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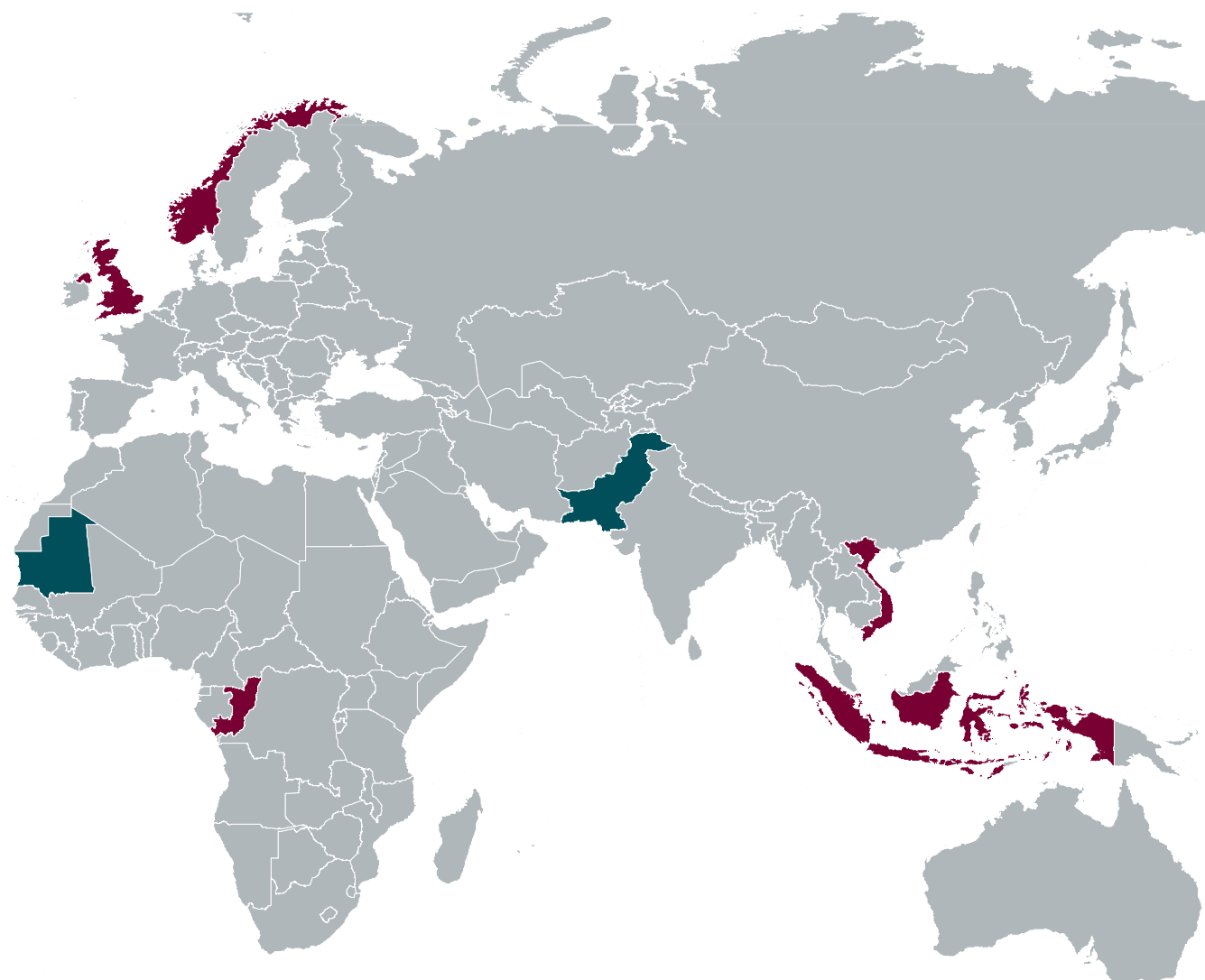
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COMPANY PROFILE

Premier Oil plc (Premier) is a leading FTSE 250 independent exploration and production company with oil and gas interests in the North Sea, Middle East and Pakistan and West Africa. We operate projects in five countries with joint ventures in a further four locations. Our strategy is to add significant value through exploration and appraisal success, astute commercial deals and optimal asset management. Premier is headquartered in London. It has approximately 500 permanent employees with the majority located in the United Kingdom and Asia (p14).

