Code.

In 2020, we were not subject to any significant fines or non-monetary sanctions for legal or regulatory breaches. We were also not subject to any legal actions relating to business ethics, corruption or anti-competitive behaviour.

100% employees and contractor personnel received induction training on the Code

Communication and training

We aim to train all employees and contractor personnel on the Code within one month of their induction. All employees and contractor personnel, including our Executive Directors, are required to undertake additional training on the Code on an annual basis thereafter.

We require employees working in roles identified as having higher levels of exposure to corruption risks to undertake additional, targeted training. Typically, these roles include business development, procurement and permitting.

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Risk assessment and due diligence

Our legal team assesses all business units for risk of non-compliances with the Code. This team also carries out screening of contractors, joint venture partners and customers to identify politically exposed persons, the application of sanctions and other relevant information.

We 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.

Monitoring and enforcement

Our legal team undertakes regular reviews of all our business units to ensure that employees and contractor personnel are compliant with the Code. Employees, contractor personnel and agency workers who believe that our Company, or anyone working for or on behalf of the Company, has violated the Code are encouraged to report their concerns. All reports are thoroughly investigated and the results reported to the Board. 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.

1 Non-Executive Directors receive a formal briefing on the Code as part of their induction, as well as periodic updates.
Premier’s Risk Management Policy and Risk Management Standard apply the principles and guidelines set out in the ISO 31000 standard for risk management. Our 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.

Our Policy and Standard also support Premier’s efforts to achieve the highest standards of corporate governance.

**Approach**

We record and report 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.

ARROW enables us to:

- 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.

As a global business, we systematically identify, prioritise and engage with our stakeholders on an ongoing basis. This helps us to:

- 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 key business risks is integrated into our risk management activities and recorded in ARROW, where appropriate.

For more information on how we engaged with our key stakeholder groups in 2020 – including our employees, investors, business partners, governments and regulators, and local communities:

[Appendix]
Material Sustainability issues

Material Sustainability issues

Material Sustainability issues

Materiality assessment
This report focuses on our most significant sustainability issues. For the seventh 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 process was conducted with support from third-party experts and with input from external stakeholders, as shown below.

Materiality Assessment Process

Research

Internal review

Initial adjustment

Integration of stakeholder input

Finalisation of the materiality assessment

- Desk-based review of events, activities and relations in 2020 likely to affect the 2019 prioritisation of Premier’s material issues. These include:
  - Premier’s activities.
  - Operating contexts.
  - Stakeholders.
  - External events and industry trends.

- Engagement with Premier functional managers to identify further adjustments to the 2019 prioritisation of Premier’s material issues.

- Re-prioritisation of material issues in light of steps 1 and 2.

- Further adjustment of material issues in light of:
  - External feedback from our stakeholder engagement sessions.

- Update of materiality matrix and its communication to stakeholders.
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.

The principal changes in material and non-material issues resulting from our 2020 assessment include the following:

Health, safety and security
- Increased impact of ‘Process safety and asset integrity’ – reflecting the operational impact of a Tier 2 Loss of Primary Containment (LOPC) gas release at Catcher, as well as challenges around continuing to maintain adequate offshore staffing levels in the context of COVID-19.
- Increased impact of ‘Emergency preparedness and crisis management’ – reflecting the implementation of new emergency procedures to respond to COVID-19, including the evacuation of offshore personnel and the facilitation of medical treatment for staff at three offshore platforms in Indonesia.
- Increased impact of ‘Occupational health, safety & security’ – reflecting the impact of COVID-19 on workforce health and wellbeing, and the rollout of new preventative health controls and employee wellbeing initiatives in response.

Society
- Increased impact of ‘Value generation and distribution’ – reflecting the impact of challenging external dynamics, including the oil price downturn and COVID-19, as well as the positive impact of our forthcoming merger with Chrysaor.
- Increased impact of ‘Responsible supply chain management’ – reflecting the current and potential future impact of COVID-19 on supply chain resilience, including in relation to the commercial viability and operational effectiveness of our contractor companies.
- Increased impact of ‘Decommissioning’ – reflecting the ramp up of planned decommissioning activities at our operated Balmoral and Huntington assets and our non-operated Kyle asset.
- Increased impact of ‘Cyber security’, which is now a material issue – reflecting the ongoing enhancement of our policies, procedures and systems in the context of new potential cyber security risks presented by increased numbers of personnel working remotely.
- Inclusion of ‘Tax’ as a new material topic – reflecting increasing stakeholder focus on this issue, as well as our ongoing commitment to align with emerging best practice reporting standards.

Employees
- Increased impact of ‘Employee engagement’ – reflecting our increased focus on employee engagement in the context of COVID-19.

In addition, the historic issues of ‘Product responsibility’, ‘Child/forced labour’ and ‘Market behaviour’ were removed from our revised materiality matrix. This follows internal re-evaluation of the relevance of these issues in light of the specific nature of Premier Oil’s business model and operational profile. For example, 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.

Additional details regarding the implications of these findings for our disclosures under the GRI Standards:

Appendix

Material issues
The outcomes of our Materiality Assessment Process are displayed in the materiality matrix below.
Focus area: External stakeholder engagement sessions

During November and December 2020, Premier engaged with external stakeholders to hear their views on the Company’s updated materiality matrix. This included representatives from the following organisations:

- Oil and Gas Authority.
- UN Global Compact Network UK.
- Columbia Threadneedle.
- Aberforth Partners.

Stakeholder feedback informed the following changes to the materiality matrix:

- Increased impact of ‘Cyber security’ – reflecting calls from stakeholders for companies to develop effective cyber security strategies and management programmes in the context of continued instances of cyber attack.
- Increased impact of ‘Responsible supply chain management’ – reflecting calls from stakeholders for companies to effectively manage ethical risks in their supply chains, particularly in the context of COVID-19 and increasing regulatory pressure to address modern slavery and other human rights risks.

External stakeholders also highlighted ‘Governance and ethics’ as an area of increasing focus for regulators, civil society and investors – particularly in respect of combatting bribery and corruption and tax evasion. The issue of ‘Governance and ethics’ continues to rank amongst Premier’s most material issues.

We continued to strengthen our governance controls and processes (see Business ethics).

Finally, stakeholders were also asked to identify any current or emerging Sustainability issues that could impact Premier, its stakeholders or the wider oil and gas industry. Responses included the need for the oil and gas industry to:

- Collaborate with peer companies to develop sustainable solutions to respond to increasing local content requirements in several oil and gas jurisdictions.
- Support national and international development priorities, including through closer alignment to the UN Sustainable Development Goals.
- Assess potential impacts to supply chains and labour flows expected as a result of the UK’s exit from the European Union.
Commitment to the UN SDGs

The United Nations Sustainable Development Goals (‘SDGs’) offer businesses and governments a comprehensive, internationally agreed framework to pursue and support meaningful development.

How we contribute to our primary SDGs
We have identified Goals 7, 8 and 13 as those where we can make the most meaningful contribution – both in terms of maximising our positive impacts on the achievement of the SDGs, as well as actively managing and/or minimising our negative impacts (see below).

<table>
<thead>
<tr>
<th>Target</th>
<th>How we contribute to our primary SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>By 2030, double the global rate of improvement in energy efficiency.</td>
</tr>
<tr>
<td>8</td>
<td>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.</td>
</tr>
<tr>
<td>13.1</td>
<td>Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</td>
</tr>
</tbody>
</table>

Related material issues
- Energy transition and climate change.
- Occupational health, safety and security.
- Process safety and asset integrity.
- Emergency preparedness and crisis management.
- Human rights.
- Diversity and inclusion.

How we support our secondary SDGs
We contribute to a series of secondary SDGs through the policies and operating practices we adopt, particularly in relation to safety, environment, human rights, community relations and investments, diversity and inclusion, business ethics and wider governance practices. These secondary SDGs include:

- Working to keep our employees and contractors safe and well, with a goal of zero harm to people.
- Actively monitoring diversity and working to develop women’s careers and improve our gender balance.
- Implementing state of the art technology at Tolmount to minimise energy use and greenhouse gas emissions.
- Applying global standards to manage our environmental performance and having plans in place to respond to hydrocarbon and non-hydrocarbon spills.
- Applying global standards to manage our environmental performance and conducting environmental impact assessments, including biodiversity considerations, when we plan our projects.
- Complying with the Voluntary Principles, a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights.

