

2014



DELIVERING
OPERATING
EFFICIENCY

PREMIER IS A LEADING FTSE 250 INDEPENDENT EXPLORATION AND PRODUCTION COMPANY WITH OIL AND GAS INTERESTS IN THE NORTH SEA, SOUTH EAST ASIA, PAKISTAN AND THE FALKLAND ISLANDS. OUR STRATEGY IS TO GROW SHAREHOLDER VALUE BY LEVERAGING OUR DEVELOPMENT CAPABILITIES AND BALANCE SHEET TO DELIVER HIGH QUALITY PROJECTS WHILE MAINTAINING EXPOSURE TO UPSIDE FROM SUCCESSFUL EXPLORATION.



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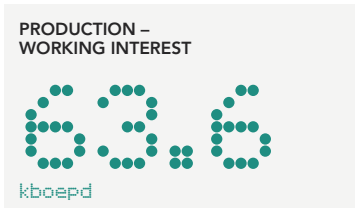
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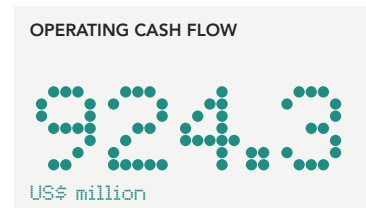
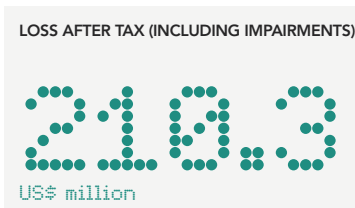
OUR VISION IS TO BE A WORLD-CLASS UPSTREAM INDEPENDENT.

PREMIER IN NUMBERS¹

OPERATIONAL //



FINANCIAL //



CORPORATE RESPONSIBILITY //



2014 HIGHLIGHTS //



¹ For further information on our resources, reserves, financial information and production please see our 2014 Annual Report.

WHERE WE OPERATE

PREMIER HAS 11 OFFICES WORLD-WIDE WITH OVER 900 EMPLOYEES AND IS ORGANISED INTO SIX KEY BUSINESS UNITS – UK, NORWAY, PAKISTAN, INDONESIA, VIETNAM AND FALKLAND ISLANDS – WITH FUNCTIONAL SUPPORT PROVIDED BY THE CORPORATE OFFICE IN LONDON. PREMIER IS ACTIVE BOTH OFFSHORE AND ONSHORE, BUT ALL OF THE COMPANY’S OPERATED INTERESTS ARE OFFSHORE.



In 2014, the group delivered record production of 63.6 kboepd from its assets in the UK, Indonesia, Vietnam, Pakistan and Mauritania. The group has development and exploration assets in Norway and the Falkland Islands with exploration assets in Brazil, Iraq and Kenya. In total, the group manages a reserve and contingent resource base of 794 mmboc at year-end.

RECORD PRODUCTION OF 63.6 KBOEPD IN 2014, ABOVE UPPER END OF MARKET GUIDANCE

BUSINESS UNITS¹

FALKLAND ISLANDS //

Assets /

- Sea Lion project: Offshore, floating production, storage and offtake (FPSO) vessel oil development project (60 per cent interest – operated)

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	n/a	n/a
Total Recordable Injury Rate (TRIR)	3.52	n/a ²
Employees	56	+81%
Community investment (US\$)	n/a	n/a

INDONESIA //

Assets /

- Anoa: Offshore gas production asset (29 per cent interest – operated)
- Gajah Baru: Offshore gas production asset (29 per cent interest – operated)
- Kakap: Offshore gas production asset (19 per cent interest – non-operated)
- Naga: Offshore gas production asset (29 per cent interest – operated)
- Pelikan: Offshore gas development project (29 per cent interest – operated)
- Block A, Aceh: Onshore gas development project (42 per cent interest – non-operated) – divested in 2015

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	14.4	+5%
Total Recordable Injury Rate (TRIR)	0.65	-66%
Employees	474	+19%
Community investment (US\$)	269,000	-29%

NORWAY //

Assets /

- Vette project: Offshore oil development project (50 per cent interest – operated)
- Frøy project: Offshore oil development project (50 per cent interest – non-operated)

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	n/a	n/a
Total Recordable Injury Rate (TRIR)	0.00	0%
Employees	32	+3%
Community investment (US\$)	17,000	+6%

PAKISTAN //

Assets /

- ❖ Qadirpur: Onshore gas production asset (6 per cent interest – non-operated)
- ❖ Kadanwari: Onshore gas production asset (16 per cent interest – non-operated)
- ❖ Zamzama: Onshore gas production asset (9 per cent interest – non-operated)
- ❖ Bhit/Badhra: Onshore gas production asset (6 per cent interest – non-operated)
- ❖ Zarghun South: Onshore gas production asset (4 per cent interest – non-operated)

Please note, the Pakistan business unit also manages the following project in Mauritania:

- ❖ Chinguetti: Offshore oil production asset (8 per cent interest – non-operated)

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	12.4	-16%
Total Recordable Injury Rate (TRIR)	0	0%
Employees	14	0%
Community investment (US\$)	395,000	+39%

UNITED KINGDOM //

Assets /

- ❖ Balmoral/B Block: Offshore oil production asset (78 per cent interest – operated)
- ❖ Brenda/B Block: Offshore oil production asset (100 per cent interest – operated)
- ❖ Nicol/B Block: Offshore oil production asset (70 per cent interest – operated)
- ❖ Stirling/B Block: Offshore oil production asset (69 per cent interest – operated)
- ❖ Kyle: Offshore oil reinstatement asset with production restarted in 2014 (40 per cent interest – non-operated)
- ❖ Wytch Farm: Onshore oil production asset (30 per cent interest – non-operated)
- ❖ Huntington: Offshore oil and gas production asset (40 per cent interest – non-operated)
- ❖ Catcher: Offshore oil and gas development project with production planned for 2017 (50 per cent interest – operated)
- ❖ Solan: Offshore oil development project with production planned for 2015 (60 per cent interest – operated)

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	19.4	+30%
Total Recordable Injury Rate ³ (TRIR)	2.00	-65%
Employees	249	+5%
Community investment (US\$)	228,000	-33%

VIETNAM //

Assets /

- ❖ Chim Sáo: Offshore oil production asset (53 per cent interest – operated)
- ❖ Dua: Offshore oil production asset (53 per cent interest – operated)

Performance indicator	2014	Change on 2013
Production (kboepd) – working interest	16.9	+20%
Total Recordable Injury Rate (TRIR)	0.64	-18%
Employees	81	-2%
Community investment (US\$)	153,000	-11%

1 Further details on our exploration interests are available on p182 of our 2014 Annual Report and on our website.

2 Business unit exclusively engaged in technical studies in 2013.

3 Please note that the UK business unit TRIR figures includes commissioned construction activity in the UAE.

VALUE-ADDING ACTIVITIES

PREMIER ADDS VALUE THROUGHOUT THE OIL AND GAS EXPLORATION, DEVELOPMENT AND PRODUCTION PROCESSES.

EXPLORATION

Premier maintains an offshore and onshore exploration programme. This is with the aim of identifying, assessing and growing its reserves and resources. Key activities – which are generally carried out by exploration contractors – include:

- Seismic acquisition and analysis
- Exploration drilling
- Appraisal drilling



DEVELOPMENT

Premier is replenishing its development portfolio through both successful exploration and acquisitions. It does so by focusing on projects through which it can leverage its strong operational capabilities and add value. Key development activities – which are carried out by both Premier itself and contractors – include:

- Concept studies
- Infrastructure development
- Construction and installation
- Commissioning

In addition, selective divestment liberates resources for the development of more prospective growth projects.

Premier seeks to maximise the value of its oil and gas production base. This is focused on the operation of floating offshore production systems in the UK, Indonesia and Vietnam – whether directly or via contractors. Production takes place through:

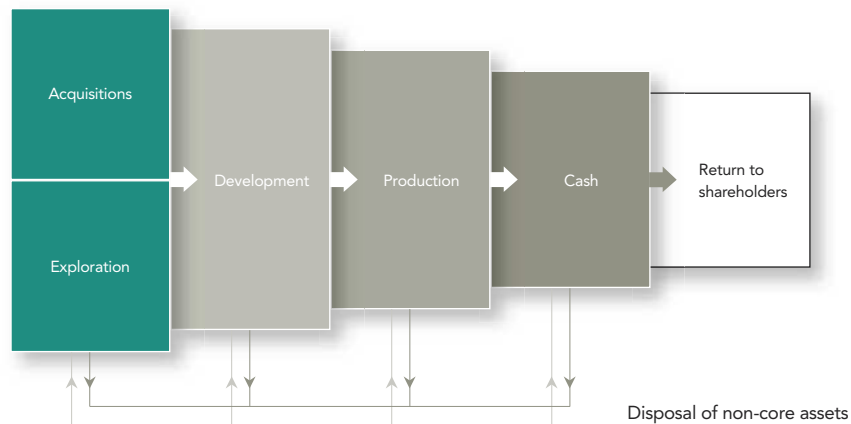
- Fixed platforms
- Floating production, storage and offtake (FPSO) vessels
- Floating production vessel (FPV)
- Seabed gas pipeline infrastructure

In addition, Premier has non-operated production interests in Indonesia, Mauritania, Pakistan and the UK. Cash flows generated through production are used to off-set operating costs, reinvested or distributed to shareholders.

PRODUCTION



Figure 1: Premier's business model



BUSINESS PARTNERS



SERVICE CONTRACTORS

The nature of Premier's business means it is highly reliant on service contractors for the following activities (amongst others):

- Exploration and appraisal activities
- Construction, development and installation activities
- Logistics
- Operations

Service contractors are drawn from the following groups:

- Multi-national oil and gas service companies (many of which have corporate headquarters in OECD countries) and their local business units
- Local oil and gas service companies including those in Indonesia, the UK and Vietnam

Individual service contracts can be very high value, with the largest amounting to more than US\$450 million, and can require highly specialised skills and capabilities. As a result, a relatively high proportion of contractors (by value) are international oil and gas service companies.



SUPPLIERS

Premier and its service contractors also rely on an international network of suppliers to provide relevant input materials including, for example:

- Pipelines
- Subsea equipment
- Engineering components
- Drilling components and fluids
- Power generators
- Safety equipment
- Control systems
- Auxiliary equipment
- Fuel

Due to the nature of the products and materials being provided, a more significant proportion of suppliers can be drawn from Premier's local countries of operation.



CUSTOMERS

Premier sells crude oil on the international market to major upstream refiners across the world. This is transported to the refineries by oil tankers, which are operated by third parties.

In addition, the company sells gas to defined users, including gas utility companies in Pakistan and Singapore¹. This is transported via undersea and surface gas pipelines.

1 With gas to be supplied to entities in Indonesia in 2015.



Tony Durrant
Chief Executive

CHIEF EXECUTIVE'S REVIEW

Introduction

In order to protect and create value over the long-term, we must take responsibility for our impacts on society. To this end, Premier seeks to integrate social, environmental, ethical, human rights and community considerations into our business operations and core strategy. This is with the aim of maximising the creation of shared value for our shareholders and society at large, and of identifying, preventing and mitigating possible adverse impacts on society. Despite current challenging market conditions, we remain committed to the continuous improvement of our corporate responsibility performance.

The Ten Principles of the United Nations Global Compact play a key role in guiding our policies and practices. This report comprises our annual Communication on Progress against our implementation of these Ten Principles.

How does corporate responsibility support Premier's business?

At Premier, our policies and actions go beyond our economic and legal obligations to manage our impact on the environment and society. In the short-term, this approach to corporate responsibility protects stakeholder value by ensuring stable continuity for our operations and our licence to operate from social, political and business stakeholders.

In the longer-term, our approach can contribute to stakeholder value by:

- Supporting our efforts to access new exploration, development and partnership opportunities
- Increasing the resilience of our business to changing social attitudes, public policy and national legislation

This latter point is of particular importance. We need to take account of both current and emerging stakeholder concerns at the earliest design stages of our investments. This is because the complex and capital-intensive nature of our projects makes significant retrospective technical changes difficult to achieve.

What were Premier's corporate responsibility highlights in 2014?

We made real progress in terms of our safety performance, with our Total Recordable Injury Rate (TRIR) falling 57 per cent to 1.48 per million man-hours worked (p35). This reflected strong operational management at our operated assets, as well as a decrease in construction activity from the third quarter. Nonetheless, 2014 did sadly see an offshore contractor fatality in a marine vessel collision and a third party fatality in a road traffic accident on a public highway. Although no blame was attached to Premier in either incident, these tragic events highlight the need for strong and sustained vigilance around safety.

We aspire to achieve a carbon intensity for steady-state operated production that is in line with the industry (i.e. International Association of Oil & Gas Producers) median. However, as for any hydrocarbon producer our ability to achieve this target can be impacted by interruptions to steady-state production and other operational requirements. In 2014, we achieved a greenhouse gas emissions intensity of 242 tonnes per thousand tonnes of production, a 16 per cent reduction compared to 2013. Our performance in 2014 largely reflected the success of our substantial investment in reducing flaring at Chim São.

In 2014, we improved our performance across a number of occupational health, safety and environment indicators, including loss of primary containment (LOPC) events (p40) and oil in produced water (p49). In addition, Premier has undertaken significant organisational changes which will improve our longer-term management and reporting of corporate responsibility issues.

At a strategic level, these include:

- Formal participation in the Corporate Pillar of the Voluntary Principles on Security and Human Rights (Voluntary Principles), which will help in maintaining the safety and security of our people and assets within an operating framework that encourages respect for human rights (p81)
- Application of the Global Reporting Initiative's (GRI) latest G4 Sustainability Reporting Guidelines (G4 Guidelines), which includes a structured materiality assessment process (p22-27)
- Enhanced stakeholder engagement in our materiality assessment process – including our first stakeholder forum on corporate responsibility (p28) and enhanced internal reporting

TAKING
RESPONSIBILITY
FOR OUR IMPACTS
ON SOCIETY

CHIEF EXECUTIVE'S REVIEW

continued

Enhancements to our management systems in 2014 included:

- The launch of the beta version of our new, integrated ARROW¹ online corporate risk register, which will be fully implemented across the group in 2015 (p22)
- Implementation of our new Synergi Life occupational health and safety incident reporting tool, which supersedes multiple reporting and data management systems (p33)
- Implementation of new process safety and asset integrity scorecards across all our operated assets (p39)

How could Premier improve its corporate responsibility management?

Although we have made significant progress in 2014, the application of the G4 Guidelines has highlighted two key areas in which we could improve our performance:

- We will investigate the potential for real-time internal data reporting that is fully aligned with all the relevant reporting requirements of the G4 Guidelines
- We have taken important steps to further enhance our standards and practices in line with the United Nations Guiding Principles on Business and Human Rights, such as the piloting of enhanced corporate-level human rights impact assessment (p79), but there is scope to go further. During 2015, we will perform additional analysis of higher risk non-operated assets, suppliers and contractor companies identified in the corporate-level assessment, and will consider the scope for engaging directly with potentially or actually affected individuals and groups

Engagement with relevant interest groups and enhancements to reporting systems are prerequisites for managing our business responsibly. However, time and resources are required to optimise our performance.

Current market conditions in our sector mean our resources are likely to be more limited in 2015. As a result, we will need to consider carefully how to optimise the time and effort we can invest in addressing these challenges.



How has the lower oil price affected corporate responsibility at Premier?

In 2014, the impact was relatively limited. We have, however, initiated a review of our cost base that could result in a reduction in employee numbers in 2015 if oil prices fail to recover. Any employees affected would receive appropriate support (p56).

In this event, we would be careful to strike an effective balance between securing the short-term sustainability of our business and the need to preserve our longer-term operational capabilities. This is also in recognition that the low oil price may create opportunities for us to enhance our operational portfolio.

In 2015 we will continue to support investment focused on local communities associated with Premier's business activities.

What are Premier's corporate responsibility plans for 2015?

Despite the challenging market environment, we remain committed to achieving continuous improvement in our corporate responsibility performance. This will include:

- Maintenance of targeted, high-impact community investment which directly supports our social and political licence to operate
- Further stakeholder engagement at both corporate and business unit level including another stakeholder forum on corporate responsibility and increased formalisation of stakeholder analysis at a business unit level
- More detailed disclosure concerning our generation and distribution of economic value²
- Increased engagement with the Corporate Pillar of the Voluntary Principles, with a focus on maritime security providers (in view of our offshore operated activities)
- Work with host governments to ensure we comply with their decommissioning requirements, as certain of our assets are reaching the end of their production cycle

Tony Durrant
Chief Executive

1 Analysis and Reporting Risk Online Workbench.

2 Including, for example, more detailed disclosure of our operating costs, royalties, staff costs, dividends, finance costs and cash tax payments by business unit (alongside existing business unit level disclosures of our community investments).

CHIEF EXECUTIVE'S REVIEW

continued

Figure 2: Delivering on our commitments

Report section	Our commitment in 2014	Actions taken in 2014	Status	Page
Our approach	Enhance the quality, communication and application of Premier's overall management systems	Development and implementation of the enhanced online Business Management System (BMS) platform. This includes all corporate system elements applicable to the corporate functions, as well as locally-held management system content in each business unit.	Achieved	p18
	Enhance Premier's internal risk management systems	In-house development of the enhanced ARROW corporate risk tool, allowing comprehensive, integrated and real-time risk monitoring. Implementation of risk workshops at all business units and functions, which also served to support the implementation of ARROW.	Partially achieved	p22
	Improve corporate-level stakeholder mapping and engagement	Systematic engagement of business units using a common framework to identify and assess local stakeholders. This includes an assessment of how Premier can or does impact on stakeholders and vice versa. Holding of a dedicated Stakeholder Forum to help identify Premier's most material sustainability issues.	Achieved	p23 and 28
	Implement the Global Reporting Initiative G4 Sustainability Reporting Guidelines	Implementation of the G4 Guidelines to a Core standard. This included the application of a quantified and systematic materiality process that integrates both direct and indirect stakeholder input (see above).	Achieved	p15
	Assess Premier's exposure to corruption risks in the context of the UK Bribery Act	Screening carried out at corporate-level for the potential corruption risks posed by Premier's assets and supply chain, with operations (including non-operated joint ventures) and direct suppliers prioritised for further analysis.	Partially achieved	p21
	Health and safety	Enhance asset integrity oversight and monitoring via Process Safety and Asset Integrity Scorecards	Roll-out of the scorecard system to all operated production assets following pilot application at Chim São in 2013 and incorporation into corporate key performance indicators.	Achieved
Enhance definitions and assessment of LOPC incidents		New set of enhanced definitions developed and applied, with an 8 per cent reduction in LOPC incidents in 2014 (where the same definitions are applied to 2013) and no Tier 1 events (the most serious category).	Achieved	p40
Manage actual and potential health and safety incidents to a level that is 'as low as reasonably practicable' (the 'ALARP' principle)		A 57 per cent reduction in the Total Recordable Injury Rate ¹ (TRIR). A High Potential Incident Rate (HiPoR) of 1.02.	Achieved	p35 and 37

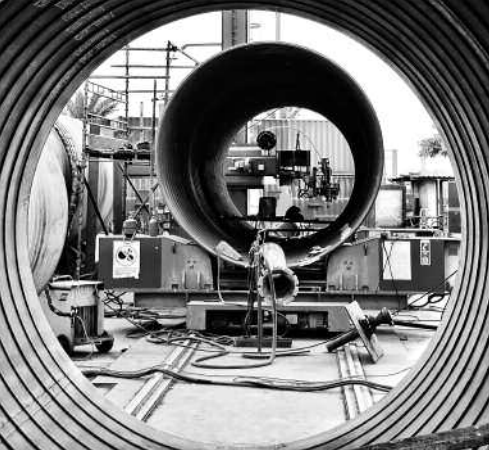
Report section	Our commitment in 2014	Actions taken in 2014	Status	Page
Environment	Further development of SMART (Specific, Measurable, Attainable, Relevant and Time-bound) targets for our greenhouse gas emissions	Setting a greenhouse gas (GHG) intensity target of less than 220 tonnes per thousand tonnes of operated hydrocarbon production for 2015. Material reduction in GHG intensity as a result of targeted investment at Chim São.	Achieved	p46-48
Employees	Improve rewards and global talent management systems	In 2014, we: <ul style="list-style-type: none"> • Started succession planning • Introduced a new global grading methodology • Reviewed our long-term incentive plan • Upgraded our basic human resources policies and processes in the United Kingdom • Piloted our Navigator competency management tool 	Partially achieved	p60
Community relations	Improve understanding of the impact of Premier's community investment activities	Systematic engagement of business units, using a common framework to identify and assess the impact of local community investment activity.	Achieved	p69-75
	Enhanced central oversight of local community investment projects	Financial audits carried out of community investment projects in Indonesia, Pakistan and Vietnam, with no issues identified.	Achieved	p66
Society	Apply for membership of the Voluntary Principles on Security and Human Rights	Application made and membership achieved in May 2014.	Achieved	p81
	Assess Premier's potential human rights impacts in the context of the UN Guiding Principles on Business and Human Rights	Preliminary corporate-level screening carried out for the potential human rights impacts of Premier's own activities and relationships, with individual assets (including non-operated joint ventures) and direct suppliers prioritised for further analysis.	Partially achieved	p79



OUR APPROACH

RESPONSIBLE BEHAVIOUR IS A KEY FACTOR IN OBTAINING AND MAINTAINING OUR SOCIAL LICENCE TO OPERATE – THE LEVEL OF APPROVAL BY HOST COMMUNITIES AND OTHER STAKEHOLDERS OF OUR OPERATIONS. RESPONSIBLE BEHAVIOUR IS THEREFORE A PREREQUISITE FOR OUR BUSINESS SUCCESS. WE SET OUT PREMIER'S PERFORMANCE IN THIS AREA IN THIS CORPORATE RESPONSIBILITY REPORT. THE REPORT COVERS ALL OUR OWN PRODUCTION, DEVELOPMENT AND EXPLORATION OPERATIONS FOR THE 2014 CALENDAR YEAR, AS WELL AS NON-OPERATED JOINT VENTURES, CONTRACTORS AND SUPPLIERS WHERE APPLICABLE.





ABOUT THIS REPORT

This is our ninth annual Corporate Responsibility Report.

In line with the requirements of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (G4 Guidelines), we have expanded the scope of this year's report to include additional coverage of Premier's exploration activities and material indirect impacts. Indirect impacts include those relating to our contractors, joint venture partners and suppliers. Similarly, we have adapted the scope of the report to focus on Premier's material sustainability issues, as defined through a formal materiality assessment (p26-27).

This report has been prepared by the Group Audit, Risk and Public Affairs function in accordance with the G4 Guidelines at a Core level (which the G4 Guidelines describe as containing the essential elements of a sustainability report). A table of material Aspects, (as defined by the G4 Guidelines) can be found on p90. Fuller details, including Aspect boundaries and levels of disclosure can be found on our website.

www.premier-oil.com/premieroil/corporate-responsibility/reporting-new

THIRD PARTY ASSURANCE //

We have commissioned an independent audit by ERM Certification and Verification Services (CVS) of:

- The integrity of selected report data (as indicated in the ERM assurance statement on p88-89)
- The alignment of the materiality and stakeholder engagement process used in the preparation of this report with the requirements of the G4 Guidelines



OUR APPROACH

continued

GOVERNANCE

PRINCIPLES AND STANDARDS //

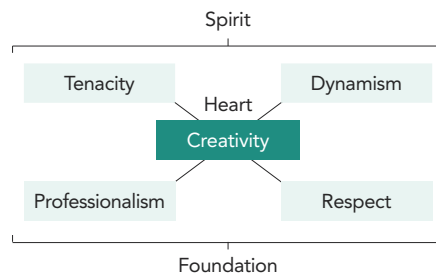
As an international upstream oil and gas company, we recognise that we need to earn our social and legal licence to operate through a consistent track record of responsible and effective performance. We are guided in this respect by a range of internal and external principles and standards, which are set out below.