 www.premier-oil.com

PREMIER AROUND THE WORLD



¹ Red shading on map indicates countries where we operate. This includes our exploration activities in Indonesia, North Sea, Norway and Vietnam. Blue shading indicates countries where we have equity in joint ventures operated by another oil and gas company (as at end 2009). A detailed list of these joint ventures and our equity ownership is located in the Annual Report 2009 and on www.premier-oil.com

OPERATED ASSETS¹

Licences	Field	Equity
Congo		
Block Marine IX		31.5%
Indonesia		
Natuna Sea Block A	Anoa	28.7%
Tuna		65.0%
Norway		
PL406		40.0%
PL496		70.0%
United Kingdom		
P087	Nelson	46.5%
P119	Ptarmigan	60.0%
P201	Balmoral, Stirling, Glamis	85.0%
P201	Brenda	100.0%
P213	Caledonia	100.0%
P233	Nicol	70.0%
P344		55.0%
P344	Balmoral, Stirling	42.2%
P354		30.0%
P1042	Brenda	100.0%
P1043		100.0%
P1157	Brenda	100.0%
P1181		57.5%
P1260	Shelley	100.0%
P1420		72.7%
P1431		100.0%
P1466		100.0%
P1555		100.0%
P1559		100.0%
P1620		50.0%
P1628		100.0%
Vietnam		
Block 12W	Chim Sáo	53.1%
Block 07/03		45.0%
Block 104-109/5		50.0%

INTRODUCTION

MESSAGE FROM THE CEO

These last two years marked a period of significant and exciting change for Premier. Despite achieving very high levels of activity, Premier delivered its programme of exploration and expansion without compromise on its commitment to the highest health and safety standards or levels of environmental proficiency. Our acquisition of Oilexco effectively doubled our operating and production business. It also introduced a number of new challenges to the company as a North Sea operator, working in one of the more tightly regulated offshore environments.

We have retained our inclusion in the FTSE4Good Index and we remain committed to the Principles of the United Nations Global Compact, to which we became a signatory in 2002.

Our strategic priorities

Our reputation for doing the right thing helps promote Premier as an operator of choice for host governments, a partner of choice for prospective joint ventures and an employer of choice for the most talented people. This enables continual access to existing and new markets and prospects as a key part of our business strategy. To ensure consistency, we have policies and procedures to ensure our decisions take appropriate account of the direct and indirect impacts that may arise from our activities.

Striving to be a world-class oil and gas operator means acknowledging our role as a partner in the countries where we operate. This means recruiting nationally and training our local employees to be leaders in their field, maintaining constant and high standards irrespective of location. It also means managing the potential negative environmental impacts of our operations and investing in communities; together building lasting livelihoods that endure after we leave.

Key sustainability issues

We have reviewed our policies against the best practice guidelines of industry bodies and ratings agencies including the Global Reporting Initiative (GRI), International Petroleum Industry Environmental Conservation Association (IPIECA), the Carbon Disclosure Project and FTSE4Good. Areas for improvement were identified relating to policy statements on political donations, a global pay and benefits framework as well as security services and human rights. Steps are being taken to strengthen existing policy statements and our alignment with global standards.

Continued commitment to health and safety

The health and safety of our employees remains a priority, equal to our other key business objectives. Our production operations in Indonesia and our global drilling operations achieved outstanding health and safety performance both in 2008 and 2009, as reflected by our industry leading statistics.

In 2008, the International Association of Oil and Gas Producers' (OGP) Safety Performance Indicators report ranked Premier's drilling function number one across the industry for the lowest total recordable injury frequency with no recorded incidents. We were also ranked in the top quartile for production operations, and we expect a similar performance in the forthcoming OGP report covering 2009. We have been certified to OHSAS 18001 since 2004 for global drilling and since 2006 for Indonesian production operations. We are now working to certify the Balmoral production facilities to this standard.



Simon Lockett (CEO) tries a bicycle donated as part of our access to education initiative, Vietnam

 www.ftse.com
 www.unglobalcompact.org
 www.globalreporting.org
 www.ipieca.org
 www.cdproject.net

Improving our environmental performance

Our focus on managing CO₂ emissions remains strong. Up until this year our emissions came mainly from the Anoa field in Indonesia. Since we began gas production from this field in 2001, year-on-year we have improved our reliability through better operation of the plant and reducing unplanned gas flaring events as a consequence. However, by 2008 flaring had remained relatively steady and major variation was largely dictated by gas compressor reliability. Through efforts to improve the reliability of the compressors, and more importantly in 2009, through managing our production in a more sophisticated way during compressor upsets, there has been a 15% reduction in greenhouse gas (GHG) emissions from gas flaring in 2009 from 2008 quantities.