Focus areas
- Launching the Environmental Improvement Hopper
- Global CEO HSES Awards
- ‘Women@Premier’ Network
- Integrating climate change criteria into our investment practices
- Effluents, spills and waste
- Energy transition and climate change

7 2019 data has been revised in 2020 (from 149 to 141 tonnes CO2e). See Planet section for more information.
We are committed to becoming a Net Zero company
Why it matters
All of our significant operations are conducted offshore. We drill for and extract both oil and gas from sub-surface reservoirs, usually in cooperation with other companies, for transport to markets (by pipeline and/or third-party shipping partners). 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 consequences for our business.

Our approach
We are committed to operating in a manner that reduces our environmental impacts to a level that is ‘as low as reasonably practicable’ (ALARP). To do so we conduct detailed environmental and social impact assessments, as set out in our HSES Management System, through which potential impacts are identified and mitigated throughout the lifecycle of our projects. In addition, we monitor and record key environmental metrics to help us to evaluate our performance and identify improvements in our environmental management activities.

Performance in 2020

153
GHG intensity
to 85 tonnes CO2e (carbon dioxide equivalent) per thousand tonnes of production (2019: 141)

Launching our Net Zero Commitment
We published our new Climate Change Policy and Climate Change Strategy, outlining the processes by which we will achieve our Net Zero commitment.

Integrating climate change criteria into our investment practices
We upgraded our Corporate Investment Guidelines to ensure climate change criteria were embedded in our decision-making processes.

Overview

We carefully consider our environmental footprint in our decision-making processes and we implement practices and technologies that help mitigate environmental impact throughout the life of our assets.

This includes the way we manage our impact on climate change and the role we want to play in upholding the objectives of the Paris Agreement. We are committed to becoming a ‘Net Zero’ company, as set out in our new Climate Change Policy, and to engaging with all our stakeholders on responsible industry solutions that enable the energy transition.

The UN SDGs we contribute to through our management practices and performance:

Primary SDGs

15 Life on land
13 Climate action
7 Affordable and clean energy

Secondary SDGs

9 Industry, innovation and infrastructure
12 Responsible consumption and production
14 Life below water

For more information on how we contribute to the SDGs: 
Click here

For more information on our environmental management approach, please visit: 
Appendix

8 2019 data has been revised in 2020 (from 149 to 141 tonnes CO2e). See page 25 for more information.

For more information on our environmental management approach, please visit: Appendix
In 2020, we published our new Climate Change Policy, which commits us to ensuring all our operated projects will be developed on a carbon neutral basis in respect of Scope 1 and Scope 2 GHG emissions.

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’ and ‘Carbon Neutral by Commitment’. Under 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 investment in optimised design and operating practices as well as, where necessary, via investments in emission offsetting projects (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 possible.
  - The reduction of fugitive gas emissions through, for example, Leak Detection and Repair (‘LDAR’) programmes.
  - The installation of best available technology (‘BAT’) to minimise our GHG intensity.
- The application of carbon-pricing and scenario analysis into decision-making throughout the lifecycles of all new and existing projects.
- The implementation of environmental ALARP studies during the design phase of all new projects.
- The setting of specific, measurable, attainable, relevant and time-bound (‘SMART’) annual GHG intensity targets to drive operational efficiency at our operated production assets.
- Collaboration 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.

We support the Paris Agreement and consider it an important step towards global engagement and cooperation to address climate change.

Under these workstreams, we will:

- The application of carbon-pricing and scenario analysis into decision-making throughout the lifecycles of all new and existing projects.
- The implementation of environmental ALARP studies during the design phase of all new projects.
- The setting of specific, measurable, attainable, relevant and time-bound (‘SMART’) annual GHG intensity targets to drive operational efficiency at our operated production assets.
- Collaboration 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.

We expect to see renewable energy sources providing an increasing share of the global energy mix in future, with oil and gas continuing to play a vital 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. This section sets out the steps we are taking to proactively address our climate change risks whilst helping to meet global energy demand.

Our Net Zero commitment

This commitment will be delivered through two workstreams:
- **Reducing emissions by investments into Best Available Technology (‘BAT’) during the design phases of brown-field modifications, green-field projects and throughout our operations.**
- **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.**

9 Our ability to reduce our GHG emissions is often constrained by the original design of our assets. An additional challenge stems from the fact that 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.
Focus area: Launching the Environmental Improvement Hopper

In 2020, we launched our new Environmental Improvement Hopper as a key mechanism to achieve the Company’s Net Zero commitment by 2030; it has a particular focus on delivering the ‘Low Carbon by Design’ workstream.

400+ opportunity proposals from employees and contractors

The Environmental Improvement Hopper is a tool by which environmental improvement opportunities across the Group are submitted, screened, and ranked for feasibility. The primary focus of the Hopper is to generate opportunities that can deliver Scope 1 and Scope 2 GHG emission reductions on our existing assets.

Since its launch in March 2020, the Hopper has collected over 400 opportunity proposals from employees, which collectively have the potential to deliver a gross GHG emission saving of up to 2.1 million tCO2e across the life of field (‘LoF’) of our assets.

Of these, 135 opportunities (which deliver a gross GHG emission saving of 806,000 tCO2e across the LoF) have been selected for implementation between 2020 and 2025. The remaining opportunities will be re-evaluated for feasibility every quarter.

Examples of the opportunities selected for implementation include:

- Catcher (UK Business Unit): Commissioning of gas boilers to replace diesel generators (GHG savings across the LoF: 17,000 tCO2e).
- Solan (UK Business Unit): Commissioning of marine gas boilers (GHG savings across the LoF: 17,000 tCO2e).

Linking climate change to executive remuneration

In 2020, the Board approved a decision to include a GHG intensity target in the Executive Directors’ Annual Bonus framework, in accordance with the Company’s Remuneration Policy.

Governance and strategy

Responsibility for climate change matters rests with our 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 Climate Change Committee (established in 2019), an advisory sub-committee that reports to ExCo on a monthly basis 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 Board is further supported on climate-related issues by the Executive Committee (ExCo), Audit and Risk Committee, HSES Committee, and the Group Head of Health, Safety, Environment and Security (HSES).

Risk management

We face a broad range of climate-related risks. These risks include 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 ISO 31000: 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’.

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 and will adapt our strategy if the need arises.

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Focus area: Integrating climate change criteria into our investment practices

In 2020, we upgraded our Corporate Investment Guidelines to ensure climate change criteria were embedded in our decision-making processes. This included:

- Issuing a supplementary Investment Paper Standard, which outlines the criteria that need to be addressed to ensure proposed investment projects meet our Net Zero climate change commitment. These criteria include:
  - A summary of current or proposed GHG legislation (including fiscal regulations) in place at the project’s location.
  - The project’s GHG emission profile (including GHG intensity data) and the associated GHG emission costs.
  - The process for managing the project’s GHG emissions (i.e., whether by Premier alone or the joint venture).
  - The cost for offsetting the project’s GHG emissions (e.g., through a recognised certificate trading system or, where applicable, through a voluntary non-statutory initiative).
- Updating the carbon prices used in capital and operating cost budgets for our proposed projects in the UK (operated and non-operated assets) and overseas, to align with the latest market forecasts.

The revised Corporate Investment Guidelines and supplementary Investment Paper Standard were launched in October 2020. We will review and revise them on a biannual basis, as a minimum, to ensure they continue to reflect climate change reporting requirements and up to date carbon prices.

Climate change reporting

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

Premier also publishes its Environmental Statement on an annual basis. This provides information on the environmental performance of operations on the UK Continental Shelf (UKCS). Our 2020 report, which will be submitted to BEIS in 2021, 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. In 2020, we achieved the ‘green rating’ for our 2019 Environmental Report, which corresponds to the second highest rating and is an improvement on our performance in prior years.

As a member of the International Association of Oil & Gas Producers (‘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 IOGP’s annual Environmental Performance Indicators report, which we use as a key benchmark of our environmental performance against our upstream industry peers.

10 Between 2011 to 2018, we achieved the ‘blue’ rating, which corresponds to compliance with local regulations.

External engagement on climate change

In the UK, we are 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 OGUK’s position on climate change, as outlined in their Roadmap 2035, and played a leading role in developing BRINDEX’s climate change position. Both positions are aligned with the Paris Agreement goals and the UK’s 2050 Net Zero target.