Internal principles and standards

Values

Our core values are the guiding principles which underlie our behaviours and activities and are reflected in our policies and procedures. These values are set out below in Figure 3.

Figure 3: Our values



Vision and strategy

Our vision is to be a world-class independent production and development company.

Our strategy is to grow shareholder value by leveraging our development capabilities and balance sheet to deliver high quality projects while maintaining exposure to upside from successful exploration. A responsible approach to our workforce, local communities, business partners, host governments and wider society underpins the achievement of our strategy in the medium and long-term.

Policies

Our approach to these stakeholders is summarised in our overarching Corporate Responsibility Policy, which is supported by the following additional policies on specific aspects:

- Global Code of Conduct
- Health, Safety, Environment and Security (HSES) Policy
- Community Investment Policy
- Human Rights Policy

In addition, corporate responsibility-related risks are subject to our Risk Management Policy and associated risk management system. This includes our newly developed and integrated ARROW¹ risk management tool (p22).

Collectively, these policies help to ensure that we avoid or minimise our negative impacts on stakeholders, whilst maximising our positive impacts. In addition, they help support the achievement of our vision and strategy. These policies, which are approved by the Board, are applied through our intranet-based Business Management System (BMS) (p18).

www.premier-oil.com/premieroil/about/governance

1 Analysis and Reporting Risk Online Workbench.

External principles and standards

Premier is a participant in the following initiatives:

- **United Nations Global Compact** – an initiative for businesses that aims to align their operations and strategies with key principles relating to human rights, labour, the environment and anti-corruption: www.unglobalcompact.org
- **International Association of Oil & Gas Producers (IOGP)** – which promotes safe, responsible and sustainable operations in the oil and gas industry and supports the identification and sharing of best practice across a range of areas (including health, safety, the environment, security, social responsibility, engineering and operations): www.iogp.org
- **International Petroleum Industry Environmental Conservation Association (IPIECA)** – which supports the oil and gas industry to continuously improve its operations and products to meet society's expectations for environmental and social performance: www.iecea.org

In addition, Premier applies the following standards:

- **OHSAS 18001** occupational health and safety management system standard and **ISO 14001** environmental management system standard. These are applied to all Premier-operated production assets (Balmoral, Anoa, Gajah Baru and Chim São) and our global drilling operations. Chim São is currently going through the assessment phase for these standards: www.bsigroup.com and www.iso.org
- **ISO 31000** risk management system standard, which will be applied via the ARROW risk management tool (p22): www.iso.org
- **Voluntary Principles on Security and Human Rights** (Voluntary Principles), the Corporate Pillar of which Premier joined in May 2014: www.voluntaryprinciples.org

CORPORATE RESPONSIBILITY LEADERSHIP //

In line with the UK Corporate Governance Code, the Board:

- Defines Premier's strategic objectives
- Ensures that the strategic objectives are pursued in a responsible and effective manner
- Ensures that major business risks are monitored and managed in a responsible and effective manner

This includes approval of the Corporate Responsibility Policy and the management of material corporate responsibility-related risks and opportunities. In this context, the Chair of the Audit and Risk Committee has reviewed and the Chief Executive has approved the content of this report.

Further information on Premier's governance, including in relation to corporate responsibility, is available on p66-123 of the 2014 Annual Report.



OUR APPROACH

continued

CORPORATE RESPONSIBILITY MANAGEMENT //

Premier's corporate responsibility activities are managed on a day-to-day basis by:

- The Group Development and Operations Manager, who oversees the management of HSES issues
- The Corporate Services Director, who oversees issues relating to ethical behaviour, human resources, human rights, government relations, and laws and regulations

Both of these individuals report to the Chief Executive, whilst oversight and reporting on day-to-day corporate responsibility management (e.g. stakeholder engagement, management system development, reporting, etc.) is the responsibility of the Group Audit, Risk and Public Affairs Manager. Any material stakeholder input or feedback is reported back to the Board.

Corporate responsibility management can also require input from other functions. For example, our decision to enter into or maintain relationships with business partners, including contractors, suppliers and joint venture partners, is not only informed by commercial and operational considerations, but also by their business ethics, environmental, safety and human rights records. As such, a high degree of interaction can be required with our procurement and business development teams.

Business Management System

Our BMS governs our internal controls. It is composed of the policies, standards, procedures, processes and guidelines applied by each corporate function involved in carrying out Premier's business (including the Development and Operations, Exploration, Business Development, Strategy and Planning, Corporate Services and Finance functions), as well as local-level management system content in each business unit¹.

Premier's review programme, which is approved annually by the Audit and Risk Committee, includes reviews of the adequacy of and compliance with corporate and business unit management systems. Annual declarations are completed by the corporate-level functions and business units either confirming their compliance with the BMS or reporting identified material control weaknesses and action plans to address them, as well as identifying opportunities for continuous improvement.

Figure 4: Corporate-level BMS elements that support corporate responsibility management

Management system	Responsible individual	Reference
Legal	Group Legal Manager	p19-21
HSES	Group HSES Manager	p30-53
Human Resources	Group Human Resources Manager	p54-63
Corporate Responsibility	Group Audit, Risk and Public Affairs Manager	p18 and throughout
Community Investment		p64-75
Human Rights		p77-83
Risk		p22 and p22-25 of the Annual Report
Supply Chain	Group Supply Chain Manager	p20-21, 81-83

¹ Policies, standards, procedures, processes and guidelines that supplement group-wide content in order to ensure compliance with local laws and regulations and address other local circumstances.

BUSINESS ETHICS

Our ability to do business is heavily reliant on the trust of actual and potential investors, host governments and societies, business partners (including suppliers) and customers, and on our compliance with applicable laws and regulations. Furthermore, it is our responsibility to enhance rather than undermine our business environments, both for our own benefit and that of our stakeholders.

GLOBAL CODE OF CONDUCT //

Our commitments are set out in our Business Ethics Policy and our behaviour in this respect is governed by our Global Code of Conduct (the Code). Our associated due diligence processes provide assurance regarding internal compliance with the Code. The Audit and Risk Committee assists the Board in monitoring ethical business conduct as well as the effectiveness of the Code and its supporting policies.

The Code is available in both English and Bahasa Indonesia for those employees and contractors based at our operations in Indonesia, and supplementary explanatory material is available in Vietnamese for our staff in Vietnam. The Code is compliant with the UK Bribery Act, and covers:

- Legal compliance
- Anti-bribery
- Facilitation payments
- Gifts and hospitality
- The appointment of intermediaries
- Charitable and political donations
- Whistleblowing
- The proper recording of transactions and the application of relevant accounting and reporting standards

In 2014, we initiated a review to refine and enhance the Code and a new version is expected to be finalised in the second quarter of 2015. In addition, we established a company-wide leadership group, made up of business ethics champions from each business unit. The group meets twice a year to coordinate the implementation of the Code across Premier and address any opportunities for improving performance.

Premier reviews all new guidance issued by the UK Serious Fraud Office to ensure that the Code, as well as its supporting policies, training materials and disclosures, continues to meet compliance requirements and best practice.





OUR APPROACH

continued

Scope of application

All employees and those associated with Premier, such as consultants, are required to adhere to the Code. At a minimum, the Code requires all individuals to comply with the laws of the countries in which we work and to act ethically and with integrity (for example, through the disclosure of conflicts of interest) even in the absence of relevant local legal requirements.

We require our business partners, including joint venture partners, contractors, customers and suppliers, to apply the principles of the Code or equivalent standards. The main means by which we do so is the integration of business ethics provisions (such as anti-corruption requirements) into all of our contracts. Depending on the nature of the relationship we will:

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

Beyond this, we also:

- Publicise the Code amongst all our business associates (including via documentation and contractual terms) on an ad hoc basis
- Require (under our standard contracts) all intermediaries and agents to adhere to appropriate standards of ethical conduct and, where appropriate, receive related training
- In the case of our more recent contracts include a right to request an annual certificate of compliance with the Code into our joint venture agreements

All business partners are able to access the Code via our website. In some cases, local, social, political and cultural conditions may make it difficult for business partners to comply with all our requirements immediately. Where this is the case, we will look for evidence of measurable progress towards compliance and will withdraw from the relationship if no such progress is made.

Communication and training

We aim to provide all employees with training on the Code within one month of their induction and, thereafter, on an annual basis¹. Training (which takes account of local nuances and cultural norms) is delivered through interactive workshops and online modules. In 2013, all employees received induction or refresher training on the Code. All new employees in 2014 were given the induction training, but a number of data processing and procedural issues resulted in reduced uptake of refresher training. We have implemented remedial measures to address these challenges. More than 90 per cent of employees have now completed training on our 2014 refresher training modules. We are confident following reviews at our major business units (p21) that all employees directly exposed to significant business ethics risks are appropriately trained and compliant with the Code. In addition, we give embedded consultants access to the online training modules.

We are currently in the process of enhancing our business ethics training procedures to:

- Provide additional, targeted training for those in roles with potentially heightened levels of exposure to corrupt activity
- Provide video case studies on potentially corrupt activities and how best to address them in a legal, responsible and culturally sensitive manner

Risk assessment and due diligence

Our legal department analyses all business units for risks relating to violations of the Code, including corruption. Potential higher-risk activities may, depending on the local context, include procurement, facilities management, logistics and the obtaining of permits. The legal department also carries out screening for politically exposed persons, the application of sanctions and other relevant information.

In 2014, we took steps to enhance this analysis by piloting a high-level business ethics risk assessment tool. This covers not only Premier's assets across all of its business units but also the top 40 direct suppliers and contractors (by spend) for each of the Indonesia, UK and Vietnam business units. The tool uses third party expert data to assess the latent business ethics risks specific to particular locations with respect to:

- Corruption
- Corporate governance
- Regulatory environment
- Democratic governance

These are then appropriately 'weighted' to reflect variables likely to affect exposure such as asset type, contractor activity and supplier governance standards.

The tool will help Premier prioritise and target its future anti-corruption efforts.

In some cases, Premier uses intermediaries, agents or other third parties to support its engagements with government, government agencies, other oil and gas companies and service providers. We make all such appointments in line with our Intermediaries Policy. This requires us to carry out appropriate due diligence screening for corruption and other aspects of business ethics (for example using third party references and information searches).

Monitoring and assurance

All business units are subject to cyclical reviews by our legal department to ensure employees understand and are adhering to the Code. In 2014, the department carried out reviews of our Falkland Islands, Indonesia and Vietnam business units. These found that all employees had a clear understanding of and were complying with the Code.

Employees, contractors and agency workers who believe that Premier or anyone working for the company has not acted in accordance with the Code are encouraged to report their concerns to their line managers. They can do so without fear of recrimination and on a confidential basis. All such reports are properly investigated and the results reported to the Audit and Risk Committee.

Individuals who are reluctant to report allegations to their managers can instead use Premier's confidential, independently managed and well-publicised² reporting hotline. This is available 24 hours a day, seven days a week and allows employees to lodge concerns and questions around business ethics and compliance, as well as other matters of concern such as health and safety and human rights issues.

During the reporting period, Premier:

- Was not subject to any fines or non-monetary sanctions for breaches of laws or regulation, other than disputed non-material financial penalties imposed by the environmental regulator in one of our host countries. This followed a change in local regulations relating to the emission of water from offshore platforms that was introduced without any consultation or notice. As a result, a number of operators, including Premier, were found to be inadvertently in breach
- Was not subject to any legal actions relating to business ethics, corruption or anti-competitive behaviour
- Did not identify any material non-compliances with the Code

Enforcement

Any breach of the Code by our employees will result in disciplinary action, and in extreme cases in instant dismissal and referral to the relevant law enforcement authorities. In 2014, there were no disciplinary actions or dismissals for breaches of the Code.

Any breach of the Code by our business partners will result in a review of our relationship and either:

- An agreed corrective action plan and measures to avoid a recurrence
- Potential termination where this is legally permissible

In 2014, we did not terminate or fail to renew any external business relationships due to breaches of the Code.

1 All seven non-executive directors receive formal induction training on the Code, as well as periodic updates.

2 Through induction, the Employee Handbook and the BMS.



OUR APPROACH

continued

DEFINING OUR MATERIAL ISSUES

Premier has determined the relevant issues to address in this report on the basis of criteria aligned with the G4 Guidelines¹. The materiality assessment process, which is described more fully on p26-27, draws on Premier's existing risk assessment process as well as its stakeholder engagement activity.

RISK MANAGEMENT //

Policy

Premier's Risk Management Policy applies the principles set out in ISO 31000 risk management system standard. The Policy (and its associated management system):

- Sets our risk appetite
- Helps identify and evaluate the risks that affect our business
- Ensures that appropriate and effective risk controls and mitigating measures are put in place
- Supports our efforts to achieve the highest standards of corporate governance

Process

Standards and procedures supporting the application of the Policy are logged in the BMS and are subject to ongoing review and update.

In 2014, Premier advanced its management of risk through the launch of the beta-version of its integrated ARROW risk management tool. This online platform acts as a corporate risk register, compiling all of the risks identified at asset/ project, business unit and corporate level in a systematic and comprehensive way. Key features include:

- Assessment of all relevant risk dimensions, including nature, causes, impact, likelihood and consequences
- Definition and recording of a management approach in relation to each risk, including risk ownership, controls and mitigating measures
- A fully integrated, web-based database that allows real-time monitoring and management of risk across all business units and corporate functions

During the year, Premier conducted a series of risk workshops to instil a common, systematic approach to risk management across the group and to assist in populating the new ARROW tool. The workshops focused on identifying, analysing, evaluating and treating relevant risks.

We plan a group-wide roll-out of ARROW in 2015. Corporate responsibility-related risks recorded in the beta-version of ARROW in 2014 include:

- Catastrophic events at our operated facilities
- Uncontrolled loss of hydrocarbons
- Fiscal pressure from host governments

STAKEHOLDER ENGAGEMENT //

The identification, prioritisation and proactive engagement of stakeholders plays an important role at every level of the business. In particular, stakeholder engagement:

- Enhances our understanding of the impact of our activities and relationships on others
- Helps us manage these impacts in a responsible and effective manner
- Helps us to understand the effectiveness of our management actions

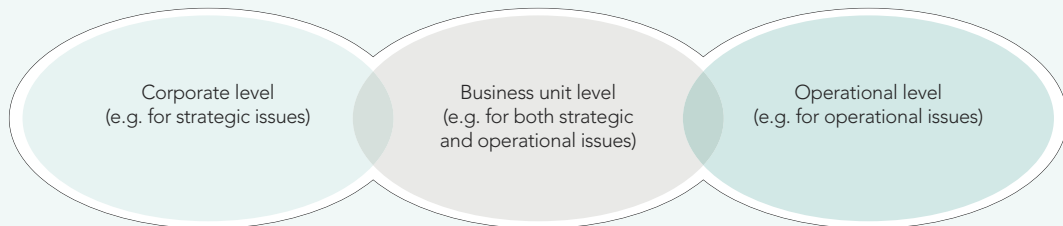
Stakeholder engagement also helps us to understand the potential risks that stakeholders could pose to the achievement of our business objectives, thereby enabling us to avoid or mitigate them in a proactive way. Examples of the stakeholders we engaged in 2014 and the issues raised by and with them are set out in Figure 6. The feedback from our engagement activities has helped inform our risk management process (p22).

Figure 5: Stakeholder engagement at Premier

Stakeholders are selected for engagement on the basis of:

- Stakeholders' actual and potential impact on Premier, and the achievement of its business objectives
- Premier's actual and potential impact on stakeholders, both positive and negative

Engagement takes place at three different levels:



In 2014, Premier held its first Stakeholder Forum on Corporate Responsibility. The invited participants included representatives from investors, government, the oil and gas sector, civil society and relevant international organisations, who were asked to:

- Provide feedback on Premier's corporate responsibility reporting and performance (as set out in Premier's 2013 Corporate Responsibility Report)
- Help us identify and prioritise our 'Material Issues'² for the purpose of applying the G4 Guidelines
- Identify specific issues of current or future concern

We intend to maintain and further develop the Stakeholder Forum in the coming years as we pursue continuous improvement in our corporate responsibility performance.

1 Under the G4 Guidelines, companies should assess their Material Issues on the basis of the degree to which they:

(1) "...reflect the organization's significant economic, environmental and social impacts;

(2) or substantively influence the assessments and decisions of stakeholders".

2 Material G4 'Aspects' organised by theme into higher-level 'Material Issues'.



OUR APPROACH

continued

Figure 6: Stakeholder engagement – and issues raised

Category	Type	Engagement mechanism	Minimum frequency of engagement	Examples of key issues raised in 2014	Relevant section
Investors	Current shareholders	Annual reporting, website, direct engagement and Stakeholder Forum	Daily	<ul style="list-style-type: none"> Share price performance Progress of key projects, including Catcher, Chim São, Huntington, Sea Lion and Solan Strategic response to the low price of oil Corporate leadership changes Asset disposals 	Annual Report
	Potential shareholders	Annual reporting, website and direct engagement	Daily	As above	Annual Report
	Investment analysts	Annual reporting, website and direct engagement	Daily	As above	Annual Report
Employees	Employees	Ongoing workplace engagement, direct dialogue, staff surveys and 360° reviews	Weekly	<ul style="list-style-type: none"> Salaries and working conditions Share price performance Corporate leadership changes Actual and potential retrenchments in response to the current low oil price 	Employees
	Contractor employees	Ongoing workplace engagement, direct engagement and contractual agreements	Weekly	<ul style="list-style-type: none"> Health and safety performance Premier's cost-cutting measures in response to the current low oil price 	Occupational Health, Safety and Security plus Employees
	Organised labour	Regular scheduled meetings and collective labour agreements	Annual	<ul style="list-style-type: none"> Wages of third party personnel in Indonesia Unionisation in Vietnam 	Employees
Business partners	Joint venture partners	Direct engagement and contractual agreements	As required	<ul style="list-style-type: none"> Commissioning and future transfer of operatorship of the Solan project in the UK Divestment of non-core assets in Indonesia and the UK The coordination and targeting of community investment activities in Indonesia Seismic survey activities in Indonesia Advisory support for physical security arrangements in Iraq 	Annual Report plus Community Relations plus Occupational Health, Safety and Security
	Contractors and suppliers	Direct engagement, performance monitoring and contractual agreements, including with: <ul style="list-style-type: none"> Seismic contractors Drilling contractors FPSO contractors Construction contractors Shipyards 	Weekly	<ul style="list-style-type: none"> Safety and efficiency of newly built capital infrastructure Cost, schedule and quality performance Safe working conditions during construction and installation 	Annual Report plus Occupational Health, Safety and Security
	Customers	Direct engagement, vendor processes and contractual agreements	Weekly	<ul style="list-style-type: none"> Oil and gas prices Oil and gas quality standards 	Annual Report

Category	Type	Engagement mechanism	Minimum frequency of engagement	Examples of key issues raised in 2014	Relevant section
Government	National governments	<p>Joint dialogue, including through Oil & Gas UK and BRINDEX, with the UK Government</p> <p>Direct dialogue, including with:</p> <ul style="list-style-type: none"> Falkland Islands Government (FIG) Indonesian Government Vietnamese Government 	Monthly	<ul style="list-style-type: none"> The impacts of a potential increase in a bareboat charter tax and other adverse fiscal measures in the UK Geopolitical dynamics around the Falkland Islands The optimisation of Premier's economic contributions in Indonesia and Vietnam 	Society
	Regulators	<p>Direct dialogue, including with:</p> <ul style="list-style-type: none"> Department of Mineral Resources (FIG) SKK Migas (Indonesia) Petroleum Safety Authority Norway Department of Energy and Climate Change (DECC – UK) Health and Safety Executive (HSE – UK) 	Monthly	<ul style="list-style-type: none"> Divestment approval in Indonesia Approval from DECC for the Catcher project in the UK Consultation with DECC on Solan's 2015 work programme and associated permitting Flaring consent for the Huntington project in the UK Gas flaring in Vietnam 	Annual Report plus Environment plus Society
Society	Civil society	<p>Direct and indirect engagement (including Stakeholder Forum) with:</p> <ul style="list-style-type: none"> International Association of Oil & Gas Producers (IOGP) IPIECA United Nations Global Compact Oil and Gas UK Step Change Various NGOs in countries of operation 	Quarterly	<ul style="list-style-type: none"> Overall corporate sustainability performance Local community development needs Management of new and existing community investment programmes 	Community Relations plus remaining sections
	Local communities	<p>Direct engagement (via local community relations teams and business unit managers) and development-focused community investment programmes</p>	Monthly	<ul style="list-style-type: none"> Ongoing targeting and effectiveness of new and existing community investment programmes in all locations Potential impacts on the fishing industry in the UK Enhanced capacity building for local fishing communities in Indonesia Use of a FPSO as a first instance hospital for local fishing people in Vietnam Water availability at a non-operated minority joint venture in Pakistan Establishment of a temporary dock facility at Port Stanley in the Falkland Islands 	Community Relations



OUR APPROACH

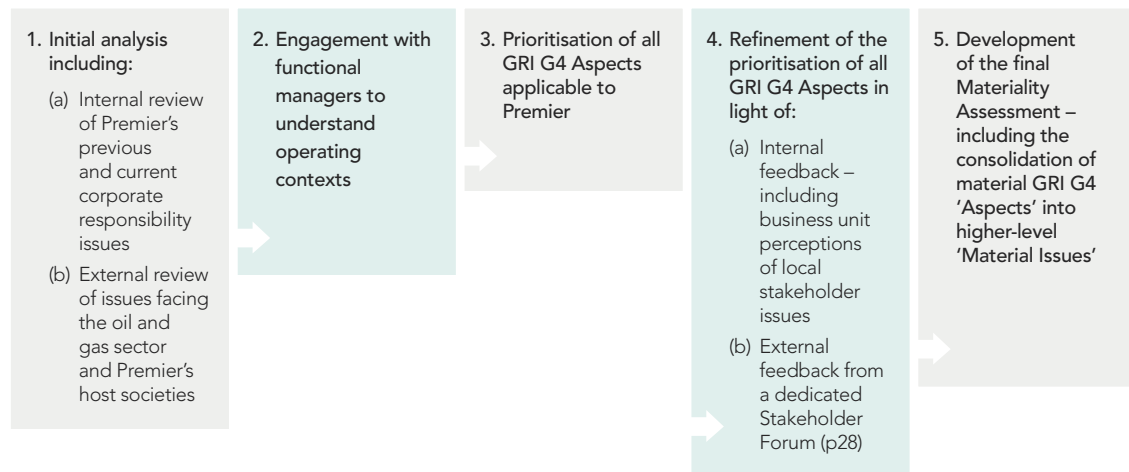
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MATERIALITY ASSESSMENT PROCESS //

In line with the G4 Guidelines, Premier has carried out an extensive exercise to assess and prioritise its 'material' corporate responsibility issues. This report focuses on the issues that were assessed as a result of the exercise to be material. The criteria applied in this process are:

- The potential and/or actual impact of Premier and its activities on stakeholders
- The potential and/or actual impact of stakeholders on Premier and the achievement of its business objectives

Figure 7: Materiality assessment process



Material Issues

The matrix below (Figure 8) sets out the overall results of the materiality assessment process. Presentation of an issue as 'non-material' on this matrix does not mean it is irrelevant or that it is not being managed, but only that it is not of sufficient significance to be addressed in detail in this report. Additional details around the implications of these findings on our disclosures under the G4 Guidelines can be found on p90.

Figure 8: Corporate responsibility materiality matrix



Although this process demonstrated that many of Premier's most material issues have already been integrated into previous rounds of corporate responsibility reporting and assurance, it will result in increased emphasis being given to a range of issues, including (for example):

- Governance and ethics, including internal and external corruption risks
- Social impacts, including our overall economic impacts on the societies in which we operate
- Supply chain risks and impacts, including around human rights
- Strategic, long-term carbon emissions targets, including anticipated regulatory and economic pressures
- Public policy and government relations, including key policy issues such as resource nationalism and areas of disputed sovereignty

In addition, the process has highlighted the non-material nature of community impacts for Premier, given the offshore nature of its operated assets. Nonetheless, we are determined to have a positive impact in the societies in which we operate and supplementary details around some of our new and on-going community investment initiatives are set out below.