Looking to the future

Premier's operations are expected to double in size again over the next few years with new fields coming online in Indonesia and Vietnam. We will continue managing our risks, improving our already high standards and communicating our performance.

Simon Lockett
Chief Executive Officer (CEO)



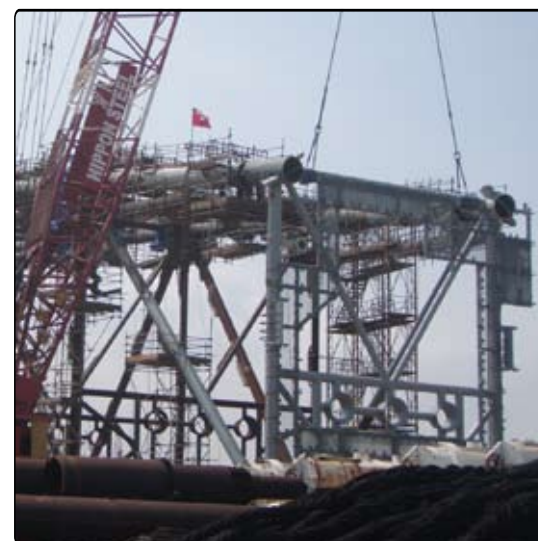
Balmoral production facility acquired from Oilexco, North Sea



Anoa production platform, Indonesia



Anoa Natuna Floating Production Storage and Offloading (FPSO) vessel, Indonesia



The Chim Sáo construction project, Vietnam

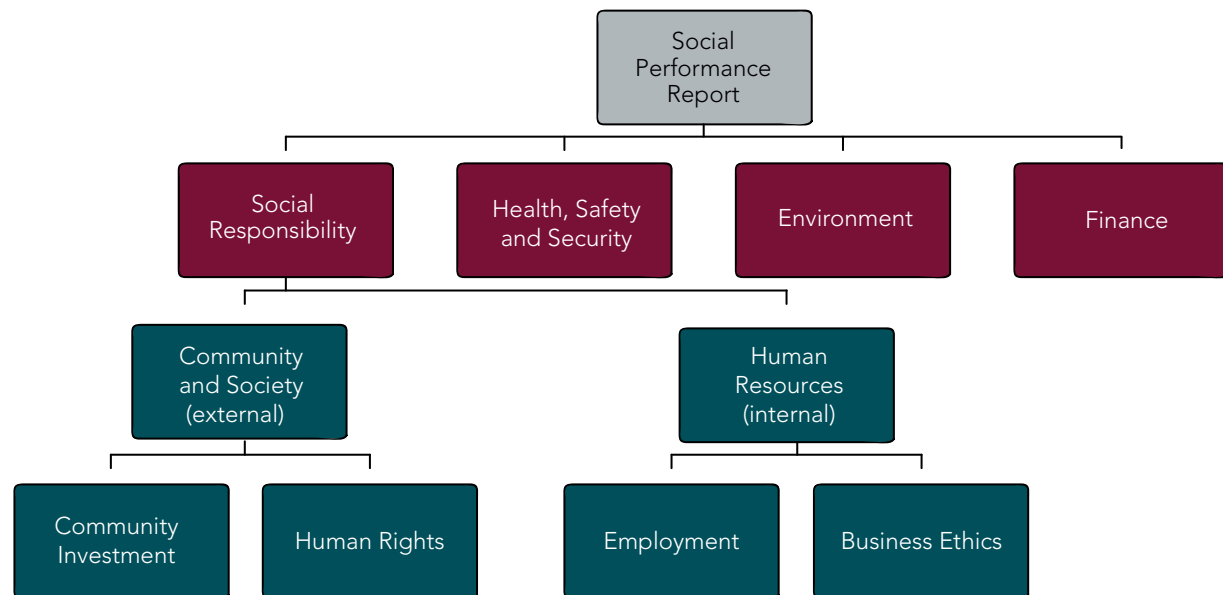
OUR APPROACH TO REPORTING

This Social Performance Report aims to demonstrate how we have applied and delivered our stated policies in 2008 and 2009. This report covers all of our own operations. It does not include our non-operated joint ventures except where specified.

Premier carries out independent audits of its policies to ensure compliance with the requirements of the following bodies: the Global Reporting Initiative (GRI); the International Petroleum Industry Environmental Conservation Association (IPIECA) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting; the Carbon Disclosure Project; FTSE4Good and the United Nations Global Compact (of which Premier is a signatory). In 2009, areas for improvement were identified relating to policy statements on political donations, a global pay and benefits framework, security services and human rights, as well as aspects of community engagement including prior and informed consultation and the existence of appropriate grievance mechanisms. Steps are being taken to strengthen existing policies and underlying management systems as well as our alignment with global standards. Further details on our policies and procedures are available on our website.