Long-standing participation in CDP

We are a long-standing participant of CDP. In 2020, our climate change submission achieved a grade of ‘B’ (2019: B).
Aligning with the TCFD recommendations

The latest scientific research is clear: To avoid the worst climate impacts, the world needs to reach Net Zero emissions by 2050. The effort to deliver this energy transition is both a challenge and an opportunity for the oil and gas industry. At Premier, we are committed to ensuring all our projects will be delivered on a carbon neutral basis in respect of Scope 1 and Scope 2 GHG emissions. Our merger with Chrysaor to create Harbour Energy plc will strengthen our ability to deliver on our Net Zero commitment by 2035.

Throughout this journey, we will continue to align our climate change management and disclosure practices with the recommendations of the Task Force on Climate-related Financial Disclosures (‘TCFD’).  

Activities undertaken in 2020 across the four pillars of the TCFD recommendations

Governance

- Linked GHG performance to executive remuneration (effective from 2020).
- Established a new Board HSES Committee and related ESG advisory workstreams to strengthen climate change oversight and dialogue across our Board, executive management, business leaders and workforce.

Metrics and Targets

- Established GHG emission reduction initiatives and associated costing options for assets across our portfolio (see Launching the Environmental Improvement Hopper).

Strategy

- Launched our new Environmental Improvement Hopper as a mechanism to achieve our Net Zero commitment – with a particular focus on delivering the ‘Low Carbon by Design’ workstream.
- Updated our Corporate Investment Guidelines to embed climate change in our decision-making processes.

Risk Management

- Strengthened our climate change risk assessment and management processes for new and existing facilities, to include a review by type of risk (e.g. sea level, storms, temperature, permafrost) and take into account the lifespan of the projects and their capacity to adapt.

Future GHG management approach under Harbour Energy

- Tracking and target-setting for emissions and emissions intensity (independently verified).
- Inclusion of emissions-related metrics in our remuneration programmes.
- Incentives in our main debt facility tied to progress in reducing emissions.
- Investment in CO2 capture and storage projects.

11 Special Report: Global Warming of 1.5 ºC, Intergovernmental Panel on Climate Change (IPCC), 2018.

In 2020, our operations used 10.8 million GJ of energy (2019: 12.6 million GJ). Our energy use was comprised of:

- A total of 8.8 million GJ in the form of fuel gas (2019: 10 million GJ).
- A total of 2 million GJ in the form of diesel (2019: 2.6 million GJ).

The 10.8 million GJ in total energy consumed in 2020 is divided across our operations as follows:

- 3.94 million GJ (equivalent to 1,095.5 GWh\(^{13}\)) by our UK Business Unit (36.6%).
- 4.21 million GJ (equivalent to 1,168.2 GWh) by our Indonesia Business Unit (39.1%).
- 2.62 million GJ (equivalent to 727.4 GWh) by our Vietnam Business Unit (24.3%).

Despite the slight fall in energy consumption in 2020 compared to 2019, our overall energy intensity in 2020 increased to 2.01 GJ per tonne of production (2019: 1.92 GJ per tonne of production).

Energy intensity increased in 2020 compared to 2019 as a result of reduced production arising from a combination of plant outages and cessation of production at our decommissioned assets.

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**Tolmount – Low Carbon by Design**

Tolmount is our first asset to be developed in accordance with our ‘Low Carbon by Design’ approach.

We have taken advantage of the best available technologies and challenged normal practice to deliver one of the lowest emitting offshore platforms in the UK. As an ultra-low emissions gas platform powered by miniature gas turbines, Tolmount is able to deliver gas to shore with a small carbon footprint. We have designed it to be operated from onshore and so it is normally unmanned, reducing the pollution that comes with boat and helicopter trips to and from the platform.

**Tolmount gas field**

- Operated interest: 50%
- Gross resource: ~500Bcf
- Carbon intensity: <1kgCO\(_2\)/e/kboepd

---

\(^{13}\) The following conversion factors were used to convert gigajoules (GJ) to gigawatt hour (GWh):

1 GJ is equivalent to 277.78 kWh and 1 million kWh is equivalent to 1 GWh.
Direct emissions
The primary sources of our GHG emissions across our operations are the combustion of fuels and, in some remote offshore locations, the flaring and venting of natural gas (methane) that is extracted with the crude oil.

In 2020, total Scope 1 (i.e. direct) greenhouse gas emissions from our operated facilities and drilling operations amounted to 820 thousand tonnes CO₂e (2019: 931 thousand tonnes CO₂e). This decrease is predominately due to reduced production and drilling activity during the year, as well as:
- Cessation of Production ('CoP') at the Huntington facility in early April.
- Cessation of Production ('CoP') at the Balmoral asset in late October.
- Prolonged shutdowns at the Catcher asset.

The 820 thousand tonnes CO₂e in total Scope 1 GHG emissions in 2020 are divided across our operations as follows:
- 331 thousand tonnes CO₂e by our UK Business Unit (40%).
- 293 thousand tonnes CO₂e by our Indonesia Business Unit (36%).
- 196 thousand tonnes CO₂e by our Vietnam Business Unit (24%).

In 2020, Scope 1 (i.e. direct) greenhouse gas emissions from our non-operated facilities (the percentage of total emissions based on Premier’s equity share) amounted to 44 thousand tonnes CO₂e (2019: 44 thousand tonnes CO₂e).

Premier did not receive any environmental fines in 2020.

Indirect emissions
Although our indirect emissions account for only a small percentage of our overall emissions output, we seek to reduce these where possible.

In 2020, our indirect emissions were:
- Scope 2 (i.e. indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam): 832 tonnes CO₂e from office energy consumption (2019: 989 tonnes CO₂e). This decrease is largely due to reduced occupancy across our global offices as a result of working from home throughout the COVID-19 pandemic.
- Scope 3 (i.e. other indirect emissions, such as transport-related activities and accommodations): 1,032 tonnes CO₂e from global business travel and accommodation (2019: 5,695 tonnes CO₂e). The decrease in emissions is largely due to restricted domestic and international travel as a result of the COVID-19 pandemic.
Effluents and spills

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.

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.

Approach

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Waste management

Our waste includes oil-derived substances, inorganic chemicals, steel, office paper and many other materials. Some waste streams are non-hazardous and others potentially harmful, so we use a wide range of technologies to treat and manage them effectively. In terms of decommissioning our operations, a very high proportion of materials are reused or recycled, often in other industries. On a day-to-day basis we manage waste generated from operations, maintenance service and obsolete stock, with a clear focus to try to reduce waste production at source.

For more information on our oil spill response:

Click here
Air emissions

We aim to design and operate our infrastructure 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. In 2020, air emissions for CO₂, CH₄, N₂O, SOₓ, NOₓ, CO and VOCs decreased in comparison to 2019. This is largely for reasons attributed to the overall decrease in Scope 1 emissions discussed earlier, as well as due to updates made to our emission accounting system in 2020. These updates have been implemented across our 2016–2019 air emissions data, which can be viewed in the 2020 Sustainability Report Data Sheet.

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.

The updates included aligning our generic emissions factors, which are used where fuel specific factors are unavailable, with the European Emissions Monitoring System ('EEMS'). They also included aligning our assumed Global Warming Potentials ('GWPs') with the Intergovernmental Panel on Climate Change’s 5th report, 2014 (the IPCC's 4th report, 2007, was used in previous years).

Discharges to air

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flaring (tonnes of gas)</td>
<td>72,649</td>
<td>74,366</td>
<td>113,478</td>
<td>51,195</td>
</tr>
<tr>
<td>Flaring intensity (tonnes of gas per tonne produced)</td>
<td>0.017</td>
<td>0.016</td>
<td>0.027</td>
<td>0.016</td>
</tr>
<tr>
<td>Venting (tonnes of gas)</td>
<td>1,644</td>
<td>1,592</td>
<td>1,578</td>
<td>1,116</td>
</tr>
<tr>
<td>Venting intensity (tonnes of gas per tonne produced)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Effluents, spills and waste continued

Performance

Planned discharges

In 2020, we discharged 2.88 million tonnes of produced water (2019: 3.45 million tonnes), representing a decrease of 16.5 per cent. This decrease is primarily due to Cessation of Production at Huntington and Balmoral. During 2020, the average amount of oil in produced water was 23.4 parts per million by weight (ppm-wt) (2019: 15.1 ppm-wt). This increase is due to our Balmoral platform, where production has now ceased.
Unplanned discharges
In 2020, we recorded seven hydrocarbon spills23 releasing a combined total of 50 kilograms to the environment (2019: 19 kg). The largest hydrocarbon spill, involving the release of 37 kilograms of hydrocarbon, took place at the Chim Sáo wellhead platform and was due to a small leakage from a wing valve on a control line to an injection well.