OUR APPROACH

continued

STAKEHOLDER FORUM ON CORPORATE RESPONSIBILITY //

On 3 February 2015, Premier invited a group of external stakeholders to provide feedback on the G4-compliant materiality assessment process applied in the preparation of this report and the results of the assessment.

Participants in the Stakeholder Forum on Corporate Responsibility included representatives from:

- AXA
- Cairn Energy
- ERM Certification and Verification Services
- IPIECA¹
- The UK Foreign & Commonwealth Office
- Schrodgers
- Shell
- United Nations Global Compact Network UK

The initial results of Premier's assessment were presented to the participants who were asked for their feedback, both in terms of the appropriateness of the 'issues' identified and how they should be prioritised. Premier then integrated this feedback into the materiality assessment process, with the following results for our Material Issues (see p27):

- Increased prioritisation of 'Climate change and GHGs'
- Increased prioritisation of 'Human rights'
- Increased prioritisation of 'Training and development'
- Increased prioritisation of 'Equal pay' and its incorporation into 'Workforce'
- A decrease in the prioritisation of 'Supply chain management'

As well as providing feedback on materiality, participants were also asked to highlight emerging corporate responsibility issues to help inform Premier's future management actions and reporting coverage. Issues highlighted by participants included:

- The potential impact of Premier's actions in response to the low oil price on its approach to corporate responsibility management and employees in particular
- Human rights due diligence in the context of the UN Guiding Principles on Business and Human Rights
- The management of potential liabilities relating to the future decommissioning of production assets
- The impact of alternative energy, carbon regulation and carbon pricing

¹ Formerly known as the International Petroleum Industry Environmental Conservation Association.

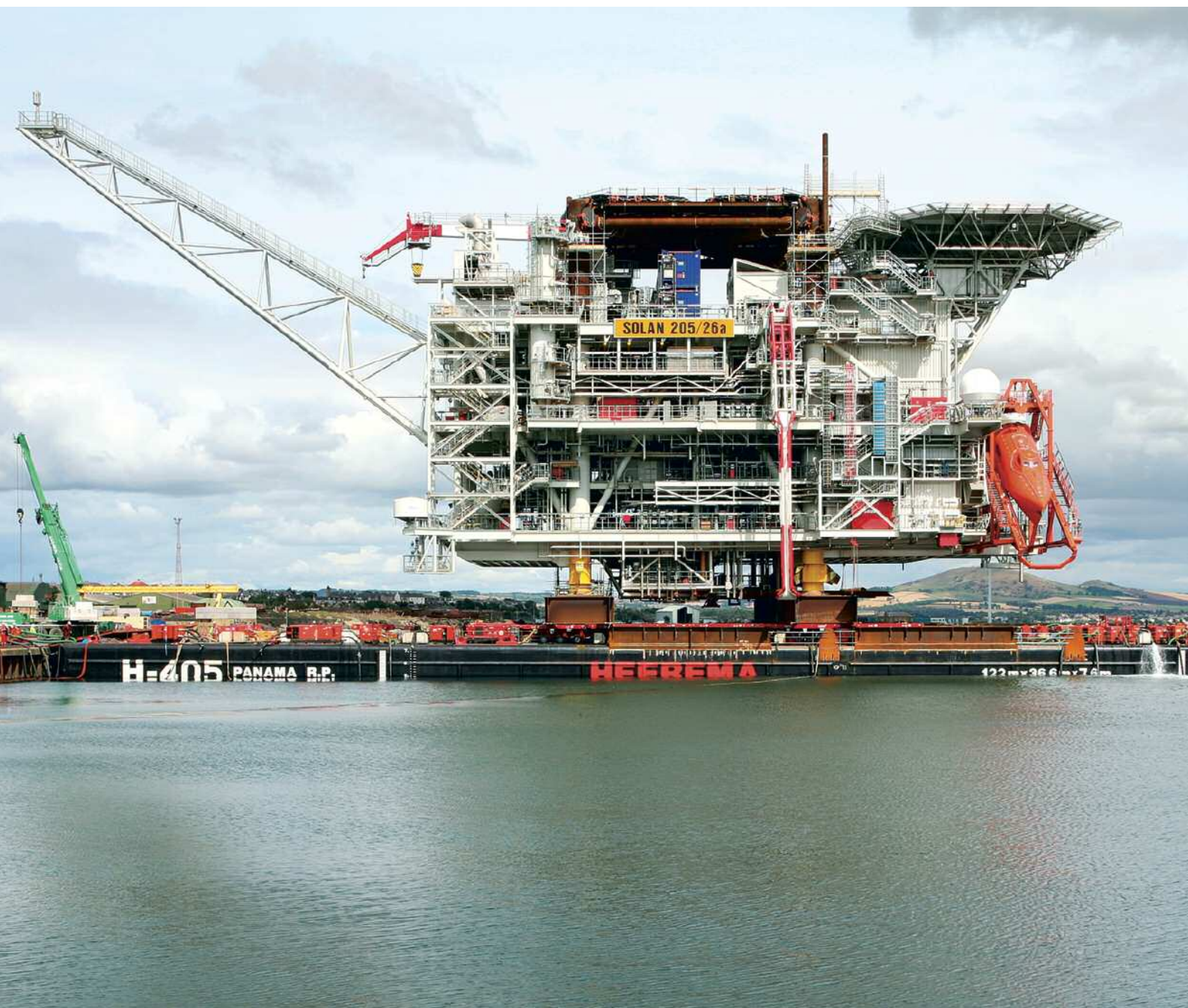






OCCUPATIONAL HEALTH, SAFETY AND SECURITY

PREMIER'S GOALS ARE TO ENSURE THE SAFETY OF EVERYONE INVOLVED WITH OUR OPERATIONS AND TO PROTECT THE ENVIRONMENT¹. WE WILL NEVER KNOWINGLY COMPROMISE OUR HEALTH AND SAFETY STANDARDS TO MEET OUR OPERATIONAL OBJECTIVES.





MATERIALITY

As an offshore oil and gas operator, health and safety is paramount given the risks associated with our involvement in potentially hazardous activities and operating environments. This is not only due to the potential human impacts on employees and contractors, but also the importance we attach to operational continuity, environmental performance, regulatory compliance and company reputation amongst our employees, business partners, government partners and investors.

Key issues in this regard are:

- Occupational health and safety
- Process safety and asset integrity
- Emergency preparedness
- Employee and asset protection

MANAGING HEALTH, SAFETY AND SECURITY //

HSES Policy

Our Health, Safety, Environment and Security (HSES) Policy recognises the need to:

- Encourage open and honest communication
- Seek ways to continually improve our performance
- Assess and manage risks
- Provide appropriate resources
- Maintain clean, safe and healthy workplaces
- Investigate and learn from any incidents
- Plan and prepare for potential emergencies
- Maintain high quality documented systems and processes
- Seek external certification of key management systems
- Meet or surpass statutory requirements

It is the responsibility of everyone involved in Premier to comply with our policies and to assist the company in applying them.

HSES Management System

Premier's HSES Policy is supported by our HSES Management System, which contains a comprehensive set of standards and procedures, all of which are integrated into the overall Business Management System (BMS – p18). These include our Golden Rules, which are designed to help address the most common causes of serious incidents at oil and gas facilities. The overall HSES Management System is subject to internal and external review, including external certification to OHSAS 18001 (on health and safety management) for production and drilling.



OCCUPATIONAL HEALTH, SAFETY AND SECURITY

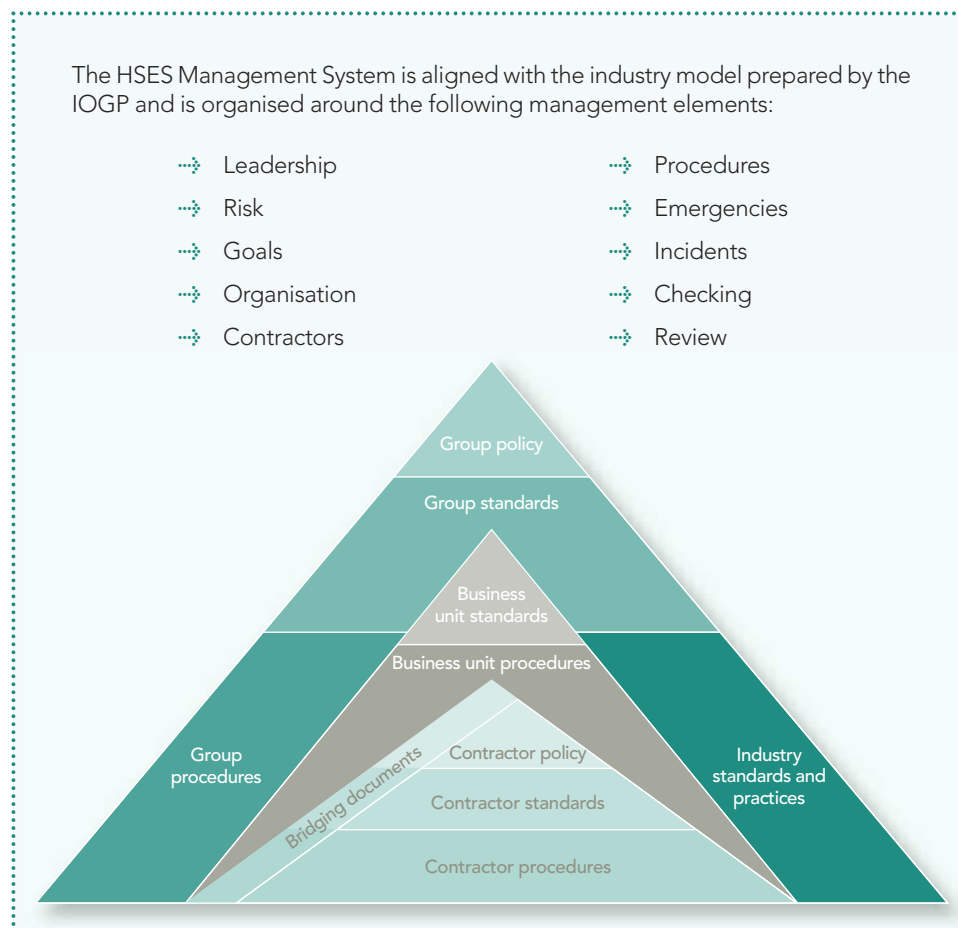
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We recognise that our operations have the potential to cause major accidents and are committed to preventing these. We aim to provide our employees, contractors, visitors, neighbours and the environment with a high level of protection and believe that all major accidents are preventable. Because of this, we carry out regular reviews of our operations to assess the risk of major accidents and to implement relevant measures to prevent their occurrence.

HSES performance is monitored, measured and reported on an ongoing basis to the Executive Committee and to the Board.

The HSES Management System prescribes how HSES issues should be managed throughout the hydrocarbon lifecycle (exploration, development, production and decommissioning). The HSES Management System applies to our operated assets and activities, as well as to our assets that are operated by third parties and to activities that we contract out.

Figure 9: Scope and hierarchy of the HSES Management System



In 2014, Premier carried out a review and major update of its corporate HSES Management System with the aim of:

- Making it as visible and comprehensive as possible and, most importantly, making it easier to apply in practice
- Incorporating the latest guidance from the International Association of Oil & Gas Producers (IOGP)

The full roll-out of the updated HSES Management System across the business will take place in 2015.

Incident reporting

In 2014, Premier enhanced its internal reporting by rolling out a new, integrated web-based Occupational Health and Safety incident reporting tool – Synergi Life – across our operations. This consolidates information previously recorded in multiple occupational health and safety data management systems and therefore supersedes those systems. It applies across the group, regardless of geography and function, thereby driving improved visibility and consistency in reporting. As a result, we are able to report on key performance indicators through one centralised system. All relevant individuals reporting on Occupational Health and Safety performance have been given training on the new system.

Fitness for work

Premier requires all employees and contractors working offshore to have a medical assessment every two years, in accordance with the Oil and Gas UK Guidelines for Medical Aspects of Fitness for Offshore Work. We maintain a strict prohibition on alcohol and illegal substances and strongly encourage individuals found to be affected by either to accept the professional counselling made available to them by Premier.

Employee engagement

Every Premier employee is accountable for their own HSES performance and that of their team. Employees are expected to 'stop the job' if they see or believe something is unsafe or can be better controlled. In addition, each operational function and team enters into team HSES performance contracts, while individual performance contracts are also set for those individuals whose seniority or role means they are likely to influence HSES performance.

Induction training places a heavy focus on HSES awareness. In addition, employees working on or travelling to offshore facilities undertake a Basic Offshore Safety Induction and Emergency Training programme. They must also attend a Further Offshore Emergency Training refresher programme every four years thereafter.

During 2014, we completed (with our project partners) the development of a technical safety competency framework, which will lead to the recognition of individuals as Professional Process Safety Engineers. This training framework will enhance the ability of technical safety personnel to identify and address process safety hazards and incidents.

Employees at our Norway and United Kingdom business units (representing 30 per cent of our workforce) have representatives on formal joint management-worker health and safety committees. Although our other business units do not operate this model, Premier has procedures in place to ensure that employees receive direct communications on HSES issues (including the issuing of Safety Alerts (p37) and the sharing of best practice) from senior managers and supervisors on a regular basis.

In addition, HSES advisors as well as safety officers drawn from the workforce are present in all our production, drilling and construction operations. They conduct regular meetings to discuss health and safety issues with employees. Similarly, senior managers and supervisors are required to demonstrate visible leadership on HSES matters in the operational environment.

2

OCCUPATIONAL HEALTH, SAFETY AND SECURITY

continued

In 2014, we developed new safety awareness videos to support our ongoing HSES engagement efforts:

- **Golden Rules videos:** These videos reinforce workplace application of the Golden Rules in an engaging way. The videos place particular emphasis on empowering workers to intervene and stop work when they perceive safety risks
- **Contractor incident review video:** This powerful video examines an actual contractor fatality which occurred on a contracted drilling rig in Vietnam in 2010. It uses visual effects and interviews to explain what went wrong and how the incident could have been avoided. It has been used across our business units and at dedicated HSES workshops for our drilling teams and drilling contractors prior to the commencement of drilling campaigns

Monitoring and assurance

The HSES Management System is subject to an ongoing programme of internal and external monitoring and review. This includes third party certifications of our operated production and drilling activities which, with the exception of our Chim Sáo production facility in Vietnam, are accredited to both the OHSAS 18001 health and safety management and ISO 14001 environmental management system standards. Chim Sáo is in the process of being accredited to these standards.

The Board reviews HSES performance against our targets on a monthly basis and the Executive Committee reviews performance through quarterly reviews with each business unit. All safety performance data includes Premier employees and directly and indirectly employed contractors across all our operated exploration, drilling, construction and production activities.



OCCUPATIONAL HEALTH AND SAFETY

In 2014, we worked 10.8 million man-hours, compared with 11.8 million man-hours in 2013. The reduction in man-hours in 2014 was mainly due to the cessation of onshore construction associated with Solan in the third quarter of 2014.

Figure 10: Occupational safety data

Key safety parameters and indicators		Total		
		2012	2013	2014
Man-hours worked	(million)	6.1	11.8	10.8
Fatalities		–	–	2
Lost work day cases	(LWDC)	5	18	7
Restricted work day cases	(RWDC)	2	5	2
Medical treatment cases	(MTC)	4	17	5
Key performance indicators				
Target Recordable Injury Rate		2.00	2.00	2.50
Total Recordable Injury Rate	(TRIR) ¹	1.79	3.42	1.48

FATALITIES //

We regret to report that two fatalities took place in 2014. A male crew member of a contractor's marine support vessel died after falling overboard following a ship collision in Indonesia. As a result of this event, we have appointed a technical expert with oversight of marine operations in the Indonesia business unit.

In addition, a male motorcyclist died following a collision with a Premier vehicle on a public highway in Vietnam. In response to this, we carried out a review of driving and journey management in our Vietnam business unit. In 2014, we also published a new corporate land transport standard.

TOTAL RECORDABLE INJURY RATE //

In 2014, our Total Recordable Injury Rate (TRIR) improved by 57 per cent from 3.42 per million man-hours worked to 1.48. There were 16 recordable injuries in 2014 compared to 40 in the previous year. Injuries in 2014 included:

- Two fatalities
- Seven lost work day cases
- Two restricted work day cases
- Five medical treatment cases

Improvement in the overall TRIR was largely accounted for by:

- Outstanding performance at our production operations, which recorded only a single injury over the year. This reflected continued management focus on occupational health and safety at our core operated assets. Of particular note was our operated Anoa platform in Indonesia which, by the end of 2014, had achieved 1.6 million man-hours without a lost time injury
- A reduction in typically higher-risk contracted construction work, compared with the previous year, as well as a transition to less hazardous forms of construction work on key projects
- Enhanced input from Premier's own HSES team at contractor construction yards

¹ Per million man-hours.



OCCUPATIONAL HEALTH, SAFETY AND SECURITY

continued

In 2014, we had no confirmed cases of occupational disease. Nonetheless, there was one case of skin irritation at Balmoral and three mild cases of heat exhaustion during the construction of the Solan tank in Dubai¹. This compares to three mild cases of heat exhaustion in 2013, two of which were in Dubai and one in Vietnam. This highlights the risks posed to those carrying out physically demanding activity in high temperature locations, especially construction work in confined spaces.

Figure 11: Total Recordable Injury Rate (TRIR)² benchmarking³

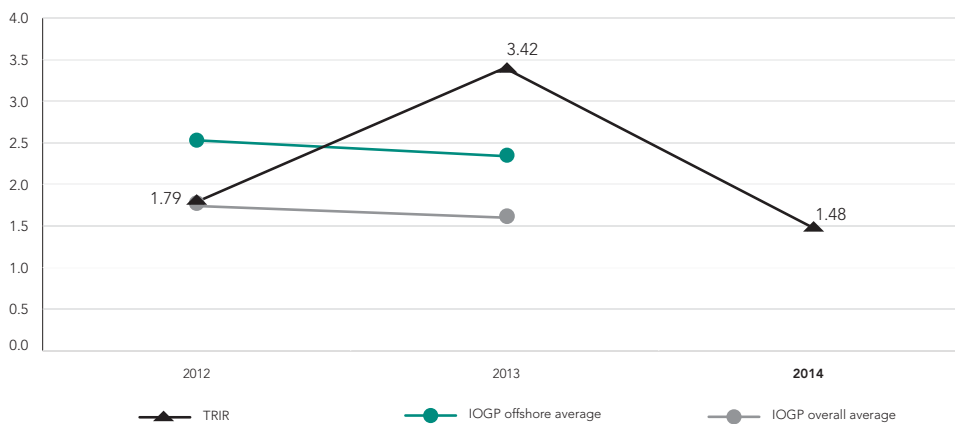


Figure 12: Total Recordable Injury Rate (TRIR) by employment type and region⁴

	Exploration	Falklands	Indonesia	Norway	Pakistan	UK	Vietnam
Employees	-	-	-	-	-	-	-
Contractors	-	5.16	0.99	-	-	2.12	0.77
Overall workforce	-	3.52	0.65	-	-	2	0.64

Figure 13: Breakdown of recordable injuries by gender and employment type

Falkland Islands	1	incident involving a male contractor (back strain)
Indonesia	2	incidents involving male contractors (injury by flying object and fatal drowning)
UK	11	incidents involving male contractors (four strains, two trips, two cuts, two injuries by flying objects and a fall from height)
Vietnam	2	incidents involving a male third-party (fatal road traffic accident) and a female contractor (minor cut)

1 All those affected were male contractors.

2 Per million man-hours worked.

3 IOGP averages are calculated in May of the following year. IOGP averages for 2014 were therefore not available when this report was issued.

HIGH POTENTIAL INCIDENTS //

The High Potential Incidents (HiPos) metric used by Premier represents a leading indicator for major accidents and serious injuries. By identifying, analysing and addressing the root cause of HiPos, we are able to reduce the likelihood or impact of future incidents. The assessment of HiPos complements the testing of asset integrity safety systems under our safety case regime.

In 2014, we identified 11 HiPo events (2013: eight) giving us a HiPo rate of 1.02 per million man-hours worked (2013: 0.68 per million man-hours worked). Of the HiPo events identified, eight were considered to have the potential for a single fatality and three had the potential for multiple fatalities. Our HiPos in 2014 included:

- Six relating to construction
- Two relating to drilling
- Three relating to production

This again highlights the particular risks posed by both dynamic construction activities as well as offshore production and drilling operations.

We are in the process of amending our methodology for the recording of HiPos to align our classifications with the IOGP definitions. Had we used the IOGP definitions in 2014, it is likely that we would have recorded a further four HiPos for the year.

Following an investigation into the root cause of each HiPo (and in accordance with Premier's standard practice) we issue all employees with Safety Alerts on each HiPo. These set out a detailed description of the incident, the causes behind it and necessary preventative actions⁵.

Figure 14: High Potential Incident Rate (HiPoR)⁶

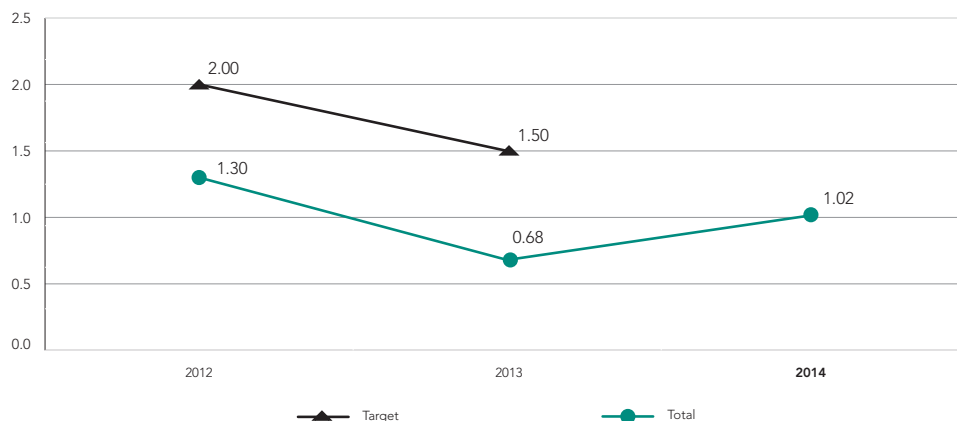


Figure 15: High Potential Incidents data

Parameter	2012	2013	2014
High Potential Incidents (HiPos)	8	8	11
Target High Potential Incident Rate (HiPoR) ⁶	2.00	1.50	n/a
Total High Potential Incident Rate (HiPoR) ⁶	1.30	0.68	1.02

4 This table does not include third party incidents. Note that the UK business unit TRIR figures includes commissioned construction activity in the UAE.