With regard to reporting against the GRI Sustainability Reporting Guidelines, we are currently striving to achieve a B+ and as such report against sufficient core areas to achieve that rating. This report is our Communication on Progress to the United Nations Global Compact.

Figure 1: The scope of our social performance reporting



SOCIAL RESPONSIBILITY

COMMUNITY AND SOCIETY

Social responsibility is primarily about how we engage, assess and manage our community and societal issues and risks. Our Corporate Social Responsibility (CSR) and Human Rights Policies are applicable to all Premier operated entities and may be adapted to address local priorities. Our Business Ethics Policy, together with our Employment and Social Justice in the Workplace Policy are managed through the Human Resources function. All policies are compliant with relevant legislation and take due account of appropriate initiatives and standards, industry guidance and relevant best practice.

We recognise that we have responsibilities in relation to a diverse group of stakeholders including shareholders, customers, employees, business partners, local communities and society at large, including special interest groups that represent public interest concerns, such as Non-Governmental Organisations (NGOs). Our investment decisions take account of economic, environmental and social impacts and their management.

In all its operations, Premier will always comply with local laws and regulatory requirements as a minimum, and make representations to the relevant authorities if we believe that policies and practices of host governments undermine our policies. We complete environmental and social impact assessments prior to undertaking any new investment and evaluate these impacts regularly to ensure that they are responsibly managed on an ongoing basis. We expect our contractors, suppliers, joint venture and alliance partners to respect our policies. Their concurrence with the principles upheld by our policies is an important factor in our decision to form or remain in a relationship with them.

COMMUNITY INVESTMENT

Our policy

It is our policy to support social investment, in partnership with professional social development organisations, government agencies and local NGOs, that contribute to the sustainable development goals of the communities and countries where we operate. There were no reported violations of this policy in the review period.

Our management system

In 2009, we initiated a review of our CSR management system including the identification, management, evaluation and budgeting of social investment disbursements. This system currently includes a set of draft procedures that will assist employees and managers in the identification of relevant local initiatives. Further work will be undertaken in 2010, including piloting and testing these procedures.

OUR COMMUNITY INVESTMENT IN THE NORTH SEA



Balmoral Floating Production Vessel (FPV), North Sea



The Sevan Voyageur FPSO vessel, Shelley Field, North Sea

Developing a community investment framework

Community investment at our newly acquired North Sea operations was largely ad hoc, with no formal investment programme. Since the purchase of these operations, Premier has started to develop a formal community investment action plan that will include enhanced support for key local groups such as the Scottish Fishermen's Federation (SFF).

 www.sff.co.uk
 www.oilandgasuk.co.uk

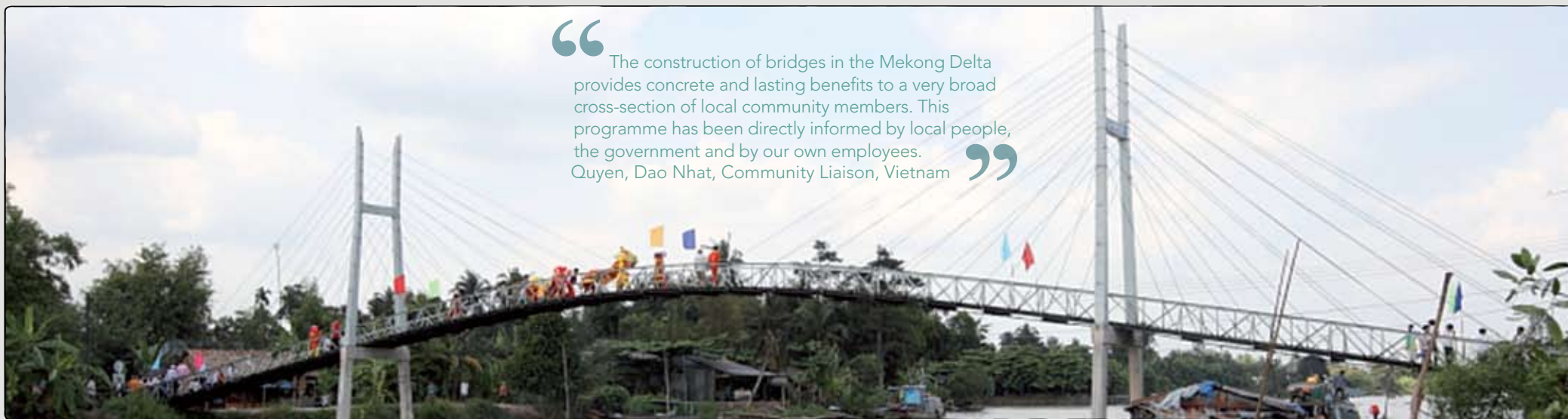
Engagement with the Scottish Fishermen's Federation

