

Behaving Responsibly to People continued

#5 We provide a healthy, safe and secure work environment



Workplace Safety

Providing a safe working environment is a core corporate responsibility, and minimising risks to people and the environment is of paramount importance to us. Managing safety hazards involves several safe working procedures, including management visits, audits, a permit-to-work system, toolbox talks and safety drills. We actively engage with contractors to ensure they have effective systems in place.

Although we have limited direct exposure to potentially hazardous materials, we still have robust requirements for chemical and waste management in our CRMS, to protect human health and the environment.

We ensure compatible arrangements from our contractors. In the UK, for example, we conducted on-board training and used other awareness-raising communications to manage the risks associated with drilling wells using oil-based mud.

We support all staff who may be exposed to health risks such as infectious diseases, where we have assets or during visits to new locations. We perform risk assessments to identify and reduce health risks and other risks before travel and have improved our Traveller Health and Security intranet site.

Read more: [Travel and the Security of Personnel on P59](#).

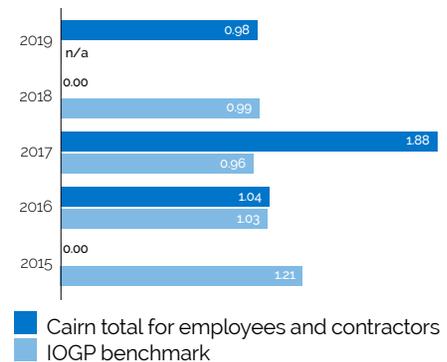
Our 2019 Performance

Overall, our occupational safety performance in 2019 compared well with IOGP benchmarks. We experienced a single restricted workday case (RWDC) in Mexico when a rig crew member injured a finger during equipment handling; the root cause was failure to follow procedure.

We had two first aid cases during UK operations (bruised hands) and one in Mexico (twisted ankle). No spills to sea occurred in 2019.

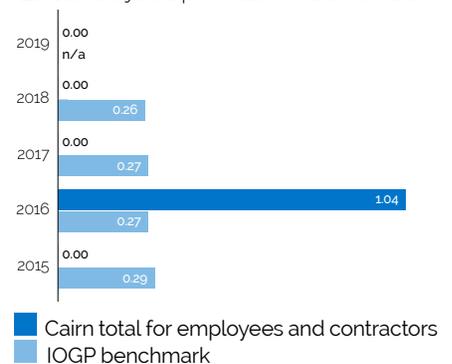
Total Recordable Injury Rate (TRIR)

(Total recordable injuries per million hours worked)



Lost Time Injury Frequency (LTIF)

(Lost time injuries per million hours worked)



* IOGP is the International Association of Oil and Gas Producers. We have included overall IOGP benchmark figures (average of onshore and offshore for employees and contractors). IOGP benchmark figures for 2019 are not yet available.

Cairn TRIR and LTIF statistics can be higher than the IOGP benchmark after only one incident, or a small number of incidents. This is because our exploration activities are often short in duration, meaning there are relatively few hours worked compared with ongoing production and other long-term operations.

Preventing Major Accidents

Our industry faces a number of major accident hazards and it is important we avoid the risks arising from these hazards, or at least manage them to a level that is As Low As Reasonably Practical (ALARP).

CASE STUDY

PREVENTING MAJOR ACCIDENTS THROUGH CMAPP

Our Corporate Major Accident Prevention Policy (CMAPP) strengthens our commitment to mitigate risks and enhance our emergency response capability.

Required under the EU Offshore Safety Directive, our CMAPP was introduced in October 2017, and revised in both July 2018 and October 2019. It has since been rolled out globally and we continue to stress its importance and application. CMAPP places an emphasis on:

- managing Safety and Environment Critical Elements (SECEs), and preventing a major incident through robust control and maintenance mechanisms;
- demonstrating and verifying the high levels of competency required among our staff and contractors, and conducting appropriate training and succession planning to maintain that capability; and
- independent assurance processes, at key stages of our projects, covering the acceptance of equipment and the lifecycle of our wells.

During the year Cairn's Management Team, whose responsibility includes how Cairn complies with CMAPP across all operations, went to Spadeadam in Cumbria for a one-day Major Accident Awareness Training session. The objective was to re-emphasise the potential consequences following loss of containment incidents in the oil and gas industry.

Part of the training focused around drilling and production operations and the importance of instilling a sense of vulnerability to what can happen if these are managed inappropriately.

A Group-wide CMAPP training module for employees was released in early 2019, raising internal awareness and knowledge, and an independent internal audit was undertaken in Q4. This looked at how the major accident hazard and risk controls across the three drilling programmes were applied. Improvements identified will be implemented in 2020.



Our Corporate Major Accident Prevention Policy (CMAPP) captures our position and the arrangements we have in place around the world to address these risks. This year, we applied the mechanisms of control it describes in our operated activities in Norway, Mexico and the UK. As part of our improvement programme, the CMAPP was independently reviewed in September and reissued following minor improvements. We also conducted an internal audit of its application across operations at the end of the year.