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

6 Per million man-hours worked. Please note that there was no HiPoR target for 2014.



OCCUPATIONAL HEALTH, SAFETY AND SECURITY

continued

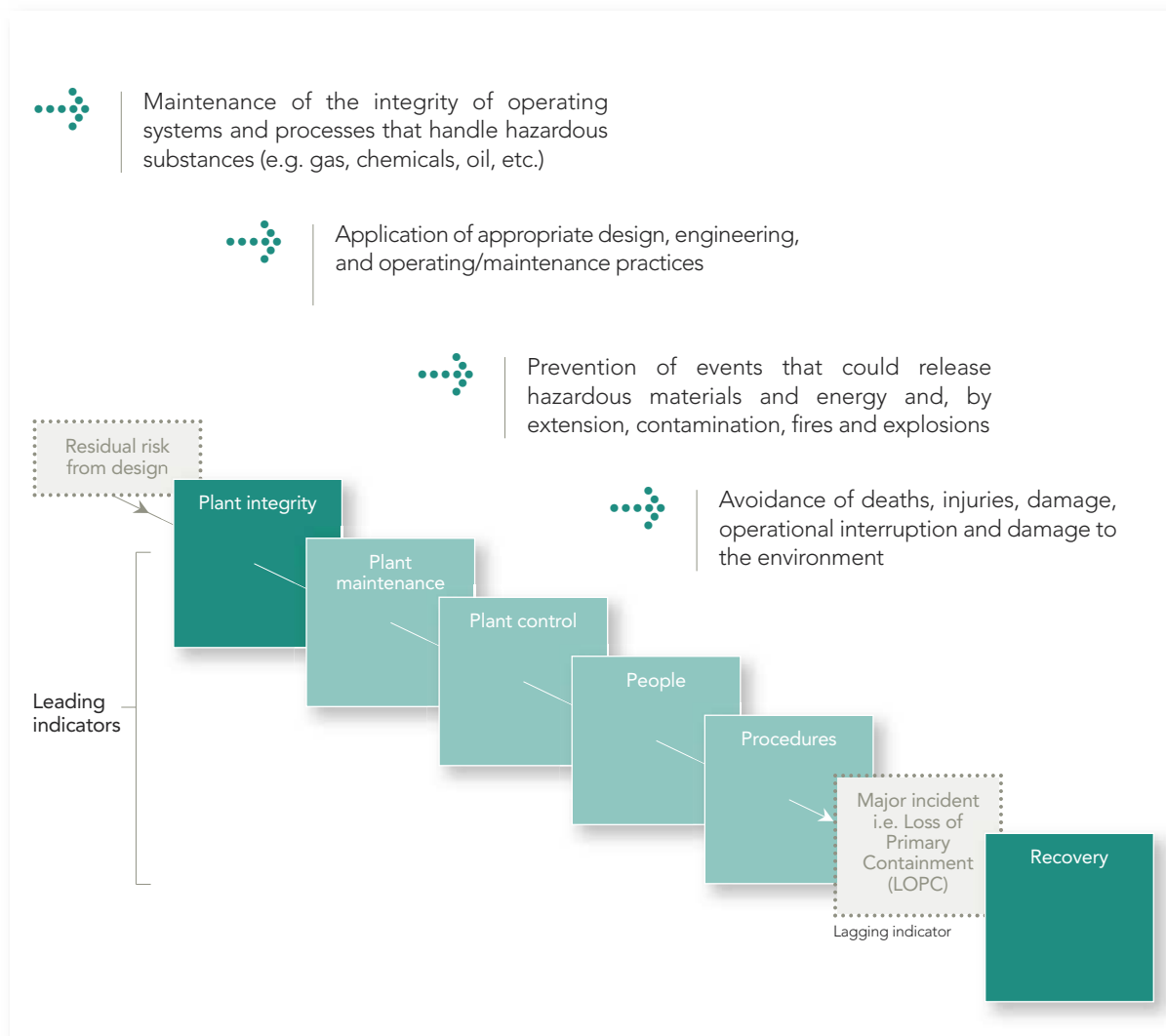
PROCESS SAFETY AND ASSET INTEGRITY

Our Process Safety Management Standard (PSMS) defines Premier's objectives and minimum requirements for process safety in all operations, as well as the responsibilities, verification and validation required to provide assurance that they have been met. Together with our new Safety and Asset Integrity Performance Reporting Scorecard (STAIRS) (see below), the PSMS helps our production operations achieve:

- Legislative compliance
- Consistent process safety and asset integrity management
- Clear accountabilities
- Effective and timely maintenance, repair, testing and inspection of safety critical systems, equipment and structures
- Sound risk management

The PSMS and STAIRS help ensure consistent management reporting and oversight at asset, business unit and corporate level.

Figure 16: Key elements of process safety¹



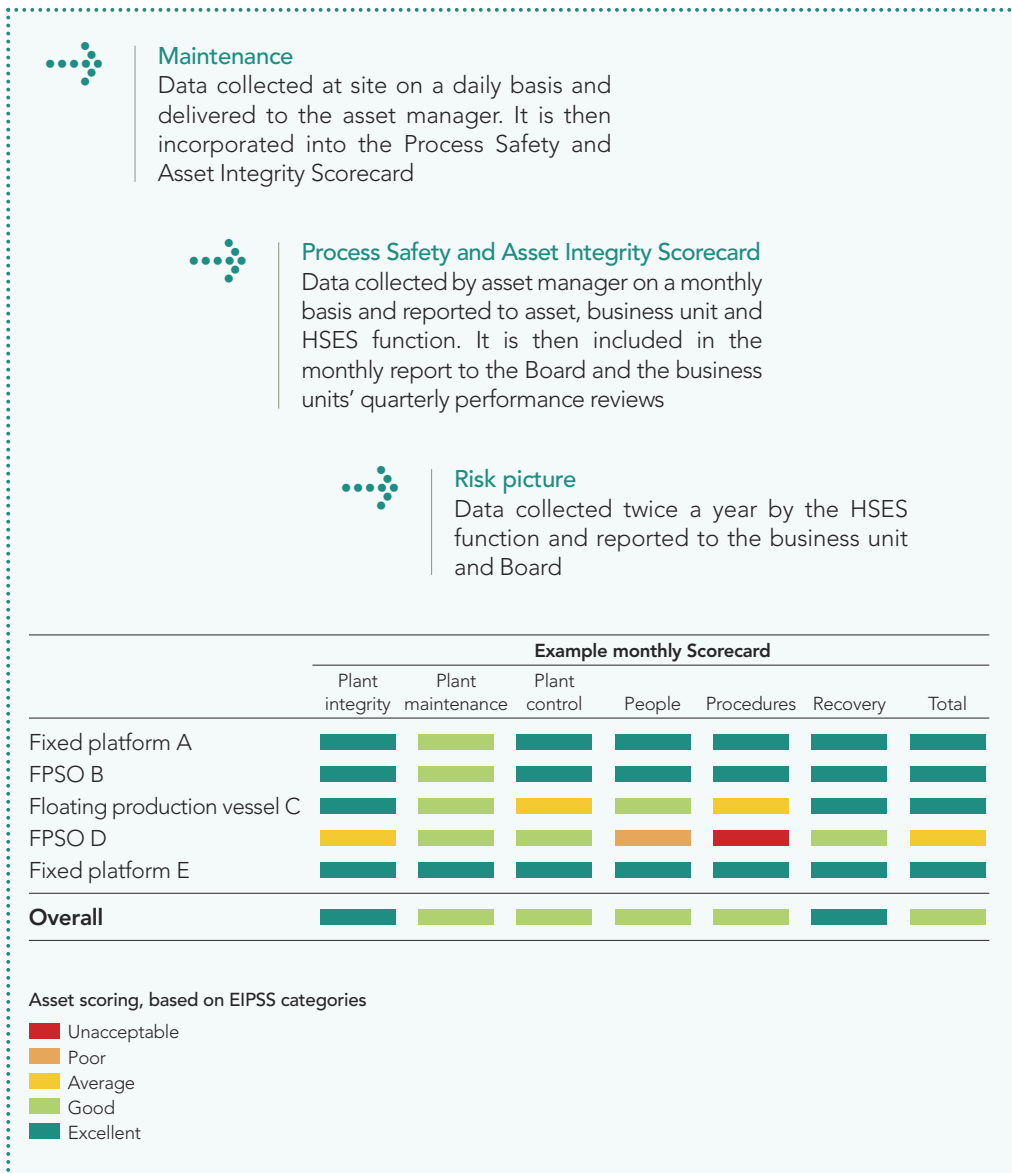
PROCESS SAFETY AND ASSET INTEGRITY SCORECARDS //

In 2014, we introduced STAIRS across all of our operated assets, covering plant, people, procedures and recovery (i.e. emergency response) barriers. These:

- Assess monthly process safety and asset integrity performance at each operated asset
- Support the identification, assessment and management of associated risks
- Confirm that each asset is 'safe to operate'
- Facilitate target-setting, monitoring and assurance (including third party auditing against the Energy Institute Process Safety Survey standard)

The Scorecards are based on a combination of the principles of American Petroleum Institute (API) recommended practice and the Energy Institute Process Safety Survey (EIPSS) framework. They include sufficient information to demonstrate compliance with each installation's Safety Case, or justification for continued operation if a material weakness is found. They evaluate a full set of process safety and asset integrity indicators for each recovery barrier, and assign an overall score on how each barrier is being managed. Compliance levels for each recovery barrier are reported separately and are aggregated to produce a final quantitative 'score' per recovery barrier and asset.

Figure 17: Process safety data collection and reporting



1 Based on IOGP Report 456: Process Safety – Recommended Practice on Key Performance Indicators (2011).



OCCUPATIONAL HEALTH, SAFETY AND SECURITY

continued

LOSS OF PRIMARY CONTAINMENT //

In line with guidance from the IOGP, Premier records process safety events through the measurement of consequences (i.e. injury or impact) and Loss of Primary Containment (LOPC) events. We classify significant LOPC events into two categories (Tier One and Two) as defined by the API and report our performance annually to the IOGP for benchmarking. The exact definitions are complex but, as a generalisation, the following abbreviated definitions help to understand the metrics:

- **Tier One:** More than 500kg of gas or 1,000kg of oil per hour
- **Tier Two:** More than 50kg of gas or 100kg of oil per hour

We also record other LOPC events of lesser significance (e.g. 1-50kg of liquid or flammable gas released to the environment) for investigation and internal performance reporting.

We are a member of the IOGP Process Safety Subcommittee and continue to assist them in the development of an industry-wide approach to process integrity indicators and reporting.

In 2014, our operated production assets had:

- No Tier One or Tier Two LOPC events
- 11 LOPC events of lesser significance

This compares to a total of 12 LOPC events that had process safety implications in 2013 including one Tier One event and two Tier Two events¹.

Figure 18: Process safety data

LOPC events	2012	2013	2014
Tier One	–	1	–
Tier Two	7	2	–
Events of lesser significance	34 ² (13)	37 (9) ²	11
Total	41 ² (20)	40 (12) ²	11

1 Using new screening procedures introduced in the course of 2013 – as referenced in p36 of the 2013 Corporate Responsibility Report.

2 Figures not in brackets for 2012 and 2013 denote LOPC events as defined under our previous reporting criteria.

3 Front-end Engineering and Design.

4 Hook-up and commissioning.

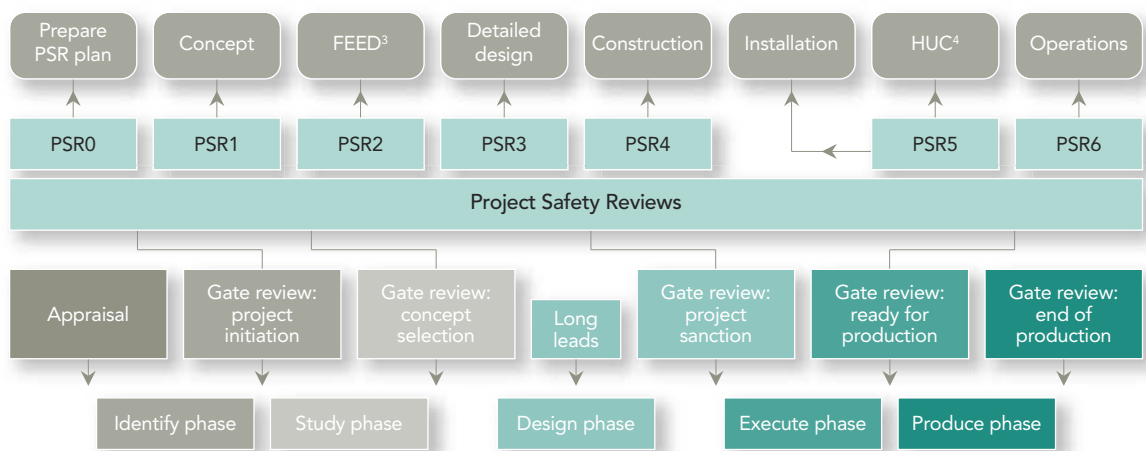
5 'Reasonably practicable' implies that an assessment is made in which the quantum of risk is balanced against the money, time and effort involved in averting that risk.

SAFETY ASSESSMENTS

PROJECT SAFETY REVIEWS //

All Premier-operated projects are covered by Project Safety Reviews (PSRs). PSRs are carried throughout the project lifecycle, in the identification, study, design, execution and production phases, to ensure that HSES risks are identified and effectively managed at every stage. As a result, each project typically undergoes six PSRs from concept into operation and these are aligned with Premier's approval gate stages (see Figure 19). All HSES risks must be managed to an acceptable level before a project can proceed to the next stage.

Figure 19: Project safety reviews at all stages of the project pipeline



SAFETY CASES //

Premier operated assets

All our operated installations have safety cases in place that assess relevant process safety risks against established benchmarks. Where necessary, we then take steps to reduce these risks to a level that is as low as reasonably practicable (the ALARP principle⁵). Our operated assets are then reviewed every five years to ensure ongoing compliance with their Safety Cases.

We start preparing Safety Cases at an early stage for each project to identify key risk drivers and solutions. We then develop the Safety Case in detail as the project proceeds and ensure that a comprehensive and acceptable Safety Case is in place prior to production. Our Safety Cases are consistent with the regulatory standards of the UK, irrespective of location. This reflects our desire to apply best practice wherever we work. Each Safety Case is reviewed by local regulators or competent third parties, who provide assurance regarding compliance.

In 2014, we:

- Submitted our Safety Case Design Notification for Catcher (UK) and the Safety Case for Solan to the UK Health and Safety Executive and responded to their questions
- Updated our Safety Case at Chim Sáo (Vietnam)
- Undertook a five-yearly review of the Balmoral Safety Case (UK)
- Prepared outline plans for the five-yearly review of the Safety Cases at Anoa and Gajah Baru (Indonesia)

Contractor drilling

We encourage all our drilling contractors to adopt the International Association of Drilling Contractors HSE Case Guidelines for their drilling operations. We also assess the integrity of our contracted drilling rigs prior to their deployment. This includes:

- Assessment of each drilling rig's technical specifications during bidding to ensure they meet our requirements
- A pre-hire audit after we have selected a rig
- A drilling preparedness review which includes an assessment of crew competence, maintenance processes, and the integrity of equipment (e.g. blowout preventers) that is critical to safety and the environment



OCCUPATIONAL HEALTH, SAFETY AND SECURITY

continued

WELL EXAMINATION //

Our well examination scheme, which we apply across the company, was originally developed to meet the requirements of the Offshore Installations and Wells Design and Construction Regulations 1996. These require well operators to have a scheme in place to ensure that (as far as reasonably practicable) wells are designed, operated, suspended and decommissioned in a way that prevents any unplanned escape of oil or gas, and that minimises health and safety risks.

In this context, we commission independent, competent experts to review our wells on an annual basis to ensure they continue to meet the above requirements. Each examination records:

- Well risks
- Recommendations for mitigation
- Actions taken in response to those recommendations

EMERGENCY PREPAREDNESS

The complex nature of our assets, as well as our offshore operating context, means that there is considerable potential for major safety incidents, infrastructure failures and other catastrophic events. These can have a major impact on our people, operational continuity, local environments and relationships. Whilst Premier does its utmost to minimise the risk of such events occurring, it is important to be prepared for the worst. This includes careful planning to mitigate the impacts of incidents should they occur.

All our operations:

- Have emergency response plans, which are subject to regular review
- Conduct weekly drills offshore for all personnel and periodic onshore emergency exercises involving emergency response teams from our business units and corporate office. These are based on simulated scenarios such as major oil spills or fatal accidents

In addition, we carry out:

- A range of more regular health and safety drills at all our onshore offices and offshore facilities
- Periodic business continuity and disaster recovery exercises at our onshore offices, including exercises in Indonesia and Vietnam in the third quarter of 2014

WELL CAPPING //

We continue to support the work of the Oil Spill Prevention and Response Advisory Group, a body established by Oil and Gas UK that has overseen the development of a well capping device for the UK Continental Shelf (UKCS). This device can close off a well in the event of a major incident, thereby stopping a major and sustained oil release. The device, which is fully operational, is kept in readiness for immediate deployment where needed. As a member of Oil Spill Response Limited, we are entitled to use the device at any of our drilling and production locations on the UKCS.

In 2014 Premier also negotiated an agreement with Wild Well Control which enables us to access and mobilise their subsea well containment system (on a fully staffed basis) to respond to a loss of control on any Premier-operated well in the world.

EMPLOYEE AND ASSET PROTECTION

Our conduct of security risk evaluations for our employees and assets, whether they are involved in exploration, project development, production or general business, is guided by the latent risks posed by their locations, as well as by recent events.

In 2014, key areas of higher potential security risk included:

- Pakistan – linked to security weaknesses and terrorist threats
- Iraq – linked to conflict and the rise of Islamic State
- Kenya – linked to community/tribal conflict, as well as cross-border terrorist threats linked to Al-Shabaab

During 2014, employees worked in Pakistan and Iraq and a security consultant visited Iraq and Kenya. They were supported by in-depth travel risk assessments and guidance, as well as enhanced physical security and evacuation precautions where appropriate.

Premier has a formal travel risk management process for all its employees. It is also a member of International SOS, which provides international medical assistance, healthcare and security services as well as updates on local health-related risks.

During 2014, there were no significant security incidents that affected Premier personnel.

DISEASE MANAGEMENT //

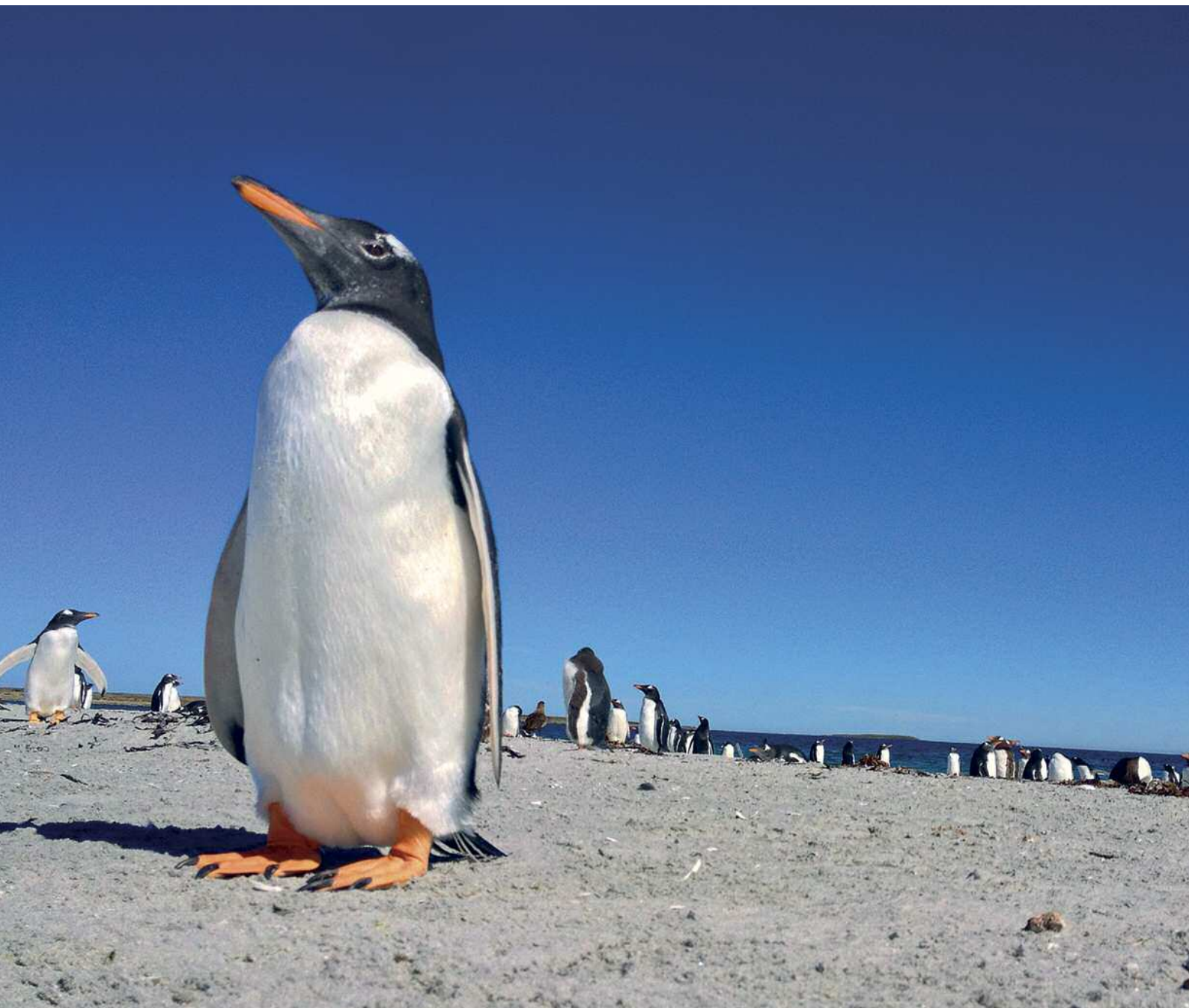
Premier provides its employees (and their families where appropriate) with relevant information around disease prevention when travelling to, or working in, high risk areas. Medication is provided when necessary.





ENVIRONMENT

PREMIER IS FOCUSED ON PROTECTING THE ENVIRONMENT IN LINE WITH OUR STATED COMMITMENT TO REDUCE OUR IMPACT TO A LEVEL THAT IS AS LOW AS REASONABLY PRACTICABLE. THIS INVOLVES ONGOING ASSESSMENT, MITIGATION, MONITORING AND REPORTING ON ENVIRONMENTAL IMPACTS AT ALL OUR OPERATIONS.





MATERIALITY

The potential negative impacts of offshore oil and gas operations on water quality, air quality and local ecosystems are obvious. Furthermore, environmental management poses a material risk for Premier itself, due both to the potential impacts that environmental incidents may have on our corporate reputation and due to the risk of our non-compliance with our comprehensive contractual and regulatory environmental obligations.

We currently conduct all of our operated activities offshore, where we drill for and extract oil and gas from sub-surface reservoirs. Our most significant environmental issues relate to:

- Greenhouse gas emissions associated with energy consumption and flaring at our facilities
- Pollution, including the prevention of spills and the responsible management of hazardous materials

MANAGING OUR ENVIRONMENTAL PERFORMANCE //

We manage our environmental performance through our Health, Safety, Environment and Security (HSES) Management System (p31-34) throughout the lifecycles of our operations and projects. This includes third party certification to ISO 14001 on environmental management for production and drilling. Under the HSES Management System, ongoing environmental assessment, mitigation, monitoring and reporting takes place at all operations to ensure we reduce our impact to a level that is as low as reasonably practicable (the ALARP principle¹). This includes environmental and social impact assessments (ESIAs) for each operated activity.

Our HSES Management System, as well as our external audits to ISO 14001, helps ensure our compliance with applicable environmental legislation and regulations.

Impact assessment

Under our HSES Management System, we conduct baseline surveys and prepare ESIAs for each operated activity. The assessments include:

- Physical impacts
- Ecosystem impacts
- Socio-economic impacts

As part of this process, we gauge the significance of each impact and assess how we can reduce it to a level that is ALARP. In this context, we decide on the implementation of potential impact controls on the basis of:

- Efficacy
- Practicality
- Cost

Reporting our performance

Environmental metrics are gathered on a monthly basis from each business unit. These are analysed and relevant performance indicators are reported to the Board each month.

¹ 'Reasonably practicable' implies that an assessment is made in which the quantum of risk is balanced against the money, time and effort involved in averting that risk.



ENVIRONMENT

continued

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

APPROACH //

We work to minimise our carbon emissions through:

- The efficient operation of our existing equipment and infrastructure, including the minimisation of flaring and venting
- The application of effective design and, wherever practicable, energy efficient technology (p52)
- Responsible energy use

Performance constraints

Our ability to reduce our carbon emissions is ultimately constrained by the fact that the performance of our offshore production facilities and drilling rigs is largely determined by their original design. Furthermore, as fields mature, hydrocarbon production decreases and produced water (and thus fluid handling) increases.

This means that the carbon intensity of our production facilities inevitably increases over time as fields age. Nonetheless, any new facilities that we install integrate the best available technology at the time. This includes, for example, technology to allow the use of lower impact dry, low-emissions turbines and minimise the need for routine flaring.