The SFF is a group of member associations representing Scotland's fishing industry. It is active in lobbying on behalf of its members in Edinburgh, London and Brussels. The SFF also plays an important role in helping to inform fisheries science, marine environment management, marine safety regulations and industry training programmes. SFF members' boats also assist our operations by acting as "guard" vessels during the construction of new facilities or the removal of existing facilities.

Planned activities for 2010

Premier is currently exploring opportunities to support the purchase of "Fish Safe" systems for local fishermen. Fish Safe navigation systems were developed with fishermen by Oil & Gas UK. They show underwater obstructions including pipelines, cables and other infrastructure so can help reduce the risk of damage to both fishing vessels and fishing tackle, as well as oil and gas infrastructure. The Fish Safe system, which was tested towards the end of 2009, remains relatively expensive for wide-scale purchase by local fishing operators. Premier is working with the industry to enhance the affordability of the system, through possible contributions towards the cost of purchase.

OUR COMMUNITY INVESTMENT IN VIETNAM



“ The construction of bridges in the Mekong Delta provides concrete and lasting benefits to a very broad cross-section of local community members. This programme has been directly informed by local people, the government and by our own employees. ”

Quyen, Dao Nhat, Community Liaison, Vietnam

Premier Oil's largest community bridge in the Mekong Delta, Vietnam

Our community investment programme in Vietnam is guided by priorities stated in the national socio-economic plan which includes goals and programmes related to economic growth, poverty reduction, job creation, education and vocational skills development. Community investment in Vietnam totalled US\$77,918 in 2008 and US\$87,394 in 2009.

Bridge construction

In 2008 and 2009, our community investment in Vietnam continued with the bridge building programme we started in the Mekong Delta region in 2007. Our programme identified river crossing points that would enhance communications and connect communities, replacing where necessary existing bridges that had become unsafe or unusable. The objective is to reduce poverty by providing critical infrastructure in an area where rivers isolate many communities. We have now invested in the construction of six new bridges in the area. One, over the Xuan Hoa river, has benefitted a total of 28,000 people by offering safe and reliable access to the nearest town – as well as vital markets, education and medical care. Previously, they had to rely on a seasonal ferry or a 40km detour when the river is high.

Instead of building the bridges ourselves, we donate funds to a local charity (the Bao Hoa Charity), which engages the building contractors, ensures ethical payment practices, employs local labour and, with the Transport Research Agency, ensures effective construction. Premier does, nevertheless, engage with the local authority to provide a building schedule and to coordinate logistics. All bridges are selected on the recommendation of the local population and are formally approved by the local authorities. The location for each of the new bridges was chosen in order to assist people in the poorest areas of the region.

Access to education

In 2009, Premier provided 100 bicycles for pupils who were walking up to 10km to and from school every day due to relatively low concentrations of educational facilities in some rural areas in Vietnam. A bicycle enables pupils to continue their schooling, especially during the rainy season or when they move from primary to secondary school, which can be located further away. A further 40 bicycles were donated by individual employees in Vietnam and London.

Health care and vocational training for disadvantaged children

In 2009, we provided enhanced health care programmes for 170 children supported by a local charity, Friends for Street Children (FFSC). In addition, we organised six educational development classes for all of the children who study at the Binh Tho Development Centre, to help them integrate into the public school system and to provide them with vocational training. Support was also provided through building the capability of both parents and staff in providing better care for children. With this support, Premier hopes to help these children move from a position of instability and uncertainty to one where they can actively participate in deciding their own futures. In 2010, we plan to augment these programmes by providing adolescents supported by the FFSC with enhanced vocational training, as well as “soft skills” such as interview techniques and financial management.

 www.ffaohcm.org



Kindergarten students, Anambas region



Turtle conservation, Durai Island



Beach cleaning, Durai Island

OUR COMMUNITY INVESTMENT IN INDONESIA

Our community investment programme in Indonesia encompasses four integrated areas of activity: education, infrastructure, disaster relief and the environment. Most of our community investment is concentrated in the Anambas region near our offshore Anoa Field production operations.