We focus on prevention but, in the unlikely case a significant event does occur, we maintain a three-tiered crisis and emergency response arrangements that are capable of supporting our activities wherever they are in the world. For a quick and effective response to a major accident or incident, we have Incident Management Teams (IMTs) in all our operational locations, supported by Incident Response Teams in our field assets. Our Crisis and Emergency Response Team (CERT) in Edinburgh also provides strategic and tactical support, depending on local capability.

We remain an associate member of Oil Spill Response Limited (OSRL), a specialist organisation working to assist operators to respond effectively to oil spills. We also invest heavily in other supplementary OSRL memberships to gain access to third party specialist response equipment and techniques for containment, dispersal and surveillance.

During 2019, we held two emergency scenario exercises for Block 9 in Mexico, and two emergency response readiness exercises for our Chimera well in the UK. Using a crisis management company to present a scenario, the exercises check that everyone – on rigs, at shore bases and in other business functions – correctly assesses the risks and implements the agreed plan. A third exercise in Mexico was conducted by Maersk in November.

The CERT team also held two further exercises relating to possible scenarios that are unconnected with specific field operations.

Security of Personnel and Travel

We have a duty of care to our people and our assets, and place high importance on protecting our investments, reputation and data. We are a member of the IOGP Security Committee and continue to monitor and respond to emerging threats, acting on intelligence from embassies, civil authorities and contractors in both active locations and potential countries of interest.

Our due diligence process requires us to assess and address the risks our people may face. Employees can access journey management plans and traveller guides before they travel and while they are away. In operational locations where risks are considered to be 'moderate' or above, we develop and implement Security Management Plans. These may involve ground security teams to provide safe transit to hotels, airports and meetings or to support access to field locations.

In Mexico, we experienced a significant near miss this year. An employee and a contractor failed to follow procedure, giving rise to a potentially serious personal safety issue. This incident was fully investigated and a report shared with senior leadership and the Management Team. It prompted us to re-emphasise the existing procedure with educational sessions and risk workshops in Mexico in January 2019; these were also delivered to the project team in Edinburgh. Support services were also improved in terms of access to transport facilities.

Since then, our travel risk policy has been reissued and a session held to remind our people of their responsibility to follow procedure, as well as all relevant health and safety legislations.

We also held a security-related emergency exercise with the CERT and issued detailed staff briefings about personal safety.

Security of Assets

We have recently checked our approach to protecting our assets against the anti-piracy policies and procedures adopted by major logistics companies, to ensure we align with industry best practice.

We also conducted a gap analysis of the Industrial Safety, Operational Safety and Environmental Protection Administration System (SASISOPA) process required by legislation in Mexico. We found no non-compliances in the security of our operations or third-party providers of aviation, accommodation and logistics services.

Contractors

To support the delivery of our operational projects, we supplement our core staff resources with experienced consultants and contractors.

Cairn procures a substantial amount of goods and services from contractors and third-party vendors, so our relationships with them are fundamental to our success. We continue to rely on high-quality and competitively priced suppliers for much of the technical expertise,

equipment and services needed to maintain our operational capability.

While there may be technical reasons why we select international contractors (such as suppliers with the capability to acquire 2D seismic data offshore Suriname), we continue to promote and use local services wherever we can. In Mexico and Norway, for example, all the partner companies that Cairn engages with are local organisations or registered local entities of international contractors.

In Mexico, under the terms of our Production Sharing Contract (PSC), we are required to achieve local content obligations and targets. In 2019, we engaged with all of our key contractors through a series of workshops to ensure that local content requirements, expectations and considerations for Mexico are fully understood.

Contractor Selection

We need our contractors to share our commitments as they appear in the Code of Ethics and to work in a manner that meets our standards. This helps to protect people and communities, the environment and our reputation. Effective selection, strong working relationships and good performance also enable us to maintain our licence to operate.

All contractors are selected on the basis of their adherence to our principles and standards, experience, service capability, competency and competitiveness. Our approach to evaluating contractors and tenders includes specific requirements that ensure they use management systems and apply ways of working that meet our CR policies and procedures; these range from safety and environmental matters through to anti-bribery and human rights issues such as modern slavery.

So that all our activities conform to our CRMS and Cairn Operating Standards (COS), we use an integrated contractor and supply chain audit plan. This plan identifies corporate and operational risks and develops an assurance and audit programme to demonstrate effective controls are in place across systems and processes, as well as on individual rigs and vessels. This is extended to the Audit and Assurance Plans we apply in our operated projects. Consultant organisations are required to align with our CRMS and have access to online training modules to raise awareness of the human rights and labour standards we expect.

In 2019, we revised our audit plan for contractors, and risk-assessed all key contracts and services.

For more information, see our **Corporate Responsibility Report**: www.cairnenergy.com/working-responsibly