In this context, we believe that all targets should be SMART (Specific, Measurable, Attainable, Relevant and Time-bound) and as such we:

- Conduct environmental ALARP studies at the design stage of every new project
- Set SMART annual greenhouse gas intensity targets to drive operational efficiency at our operated production assets
- Aspire (through the continuous implementation of the above measures) to achieve a carbon intensity for steady-state operated production that is in line with the industry median¹

Using the above approach, our short-term (i.e. 2015) objective is to achieve a greenhouse gas intensity of less than 220 tonnes per thousand tonnes of operated hydrocarbon production.

We benchmark our carbon emissions performance against an industry database compiled and published annually by the International Association of Oil & Gas Producers (IOGP)². This means we are able to assess our own carbon emissions performance against our peers. Nonetheless (and as discussed above) our ability to improve our performance is considerably constrained. Furthermore, Premier has a relatively small number of producing assets, the profile of which is likely to differ significantly from our peers.

Reporting

We have participated in the CDP³ since 2006 achieving a current disclosure score of 58 out of 100 (2013: 66). This reduction in score reflects changes to the CDP methodology and does not reflect any changes in Premier's own practices.

In addition, in the UK we are subject to the European Emissions Trading Scheme (EU ETS). In this context, we submit an annual, externally-verified report on our emissions to the UK's Department of Energy and Climate Change.

Emissions from our joint venture partners

We gather emissions data from our joint venture partners to enable us to quantify emissions across our entire portfolio and also to understand the emissions performance at each of our non-operated assets (p48).

PREPARING FOR CLIMATE CHANGE RISKS //

We recognise that climate change may pose potential physical risks to our operations in terms of infrastructure damage and/or production interruption. Such risks include (for example) heightened storm risks and long-term sea-level rises. We undertake detailed meteorological and oceanographic impact assessments for all new projects taking into account projections of rising sea levels and more frequent unpredictable weather events. In 2014, this included a review of latest available sea-level rise predictions as part of study work for the Sea Lion project in the Falkland Islands, which resulted in adjustments to the basis of design for the field. This did not have any material cost implications due to significant subsequent changes to planned project design.

DIRECT EMISSIONS⁴ //

In 2014, total Scope 1 (i.e. direct) greenhouse gas emissions⁵ from our operated facilities amounted to 947,724 tonnes (2013: 958,566 tonnes). Changes in the volume of emissions during 2014 arose principally from:

- A significant reduction in flaring at Chim Sáo in Vietnam following significant investment in the upgrading of its boilers and other technological interventions to decrease the need for flaring
- A 224 per cent increase in emissions from drilling, largely due to increased project development activity

Figure 20: Flaring and venting of gas (tonnes/tonnes per tonne of production)⁶

	Indonesia	UK	Vietnam	Total
Flaring (tonnes)	8,882	8,100	106,812	123,794
Flaring per tonne produced	0.01	0.05	0.07	0.03
Venting (tonnes)	1,757	–	3,109	4,866
Venting per tonne produced	0.00	–	–	0.00

Figure 21: Total operated greenhouse gas emissions (thousand tonnes)

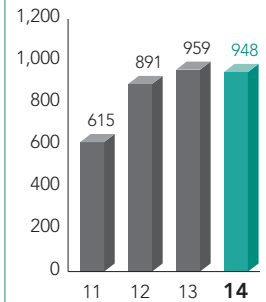


Figure 22: Greenhouse gas emissions per function (thousand tonnes)

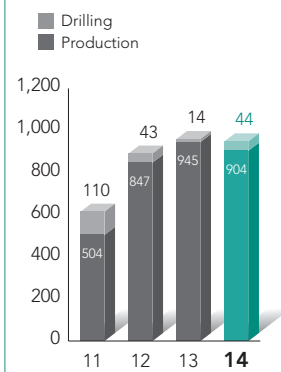
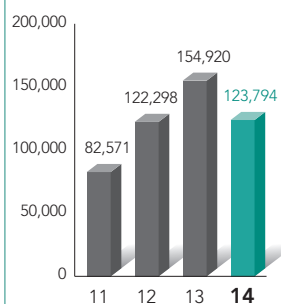


Figure 23: Flaring of gas (tonnes)



1 As published annually by IOGP.

2 The IOGP published median was 148 tonnes per thousand tonnes of production for 2013 (latest data available).

3 Formerly known as the Carbon Disclosure Project.

4 Greenhouse gases reported in this section include carbon dioxide, methane and nitrous oxide. We do not emit significant amounts of hydrofluorocarbons, perfluorocarbons or sulphur hexafluoride. The chosen base year is 2011 (when Gajah Baru (Indonesia) and Chim Sáo (Vietnam) came onstream). Prior to this, our operated production portfolio was materially different making comparison prior to 2011 much less relevant. Calculations of Scope 1 emissions are based on equations and emission factors provided in the 2009 API GHG Compendium. Global warming potential rates are taken from the IPCC (2013) Assessment Report. Premier does not produce any biogenic emissions.

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

6 For Balmoral (UK), venting quantity is not calculated because it is already included in the flaring calculation as an estimated figure. Including this data would result in double-accounting.



ENVIRONNEMENT

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Our Scope 1 emissions are likely to increase over the next five years as new production operations come onstream.

In 2014, our operated production assets achieved a greenhouse gas emissions intensity of 242 tonnes per thousand tonnes of production¹ (2013: 288 tonnes), a decrease of 16 per cent. This reflected a 30 per cent reduction in average emission intensity at Chim São (Vietnam).

In 2014, Scope 1 (i.e. direct) greenhouse gas emissions² from our non-operated facilities (the percentage of total emissions based on Premier's equity share) amounted to 158,971 tonnes (2013: 219,033 tonnes). Changes in the volume of emissions during 2014 arose in part from significant divestments in Premier's non-operated portfolio, as well as emissions reductions at six of the 10 fields within Premier's non-operated portfolio in both 2013 and 2014.

Our average emissions intensity, calculated on an equity basis, including flaring and fuel gas combustion only, amounted to 212 tonnes per thousand tonnes of production (2013: 214 tonnes). This reflects the nature of our non-operated production portfolio, which includes a number of lower emission gas production assets.

INDIRECT EMISSIONS //

In 2014, our indirect emissions were:

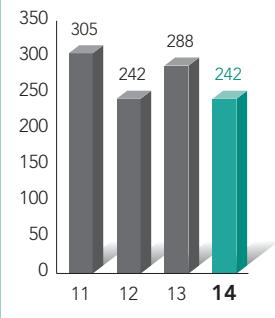
- Scope 2 (i.e. indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam³): 979 tonnes from office energy consumption (2013: 736 tonnes⁴). This increase reflects an increase in office space linked to additional project development activity across the group
- Scope 3 (i.e. other indirect emissions, such as transport-related activities): 4,592 tonnes from global business travel (2013: 994 tonnes⁵). The significant increase reflects more comprehensive data capture in relation to Scope 3 emissions in 2014

We make continuous efforts to reduce our emissions where we can. This includes:

- The purchase of renewable power for several of our onshore offices, including the use of hydroelectric energy in Norway
- Reducing unnecessary air travel by (for example) using video-conferencing

We do not currently directly generate or plan to generate renewable energy. This is partly because the offshore nature of our operations, as well as their existing ability to generate power from oil and gas, is such that this would be neither practical nor economic. It is also outside the scope of our core competencies and would, given the nature of our business, have only a marginal impact on our overall carbon footprint.

Figure 24: Greenhouse gas intensity (tonnes CO₂ per thousand tonnes of production)



POLLUTION PREVENTION

Our offshore production activities pose a range of potential pollution risks in terms of planned discharges, unplanned discharges and waste management. Our HSES Policy commits us to protecting the environment. We measure and report produced water quality as well as waste production on a monthly basis.

PLANNED DISCHARGES //

Discharges to land and sea

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) re-injected into the reservoir to maintain underground pressure or, if re-injection is not an option, cleaned, filtered and then discharged into the sea

In 2014, we discharged 2.89 million tonnes of produced water (2013: 2.26 million tonnes), representing an increase of 28 per cent. This reflected increasing water content from our maturing production assets. All such planned discharges are cleaned to meet or exceed national standards, using standard separation techniques. During 2014, the average amount of oil in produced water was 9.02 parts per million by weight (2013: 11.28 ppm-wt), representing a 25 per cent decrease. This principally reflected improved water cleaning at Balmoral (UK).

The vast majority of produced water is discharged to the sea. Our offshore production operations that discharge water to the sea are not located in any protected areas.

Figure 25: Oil in produced water (tonnes)

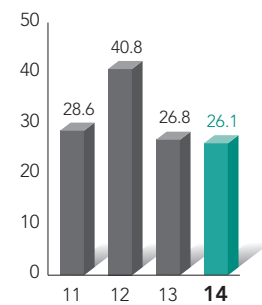
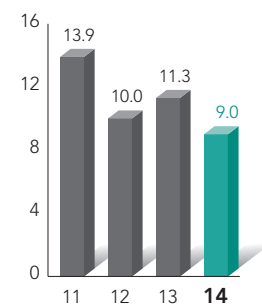


Figure 26: Oil in produced water (ppm-wt)



- 1 Including Scope 1 emissions for production only. The chosen base year is 2011 (when Gajah Baru (Indonesia) and Chim São (Vietnam) came onstream). Prior to this our operated production portfolio was materially different making comparison beyond 2011 much less relevant.
- 2 For non-operated assets emissions are calculated from fuel gas usage and flaring only and do not include diesel use.
- 3 Scope 2 calculations are based on emission factors supplied by the UK Department of Energy and Climate Change, the UK Department for Environment, Food & Rural Affairs (Defra) and International Energy Agency guidance. A different factor is used for each country, and is applied to the total energy consumption in our onshore facilities (offices and warehouses). Emission factors are used to give an estimate of CO₂ equivalent.
- 4 Note: Premier's offshore facilities produce their own electricity.
- 5 Scope 3 calculations are based on Defra guidelines and the emission factors they supply are used to calculate a CO₂ equivalent figure based on kilometres travelled. Emissions associated with end-use are not included as a) the end use of our products is beyond our control; and b) this would otherwise raise the risk of double-accounting.



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Discharges to air

Our discharges to air are set out in Figure 27 below¹. Key movements include:

- A 17 per cent increase in sulphur oxides (SO_x) emissions
- A 25 per cent increase in nitrogen oxides (NO_x) emissions

Both increases were largely driven by increased diesel usage associated with increased drilling activity.

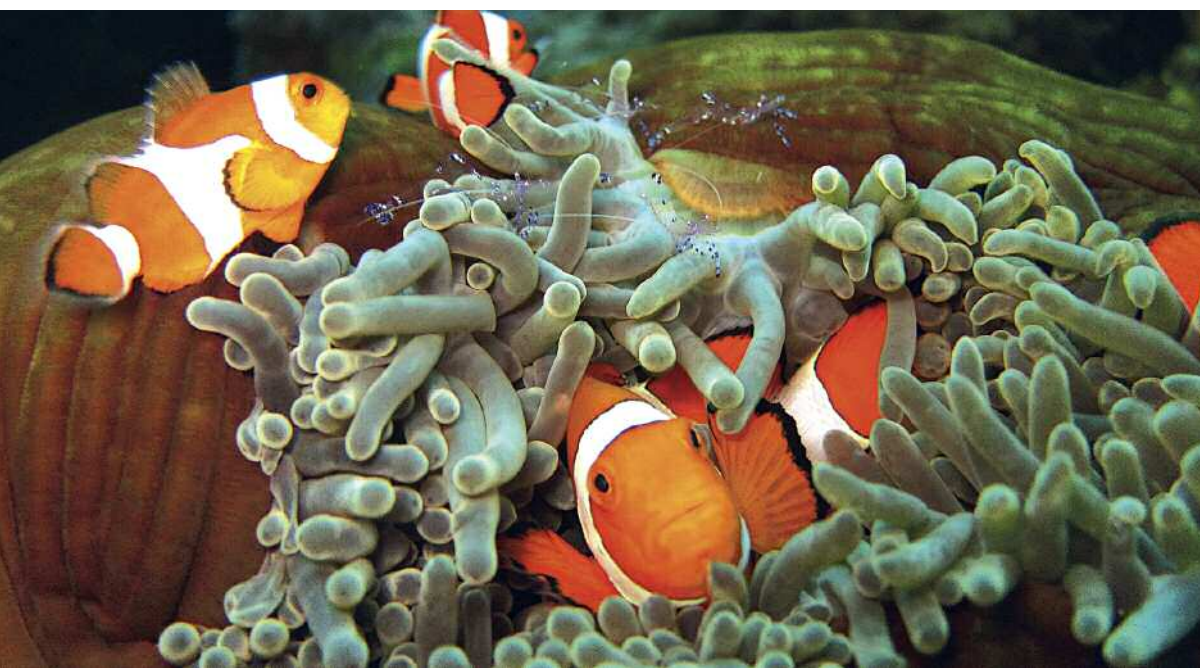
Following an active programme of reducing the use of refrigerants and halon, there are no material emissions of ozone-depleting substances from our facilities.

Figure 27: Key discharges to air (tonnes)²

	2011	2012	2013	2014
CO ₂	543,545	797,028	840,094	829,720
CO	1,924	2,392	2,504 [314]	403
N ₂ O	31	12	14	10
CH ₄	2,923	4,292	5,432	4,574
VOCs	1,350	1,941	2,416 [17]	29
NO _x	4,449	4,747	4,198 [1,181]	1,480
SO _x	455	447	387 [95]	111

Figure 28: Intensity of discharges to air in 2014 (tonnes per thousand tonnes of production)

	SO _x	NO _x	VOCs	CO
Production	0.024	0.354	0.005	0.108
Drilling	0.006	0.002	0.003	–



UNPLANNED DISCHARGES //

Our target is to have no significant spills to the environment (i.e. more than one barrel of hydrocarbons or other hazardous material). In 2014, we had 16 spills (2013: 12 spills). These spills, which collectively amounted to 1.51 tonnes, were made up of:

- Nine hydrocarbon spills (2013: five spills) amounting to 2.0 barrels or 0.26 tonnes (2013: 0.97 barrels or 0.13 tonnes). None of these spills exceeded one barrel in volume
- Seven chemical spills (2013: seven spills) amounting to 9.6 barrels or 1.25 tonnes (2013: 4.97 barrels or 0.66 tonnes)

In 2014, 13 of these spills amounting to 1.25 tonnes were discharged to the environment. The remaining three amounting to 0.26 tonnes were immediately captured through the use of bunding and drip pans. All of our operations maintain comprehensive oil spill contingency plans. In addition, we have ongoing contracts with oil spill response specialists to provide emergency support in the unlikely event of a major incident (see p42).

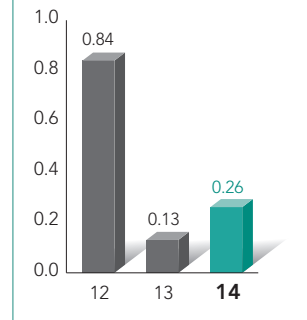
In 2014, we had one significant spill. This took place at our Balmoral (UK) operation on 20 March 2014 following an extended plant restart and resulted in the loss of 6.9 barrels of hydraulic fluid (Pelagic 100 – OCNS category 'E', which represents the lowest level of potential environmental hazard) to the sea. After investigatory work using a remotely-operated vehicle, the fault was located on the subsea hydraulic control system and was repaired as part of a diving campaign. Approximately 50 per cent of the spill was due to the initial leak itself and approximately 50 per cent was related to subsequent investigatory work. Premier notified the UK's Department of Energy & Climate Change of the incident, which did not result in lasting and/or material environmental damage.

WASTE MANAGEMENT //

In 2014, we collected 3,441 tonnes of waste materials (2013: 2,462 tonnes of waste materials) from our global drilling and production operations, and returned it to shore for disposal. Of this:

- A total of 1,844 tonnes was hazardous waste (2013: 1,930 tonnes of hazardous waste). This was generally used oil, which was sent for processing. No treated or untreated waste deemed hazardous under the Basel Convention (Annex I, II, III and VIII) was transported across international borders
- A total of 1,597 tonnes was non-hazardous waste (2013: 532 tonnes of non-hazardous waste). This included scrap metal, wood, plastic and other materials. Where feasible, we segregate and recycle as much of such waste as possible and encourage the use of recycled input materials³

Figure 29: Hydrocarbon spills to the environment (tonnes)



1 In 2014, Premier conducted a thorough review of its emissions calculation methodology, resulting in our adoption of more recently published emissions factors for the full range of reported gases. To allow comparison between 2013 and 2014 data, we have back-calculated 2013 emissions using the updated methodology (see figures in square brackets).

2 Numbers in square brackets have been re-calculated using new emission factors. NO_x, SO_x and VOCs have been calculated on the basis of standard emission factors from UKOOA (now Oil and Gas UK) EEMS Guidelines for the Compilation of Atmospheric Emissions Inventory, 2002. These are applied to diesel and fuel gas use from production and drilling operations. We do not emit significant amounts of persistent organic pollutants, hazardous air pollutants or particulate matter.

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



ENVIRONMENT

continued

NATURAL RESOURCES

ENERGY USE //

As a matter of good business practice (including cost reduction) and as part of our efforts to reduce our greenhouse gas emissions (p46-48), we seek to maximise our energy efficiency. Our efforts in this respect are governed by the ALARP principle, as well as our ISO 14001-certified HSES Management System. In addition, as part of our obligations under the UK government's Energy Saving Opportunity Scheme (ESOS), we are obliged to:

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

We are required to submit our first ESOS assessment by the end of 2015.

Improving our energy efficiency can be challenging with respect to large items of industrial offshore equipment that are rarely replaced and may even be designed to last the entire project lifecycle. Accordingly, our efforts are focused on procuring new equipment (for example to replace old equipment or during the construction of new projects) that offers higher levels of energy efficiency.

Our overall energy intensity was 2.21 GJ per tonne of production (2013: 1.91 GJ per tonne). This reflected increased exploration and development drilling activity, as well as field maturation.

In 2014, our operations used 8,240,243 GJ of energy (2013: 6,349,108 GJ), including:

- A total of 5,786,812 GJ in the form of fuel gas (2013: 4,298,581 GJ), an increase of 35 per cent. This largely reflected increased energy consumption at Chim Sáo in Vietnam (+85 per cent), Balmoral in the UK (+129 per cent) and Anoa in Indonesia (+23 per cent)
- A total of 2,453,431 GJ in the form of diesel (2013: 2,050,527 GJ), an increase of 20 per cent

Figure 30: Energy use per tonne of production (gigajoules)

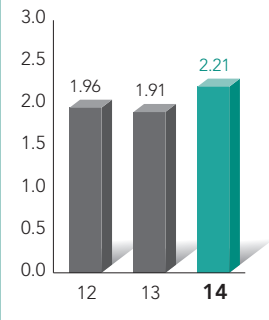
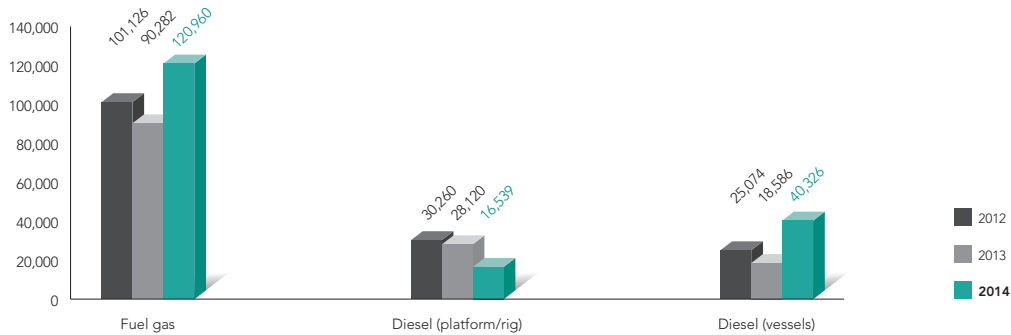


Figure 31: Fuel use (tonnes)



WATER USE //

The nature of our offshore operations and our contracted onshore exploration activities mean we have a limited impact on local water availability. Our offshore operations largely use desalinated seawater. In 2014, our drilling contractors used 16,895 tonnes of drill water (2013: 5,544 tonnes), reflecting increased exploration and development activity. We seek to minimise our use of desalinated water as a matter of energy efficiency.

Our environmental and social impact assessment processes include the analysis of risks to water availability where relevant.

BIODIVERSITY IMPACTS //

Although our offshore operations could pose a risk to local biodiversity in the event of a major asset integrity incident or major unplanned discharge, our ESAs have not identified any material long-term negative impacts on local biodiversity or ecosystems as a result of our routine drilling and production activities. Similarly, all offshore seismic survey activity, which is carried out by our exploration contractors, is compliant with relevant standards and requirements relating to the potential disturbance of marine mammals.

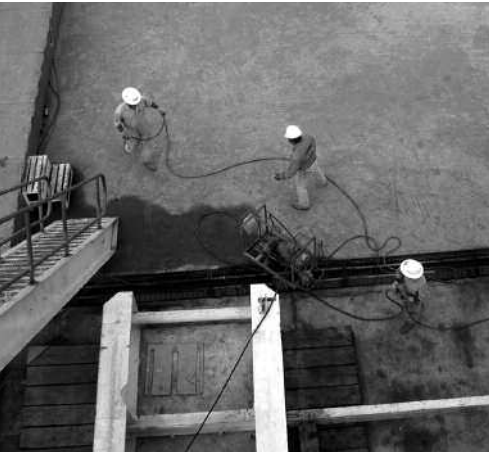
In addition to assessing and managing our biodiversity impacts through our ESAs and associated environmental management plans, we also support biodiversity through our community investment programmes, in particular those in Indonesia (p70), Pakistan (p71) and Vietnam (p74).



EMPLOYEES

PREMIER IS COMMITTED TO PROVIDING STAFF WITH COMPETITIVE TERMS OF EMPLOYMENT, FAIR TREATMENT AND HIGH-VALUE LEARNING EXPERIENCES. BY DOING SO, WE SEEK TO RECRUIT, DEVELOP AND RETAIN THE KIND OF TALENTED, MOTIVATED AND HIGHLY-SKILLED PEOPLE WHO CAN DRIVE PREMIER FORWARD.





MATERIALITY

Like any company, our ability to recruit, retain and motivate high-quality, skilled employees and contractors is vital to the ongoing success of our business. This is particularly the case in the highly mobile, international oil and gas employment market, where competition for the right kind of technical and management skills can be fierce. Premier seeks to treat those who work for the company fairly, to encourage professional development and to deliver commensurate rewards for high calibre performance.

Key issues in this regard include:

- Workforce profile
- Training and development
- Employee engagement

MANAGING EMPLOYEES //

Human resource matters are addressed in a number of cross-cutting Premier policies. These include the overarching Corporate Responsibility Policy, the Human Rights Policy and Global Code of Conduct. Our online human resources information system (the People Portal) hosts a range of processes and guidance that assists the implementation of our HR Management System. This includes processes and guidance relating to:

- People strategy
- Performance
- Resourcing
- Reward
- Succession
- Competency management



EMPLOYEES

continued

WORKFORCE PROFILE

At the end of 2014, Premier had:

- 927 employees (2013: 880¹ employees)
- 289 contractors (2013: 240 contractors)²

The growth in numbers reflects increased project activity in 2014, involving both employees and specialist contractors employed on a term basis.

Just over half our employees are located in Indonesia, which is home to four of our more significant operated production assets and development projects.

Figure 32: Company demography

Country	Gender		Age			Total
	Male	Female	18-30	31 – 50	>50	
Falkland Islands	39	17	9	29	18	56
Indonesia	407	67	48	357	69	474
Norway	22	10	4	19	9	32
Brazil	3	3	–	4	2	6
Pakistan	13	1	1	11	2	14
Singapore	6	9	1	9	5	15
United Kingdom	163	86	49	129	71	249
Vietnam	35	46	14	61	6	81
Total	688	239	126 (13.6%)	619 (66.8%)	182 (19.6%)	927 (100%)

Composition of senior management (defined as Grade 5 and above)

94% 6%

RECRUITMENT AND RETENTION //

In 2014, Premier recruited 133 new employees (2013: 131 new employees). Recruitment was carried out using a common recruitment toolkit provided to all hiring managers and interviewing staff. The toolkit is intended to ensure a common approach to recruitment irrespective of location or role, as well as full alignment with our employment policies.