We also recorded six chemical spills, releasing a combined total of 1,076 kilograms, all of which reached the environment. Of this total, two releases comprising 99.7% (1,073 kgs) of the total were due to overuse of a water based subsea control fluid that is designed to be discharged to sea in normal use. This fluid is known under the Oslo Paris Commission (OSPAR) legislation as a PLONOR (Pose Little Or NO Risk to the marine environment) chemical.

Of the remaining four spills (totalling 3 kgs), three were chemicals listed in the lowest environmental hazard category in the European Offshore Chemical Notification Scheme (OCNS) and one is a synthetic hydraulic fluid that is readily biodegradable with a low eco-toxicity.

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.

Waste generation
In 2020, we collected a total of 4,358 tonnes of waste materials (2019: 7,314 tonnes) from our global offices and drilling and production operations and returned it to shore for treatment and disposal. Of this:

- A total of 3,839 tonnes was hazardous waste (2019: 6,549 tonnes of hazardous waste). This decrease is due to reduction in activities in 2020 due to the Covid-19 pandemic.
- A total of 519 tonnes was non-hazardous waste (2019: 765 tonnes of non-hazardous waste). This included scrap metal, wood, plastic and other materials. This decrease is due to operational planning and improvements in supply chain lifecycle waste management.

Unplanned hydrocarbon released to sea

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.0</td>
</tr>
<tr>
<td>2017</td>
<td>2.2</td>
</tr>
<tr>
<td>2018</td>
<td>0.4</td>
</tr>
<tr>
<td>2019</td>
<td>0.02</td>
</tr>
<tr>
<td>2020</td>
<td>0.05</td>
</tr>
</tbody>
</table>

23 None of these hydrocarbon spills are considered significant (i.e. exceed one barrel or 135 kilograms).
People

Putting our people first and helping them thrive

→ Overview 30
→ Occupational health, safety and security 31
→ Process safety and asset integrity 34
→ Emergency preparedness and crisis management 35
→ Local employment 36
→ Diversity and inclusion 37
→ Employee engagement 39
Overview

We are committed to providing a working experience that offers safe and healthy conditions, equal opportunities, competitive terms of employment and quality learning and development experiences. During the COVID-19 pandemic, we have undertaken numerous measures to ensure our global workforce remains safe, healthy, connected and supported.

Performance in 2020

1 Process safety LOPC (0 Tier 1 and 1 Tier 2 event)

94% of employees

99% of employees received performance reviews

85% Group-wide employee engagement

0.68 Total Recordable Injury Rate (‘TRIR’) (per million man hours)

82% of senior management

Employment of nationals

94% of employees

82% of senior management

0.68 Total Recordable Injury Rate (‘TRIR’) (per million man hours)

Why it matters

Given the potential hazards associated with offshore oil and gas operations, the application of rigorous health and safety practices is essential in all that we do. This helps us protect our employees and contractors; it also enables us to maintain our operational continuity, regulatory compliance and our corporate reputation. Our current and future success is underpinned by our ability to recruit, retain and motivate high quality, skilled employees and contractor personnel. Any failure in this regard has the potential to undermine our operational capabilities, management effectiveness and, ultimately, our ability to generate long-term value.

Our approach

Through the implementation of our Health, Safety, Environment and Security (HSES) Management System, we aim to minimise the likelihood and potential severity of process safety events and occupational health and safety incidents. Our business units and operated sites have emergency response teams and plans in place, which were mobilised frequently throughout the year to keep our people safe as we worked to minimise the impacts that the COVID-19 pandemic had on our employees.

Our management of human resource (‘HR’) issues is guided by a comprehensive set of policies: our Sustainability Policy, People Policy, Human Rights Statement, Business Ethics Policy, Diversity and Inclusion 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 to help us achieve an appropriate balance between consistent corporate policy and flexible, local-level requirements.

The UN SDGs we contribute to through our management practices and performance:

For more information on how we contribute to the SDGs: Click here

For more information on our people management approach, please visit: Appendix

Planet

People

Prosperity

Our reporting

Introduction

Governance
Our long-standing HSES Policy, endorsed by our Chief Executive Officer (CEO), supports and confirms our commitment to continually improve our HSES performance.

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 and requirements for how HSES issues are managed throughout all our business activities, including the entire exploration, development, production and decommissioning lifecycle. This includes how we report and investigate our incidents and near-misses.

We aim to achieve a consistent HSES Management System approach and culture across all our business units through the implementation of our three-year Group HSES Strategy, which is reviewed and updated annually.

HSES Management System
The HSES Management System forms part of our Business Management System (BMS) and is applied across our global activities. The system includes our 'Life Saving Rules', which are designed to help prevent the most likely causes of injuries and fatalities in the oil and gas industry. These Rules are aligned to the industry approach of the International Association of Oil and Gas Producers (IOGP).

We monitor and review our HSES Management System on an ongoing basis (including the implementation of risk-based audit programmes) to ensure its effectiveness and to support continuous improvement in our HSES performance.

The Board and the Executive Committee review Premier’s Group-wide HSES performance on a monthly basis. The Executive Committee carries out periodic in-depth reviews with each business unit throughout the year, where HSES management progress and performance is discussed in detail. These reviews cover a range of leading and lagging key performance indicators (KPIs) that we use to further support continuous improvement. Of these KPIs, two in particular (one relating to occupational safety and another to process safety) were linked to executive remuneration in 2020.

New HSES Committee
In 2020, we established a new Board-level HSES Committee to improve the Board of Directors’ visibility on Premier’s HSES management practices and performance.

More information can be found in our 2020 Annual Report.
Performance

**Total Recordable Injury Rate ('TRIR')**
In 2020, we worked 5.9 million man hours (2019: 7.7 million) and experienced no work-related fatalities.

The decrease in man hours was largely due to a global reduction in drilling and project hours, in addition to cessation of production at Huntington.

There were four recordable injuries in 2020 compared with eight in the previous year. These comprised:
- Two lost work day cases (LWDC).
- One restricted work day case (RWDC).
- One medical treatment case (MTC).

Only one of these four incidents occurred on a directly operated Premier facility (a cut above the eye that required medical treatment on our Chim Sao asset in Vietnam). The other three recordable injuries occurred on our leased production assets and support vessels.

Across the Group, our TRIR decreased by 35% from a rate of 1.04 per million man hours worked in 2019 to 0.68 per million man hours worked in 2020. This decrease reflects sustained good HSES performance across our globally operated assets and improved safety performance within our leased assets and in our contracted work scopes.

**High Potential ('HiPo') Incidents**
In 2020, we identified 10 HiPo events (2019: eight). Our 2020 High Potential Incident Rate (HiPoR) was 1.69 per million man hours worked (2019: 1.04). Our HiPos in 2020 comprised:
- Seven relating to production activities
- One relating to construction activities
- One relating to drilling activities
- One relating to travel

**Occupational health and wellness**
We had one occupational illness incident in 2020 (2019: zero cases), due to an outbreak of COVID-19 at our offshore Indonesian assets resulting in multiple infections amongst our offshore crews.

We also had two non-work related illnesses reported in 2020, both in our Indonesia Business Unit.

**Local HSE Days and Campaigns**
Despite the challenges presented by the pandemic, our business units ran local HSE Days, engaging employees on a remote basis and, where possible, relevant contractors on the following themes:
- Marine safety (UK Business Unit).
- HSE leadership and just-fair culture (Vietnam Business Unit).
- In Indonesia, due to COVID-19 restrictions, we conducted a series of remote HSES engagements with contractors and staff.