Over the same period, 91 employees exited the company on either a voluntary or involuntary basis (2013: 67). Premier provides all of its employees and their elected representatives (where relevant) with at least one month's notice of any significant operational changes that might affect them. This minimum notice period is included in our collective agreement with employees in Indonesia and Vietnam (p63). In cases of redundancy, employees are entitled to support from an outplacement provider. This includes assistance in finding suitable alternative employment, as well as counselling, technical or skills based training and financial planning.

1 Restatement: Effective 3 December 2013, 73 contractors in our Indonesia business unit were retrospectively reclassified as fixed-term employees.

2 The term 'contractors' relates to individuals employed directly by Premier but on a fixed term contract (often related to project delivery). It does not include individuals working for our contracting companies. Note that both groups are included in our health and safety statistics.

3 Grade 5 and above.

4 i.e. UK nationals.

Figure 33: Recruitment and turnover

	Starters	Leavers	Net gain/loss
Gender			
Female	41	24	+17
Male	92	67	+25
Location			
Aberdeen	16	14	+2
Brazil	7	2	+5
Falklands	22	5	+17
Islamabad	1	1	-
Jakarta	43	39	+4
London	25	13	+12
Singapore	2	-	+2
Stavanger	7	7	-
Vietnam	10	10	-
Age			
20-29	33	7	+26
30-39	53	29	+24
40-49	28	31	-3
50-59	18	17	+1
60-69	1	7	-6
Total	133	91	+42

LOCAL EMPLOYMENT //

It is our strategy to employ suitably qualified nationals in all our locations whenever possible. In support of this strategy, we invest in the development of nationals' skills, knowledge and experience, so that they are able to support the business and access opportunities at every level of our organisation.

At the end of 2014, nationals made up 97 per cent of our total employee workforce (2013: 96 per cent), with 30 expatriates in total. Nationals made up the following proportion of each business unit's workforce (and senior management³):

- Falkland Islands: 98 per cent (100 per cent)⁴
- Indonesia: 97 per cent (78 per cent)
- Norway: 82 per cent (80 per cent)
- Pakistan: 100 per cent (100 per cent)
- United Kingdom: 98 per cent (100 per cent)
- Vietnam: 91 per cent (80 per cent)

Nationals occupy a range of senior roles within Premier including:

- The Head of Exploration in Norway
- The Manager of the Pakistan business unit
- The Vice-Presidents for Operations and for Government Affairs/Business Services in Indonesia
- The Finance Manager in Vietnam

In 2014, nationals made up 88 per cent of our senior management employees (2013: 84 per cent). The lower percentage of nationals among senior management employees compared to the total workforce is due to:

- The need for highly-qualified expatriate managers for specific roles
- Greater geographical mobility of senior managers within the business

We are continuing our efforts to transfer positions occupied by expatriate managers (i.e. those employed on overseas contracts) to nationals. This process is tracked and reported in our People Portal and informs our ongoing recruitment programme.



EMPLOYEES

continued

DIVERSITY AND ANTI-DISCRIMINATION //

Premier wants (and is expected by stakeholders) to maintain a workforce that reflects its host societies. We are committed to the principle of equal opportunity in employment and the establishment of a fair and non-discriminatory work environment.

When recruiting, developing and dealing with employees and service providers, we will treat people fairly, equally and without prejudice, irrespective of gender, race, age, disability, sexual orientation or any other similar personal attributes. This approach is embedded in our employment policies, which apply to all permanent, contractual and temporary staff, and to all job applicants. Employee obligations in this regard are set out in our Employee Handbook, which prohibits employees from carrying out unlawful discrimination (whether direct or indirect), harassment and victimisation.

In 2014, women made up a total of:

- 26 per cent of our workforce (2013: 26 per cent)
- six per cent of our senior managers (2013: six per cent)
- 17 per cent of our Board (2013: eight per cent)¹

In terms of salaries, the overall average ratio of male to female salaries is 1.45:1 (see Figure 34). This partially reflects the higher level of representation of males in more senior management roles. All employee salaries are decided using pre-determined bandings that are benchmarked annually against sector norms. We seek to ensure that those in equivalent roles who are achieving equivalent performance receive equivalent pay, irrespective of any personal characteristics such as gender.

Figure 34: Ratio of male to female salaries at significant operations

Employee grade	UK male to female salary	Indonesia male to female salary	Vietnam male to female salary
Senior management (Grade 5 and above)	1.2	n/a	2.5
Professional (Grades 6.2 to 6.1)	1.4	1.2	1.5
Technical/clerical (Grades 12 to 7)	0.9	0.9	4.0

Premier recognises that employees, especially those with dependents, sometimes require special flexibility to manage their work and home life. A total of 10 employees (five of whom were male) took parental leave during the reporting period, representing 100 per cent of those entitled to take such leave. All such individuals are still employed by Premier, and either returned to work in 2014 or indicated plans to do so in 2015.

PERFORMANCE AND REWARD

PAY AND BENEFITS //

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

- Sets the remuneration of the company's executive directors
- Reviews and approves the remuneration of the company's senior managers

We aim to pay top-quartile base salaries in each market we operate in where this is supported by individual performance. This enhances our ability to recruit and retain the talent we need to support our growing activities. We commission independent assessments of our salary bandings and pay scales at each business unit to ensure our remuneration packages are locally and, where relevant, globally competitive. The most recent assessment was made in 2014.

The nature of employee roles at Premier, which are generally office-based administrative roles or highly skilled technical roles, together with our stringent compliance requirements, means that all employees receive salaries that are significantly higher than any applicable local minimum wages. This is reflected by the significantly higher salary levels at entry grade as compared with the local minimum wages that apply in Indonesia, Pakistan and the UK. Although Norway and Vietnam do not have statutory minimum wages, we believe that entry-level wages at Premier are significantly higher than the norm in each location.

Employees' base salaries are supplemented by a range of additional benefits. Core benefits² include:

- Life insurance
- Health care
- Disability and invalidity coverage
- Parental leave
- Retirement provision
- Stock ownership³

The precise form of overall benefits packages depends on national employment law and local circumstances. We have a minimum participation rate in our retirement plans of 95 per cent across our applicable business units, with Premier contributing up to 15 per cent of salary to employee pension funds, depending on location.

Benefits are, with specific national exceptions, available to both full and part-time employees.

1 All but one of our Board members are over 50 years old. There are currently no recognised minorities on our Board.

2 Other than with respect to retirement provision, the benefits listed do not apply in Pakistan or Vietnam. Employer retirement provision is not included in Brazil.

3 All benefits except stock ownership are available to temporary or part-time employees, except in the case of our Pakistan and Vietnam business units. In addition, retirement provision is not available for temporary or part-time employees in Indonesia.



EMPLOYEES

continued

PERFORMANCE MANAGEMENT //

Our strategy is to reward superior performance with commensurate remuneration. The development and rewards process is therefore a vital part of our People Strategy. It also supports the transfer of people around the organisation as we bring new projects online.

All employees have annual Individual Performance Contracts setting out their goals and key performance indicators for the year, and are subject to ongoing performance management and appraisal. In 2014, 94 per cent of employees received performance reviews against performance targets set at the start of the calendar year. Performance is monitored through regular dialogue with managers throughout the year. At the end of each calendar year, the individual's performance against targets is assessed and feedback is provided by their line manager via an online performance rating tool. The individual outputs from this tool are compared against group-wide data to help calibrate salary and bonus recommendations. In addition, managers from our corporate office in London review the performance of individual employees across the company to ensure that performance reviews are carried out consistently and objectively in all locations.

In 2014, we:

- Developed a new succession planning methodology to allow better career planning and to support business continuity
- Piloted a Navigator Competency Management Tool to match employee skills against specific job requirements
- Introduced a new global grading methodology to ensure consistent practice across the group
- Reviewed and upgraded our basic UK human resources policies and processes in line with recent legislative changes

Bonus and Long Term Incentive Plan

Premier recognises outstanding performance through its individual reward programmes. These include:

- Annual non-pensionable and discretionary bonuses for all employees on the achievement of a range of corporate and team performance and targets
- A share-based Long Term Incentive Plan (LTIP) designed to focus employees on longer-term performance and align their interests with those of our shareholders
- Conditional Share Awards, which are paid to new employees at the discretion of the Remuneration Committee to compensate them for the loss of deferred benefits from their previous employer

Delivery of Premier's business strategy is highly reliant on our ability to recruit, develop and retain the best people. In this context, we carried out a major internal review of the LTIP framework in 2014.

Further information about our bonus and performance-related pay plans is contained in our Annual Report.

TRAINING AND DEVELOPMENT

We encourage staff to develop their professional skills to the advantage of both the individual and the company, and provide training and appraisals to support this objective. In addition, all employees take part in an annual performance management process, during which they are invited to communicate their long-term professional development goals.

TRAINING AND DEVELOPMENT OPPORTUNITIES //

Training and development activities include mentoring and coaching, annual performance reviews, and part-time and full-time training courses where relevant. Based on data from our Vietnam, Indonesia, Pakistan, UK, Norway and Falklands business units, in 2014 Premier employees spent an average of 30 hours in training (2013: 25 hours). This includes induction for all new employees, health, safety, environment and security (HSES) and emergency response training, and continuous professional development.

We are introducing a database which, when fully implemented, will enable us to identify and store employee competency requirements for every role. Line managers can then use this database to help build tailored training and development plans to ensure individuals are equipped with all the skills and experience needed for each role.

Leadership development

Our central Human Resources team works with each business unit to enhance the recruitment, development and retention of key employees and future leaders. This includes tailored capacity building, exposure to learning experiences and individual development plans. Progress in this respect is overseen by the Board's Nomination Committee.

In addition, Premier operates:

- A dedicated mentoring system for employees transitioning into management roles, with particular emphasis on enhancing individual leadership skills
- A recently introduced succession planning methodology across all of our business units. This identifies potential successors for all senior management roles, and includes both national and expatriate staff

Graduate scheme

The average age of highly skilled technical specialists and managers in the oil and gas sector is increasing. This was one of the factors behind Premier's decision in 2013 to initiate its graduate programme in the UK to recruit and develop high-potential graduates. Participants in the programme are subject to a structured development process focusing on both formal and on-the-job training, as well as early exposure to high quality roles that will enhance their professional experience. In 2014, six new graduates were enrolled into this process, taking the total number of participants to 11.



EMPLOYEES

continued

EMPLOYEE ENGAGEMENT

All contracts of employment include information on:

- Hours of work
- Conditions of employment
- Intellectual property stipulations
- Non-disclosure and confidentiality obligations

Our terms of employment are explained to all new employees during the offer of employment process, and on the first day of work during the induction process.

Premier encourages open communication between employees and managers on an ongoing basis. In addition, we use a number of one- and two-way communication mechanisms to keep employees informed about wider company issues and performance, including:

- Weekly team meetings
- A regularly updated company intranet
- A regular video blog from our Chief Executive and other members of the Executive Committee
- Ongoing email communications on company matters
- Town Hall staff meetings at each business unit, attended by visiting members of the Executive Committee and senior management

EMPLOYEE FEEDBACK //

We carry out structured employee surveys on a regular basis, with the latest taking place in 2013. These are used to obtain employee opinions on commitment, compensation, retention, the working environment and related issues.

We also gather additional feedback from employees through:

- Regular performance reviews
- A formal, non-recriminatory and confidential human resources grievance procedure, available in local languages, for situations in which employees otherwise feel uncomfortable raising issues through normal management channels
- Our confidential whistle-blowing hotline (p21)
- Screen-based surveys on our Global Code of Conduct

Our Grievance Policy aims to ensure that all employees have access to a procedure designed to address grievances fairly and without unreasonable delay. Written grievances are recorded by our human resources department and included in each personnel file (which is subject to data protection). Any sanction subsequently imposed by the human resources department can be appealed via a publicised appeals procedure.

In 2014, there was:

- One case of workplace harassment, which was investigated and appropriate action taken
- One formal grievance filed prior to the reporting period by an employee, which was investigated in 2014 with appropriate action taken



ORGANISED LABOUR //

We respect the right of all employees to join a legitimate trade union and bargain on a collective basis. Our conformance with local legislation in this regard is ensured by the application of our general compliance systems. We support union activity through, amongst other things, the allocation of time during working hours for the carrying out of official union business in Indonesia (p80).

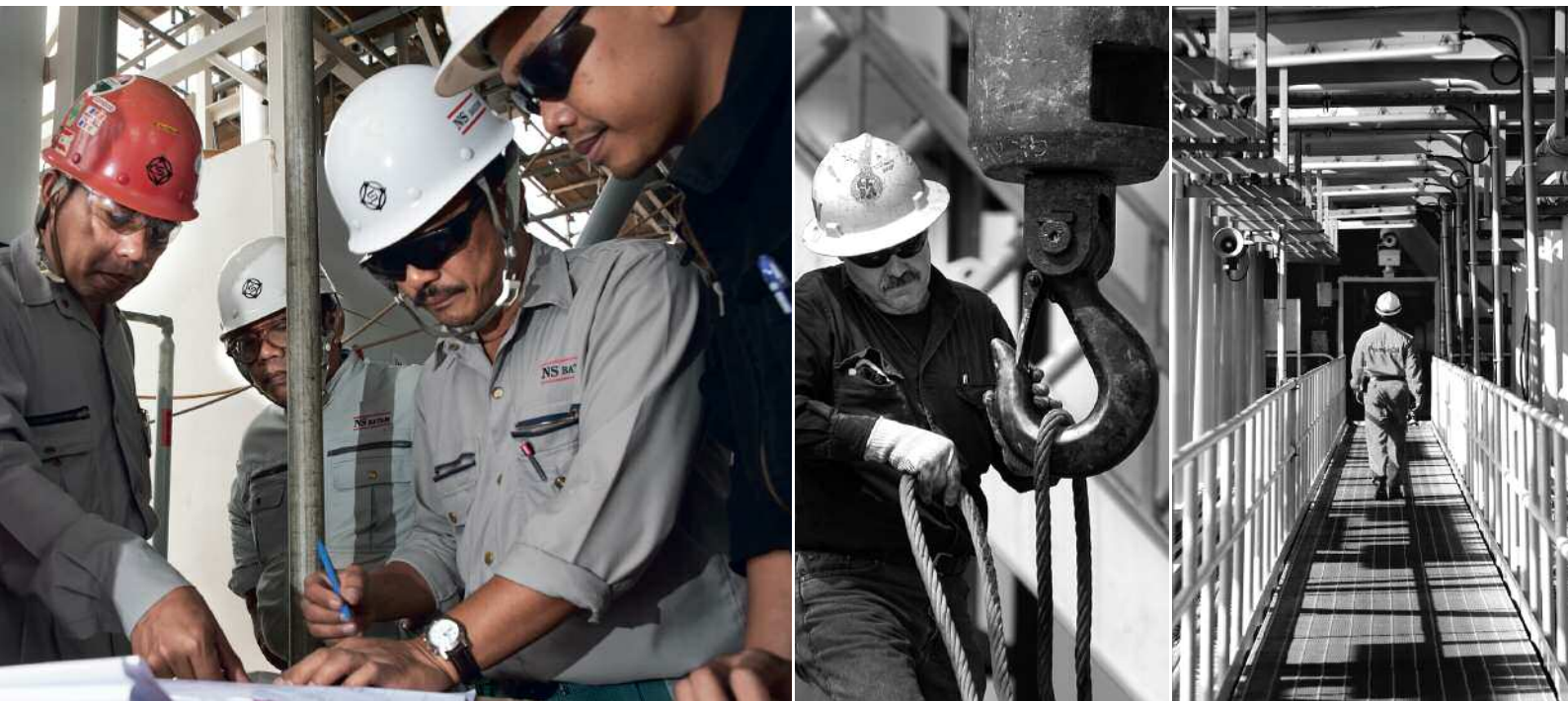
Union membership at Premier is set out below:

- 243 employees at the Indonesia business unit (representing 51 per cent of the workforce)
- 32 employees at the Vietnam business unit (representing 40 per cent of the workforce)

All trade union members participate in collective bargaining agreements. These regulate employee terms and conditions specific to each country, including (amongst other things):

- Wages
- Working hours, overtime and shift work
- National holidays and annual leave
- Health, safety and medical treatment
- Training

In 2014, the execution of our operated Solan project in the UK was subject to several brief delays. This was due to industrial action by contractors at a UK-based construction site and offshore.





COMMUNITY RELATIONS

PREMIER IS COMMITTED TO DELIVERING TANGIBLE BENEFITS TO LOCAL COMMUNITIES, AND TO ENGAGING WITH THEM IN A RESPONSIBLE AND RESPECTFUL MANNER. WE BELIEVE THIS IS NOT ONLY THE RIGHT THING TO DO, BUT ALSO HELPS TO UNDERPIN OUR BROADER SOCIAL LICENCE TO OPERATE, AND BY EXTENSION, OUR LONG-TERM BUSINESS SUCCESS.





MATERIALITY

The offshore nature of our operations means that community relations are not as critical for Premier as for land-based extractive companies. Nonetheless, they remain important due to:

- The impact of our activities on local fishing communities, as well as our reliance on certain onshore communities as transit and logistics points for our offshore operations
- The important role that our community investment activities play, in terms of our wider reputation and social licence to operate, with key stakeholders including local employees and host governments
- The impact of our non-operated onshore exploration and production activities in countries such as Iraq, Kenya and Pakistan, and the potential for our future establishment of onshore operations in socially-sensitive areas

A key issue in this regard is:

- Our generation of value for local communities

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



COMMUNITY RELATIONS

continued

MANAGING OUR RELATIONS WITH COMMUNITIES //

Community Investment Policy

Our relations with local communities are addressed by Premier's Community Investment Policy, which is applied through our Community Investment Management System. The Policy has been benchmarked against relevant best practice standards and our peers in the oil and gas sector. The Policy commits Premier to:

- Maintain timely, constructive and transparent ongoing engagement with all stakeholders
- Treat neighbours with respect and understanding, acknowledging community governance and seeking free and informed consent prior to initiating operations that have a potentially significant social impact on the community
- Work to achieve a net positive socio-economic impact on local communities, promoting opportunities which enhance sustainable benefit
- Support the socio-economic sustainability and wellbeing of communities through local procurement and other engagement with local business
- Invest in well-planned social projects that support the development priorities of host communities and governments, and seek to ensure that these are implemented in a way that leads to enduring benefit
- Provide fair and adequate compensation for any losses for which we are liable
- Provide local communities access to appropriate grievance mechanisms
- Encourage joint venture partners to adopt the principles in our policy

Community Investment Management System

Premier's Community Investment Management System, which is aligned with IPIECA standards, supports the systematic identification, management, evaluation and budgeting of disbursements and engagements in host countries. It focuses on the following key aspects:

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

The current procedures were first applied in 2011 to build business unit-specific community investment programmes, including the identification of appropriate local initiatives and partners to deliver on our policy commitments. All of our operations have community investment and engagement programmes in place.

In 2014, we reviewed our Vietnam, Indonesia and Pakistan business units' community investment disbursements and found spending was being carried out transparently and effectively in all cases. We intend to perform equivalent reviews at our UK North Sea and Falklands business units in 2015.

Under our Health, Safety, Environment and Security (HSES) Policy, we carry out environmental and social impact assessments (ESIAs) for each operated activity (p45). None of our operations has been identified as having any material negative impacts on local communities, again reflecting their remote, offshore locations.

ENGAGEMENT AND IMPACT MANAGEMENT

ONSHORE EXPLORATION AND NON-OPERATED JOINT VENTURE OPERATIONS //

Exploration

All of our onshore exploration activities are operated by joint venture partners and not by Premier. Our ability to influence the interactions of the project operators with local communities is, therefore, limited. Nonetheless, we do engage with our operator partners on key issues where appropriate. In 2014, this included engagement in relation to:

- The management of physical security issues around the Block 12 licence area in Iraq
- Inter-tribal tensions and physical security in the vicinity of the Licence 2B area of Kenya
- Community engagement processes and the integration of local people into non-technical positions at the Licence 2B project

Joint venture operations

In Pakistan, where we have non-operated joint venture interests, we maintain ongoing contact with our partners through quarterly Operational Committee meetings. The matters covered in these meetings include community relations. Given the remote and often undeveloped nature of our partners' operating locations, their presence generally has a positive impact in terms of:

- Employment (including the employment of community members in non-technical roles)
- Related indirect economic impacts

Beyond this, the main focus areas for more specific community development activity by our joint venture partners are education, health and infrastructure development. This is reflective of community needs, with key stakeholder issues in the operating areas relating to access to:

- Clean water
- Employment
- Education and health services

In addition, the tribal nature of the local communities means our partners need to navigate traditional land and resource rights. As a result, they typically lease land areas from relevant tribal groups when carrying out exploration and development, even though such groups may not have formal legal title. Other issues that can impact on relations between our partners and local communities include demands for employment and the negotiation of lease terms. Despite instability in other parts of the country, our joint venture partners' operations in Pakistan enjoy relatively high levels of security.



5

COMMUNITY RELATIONS

continued

OFFSHORE EXPLORATION AND PRODUCTION //

Our relatively limited interaction with local communities due to the offshore nature of our operations has already been mentioned. Nevertheless, we engage with local fishing communities, communities in the vicinity of our onshore supply and logistics bases, and communities that are involved in our community investment initiatives.

Examples of community engagement in 2014 include:

- The payment of compensation to fishing communities in Indonesia and Vietnam in recognition of the temporary and localised impact that our offshore seismic surveys can have on fishing activity
- The need for the ongoing exclusion of fishing vessels from the vicinity of our offshore assets, a necessary safety measure to ensure the integrity of our assets and the safety of other seafarers. This includes awareness raising in fishing communities in Indonesia on the dangers of approaching too near to our facilities
- Ongoing assistance in the offshore medical treatment and/or evacuation of fishermen in distress in Vietnam. The remote nature of our operations means fishing vessels will often turn to us for help when they have injured crew members. In 2014, we carried out this procedure five times, helping to ensure that the relevant individuals received vital medical help, either at our own facilities or onshore
- Development of a Social Impact Baseline with the Falkland Islands Government (FIG) in anticipation of a subsequent Social Impact Assessment. In part, this is to better understand the socio-economic impacts of future oil and gas investment on the islands, which will be a key operating base for Premier
- Ongoing engagement with community members and political representatives in the Falkland Islands regarding management of the impacts that can be expected from our development activities. This includes the measures we intend to take to protect local ecosystems, a particularly sensitive issue for islanders due to their reliance on the fishing industry and tourism for their livelihoods



COMMUNITY INVESTMENT

Our community investment focuses on projects that address the impacts of our activities, contribute to local education and capacity, and deliver lasting social, economic and environmental returns for both local communities and host governments.

In 2014, we spent a total of US\$1.07 million on community investment projects¹, much the same as in 2013 (US\$1.15 million).

In 2015, our community investment is likely to decrease due to more challenging market conditions. Accordingly, we are placing increasing emphasis on the impact of our community investments, recognising that we are likely to need to do more with less, if we are to continue delivering the same kinds of benefits to communities as we have in the past. It is also the case that the amount spent on community investment is not always a reliable indicator of the ultimate effectiveness and value of community investment projects.

A breakdown of each business unit's community investment activity, as well as a description of the impact of new projects undertaken in 2014, is set out below.