**5.9m**
Man hours worked

**0.68**
Total Recordable Injury Rate ('TRIR') per million man hours worked 35% reduction on 2019 performance (1.04)
Focus area: Global CEO HSES Awards

Our Global CEO HSES Awards programme recognises outstanding safe behaviours, HSES leadership and environmental or safety innovation across our business units. In 2020, the Awards programme received 68 submissions across its two award categories for ‘Best Individual’ and ‘Best Team’.

Best Individual Award Winner
Anton Sidarto, Electrical Technician (Indonesia)

Anton received the award for designing a remote engine control system for use on lifeboats. Launching, testing, and recovery of lifeboats in an offshore environment carries an inherent risk to personnel by the nature of the activities involved. Conventionally this process requires personnel to be in the lifeboat to manually start up the engine. Over the years, across the industry, several incidents have resulted in severe injury to, or fatality of, the personnel inside the lifeboat.

This new system allows for the engine to be started remotely, eliminating the need for personnel to be inside the lifeboat during the launch, testing, and recovery process which significantly reduces the risk profile of this activity.

In 2020, we rolled out the new control system on two of the three offshore Indonesia assets. It will also be implemented on the third asset in 2021.

Best Team Award Winners
Jointly awarded to the Solan Asset (UK) and Bison, Iguana and Gajah Puteri (‘BIG-P’) Project (Indonesia)

Solan
The Solan Asset recorded over four years without a lost time injury.

BIG-P
The Bison, Iguana and Gajah-Puteri Project recorded over 1.87 million man hours without a recordable injury. The project required the development of three remote subsea fields and their integration into the existing Natuna Sea Block A infrastructure, including the mobilisation of 21 vessels and barges for offshore installation activities.
Process safety and asset integrity

Through our HSES Management System, we strive to reduce the likelihood and potential severity of process safety events. This involves the application of good practice in the design and use of our equipment and systems, planning every stage of our operations with safety risks and their mitigations in mind, and having robust emergency response arrangements in place.

Approach

The objectives and minimum requirements for process safety and asset integrity across our operations are defined in our HSES Management System. This also includes the accountabilities, verification and validation required to provide assurance that the requirements have been met.

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 is reported monthly at Group-level and in the monthly report to the Board.

Performance

During 2020, we reported no Tier 1 Loss of Primary Containment (LOPC) process safety events and one Tier 2 LOPC process safety event.

The Tier 2 event involved the release of approximately 100 kg of natural gas from the gas treatment module on the topsides of the Catcher Floating Production Storage and Offloading (FPSO) unit. The incident investigation identified a bolted flange joint on a gas treatment preheater to be the source of the gas leak. A similar incident took place in 2019. To prevent further re-occurrence the FPSO operator (BW Offshore) has updated their quality and engineering standards associated with the equipment involved.

Tier 1 LOPC Process safety event

<table>
<thead>
<tr>
<th>Year</th>
<th>LOPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>0</td>
</tr>
<tr>
<td>2019</td>
<td>1</td>
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<tr>
<td>2018</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
</tr>
</tbody>
</table>

Tier 2 LOPC Process safety event

<table>
<thead>
<tr>
<th>Year</th>
<th>LOPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1</td>
</tr>
<tr>
<td>2019</td>
<td>1</td>
</tr>
<tr>
<td>2018</td>
<td>2</td>
</tr>
<tr>
<td>2017</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>0</td>
</tr>
</tbody>
</table>

25 We classify significant process safety LOPC events as either “Tier 1” or “Tier 2” process safety events based on IOGP Report 456: Process Safety – Recommended Practice on Key Performance Indicators (2018). We 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 1 and Tier 2 threshold values) for investigation and internal performance reporting.
Emergency preparedness and crisis management

The global and complex operational nature of our assets requires us to establish proportionate emergency preparedness processes, effective response equipment and competent personnel, exercised and readily available to respond as needed. These have needed to be frequently mobilised throughout the COVID-19 pandemic.

**Approach**

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

Our Crisis Management Team, located at our corporate office in London, is responsible for managing the Company’s reputation and protecting its licence to operate in the event of a major event evolving into a crisis.

**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.

**Corporate Pandemic Standard**

To support our global COVID-19 response, Premier launched a new Corporate Pandemic Standard in February 2020. We also released additional guidance notes to help business units align their response with local regulatory requirements and advice.

**Responding to COVID-19 impacts in Indonesia**

Our COVID-19 teams helped coordinate the evacuation of personnel from three offshore platforms in our Indonesia Business Unit. They also facilitated the delivery of medical attention for 128 staff and contractors who had contracted the COVID-19 virus.

This was undertaken in coordination with our fixed wing aviation providers, local hospitals, medical service providers and hospitality providers. The evacuation and medical treatment were completed successfully, with all personnel making a full recovery.

**Performance**

In 2020, we established dedicated interdisciplinary Business Continuity COVID-19 Teams within each business unit (including at corporate level). The teams – comprising representatives from Human Resources, Information Systems, and emergency response personnel – were tasked with monitoring the pandemic’s local impacts and developing suitable and timely response measures. This included responding to the lockdown measures and subsequent office closures we experienced globally.

To facilitate the return of employees to our global offices when permitted under local government requirements and where employees voluntarily chose to return to the office, our corporate office COVID-19 Team, led by HR, developed an online application to track our employees’ office attendance, people’s symptoms (where employees could report any COVID-19 symptoms as they developed), and the overall travel and quarantine requirements. This application was also extended to the business units.

In October 2020, we undertook a review of our COVID-19 responses and management processes, and we continue to work closely with medical service providers globally to develop more integrated emergency preparedness and response strategies.
Local employment, in addition to local procurement of goods and services, is one of our positive impacts on host societies. We prioritise the employment of suitably qualified national staff whenever possible, and support this aim through investing 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.

Approach

Nationals hold roles across all grades and functions, including senior roles throughout our business. When we employ expatriate managers at a senior level, we do so because of:

- A requirement for highly qualified expatriate managers with particular industry experience for specific roles, in the absence of such experience at a particular location.
- The need for Group oversight of international operations.
- The benefit of international exposure to support Group succession planning.

In 2020, we conducted an annual review of our Global Mobility Policy (launched in 2019) to better define and standardise the circumstances in which we employ expatriate managers. We continue to seek opportunities to transfer personnel across the span of our business activities to aid in their personal development.

Performance

Nationals make up 94 per cent of our employee workforce (2019: 94 per cent) and 82 per cent of our senior management (2019: 89 per cent). At the end of 2020, we employed 10 expatriate employees (2019: 12).

94% of employee workforce are nationals
82% of senior management are nationals

Employment of nationals by business unit in 2020

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Employees by business unit Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>36</td>
</tr>
<tr>
<td>Vietnam</td>
<td>7</td>
</tr>
<tr>
<td>Falkland Islands</td>
<td>4</td>
</tr>
<tr>
<td>Brazil</td>
<td>38</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>4</td>
</tr>
<tr>
<td>London corporate office</td>
<td>102</td>
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Diversity and inclusion

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.

Approach

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 and Diversity and Inclusion (D&I) Policy which apply to all permanent and temporary staff, contractors personnel and job applicants. These prohibit employees from carrying out discrimination (whether direct or indirect), harassment or victimisation.

Against the backdrop of the historic under-representation of women in the oil and gas industry, we place particular emphasis on improving the gender balance of our workforce. We continue to ensure that employees in equivalent roles, who are achieving equivalent performance, receive equivalent pay irrespective of personal characteristics such as gender.

There is further improvement to be made with our gender pay gap differentials, the reason not being like-for-like pay comparisons, but the disproportionate number of women in more junior and inevitably less technical roles within the Company.

Performance

Parental leave

A total of 22 employees took parental leave during the reporting period (9 women and 13 men), representing 100 per cent of those entitled to take such leave. 100 per cent of these individuals either returned to work in 2020 or indicated plans to do so in 2021 (i.e. none exited the Company). A further seven employees (all men) elected not to take paternity leave. Two employees (both men) were also given extended parental leave to manage their caring responsibilities.

This will be addressed over time and the impending merger with Chrysaor will provide investment and growth opportunities that will enable us to drive true demographic change.

In 2020, we launched our ‘Women@Premier’ Network to support our ongoing efforts to create a more diverse and inclusive environment (see focus area below). In parallel, we continued to implement our D&I Road Map, first launched in 2019, with the objective of strengthening our Group-wide approach to D&I. Whilst we aimed to run additional D&I workshops globally and engage more contractors in 2020, the impact of COVID-19 meant however this was not possible due to the logistical and other wide-ranging impacts that the COVID-19 pandemic had on our business.

For more information on our wider employee engagement activities in 2020:

How we stand today...

Gender balance and Board composition

Number of Directors as at 17 March 2021

- Male: 5
- Female: 2

On completion of the merger...

Gender diversity and Board composition

Number of Directors anticipated April 2021

- Male: 7
- Female: 4

Gender diversity and Board composition

Number of Directors as at 17 March 2021

- Male: 1
- Female: 1

Board level27

How we stand today...

Gender diversity and Board composition

Number of Directors as at 17 March 2021

- Male: 5
- Female: 2

On completion of the merger...

Gender diversity and Board composition

Number of Directors anticipated April 2021

- Male: 7
- Female: 4

26 For information on our gender pay gap in the UK, see Premier Oil Plc Gender Pay Gap Report 2020.

27 This is equivalent to 5 males and 2 females, reflecting the numbers as of 17 March 2021. Numbers as of 31 December 2020 are 6 males and 2 females.
In 2020, we launched the successful ‘Women@Premier’ Network with the aim of supporting women to develop their careers and achieve their personal and professional goals. To achieve this, the network serves as a platform where women can have transparent conversations about:

- How to navigate corporate culture and make our Company a place where women can thrive.
- How to strengthen the female talent pipeline and improve gender diversity across all grades and functions.
- How women can support each other and access senior leaders and peers across the organisation.

The platform is planned to enable these conversations in both virtual and physical spaces, when eventually possible. In July 2020, we held our first virtual ‘Women@Premier’ panel discussion, where panellists, including female Non-Executive Directors, provided insight into how they developed their careers within the upstream oil and gas sector. A survey was sent to participants after the panel discussion for their feedback and input into the theme of future panel discussions.

A second virtual panel discussion was held in November 2020 with panellists, made up of a Non-Executive Director, an Executive Committee member and a senior female Asset Manager. Discussion topics focused on how to overcome career challenges and increase resilience and adaptation to change in the workplace environment.

The launch of the Network has given women at every level the chance to support one another. It has created a more diverse and inclusive environment where all women can thrive.

Anne Marie Cannon
Senior Independent Non-Executive Director

We foster an exceedingly entrepreneurial and team orientated working environment which greatly enhances our ability to seize business opportunities globally as they arise.

Dr Aruna Mannie
Mexico Exploration Team Manager
We encourage open communication between employees and managers on an ongoing basis and through a variety of channels. Throughout the COVID-19 pandemic, we continued to engage our employees and ensure they are informed about the steps we are taking to keep them safe, connected and supported.

### Approach

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

The survey results are also discussed in our annual Group Staff Forum. The forum provides an opportunity for our Executive and Non-Executive Directors to engage with our workforce and to develop a deeper understanding of their key challenges and opportunities, in keeping with the Corporate Governance Code.

We have a duty of care to ensure our employees are informed about wider Company issues, including the Group’s asset acquisitions or disposals and the progress of our development projects. In 2020, in light of the proposed merger with Chrysaor, we established a ‘Transition Team’ comprised of function heads to help establish and communicate the new requirements that will come into effect once the merger is complete.

### Organised labour

We respect the right of all employees to join a legitimate trade union and bargain collectively. Over the course of 2020, we have supported organised labour through, amongst other things, carrying out official collective consultations in Indonesia, Vietnam and the UK. At our Vietnam Business Unit, we undertook 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 usually if 20 or more UK-based employees are intended to be made redundant within a 90-day period. The downsizing of the Falkland Islands Business Unit in London during the reporting period, for the most part, involved contingent labour, but nonetheless this was conducted as a formal consultation process for affected staff members and indeed communication to the wider Group.

We have a collective bargaining agreement in place in Indonesia, covering 416 employees and contractors, representing 99 per cent of the business unit workforce. At our Vietnam Business Unit, we have established a collective bargaining agreement covering 80 employees, which represents 93 per cent of the business unit’s employee workforce. Collectively, these agreements cover 64 per cent of our total employee workforce.

In the UK Business Unit, we conducted extensive Transfer of Undertakings (TUPE) consultations over a number of months with the impending BP asset integrations and their affected staff, as well as our own receiving business. The deal ultimately did not conclude, being surpassed by the intended Chrysaor acquisition. Nonetheless, the process followed was indicative of our legislative compliance and value-add to this important people process.
Employee engagement  continued

Performance

In 2020, our employee engagement efforts centred on responding to issues of immediate business concern, particularly in the unprecedented context of the global COVID-19 pandemic and the economic impact on our business and our staff. To optimize business continuity whilst at the same time assuring the safety of our staff and contractors, we:

- Coordinated global office shutdowns in line with government lockdown requirements.
- Implemented strict working protocols to assure the safety and wellbeing of our offshore workforce who enabled the continuity of safe production across the world in keeping with our external budget guidance.
- Ensured our onshore employees had the necessary arrangements needed to continue working from home.
- Supported the overall mental health and wellbeing of our employees and their families throughout the pandemic.

In our 2020 Group Engagement Survey, we achieved an 85 per cent participation rate, with an overall improvement in engagement across the business units. The survey helped highlight areas of strength, which included our employees’ satisfaction with:

- Our rewards and benefits processes.
- Our support for their wellbeing.
- Our recognition of long-service employees (with over 20 years of service).
- Our working environments, with particular emphasis on our corporate office in Jakarta.

The participating employees also suggested we should focus more attention in three priority areas:

- Diversity and equality: ensuring we continue to make progress on providing a diverse workspace that provides equal opportunities for all our employees.
- Meaningful work: ensuring our employees are provided with opportunities that help them make a significant difference in our organisation.
- Accomplishment: ensuring our employees are adequately challenged across their disciplines and continue to develop their skills throughout their career development journeys.

The engagement survey focus areas were taken into consideration when preparing the November 2020 Group Staff Forum Board meeting. To address these issues, an action plan was developed in coordination with representatives across our business units.

In 2020, two new grievances were raised in Indonesia. The first grievance related to an internal process and was resolved by agreement with both parties in the same year. The second grievance related to a redundancy case which was also settled in the same year.

28 With the exception of the Falkland Islands, due to the earlier downsizing resulting from the decision to defer project sanction.
Prosperity

Making a positive impact and generating shared value

- Overview
- Value generation and distribution
- Public policy and government relations
- Human rights
- Responsible supply chain management
- Security
- Decommissioning
We are committed to having a positive impact on our host societies and to generating shared value from the hydrocarbon reserves that we develop. Much of the value we create goes to the governments in the countries in which we operate and that revenue directly supports the long-term socio-economic development of their citizens.

Consistently delivering value helps us to build strong relations with our business partners and host governments, enabling us to better access new business opportunities. Consistent delivery on our commitments supports our social licence to operate and underpins the long-term success of our business.

The UN SDGs we contribute to through our management practices and performance:

<table>
<thead>
<tr>
<th>Primary SDGs</th>
<th>Secondary SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$949.4m</td>
<td>96%</td>
</tr>
<tr>
<td>Economic value generated (2019: US$1,603m)</td>
<td>Of new material contracts subject to Supply Chain Contractor Due Diligence Process (2019: 97%)</td>
</tr>
<tr>
<td>45%</td>
<td>0</td>
</tr>
<tr>
<td>Of spending on locally owned and operated contractor companies (2019: 45%)</td>
<td>Reported cases of violation of our Human Rights Statements (2019: 0 cases)</td>
</tr>
</tbody>
</table>

For more information on how we contribute to the SDGs: [Click here](#)
For more information on our society management approach, please visit: [Appendix](#)

**Performance in 2020**

**Economic value generated**

- **US$949.4m**
  - (2019: US$1,603m)

**Of new material contracts subject to Supply Chain Contractor Due Diligence Process**

- **96%**
  - (2019: 97%)

**Of spending on locally owned and operated contractor companies**

- **45%**
  - (2019: 45%)

**Reported cases of violation of our Human Rights Statements**

- **0**
  - (2019: 0 cases)

**Why it matters**

Our activities can have a range of direct and indirect impacts on our host societies and local-level stakeholders. In turn, these stakeholders can potentially affect the achievement of our business objectives across our countries of operation. Any failure to deliver value to these stakeholders would risk undermining our core business objectives, as well as our social licence to operate.