Figure 35: Our community investment profile in 2014 (US\$)

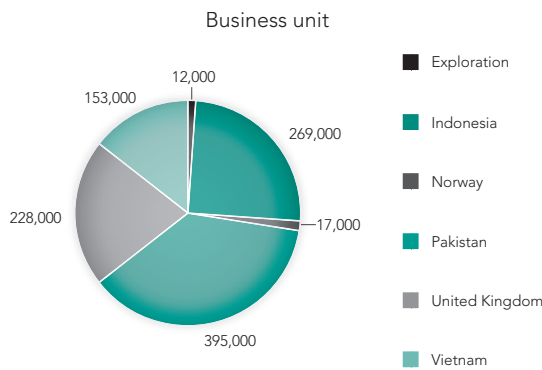
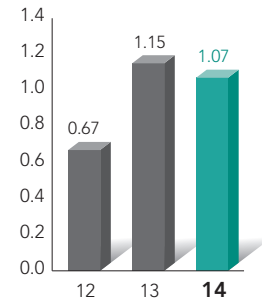


Figure 36: Community investment trends (US\$million)



¹ Total disbursements for environmental projects in 2014 amounted to US\$170,385. This included onshore and offshore initiatives, such as turtle preservation, mangrove planting and the restoration of a national park.



COMMUNITY RELATIONS

continued

INDONESIA //

New projects undertaken in 2014 include:

Jetty renovation at Tanjung Pala Village

In 2014, Premier spent US\$46,000 carrying out further renovation work on the jetty that serves the Tanjung Pala Village. This project had the support of the Natuna Regent and the Office of Energy and Natural Resources of Riau Islands Province. The jetty, which serves the whole of the community, represents essential infrastructure in terms of serving the local fishing community and acting as a key logistics point for people and goods coming to and from the village.

The renovation is, therefore, expected to have a substantial and long-term impact on the local economy. It is estimated that the project is directly benefiting 1,050 local people. The village is in one of Indonesia's outlying islands and sits in the north of the Natuna Sea, in the same region as our Tuna Block operation.

Turtle Habitat Preservation at Pahat Island

This programme, in which Premier has invested US\$15,000, aims to protect turtle nests that would otherwise be targeted by local people seeking to gather and sell the eggs for food. By doing so, the programme, which builds on our experience with a similar project previously carried out on Durai Island, helps ensure the eggs can hatch and that newborn turtles can return to the sea. This is having an important impact in terms of restoring the marine ecosystem, protecting an endangered species and enhancing the tourism potential of the island. Since the start of the programme in the second quarter of 2014, 42 nests have been preserved and around 1,060 hatchlings returned to the sea. Pahat Island sits in the Anambas Islands Region, near to our Natuna Sea Block A operation.

Home Industry for Women in the Palmatak sub-district

Premier contributed US\$20,000 to a project that helps local women in the villages of Candi, Tebang and Piabung generate additional income to support themselves and their families. This includes the production of local food, such as crackers and cakes for sale locally and in the broader regional market. Many of the women's families currently rely on their husbands (many of whom are fishermen) as a sole breadwinner. As a result of the project, each family is less reliant on the fishing season and enjoys a more stable income. It is estimated that the programme has benefited 30 families, or an estimated 150 people. The villages are in the same region as our Natuna Sea Block A operation.

The Indonesia business unit also continued to support a range of ongoing community investment programmes, including:

- A fish nursery project in Putik and Ladan, benefiting around 40 people and helping ensure local communities enjoy increased fish stocks
- Scholarships for 20 agricultural students in Anambas, helping to promote alternative livelihoods to fishing
- Community infrastructure renovation in Anambas
- Rice Field Expansion project in Langir Village, again providing alternative livelihoods to fishing

PAKISTAN //

Community investments carried out in 2014 (in addition to Phase 2 of the Margalla Hills National Park development project described below) include:

- A total of US\$109,00 in humanitarian assistance in North Waziristan
- Support for the School of Leadership Foundation, including the provision of more than US\$76,000 in funding. The Foundation works to generate socio-economic benefits in selected communities that are otherwise neglected by the corporate and development sectors

PROJECT: PHASE 2 OF THE MARGALLA HILLS NATIONAL PARK DEVELOPMENT PROJECT, PAKISTAN

Context

Premier has been involved in a major conservation project in the Margalla Hills National Park to the north of Islamabad since 2010 (known as Phase 1). The park, which sits in the foothills of the Himalayas, covers 67 square miles and is run as a public-private partnership involving the Himalayan Wildlife Foundation and the Capital Development Authority (CDA). Since 2010, the project has enhanced the park's eco-tourism facilities (including hiking trails, a bike trail and a visitor centre), local vegetation management, research into (and the protection of) endangered species, water access for local people and the CDA's capabilities.

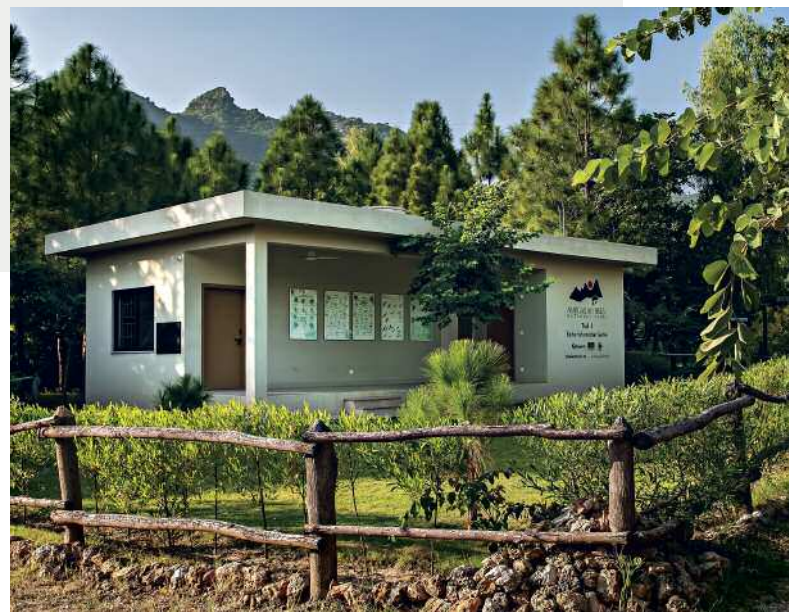
Actions in 2014

In 2014, Premier contributed US\$80,000 to the partnership. This money was used to help initiate a major new phase in the development of the park. This phase focuses on five key projects, including: (1) the construction of an artificial wetland to naturally process local sewage; (2) the creation of a bird sanctuary on Rawal Dam to protect migratory and other water birds; (3) awareness-raising and education for schoolchildren; (4) capacity building at the CDA; and (5) the management and maintenance of existing trails.

Impacts

The Margalla Hills National Park development project achieves two major environmental benefits. The first is the conservation of the fauna and flora of this biodiversity-rich area, which includes subtropical pine forest, tropical deciduous and thorn forest, as well as indigenous species that migrate from snowbound areas to the north to take shelter in the park's vegetated slopes and gorges during winter. The second is to open up the area, the only national park within access of Islamabad, to local people, ensuring they can enjoy the recreational and educational opportunities offered by the facility in a sustainable way. As such, the project will help preserve local biodiversity and ecosystems, whilst also providing the whole of Islamabad with a much-loved escape from the city for many years to come.

www.cda.gov.pk





COMMUNITY RELATIONS

continued

UNITED KINGDOM //

In addition to its support of HorseBack UK (p73), the business unit also supported a range of smaller new projects in 2014, including:

- The Wild Dolphins art initiative in Aberdeen, including the purchase of a US\$17,000 sculpture at a charity auction. The proceeds were split between the Archie Foundation (a charity for sick children in the north east of Scotland) and Whale and Dolphin Conservation (a charity for the protection of cetaceans)
- The European Student Energy Summit in Aberdeen, including US\$10,000¹ in funding and the contribution of a speaker and guidance on content. The summit, which helps us reach talented, engaged young people, was attended by 300 participants and was followed by a further 1,200 students worldwide
- Landscaping at Kingswells Primary School, Aberdeen, including a donation to renovate and landscape a condemned pond. The school neighbours our new office site and has 530 students

The business unit also continued to support a range of ongoing community investment programmes, including donations to:

- Absafe, a community-based health and safety charity in Aberdeen, which carried out corporate lunch and learn sessions and safety events for 895 people during the course of the year
- The Aberdeen Seafarers Centre, which offers welfare services, practical help, advice and care to seafarers visiting the port of Aberdeen, as well as recreational activities. The Centre receives around 3,500 visitors and visits 5,000 vessels each year
- Geobus, a vehicle-based educational outreach programme run by the University of St. Andrews. The GeoBus visits schools throughout Scotland, delivering additional learning support in the geosciences, benefiting around 12,000 pupils a year

1 Half of which was paid by the Corporate Office.

PROJECT: SUPPORTING INJURED EX-SERVICEMEN AND WOMEN THROUGH HORSEBACK UK, UNITED KINGDOM

Context

HorseBack UK is a charity based at Aboyne in Aberdeenshire, the nearest part of the United Kingdom to Premier's North Sea operations. The Charity was founded in 2009 to provide wounded servicemen and servicewomen with the opportunity to work with horses and ride them across the Scottish countryside. This was with the aim of helping those who have suffered from mental and physical injuries to regain their confidence, dignity and mobility. In addition, the charity employs instructors who have themselves been wounded during their military service. As a result, both participants and instructors, all of whom have gone through shared experiences, whether in Afghanistan, the Balkans, the Falkland Islands, Iraq or Northern Ireland, can work together in a positive, supportive and active environment characterised by a common ethos.

In addition the HorseBack UK centre is open to:

- Selected local school pupils, some of whom have been negatively affected by a range of issues
- Other non-military groups selected by the Venture Trust, an Edinburgh-based charity that helps those with chaotic backgrounds and difficult lifestyles

Actions in 2014

In 2014, Premier donated a total of £25,000 to HorseBack UK. This helped secure the services of two key employees at the charity for an additional year. This was in addition to active support for the charity's:

- Annual fundraising event at the Perth Races, which was attended by 10 Premier employees
- Oil and Gas Acquaintance Week, during which oil and gas operators, including Premier, showcased employment opportunities in the sector for those leaving the armed forces

Impacts

HorseBack UK provides a place where injured servicemen and servicewomen from across the United Kingdom can recover and rebuild. Premier's support has directly bolstered the sustainability and growth of the charity's activities. For example, in 2014:

- 120 people passed through HorseBack UK's week-long residential course
- 60 people, many of whom have already been on the course and are still on their recovery pathways, returned to volunteer and help at the centre

Furthermore, HorseBack UK has provided Premier with speakers on safety leadership, providing employees with insight into leadership within the armed forces and how it can apply in the oil and gas sector.

www.horseback.org.uk





COMMUNITY RELATIONS

continued

VIETNAM //

In addition to its continued support of the Soc Trang mangrove project (see below), the business unit participated in a range of smaller projects, including:

- The construction of new school buildings at Hung kindergarten, Tra Vinh Province in the Mekong Delta. A total of 80 children a year will benefit from the kindergarten's improved infrastructure. In 2014, Premier invested more than US\$30,000 in the project
- Support for the Binh Tho Development Centre, including financial support for education and health programmes that benefit a total of 150 children. In 2014, Premier provided more than US\$27,000 in funding

The business unit also continued to support a range of organisations, including:

- Newborn Vietnam, a local charity that helps care for hundreds of newborn babies each year. This included US\$11,000 in sponsorship for the Asia Business Ride charity event, which eventually raised a total of US\$200,000 for the charity
- The Light Your Hope Scholarship Foundation, including the provision of scholarships for 10 university students

PROJECT: EXPANSION OF THE SOC TRANG MANGROVE PROJECT, VIETNAM

Context

Soc Trang province in the Mekong Delta plays an important role in national agricultural and aquaculture production, both of which provide livelihoods for local communities. A narrow mangrove belt helps protect inshore lands from flooding and storm damage, whilst sequestering carbon emissions and enriching the natural ecology of the inter-tidal zone. The mangroves face a number of threats, including rising sea levels as a result of climate change, flooding and economically-driven deforestation.

Actions in 2014

Premier built on its existing partnership with Vietnam Red Cross to plant and cultivate new mangroves in the province, by contributing US\$75,000, as well as management support.

Impacts

Premier's 2014 contributions supported the planting of an additional 20 hectare (ha) of mangroves (equivalent to around 120,000 trees), adding to the 20 ha of planting that Premier supported in 2013. These additional mangroves will help ensure the local coastline is protected from future erosion, and will enhance aquaculture harvests for local communities. Furthermore, they are contributing to a wider multi-stakeholder programme involving local and national government, as well as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) development agency, to promote integrated coastal zone management. The programme is ultimately aimed at balancing the need for local economic development with the sustainable management of local natural resources.



OTHER //

In addition to Operation Wallacea (see below) other projects supported by Premier in 2014 include:

- Ongoing financial support for The Passage in London, a charity that provides outreach and support to the homeless in the immediate vicinity of Premier's corporate office
- A donation to the Lundsvågen Nature School in Norway, which provides non-conventional education to local children who find it difficult to fit into the regular school system. A total of 25 pupils spend a day at the school each week. In addition, the school receives 120 school classes each season and 50 summer school students per week during the holidays

PROJECT: OPERATION WALLACEA, UNITED KINGDOM/INDONESIA

Context

Operation Wallacea is an organisation which oversees biological and conservation management research programmes in a range of international locations. It brings together multidisciplinary academic teams at target study sites, giving them the opportunity to work around the world, to establish best practice management models at each study site and to establish biodiversity and socio-economic data sets to support effective conservation management programmes.

Actions in 2014

Premier received a number of new undergraduate enquiries following our 2013 sponsorship of two Operation Wallacea participants to undertake field research in the Wakatobi Marine Park in Indonesia. In response, Premier established an annual bursary to provide financial support to up to 10 United Kingdom-based undergraduate students participating in Operation Wallacea's programme in Indonesia. The bursary is intended to support beneficiaries as they seek additional sources of funding, rather than paying for their participation in its entirety. In 2014, Premier also responded to a request from the Fortismere School in London to provide financial support for its sixth-form students to participate in the Operation Wallacea field research programme in Indonesia.

Impacts

In 2014, 10 undergraduate participants from across the United Kingdom were given £1,000 bursaries to carry out both land-based research in the Lambusango jungle reserve of Buton and marine research on the island of Hoga in the Wakatobi National Park in Sulawesi, which is particularly rich in coral life. This included participation in scuba-diving training, a coral reef ecology course, coral reef monitoring, biodiversity measurement and bird research. Data gathered by the participants was made available to both the Indonesian government and Wakatobi National Park officials. This will help the authorities focus their conservation efforts on the most vulnerable and/or worst affected areas, both at land and sea. In addition to the undergraduate programme, a total of 32 sixth-form students from the Fortismere School joined the programme for two weeks.

www.opwall.com





SOCIETY

PREMIER IS COMMITTED TO BEING A GOOD CORPORATE CITIZEN IN THE BROADEST SENSE. THIS IS ESSENTIAL IF WE ARE TO MAINTAIN THE GOODWILL OF OUR HOST SOCIETIES AND TAKE ADVANTAGE OF THE OPPORTUNITIES AFFORDED TO US BY THEM. THIS REQUIRES US TO OPERATE IN AN OPEN, TRANSPARENT AND RESPECTFUL MANNER, AND TO DELIVER REAL MUTUAL BENEFIT.





MATERIALITY

Premier's activities and relationships have the potential to impact both directly and indirectly a wide set of stakeholders. Conversely, these stakeholders have the potential to have an impact on Premier's business. Such impacts include those relating to human rights, government policy and economic value creation and may occur at a national as well as a local level. It is therefore important for Premier to minimise any adverse impacts it could otherwise have on the rights and wellbeing of its host societies, work transparently and constructively with government and other stakeholders, and demonstrate its economic value to the societies it operates in.

Key issues in this regard are:

- Human rights
- Public policy and government relations
- Economic contributions

MANAGING OUR INTERACTIONS WITH SOCIETY //

Our interactions with society are managed through a number of policies, including our overarching Corporate Responsibility Policy, Code of Conduct, Human Rights Policy and Risk Management Policy, and through our associated management systems. Where relevant, we are also guided by the United Nations Guiding Principles on Business and Human Rights.



SOCIETY

continued

HUMAN RIGHTS

HUMAN RIGHTS CONTEXT //

The offshore nature of our operated production assets means we are not likely to have the same kinds of human rights impacts as onshore operators. Accordingly, our primary focus is on maintaining respect for human rights within our own workforce. We are also considering opportunities for increasing our influence over the human rights-related practices of our suppliers. This is a challenging area for many operators and is an ongoing project, with initial focus on our direct, Tier One and Two service contractors (see p83 for definition).

Beyond this, we conduct onshore exploration activities in a number of countries with relatively weak human rights records, but the nature of these activities means that they tend to be of limited duration and impact. As Premier's operational scope develops, and in the event that we seek to establish more substantive onshore operations, we anticipate that it will be necessary to place further focus on our actual and potential adverse human rights impacts on local communities.

HUMAN RIGHTS MANAGEMENT SYSTEM //

The United Nations 'protect, respect and remedy' framework for the advancement of human rights and the associated United Nations Guiding Principles on Business and Human Rights, have highlighted the responsibility of companies to respect human rights and contribute, where relevant, to the addressing of human rights grievances. This includes, for example, due diligence with respect to the actual and potential human rights impacts of both their own activities and their business relationships.

Policy

In this context, Premier's Human Rights Policy requires us to respect and promote human rights. The Policy is based on the fundamental rights set out in the Universal Declaration of Human Rights, and is guided by the rights enshrined in the core labour conventions of the International Labour Organization (ILO) and the principles of the United Nations Global Compact. Our policy addresses the rights of our employees, including their health and safety, security arrangements and working conditions, and the development rights of our external stakeholders, in particular local communities.

The Policy has been benchmarked against current best practice standards, as well as those of our peers in the oil and gas sector. It has also been analysed in the context of our broader corporate responsibility and community investment frameworks, to ensure these are cohesive, coordinated and mutually supportive.

There were no reported violations of our Human Rights Policy during the reporting period, and no incidents of human rights abuse.

www.un.org

www.ilo.org

Procedures and processes

The Policy is supported by five procedures and processes, including guidance on how to:

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

These procedures and processes are included in the corporate responsibility and public affairs section of our Business Management System (BMS). They enable us to identify appropriate local initiatives and partners to deliver on our policy commitments and are available to all business units and employees across the organisation.

Human Rights Risk Screening Tool

In 2014, Premier evaluated an enhanced tool to screen our high-level, human rights risks. This assesses (using quantitative scoring adjusted by a set of high-level weightings) our operated production operations, exploration projects, development projects and non-operated joint venture assets. In addition, it can be used to assess all of our material direct suppliers using the same criteria as those applied to our assets.

The tool uses a systematic methodology that utilises expert third party country-risk data, appropriately adjusted to reflect the specific nature and characteristics of Premier's operating locations, asset and business partners. It ranks assets according to a clear and comparable framework, based on objective country-level risk analysis and a common, systematic and logical weighting system. The tool covers the human rights and labour rights issues set out in Figure 37.

Figure 37: Coverage of Premier's Human Rights Risk Screening Tool

Human rights	Labour rights
Cultural rights	Child labour
Development rights	Freedom of Association and collective bargaining
Indigenous rights	Discrimination
Conflict-affected territories	Forced and involuntary labour
Security practices	Working conditions
	Health and safety

The initial results of the assessment are accessible group-wide via our Human Rights Management System. The tool is intended to support our initial application of the due diligence requirements set out in the UN Guiding Principles on Business and Human Rights. When implemented, it will help us identify those activities and business relationships that are likely to have negative potential human rights impacts, enabling us then to assess the likelihood and potential severity of the impacts to ensure that requisite management controls are in place to prevent them. In addition, subject to available resources, we plan to carry out a parallel process to assess the actual impacts of our activities and business relationships, as the second key pillar in the human rights due diligence process.

Ad hoc evaluations of human rights risks for our operations and employees are driven by on-the-ground-events in those countries where we operate, explore and travel.

www.premier-oil.com/premieroil/corporate-responsibility/human-rights-new

Human rights training

Although we did not deliver formal human rights training in 2014, we did introduce a scenario-based training module focused on security and human rights. The module presents theoretical case studies based on human rights challenges Premier employees might face in countries of current and potential operation. It supports our application of the Voluntary Principles on Security and Human Rights (Voluntary Principles) (p81). The module is available to employees via our centralised BMS. In the future, we aim to:

- Add additional modules to support managers and employees as they seek to manage human rights in the context of exploration, contracting and procurement
- Actively deliver these modules to key individuals in high-risk roles and locations through workshops and other means



SOCIETY

continued

Human rights grievance mechanisms

Premier does not have a formal grievance mechanism specifically for human rights. This partly reflects the offshore nature of our operations as well as the fact that human rights and labour rights complaints within the company would be communicated via:

- Relevant line managers (in the case of employees/contracted individuals)
- Conventional human resource channels (in the case of employees/contracted individuals) (p62-63)
- Our confidential third party whistleblowing hotline (in the case of employees) (p21)

In addition, external stakeholders can raise human rights grievances, should they occur, directly with our community relations teams or our in-country managers.

OUR OWN OPERATIONS //

Labour rights

Our Human Rights Policy recognises that child labour and forced labour is unacceptable.

None of our operations has been identified as being at material risk of incidents of forced/compulsory labour or child labour, and no incidents of forced/compulsory or child labour were recorded in the reporting period. The likelihood of forced or child labour occurring within Premier is minimal due to the relatively limited size of our workforce, our highly developed human resources procedures, and the fact that the majority of our employees hold specialised technical roles, administrative office-based roles or managerial roles.

We are also committed to respecting the right of all employees to:

- Join a legitimate trade union, and we comply with all local legislation regarding collective bargaining (p63). Premier recognises that the right to freedom of association and collective bargaining plays an essential role in ensuring that other labour rights are also respected within the workplace
- Be free from discrimination within the workplace (p58)

None of our operations has been identified as presenting risks to workers' rights to exercise freedom of association and collective bargaining. Likewise, there were no reported incidents of discrimination at our operations in 2014.

Community rights

As our operations are offshore, our scope for impacting on the human rights of local communities is limited. If such impacts were to occur, they would relate to:

- Our impact on the ability of local fishing communities to exploit the waters in which our operated facilities sit
- Impacts relating to our non-operated, onshore exploration activities (p67)

In this context, we carry out detailed Environmental and Social Impact Assessments (ESIAs) for all exploration and development activities. Amongst other things, these identify any potential human rights impacts, including those relating to local communities so that appropriate solutions can be put in place.

In 2014, the operator of an exploration project in Kenya (in which we had a majority interest) was subject to a legal complaint at the High Court in Nairobi by representatives of the pastoral Ajuran community. The complaint relates to allegations that the community (which claims to be indigenous to the area) was evicted from an area of more than 7,800 km². However, the impact on the local community was, in fact, limited to the exclusion of people from a 0.4ksq km drilling site, and only while drilling was taking place. Accordingly, we believe the allegations to be without merit and a hearing is expected to take place in the second quarter of 2015.

Security and human rights

Our Human Rights Policy includes an explicit commitment to ensure that security practices do not undermine the human rights of local communities. In 2014, Premier became a member of the Voluntary Principles. Premier is committed to the application of the Voluntary Principles at all its operated assets.

We do not generally employ or contract security personnel, apart from those provided by landlords at our office locations¹. Should we require any security services beyond this, we would include relevant security and human rights requirements that are aligned with our Human Rights Policy and membership of the Voluntary Principles into the tender process.

In exceptional cases, we contract private security contractors to accompany individuals travelling to high-risk exploration and/or business locations. Our suppliers in this regard:

- Are members of the International Code of Conduct for Private Security Service Providers
- Apply the Voluntary Principles in their activities
- Apply standards of conduct, codes of ethics and human rights policies that commit them to respecting human rights in all their activities, as well as relevant supporting practices such as training, risk assessment, monitoring, internal whistleblowing processes and grievance mechanisms

Should we grow our onshore presence in the future, we may need private security provision, particularly where new developments take place in higher-risk operating environments. Any future employment or contracting of private security providers would require successful candidates to demonstrate their alignment with the Voluntary Principles or equivalent standards, and a clear commitment to respect human rights, with supporting management systems.

No security-related incidents with human rights implications were recorded in 2014.