**Our approach**

We strive to avoid and/or minimise our potential negative impacts and to maximise our positive impacts on society across a range of issues. This includes delivering economic value to society; cooperating transparently and constructively with host governments; respecting the human rights of our stakeholders; responsibly managing our supply chain; ensuring the security of our assets and cyber infrastructure; and decommissioning our late-life assets in a responsible manner.
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.

Approach

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 governments.29
- Spending on community investment projects that help deliver sustainable social, economic and environmental benefits for local communities and their host governments.

**US$0.55m**

In community investment projects (2019: US$0.68m)

For more information on our community investment approach and performance:

[Appendix](#)

**Tax**

We are committed to prompt disclosure and transparency on all tax matters. This includes the disclosures and submissions 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) developed by the Organisation for Economic Co-operation and Development (OECD).

We also participate in the UK Oil Industry Taxation Committee (UKOITC), the Association of British Independent Exploration Companies (BRINDEX) and the Falkland Islands Petroleum Licensees Association (TIPLA), which regularly engage with tax authorities to discuss technical aspects of taxes relating to the oil and gas industry.

During 2020, we continued to review and monitor our Group-wide controls to prevent the facilitation of tax evasion in our wider supply chain30.

**Performance**

In 2020, 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 (2019: 45 per cent). This percentage amounts to US$130 million. A further 33 per cent of this spending was with local entities owned by foreign parent companies (2019: 36 per cent). This percentage amounts to US$587 million.

Economic value distributed by type in 2020

<table>
<thead>
<tr>
<th>Type</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating costs</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>Staff costs</td>
<td>825</td>
<td>825</td>
<td>825</td>
<td>825</td>
<td>825</td>
</tr>
<tr>
<td>Finance costs</td>
<td>923</td>
<td>923</td>
<td>923</td>
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</tr>
<tr>
<td>Tax</td>
<td>1,026</td>
<td>1,026</td>
<td>1,026</td>
<td>1,026</td>
<td>1,026</td>
</tr>
<tr>
<td>Community investments</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
<td>159</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td>2,750</td>
<td>2,750</td>
<td>2,750</td>
<td>2,750</td>
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</tr>
</tbody>
</table>

Economic value retained and distributed in 2020

<table>
<thead>
<tr>
<th>Type</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Operating costs</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Staff costs</td>
<td>555</td>
<td>555</td>
<td>555</td>
<td>555</td>
<td>555</td>
</tr>
<tr>
<td>Finance costs</td>
<td>486</td>
<td>486</td>
<td>486</td>
<td>486</td>
<td>486</td>
</tr>
<tr>
<td>Tax</td>
<td>1,049</td>
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<td>56</td>
<td>56</td>
<td>56</td>
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</tr>
<tr>
<td>Economic value retained</td>
<td>1,680</td>
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</tr>
</tbody>
</table>

29 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.

30 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).

For more information on our tax governance, risk management processes and performance:

[Appendix](#)

[Country-by-country report (CBCR)](#)

For more information on our community investment approach and performance:

[Appendix](#)
Public policy and government relations

Our host governments are among our most important stakeholders, due to the significant impacts that public policy, legislation, regulation and the awarding of new licences have on our business. The maintenance of transparent and constructive relations between our business and host governments helps ensure that the legitimate interests of other stakeholders are not undermined – and supports balanced, well-informed public policy.

Approach

Each of our business units engages directly with their host governments and regulators. For example, 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 such engagement is carried out in accordance with Premier’s applicable policies, including our Sustainability Policy, Business Ethics Standard and associated Code, and Human Rights Statement.

Key public policy issues

UK

In 2020, we continued to engage with the UK Government in the context of the MER UK Strategy. We also undertake frequent and detailed engagements with the UK’s regulator, the Oil & Gas Authority (OGA), on an ongoing basis, as well as in the context of their published strategies relating to MER UK. In 2020, specific areas of engagement included our approaches to measuring, managing and mitigating our GHG emissions – particularly in relation to our Net Zero commitment.

Through our membership of the British Independent Oil Exploration Companies (BRINDEX) and the UK Oil Industry Tax Committee (UKOITC), we have regular engagement with HMRC and Treasury on tax issues affecting the industry including decommissioning and energy transition. In 2020, we continued to engage with HMRC on the IR35 tax reforms (commencement deferred to 6 April 2021), which aim to combat tax avoidance by workers supplying their services through intermediaries.

The Falkland Islands

Premier holds several production licences in the Falkland Islands, awarded to us by the Falkland Islands Government (FIG). 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.

In 2020, through our membership of the Falkland Islands Petroleum Licensees Association (FIPLA), we engaged with the FIG on a consultation on a statutory withholding tax regime for contractors. Following the responses to the consultation, the FIG has now agreed to implement this regime with effect from 2021.

Performance

In 2020, Premier did not:

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

Asset Stewardship Task Force

Premier was invited by the OGA to participate in the Asset Stewardship Task Force (ASTF) Net Zero Task Group, specifically in relation to our Company culture and our successful roll out of ‘Low Carbon by Design’ and ‘Carbon Neutral by Commitment’. We participated in a variety of other group sessions, advocating our approach to a broad range of stakeholders, from UK Ministers to the Petroleum Exploration Society of Great Britain, presenting in detail our proactive approach to climate change, ranging from our use of Environmental Hoppers to our plans for offsetting emissions.
All of our operated assets are located offshore. Therefore, the profile of our human rights risks and impacts is very different from that of onshore operators, for whom interaction with local communities is likely to be a key focus.

Our Human Rights Statement requires us to respect and promote human rights and aims to ensure that we are in no way involved or associated with the issues of forced, involuntary or child labour. The likelihood of forced, involuntary or child labour occurring within our Company is minimal due to the following:

- The offshore nature of our operations.
- The relatively limited size of our workforce.
- Our highly developed human resources procedures.
- The fact that the majority of our employees hold specialised technical roles, administrative office-based roles or managerial roles.

Our attention and efforts in relation to human rights are primarily focused on our workforce and on our supply chain. We have embedded and implemented the Human Rights Statement across our operations through our Human Rights Management System, which is aligned with the UN Guiding Principles on Business and Human Rights.

Our Human Rights Management System also governs our processes for human rights screening, training and our grievance mechanism.

For more information on our Human Rights Management System:

Appendix

Reported cases of violation of our Human Rights Statements (2019: 0 cases)

33 Premier’s Human Rights Statement is based on international norms and principles which include, but are not limited to, the UN Guiding Principles on Business and Human Rights, International Labour Standards and the Voluntary Principles on Security and Human Rights (VPs).

Community rights

The offshore nature of our operated activities means there is minimal likelihood that our activities will adversely affect the human rights of local community members.

Any 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, which incorporate stakeholder engagement plans and grievance mechanisms.

Security and human rights

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

Our business partners

In line with the UN Guiding Principles on Business and Human Rights, we 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.

Performance

In 2020, there were:

- No reported violations of our Human Rights Statement and no identified incidents of human rights abuse.
- No alleged incidents of discrimination reported across our operations.
- No security-related incidents with human rights implications.
- No operations that presented risks to workers’ rights to exercise freedom of association and collective bargaining, and no operations identified as being at material risk of such involvement or association.
- No significant negative human rights or labour rights impacts identified in our supply chain.
Responsible supply chain management

We rely on our supply chain providers to deliver materials, products and services to time, cost and quality criteria, and to conduct business on our behalf in a safe and ethical manner. Through long-term working relationships, we aim to establish sustainable and collaborative partnerships that are mutually beneficial to both us and to the suppliers we work with.

Approach

In line with the requirements of our Supply Chain Policy, we monitor the health, safety, environment and security (HSES) performance of our business partners – and, with respect to new contractor companies, their human rights and labour rights performance. All new contractors undergo an initial risk-based HSES assessment via pre-qualification, bidding and/or negotiation. Any suppliers found to be ‘high risk’ are subject to more detailed HSES screening. We also carry out HSES performance reviews on some of our most significant contracts following their award.

Furthermore, all material new contracts are assessed for human rights, labour rights, corruption and business ethics risks using our Supply Chain Contractor Due Diligence Process.

Performance

In 2020, approximately 96 per cent of our new material contracts were subject to the Supply Chain Contractor Due Diligence Process (2019: 97 per cent). The process was also initiated for the remainder of the new material contacts in 2020 and will continue to be implemented for material contracts in 2021.

In 2020, there were no significant negative environmental, human rights or labour rights impacts identified in our supply chain.

Focus area: Relationship management with our top-tier contractors through our bespoke SCIMITAR system

In 2020, we fully implemented our integrated supply chain management system ‘SCIMITAR’ (Supply Chain Management Interactive Technology for Analytics & Reporting) across all our business units.

SCIMITAR, which was launched as a pilot in 2019, uses a tiered contract segmentation model. This has enabled us to identify – and focus our management efforts on – our most significant contractors (i.e. the top 10 per cent of contractors (representing approximately 100 contractors) that account for approximately 65 per cent of Premier’s purchasing spend). These contractors represent the highest level of risk and opportunity to our business.

For this sub-set of suppliers, SCIMITAR enables us to:

- Develop a Contract Management Plan that covers the lifecycle of the contract and includes details on the contract’s risks, opportunities, and tasks – as well as broader aspects e.g. meeting outcomes, outcomes of HSES performance reviews and focused audits etc.
- Establish Key Performance Indicators (KPIs) that support effective performance oversight across the duration of the contract (KPIs include financial and non-financial metrics).
- Identify and implement opportunities for innovation within a contractor relationship.
- Drive collaboration through joint account planning with the contractor across contracting teams, project teams and the relevant business unit.

65%

Of our procurement spend is made up by our top 10 per cent of suppliers (approximately).
Security

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

We apply 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.

We have 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.

Increasing levels of digitalisation and reliance on Information Technology (IT) systems mean managing cyber risk is a priority across many industries, including our own.

In 2020, we continued to strengthen our cyber security management processes – including the ongoing enhancement of our policies, standards and procedures, systems, access controls and safeguards, culture, and response and recovery measures.

In addition, we continued to implement our cyber security training and awareness programme to encourage vigilance among our employees. This covers topics such as phishing and the correct classification and handling of our information. We also collaborate closely with governments, law enforcement and industry peers to understand and respond to new and emerging threats.

In 2020, there were no significant security incidents that directly affected our workforce, assets or cyber infrastructure.
Decommissioning

We are committed to the safe and cost-effective decommissioning of our late-life assets. Wherever possible, and commercially feasible, we 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).

Approach

We decommission our operated assets in a sequential, safe and efficient manner. This includes the safe abandonment of subsea wells and the removal of offshore infrastructure, including 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, including our Decommissioning Projects Standard (which we rolled out in 2020).

Performance

As of end 2020, the Rita, Hunter, Caledonia, Huntington and Balmoral fields are Premier’s operated production fields that have been declared inactive. In April 2020, decommissioning work commenced on the Huntington field and the Floating Production Storage and Offloading (FPSO) vessel ‘Voyageur Spirit’ has been removed from location. Removal of subsea infrastructure has also commenced. Further work is planned in 2021.

In November 2020, the Balmoral Floating Production Vessel (FPV) ceased production and will be removed from location in May 2021, after the completion of flushing and cleaning operations. Further work is planned to remove subsea infrastructure and plug and abandon wells in 2021.

34 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).

35 Rita, Hunter and Caledonia were declared inactive in 2019. Huntington and Balmoral fields were declared inactive in 2020.
Our reporting

- Reporting standards and performance data 50
- External Review of Sustainability Reporting 51
- Independent Assurance Statement 52
The Sustainability Report concentrates on Premier Oil’s performance and activities from 1 January to 31 December 2020.

We aim to report on all aspects of our business, including joint ventures where we are the operator. In some cases, we may also provide information about some of our joint venture activities where we are not the operator.

**Reporting standards**

We use Sustainability reporting guidance from a combination of international best practice reporting standards and environmental, social and governance (ESG) frameworks. These include:

1. **Global Reporting Initiative (GRI) Standards**
2. **UN Global Compact Principles**
3. **FTSE4Good ESG Rating**
4. **Task Force on Climate-related Financial Disclosures (TCFD)**

We are a signatory to the UN Global Compact and support the UN’s 10 principles on human rights, labour, environment and anti-corruption. This 2020 Sustainability Report represents our UNGC ‘Communication on Progress’.

**Performance data**

Reporting on sustainability performance data is an important element of our approach. The data we report is subjected to an internal verification process which includes reviews by subject matter experts across the business. In addition, we ask ERM CVS to assure several key sustainability metrics. You can read more about the scope of ERM CVS’s work, including the Sustainability metrics they have assured, on page 52.
Verisk Maplecroft was commissioned by Premier Oil plc to:

– Confirm the accuracy of sustainability statements presented in this report.
– Confirm the GRI-Core ‘in-accordance’ claim stated against the Global Reporting Initiative Standards (GRI Standards) for Premier Oil’s 2020 Sustainability Report.

This statement is made in our capacity as an ongoing service provider to Premier Oil on this and previous assignments. Verisk Maplecroft did not directly verify the data relating to HSES, workforce, anti-corruption, supply chain or economic performance. We did, however, confirm the existence of Premier’s HSES policy statements, the veracity of management systems and the rigour of internal reporting review processes.

Methodology
Verisk Maplecroft’s review of Premier Oil’s sustainability performance involved the following activities between March 2020 and March 2021:

→ Internal engagement: This included interviewing subject matter experts across key disciplines (including HSES, human resources, legal, audit and risk management, investor relations, and others) to gather information for the 2020 Sustainability Report and to update scoring for the Materiality Assessment Process.

→ Standards and recommendations: This included supporting Premier Oil with the alignment of its 2020 Sustainability Report to international best practice reporting standards and recommendations. These standards included (1) GRI Standards; (2) UN Global Compact Principles; (3) FTSE4Good ESG Rating; and (4) Task Force on Climate-related Financial Disclosures (TCFD). Verisk Maplecroft also supported the integration of relevant outputs from Premier Oil’s 2020 CDP submission into the 2020 Sustainability Report. In addition, our work involved engagement with Premier Oil on the potential for further public reporting to meet the emerging expectations of external stakeholders.

→ Materiality Assessment Process: Verisk Maplecroft assisted Premier Oil with updating the scoring and outputs of its structured materiality assessment process to help identify its material sustainability issues. This included engaging with internal and external stakeholders. The overall process is aligned with the requirements of the GRI Standards.

→ Gap analysis: A high-level gap analysis was carried out to identify and, where feasible, address gaps in Premier Oil’s existing reporting practices.

→ Performance enhancement: The outcomes from the review of standards and gap analysis were used, where possible, to enhance Premier Oil’s level of reporting.

Materiality and completeness
Verisk Maplecroft believes that the narrative and data presented in this report are an accurate representation of Premier Oil’s material sustainability issues. Verisk Maplecroft is also satisfied that Premier Oil’s GRI Core ‘in-accordance’ claim is fairly stated. Premier Oil has reported on its management approaches towards its material issues and on relevant GRI disclosures.

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1 March 2021
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Our conclusions
Based on our activities, as described below, nothing has come to our attention to indicate that the 2020 data and information for the disclosures listed under ‘Scope’ above are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities
A multi-disciplinary team of sustainability and assurance specialists performed a range of assurance procedures which varied across the disclosures covered by our assurance engagement, as follows:

- A review of external media reporting relating to Premier Oil to identify relevant sustainability issues in the reporting period.
- A review of the materiality determination process including the results of stakeholder engagement processes.
- Interviews with management representatives responsible for managing the selected issues.
- Interviews with relevant staff to understand and evaluate the relevant management systems and processes (including internal review processes) used for collecting and reporting the selected disclosures.
- A review at corporate level of a sample of qualitative and quantitative evidence supporting the reported information.
- An analytical review of the year end data submitted by all locations included in the consolidated 2020 group data for the selected disclosures which included testing the completeness and mathematical accuracy of data.
- Confirming conversion factors and assumptions used.
- A review of the results of site level ISO 14001 and ISO 45001 certification audits undertaken by ERM CVS in the reporting year.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement
The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our work was undertaken at Premier Oil’s head office in London. We did not undertake source data verification at any operated facilities.