OUR BUSINESS PARTNERS //

In line with the due diligence requirements set out in the United Nations Guiding Principles on Business and Human Rights, we are continuing to extend our human rights assessment activity to our business partners, including our:

- Non-operated joint venture assets
- Service contractors
- Suppliers

We currently apply a number of measures to help address the risk of exposure to actual and potential human rights impacts via our business partners. Currently, the main area of focus in this regard is their Health, Safety, Environment and Security (HSES) performance. This is because of the human rights implications for workers in the supply chain, and for our operational continuity and reputation.

Activities carried out by our business partners include, for example:

- Exploration and appraisal activities, both onshore and offshore
- The construction of offshore infrastructure, as well as their development and installation
- Logistics, including the transport of personnel and materials by sea and by air
- The operation of production rigs, drill rigs and FPSOs

¹ Accordingly, we did not carry out any human rights training for internal or external security personnel in 2014.



SOCIETY

continued

Current tendering controls

In this context, relevant measures during the tendering process include:

- Our contracting strategy frameworks, which require our procurement teams to identify and define the following in relation to any new contracts of more than US\$10 million in value:
 - Performance history of any incumbent suppliers (including HSES metrics)
 - HSES issues
 - Risks and opportunities (including corporate responsibility/human rights issues were they to be relevant)

This enables our teams to apply appropriate criteria to the selection process and integrate relevant contractual controls.

- Our Recommendation to Award framework, which is used to seek endorsement from our business unit tender boards for new contracts awards. This includes an assessment of key risks and opportunities and the definition of a contractor management plan. All contracts of more than US\$10 million in value are subject to the endorsement of our corporate tender board

In addition, we carry out an initial questionnaire-based pre-qualification exercise for project procurement contracts (e.g. typically high-value, specialised capital goods). Depending on the nature of the contract, these typically include extensive HSES and business ethics enquiries, the results of which are measured against our own compliance thresholds. A final list of contractors to be invited to tender is then prepared. As part of this process, our enquiries around their HSES and business ethics performance becomes more detailed, and prospective contractors are given the opportunity (where necessary) to put relevant measures in place to enable them to meet our compliance thresholds.

As a result, all new major service contractors and suppliers are subject to HSES screening. We do not currently carry out specific labour rights screening for new service contractors and suppliers. We are, however, in the process of evaluating how best to incorporate more explicit human rights- and labour rights-specific criteria into the contracting process.

Service contracting and the procurement of supplies are generally carried out at business unit level, with the corporate office providing guidance where necessary. All major service contracts include relevant HSES controls. In 2015, we are planning to standardise certain terms and conditions for new contractors, which will allow pre-defined, human rights-specific warranties and conditions to be built into new relationships. We are conscious of the challenges that direct suppliers are likely to face in providing relevant human rights assurance with respect to their own sub-contractors. We therefore plan to work constructively with our direct suppliers to seek pragmatic solutions to this issue.

In 2014, we were not awarded any new licence agreements by host governments. Where we are awarded such agreements, we take a risk-based approach towards the inclusion of relevant human rights provisions in the relevant contracts, for example taking into account relevant precedents and any human rights risks identified during our new country entry procedures.

Figure 38: Supply chain categories



Supply chain assessment and monitoring

In 2014, we added all non-operated joint venture assets, service contractors and suppliers into the population covered by our pilot Human Rights Risk Screening Tool (p79), and subsequently ranked them in terms of potential risk exposure. Amongst other things, the tool identified potential risks relating to workers' rights to freedom of association and collective bargaining amongst suppliers in the Middle East, South Asia and South East Asia. We are now considering next steps in terms of carrying out a deeper level of engagement and assessment with those business partners identified as potentially high-risk and the agreement of relevant management controls to minimise the likelihood of adverse human rights impacts.

When entering into new countries or into major new relationships with joint venture partners, service contractors and suppliers, we also carry out, when appropriate:

- Ad hoc risk assessments that include human rights considerations if relevant
- Third party due diligence investigations

We carry out post-tender reviews of our largest Tier One and Two contractors, with efforts mainly focused on HSES performance. In addition, we maintain a presence at the major construction yards undertaking work for us to ensure acceptable broader human rights and labour standards (as well as HSES standards) are adhered to.

No significant negative human rights or labour rights impacts were identified in our supply chain in 2014.



SOCIETY

continued

PUBLIC POLICY AND GOVERNMENT RELATIONS

MANAGING OUR RELATIONS WITH GOVERNMENT //

Our host country governments represent some of our most important stakeholders, in terms of the impact on our business of government policy, legislation, regulation and the awarding of new licences. Public policy and government relations are therefore key areas of focus for our stakeholder engagement activities.

Each of our business units is responsible at functional lead level for regular operational engagement with host governments and regulators. For more strategic issues, local engagement will take place through our business unit managers. All engagement is carried out in line with Premier's applicable policies, including our Corporate Responsibility Policy, Code of Conduct and Human Rights Policy. Licence bids are directly made to governments by our Exploration team.

In 2014, Premier did not:

- Make any political donations or contributions
- Receive any significant financial assistance from government¹
- Have any direct government shareholders

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

- Association of British Independent Oil Exploration Companies (BRINDEX)
- Falkland Islands Petroleum Licensees Association
- Indonesian Petroleum Association
- International Association of Oil & Gas Producers (IOGP)
- Oil & Gas UK
- Pakistan Petroleum Exploration and Production Companies Association

KEY PUBLIC POLICY ISSUES //

The Falkland Islands

Our Sea Lion project is operating under licences legitimately awarded by the Falkland Islands Government (FIG). However, it is opposed by the current government in Argentina, which continues to claim sovereignty over the Falkland Islands. In this context, the Argentine government has threatened civil and criminal sanctions against oil and gas companies operating in the area.

The Sea Lion project retains the full backing of the FIG and of the UK Government. In response to a significant fall in the oil price, we phased and scaled back the initial scope of the project in late 2014 to reduce associated costs and help ensure our future production profile is appropriate for a price-constrained environment. We expect Sea Lion to make an important contribution to our overall production portfolio when it comes onstream.

¹ This includes any exceptional and significant tax relief/credits, subsidies, investment grants, awards, royalty holidays, financial support from export credit agencies and other financial benefits from any government outside the application of national fiscal frameworks as generally applied.

Energy policy

As a North Sea operator, we are working with Oil & Gas UK, BRINDEX and other industry organisations to engage with the UK Government and its civil servants in relation to the fiscal regime and other operational factors identified in the 2014 Wood Review (Maximising Economic Recovery). This work is particularly important given the significant drop in oil price that took place in the second half of 2014 and early 2015, which is putting many operators in the North Sea under considerable financial pressure.

In addition, we also plan to carry out additional engagement in relation to the future decommissioning of oil and gas infrastructure in the North Sea.

www.woodreview.co.uk

Resource nationalism

Resource nationalism, which can take many different forms across a wide spectrum of government behaviour, is an ongoing challenge for many operators in the extractive sector. We monitor this issue at business unit-level to ensure we understand relevant drivers and respond appropriately. This includes measuring and assessing how our activities generate value for our host societies, including through the:

- Generation of economic value for a range of stakeholders, including host governments
- Employment and development of host country nationals
- Use of host country suppliers, and proactive engagement to build their capacity where necessary
- Delivery of community investment programmes

We believe that this kind of long-term value generation will better serve our host governments, and the people they represent compared to potentially counter-productive efforts to maximise the short-term fiscal take.

In 2014, we identified a risk of increased resource nationalism in two key jurisdictions:

- In Indonesia, due to the election of a new government in 2014 and uncertainties regarding possible policy and fiscal changes
- In Vietnam, due to the country's limited foreign currency reserves, combined with continuing uncertainty regarding the interpretation and application of law

ECONOMIC CONTRIBUTIONS

Our objective is to generate value for our shareholders. We believe we can best achieve this by operating in a way that delivers tangible mutual benefits both to Premier's shareholders and to its broader stakeholders, including:

- Host governments, who give us access to oil and gas licences and regulate our operational activities
- Host societies, who give us our social licence to operate as we extract national hydrocarbon resources and responsibly undertake activities that have the potential to impact on the environment
- Employees, who ultimately underpin our ability to operate and create value

Any failure to deliver value to these key stakeholders would ultimately undermine our core business objectives. The means by which we create and distribute this value as well as the results of our efforts are set out in our 2014 Annual Report.

MANAGING OUR ECONOMIC CONTRIBUTIONS

We believe our host societies should benefit from the extraction of natural resources, and are proud of our role in generating shared value from national oil and gas reservoirs. Much of this value stays in our host societies, directly supporting long-term socio-economic development and helping to underpin our long-term social licence to operate.



SOCIETY

continued

Our most important means of distributing value are through:

- Payments to other businesses, including locally-based service contractors and suppliers
- Payments to our workforce, including wages and benefits for employees from our host countries
- Payments to our providers of capital, including shareholder dividends and interest on debt
- Payments to government, including cash taxes, royalties and other payments to our host governments¹
- Community investment spending (p69)

In 2014, our total economic value distribution amounted to US\$1,035.1 million.

As part of its efforts to maximise the amount of value staying with host societies, and in line with relevant local content requirements, Premier seeks to:

- Employ nationals where they are suitably qualified (p57), and support the build-up of sustainable local skills bases in all our operating locations
- Use host country service contractors and suppliers where they are able to meet our operational and economic requirements. This, together with our ongoing efforts to develop the technical competencies of our offshore service providers in Vietnam², is helping to build long-term local commercial capabilities in host countries

In addition, we try to maximise our broader impact in this regard by promoting the employment of nationals amongst our contractors (including our exploration and project contractors) where suitable positions are available.

For further information on our overall economic performance, please see our 2014 Annual Report.

Figure 39: Total economic distribution (US\$ million)

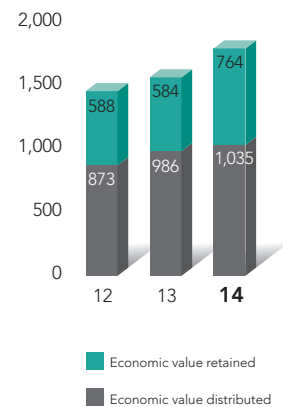
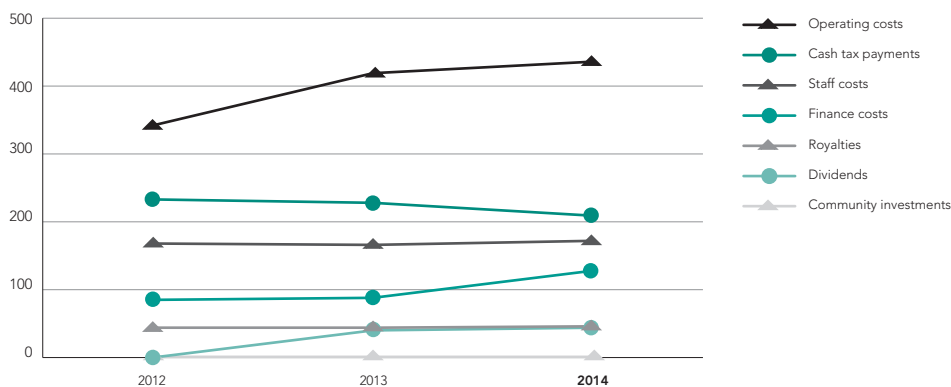


Figure 40: Economic distribution by type in 2014 (US\$ million)



¹ Currently, only Norway is a member of the Extractive Industries Transparency Initiative (EITI) whilst the UK is a candidate and Indonesia's membership has been suspended. Premier is not currently a member of the EITI.

² We have built a completely new technical competence assurance system for all offshore staff in Vietnam, and have handed it over to PVTrans Oilfield Services (who provide all operations and maintenance services for Chim Sáo) for implementation. We retain audit and oversight of this system.

APPENDIX



EXTERNAL REVIEW OF REPORTING ON CORPORATE RESPONSIBILITY

Verisk Maplecroft was commissioned by Premier Oil plc to:

- Confirm the accuracy of all corporate responsibility statements presented in this report
- Confirm the claim stated by Premier on p15 that this report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines at a 'Core' level

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 health, safety, environment and security (HSES) or economic performance. We did however confirm the existence of Premier's HSES policy statements and actions, the veracity of management systems, the rigour of internal reporting/review processes, and the company's plans for 2015.

Methodology

Verisk Maplecroft's review of Premier's corporate responsibility performance involved the following activities between mid-2014 and early 2015:

- **Direct engagement:** Including on-site engagement of Premier managers in Ho Chi Minh City, Jakarta and London
- **Review of standards:** The report was informed by the standards of the following organisations: (1) GRI (G4 Sustainability Reporting Guidelines); (2) IPIECA (Oil and Gas Industry Guidance on Voluntary Sustainability Reporting); (3) United Nations Global Compact (Ten Principles and associated requirements on the annual Communication on Progress); (4) FTSE4Good (sustainability criteria). The review also involved engagement with Premier on the potential for further public reporting to meet the emerging expectations of external stakeholders
- **Materiality process:** Verisk Maplecroft assisted Premier with the design and application of a structured materiality process to help identify its material corporate responsibility issues. This process was aligned with the requirements of the G4 Sustainability Reporting Guidelines. As part of this process, Verisk Maplecroft also facilitated direct engagement with external stakeholders, whose feedback directly influenced the final assessment
- **Gap analysis:** A gap analysis was carried out to identify and, where feasible, address gaps in Premier's existing reporting practices against the relevant reporting standards
- **Performance enhancement:** The outcomes from the review of standards and gap analysis were used, where possible, to enhance Premier's level of reporting. During this process, Verisk Maplecroft also identified opportunities to enhance Premier's approach to corporate responsibility, including responsible supply chain management and the targeting/impact of community investment projects

Materiality and completeness

Verisk Maplecroft believes that the narrative and data presented in this report are an accurate representation of Premier's material sustainability issues. Verisk Maplecroft is also satisfied that Premier's claim to have applied the GRI G4 guidelines at 'Core' level is fairly stated.

Premier has reported on its management approaches towards its material issues and on relevant GRI G4 Core performance indicators – including those in GRI's Oil and Gas Sector Supplement.

Recommendations

Premier might consider taking the following steps as it expands its commitment to corporate responsibility and associated management practices. Doing so will also enable Premier to continue its progressive alignment with the GRI's G4 guidelines:

- Further detail with respect to the geographic distribution of its economic contributions
- Enhanced definitions and data gathering with respect to local procurement
- Improved data gathering with respect to waste management and recycling
- More detailed accounting around its environmental expenditures
- Additional clarity with respect to the engagement of third-parties in relation to the management of corruption risks

Premier might also consider further areas to enhance its reporting, including:

- The application of more structured stakeholder engagement and analysis processes at business unit level – including the gathering of insight into performance against material stakeholder concerns and expectations
- Further enhancement of its human rights due diligence activity (in line with the UN Guiding Principles on Business and Human Rights) – with a particular focus on its supply chain and business partners

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27 April 2015

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APPENDIX

continued



INDEPENDENT ASSURANCE STATEMENT TO PREMIER OIL PLC

ERM Certification and Verification Services (ERM CVS) was engaged by Premier Oil plc (Premier) to provide assurance in relation to the information set out below and presented in the Premier Oil Corporate Responsibility Report 2014 (the Report).

Engagement Summary	
Scope	<p>Whether the 2014 information and data for the following selected GRI G4 disclosures, as indicated in the assurance column of the GRI Content Index (www.premier-oil.com/premieroil/corporate-responsibility/reporting-new) are fairly presented, in all material respects, with the reporting criteria.</p> <p>General Standard Disclosures:</p> <ul style="list-style-type: none"> • G4-17 to G4-23 (Identified Material Aspects and Boundaries) • G4-24 to G4-27 (Stakeholder Engagement) • G4-56 (Codes of conduct) <p>Specific Standard Disclosures in relation to:</p> <ul style="list-style-type: none"> • Environment (EN 15-16, 18, 21, 22, 24, 29, OG 5-6 and related DMA disclosures) • Occupational Health and Safety (LA 5-6, OG13 and related DMA disclosures) • Anti-Corruption and Compliance (SO 3-5, SO8 and related DMA disclosures) • Public Policy (SO 6 and related DMA disclosures)
Reporting Criteria:	The G4 Sustainability Reporting Guidelines of the Global Reporting Initiative and internal indicator criteria developed by Premier and described in the relevant performance sections.
Assurance Standard:	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).
Assurance level:	Limited assurance.
Respective responsibilities:	<p>Premier is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Our conclusions

Based on our activities, as described below, nothing has come to our attention to indicate that the 2014 data and information for the disclosures listed under 'Scope' 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 to identify relevant sustainability issues in the reporting period.
- A review of the materiality determination process including the results of stakeholder engagement processes and attending a stakeholder roundtable as an observer.
- 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 2014 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 140001 and OSHAS 18001 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's head office in London. We did not undertake source data verification at any operated facilities.

Our Observations

We have provided Premier with a separate management report with detailed (non-material) findings and recommendations. Without affecting the conclusions presented above, we have the following key observations:

- In 2014 Premier further developed its stakeholder engagement as a key input to its materiality assessment. We recommend Premier to consider extending this engagement to include employee representatives / labour organisation in 2015
- Recognising the increase in information and data required by Premier Oil's use of the G4 Sustainability Reporting Guidelines we recommend that Premier Oil develops a more detailed reporting manual to include definitions, responsibilities, sources and determination methodologies for all relevant G4 indicators in order to secure complete and consistent data across all operations and over time.



Jennifer Iansen-Rogers
Head of Report Assurance

30 April 2015

ERM Certification and Verification Services, London
www.ermcvs.com Email: post@ermcvs.com



ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Premier Oil plc in any respect.

APPENDIX

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GRI G4 MATERIAL ASPECTS

For Premier's full GRI G4 reference table, please see: www.premier-oil.com/premieroil/corporate-responsibility/reporting-new

Category	G4 Aspect	Material?	Page
Economic	Economic Performance	Y	AR plus 76-77, 85-86
	Market Presence	Y	57, 76-77, 85-86
	Indirect Economic Impacts	N	–
	Procurement Practices	Y	77, 85-86
Environmental	Materials	N	–
	Energy	N	44-45, 52
	Water	N	44-45, 49, 51, 53
	Ecosystem services and biodiversity	N	44-45, 53
	Emissions	Y	44-45, 46, 48, 50
	Effluents and Waste	Y	44-45, 49-51
	Products and Services	N	–
	Compliance	Y	16-21, 44-45
	Transport	N	44-45, 48
	Overall	Y	44-53
	Supplier Environmental Assessment	N	20-21, 81-83
	Environmental Grievance Mechanisms	N	66, 68
Social: Labour practices and decent work	Employment	Y	54-57
	Labor/Management Relations	Y	54-55, 62-63, 80
	Occupational Health and Safety	Y	30-43
	Training and Education	Y	54-55, 60-61
	Diversity and Equal Opportunity	Y	54-58
	Equal Remuneration for Women and Men	Y	54-55, 58-59
	Supplier Assessment for Labor Practices	N	20-21, 81-83
	Labor Practices Grievance Mechanisms	Y	54-55, 62-63

Category	G4 Aspect	Material?	Page
Social: Human rights	Investment (human rights)	Y	19-21, 76-83
	Non-discrimination	Y	19-21, 58, 76-77, 80
	Freedom of Association and Collective Bargaining	Y	19-21, 63, 76-77, 80
	Child Labor	N	19-21, 76-77, 80
	Forced or Compulsory Labor	N	19-21, 76-77, 80
	Security Practices	Y	19-21, 43, 76-77, 81
	Indigenous Rights	N	64-68, 76-77
	Human rights assessment	Y	76-83
	Supplier Human Rights Assessment	N	76-77, 79, 81-83
	Human Rights Grievance Mechanisms	N	62-63, 66-68, 76-77
Social: Society	Local Communities	N	64-75
	Anti-corruption	Y	16-21
	Public Policy	Y	19-21, 76-77, 84
	Anti-competitive Behavior	N	19-21
	Compliance (general)	Y	16-21, 76-81
	Supplier Assessment for Impacts on Society	N	19-21
	Grievance Mechanisms for Impacts on Society	N	64-68
Social: Product responsibility	Customer Health and Safety	N	–
	Product and Service Labeling	N	–
	Marketing Communications	N	–
	Customer Privacy	N	–
	Compliance (product responsibility)	N	–
	Reserves and production	Y	AR plus 2
Oil and gas disclosures	Emergency preparedness	Y	30-34, 42
	Involuntary resettlement	N	–
	Asset integrity and process safety	Y	30-34, 38-40
	Fossil fuel substitutes	N	48

IPIECA: OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING (2010)



			Page	Status
Environmental indicators				
E1	Climate change and energy	Greenhouse gas emissions	44-45, 46-48	Reported
E2		Energy use	44-45, 52	Reported
E3		Alternative energy sources	44-45, 48	Reported
E4		Flared gas	44-45, 47-48	Reported
E5	Ecosystem services	Biodiversity and ecosystem services	44-45, 53	Reported
E6		Freshwater	44-45, 53	Reported
E7	Local environmental impact	Other air emissions	44-45, 50	Reported
E8		Spills to the environment	44-45, 49-51	Reported
E9		Discharges to water	44-45, 49-51	Reported
E10		Waste	44-45, 51	Reported
Health and Safety indicators				
HS1	Workforce protection	Workforce participation	30-34	Reported
HS2		Workforce health	30-34, 36	Reported
HS3		Occupational injury and illness incidents	30-37	Reported
HS4	Product health, safety and environmental risks	Product stewardship	30-34, GRI table	Reported
HS5		Process safety and asset integrity	Process safety	30-34, 38-40
Social and economic indicators				
SE1	Community and society	Local community impacts and engagement	64-75	Reported
SE2		Indigenous peoples	64-68, 80	Reported
SE3		Involuntary resettlement	64-66, GRI table	Reported
SE4		Social investment	64-75	Reported
SE5	Local content	Local content practices	57, 64-68, 85-86, GRI table	Reported
SE6		Local hiring practices	57, 76-77, 85-86	Reported
SE7		Local procurement and supplier development	64-68, 85-86, GRI table	Reported
SE8	Human rights	Human rights due diligence	76-83	Reported
SE9		Human rights and suppliers	76-77, 79, 81-83	Reported
SE10		Security and human rights	76-77, 81	Reported
SE11	Business, ethics and transparency	Preventing corruption	16-21	Reported
SE12		Preventing corruption involving business partners	16-21	Reported
SE13		Transparency of payments to host governments	16-21, 84-86	Reported
SE14		Public advocacy and lobbying	16-21, 84-85	Reported
SE15	Labour practices	Workforce diversity and inclusion	54-58	Reported
SE16		Workforce engagement	54-55, 62-63	Reported
SE17		Workforce training and development	54-55, 60-61	Reported
SE18		Non-retaliation and grievance systems	54-55, 62	Reported

APPENDIX

continued

UNITED NATIONS GLOBAL COMPACT: OUR COMMUNICATION ON PROGRESS AGAINST THE TEN PRINCIPLES



		Page	Status
Human rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	16-21, 76-83	Communicated
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	16-21, 76-83	Communicated
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	54-55, 63, 80	Communicated
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	16-21, 76-80	Communicated
Principle 5	Businesses should uphold the effective abolition of child labour	16-21, 76-80	Communicated
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	16-21, 58, 76-80	Communicated
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	44-53	Communicated
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	44-53	Communicated
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	42, 47, 52	Communicated
Anti-corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	16-21, 85-86	Communicated

FTSE4GOOD: SUSTAINABILITY CRITERIA



FTSE4Good

		Page	Status
Environmental criteria			
Policy		16-17, 31, 45	Reported
Management		18, 31-34, 45	Reported
Reporting		46-53	Reported
Social and stakeholder criteria			
Policy		16-17, 66, 76-77	Reported
Management		18, 66, 78, 86	Reported
Reporting		67-75, 78-86	Reported
Human rights criteria			
Policy		16-17, 78	Reported
Management		18, 78-83	Reported
Reporting		78-83	Reported
Supply chain labour standards criteria			
Policy		16-17, 19	Reported
Management		18, 20-21, 78-81	Reported
Reporting		21, 83	Reported
Countering bribery criteria			
Policy		16-17, 19	Reported
Management		20-21	Reported
Reporting		21, 85-86	Reported

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