Recently LabSosio, the Centre of Sociological Studies at the University of Indonesia conducted an evaluation of our Community Development Programme for 2008-2009. This assessment has evaluated all 18 of our programmes in the Anambas District and engaged the relevant stakeholders. The assessment was timely given social and political mapping changes in Anambas as it became an autonomous district in 2008 and showed that we had understood and responded to the changes and improved our performance. Local Government and Community Leaders were positive about Premier's programmes, identifying communication, responsiveness and transparency as strengths. Overall the report gave us a rating of 4.38 (or "more than 'good' category") compared to 3.48 ("more than 'good enough' category") from an earlier assessment of our 2003-2007 programme. Local leaders state that Premier is well known to the community because of the impact of the programmes.

The report makes some important recommendations for further development and comments on the sustainability of the programmes which we will address and concludes:

- The programme fulfils Article 74 (environmental and social responsibility) of Indonesia Law no. 40/2007 Concerning Limited Liability Companies in substance and mechanism
- Substantially the programme fulfils ISO 26000 (Social Responsibility) and Millennium Development Goals appeal
- Premier consistently shows its commitment and participation in local community development
- The average achievement of the programmes has improved
- Premier is excellent in the early year education programme, health programme and infrastructure which supports both programmes.

"With this achievement Premier gain a 'very good' perception and image in the Anambas Community."

Focus on education

Our engagement in Indonesian education initiatives started with the construction of a kindergarten in the Anambas region in 1999. This prompted further requests from a number of local villages in the area. Premier has now built a total of six kindergartens. Two of these were completed during the reporting period at a cost of US\$105,000, whilst construction was also initiated on a third kindergarten. Each kindergarten has three classes of approximately 30 children, meaning they collectively cater for about 500 children at any one time. A further two kindergartens were extensively refurbished during the reporting period, at a cost of US\$60,000.

Premier continues to pay the operational costs of one kindergarten (Anoa Kindergarten at Payalaman), which amounted to US\$30,000 during the reporting period. The other schools are sponsored by local foundations that serve each local community. These foundations are funded by parental contributions, as well as occasional government grants. Our strategy has become more focussed on providing the tools to sustain operation of the schools more independently of Premier and looking to assist in the development of more multifunctional facilities.

Premier also supports tertiary education. In 2009, we offered scholarships to 250 university students at three universities: North Sumatra University, Tanjung Pura University in West Kalimantan and Haluoluo University in South East Sulawesi. All the universities are located in the vicinity of our oil and gas interests. A total of US\$40,000 was made available to the participating universities, which redistributed the scholarship money to the students.

Infrastructure

Premier has developed several infrastructure projects at the request of the Anambas local government. During the reporting period, these included the construction of a public health centre for the village of Candi in the Palmatak Sub-district village at a cost of US\$15,000, integrated with a childcare assistance programme which has already impacted positively on the health of pregnant mothers and young children. Since health monitoring began, pregnant mother mortality has been reduced to zero.

We assisted in the construction of a two storey library and class room in the village of Letung in the Jemaja Sub-district at a cost of US\$40,000. We also developed a multifunctional community hall in the village of Payalaman.

Disaster relief

We assisted in the provision of disaster relief following an earthquake measuring 7.6 on the Richter scale in West Papua in January 2009 that severed power lines, damaged numerous buildings and caused a large number of casualties. Premier responded through the provision of military tents and reverse osmosis water purifiers to aid sustained access to healthy drinking water.

Turtle conservation on Durai Island

Premier supports a pilot project on turtle habitat preservation on Durai Island. This is believed to be the largest turtle nesting area in the Anambas region. The project was implemented following a request from local government to address the sale of turtle eggs for use in local foods, and to help restore the island's turtle population. Egg sales no longer happen and the number of hatchlings have increased, although this programme remains important as surveys have shown that turtle numbers have been severely affected in recent years, with only 10-15% of the population of 20 years ago remaining on the island. It is hoped that Durai Island may become the centre for future biodiversity and ecotourism activities, which could help provide sustainable livelihoods for local communities.

“In Indonesia, our community projects concentrate on improving the educational opportunities of local people. Maximising these opportunities is going to be essential to the long-term success of the country, and we are proud to play a part in this process.”

Nina Marliana, Community Outreach Program Manager, Indonesia



Bird watching and conservation



Margalla Hills National Park, Pakistan



The national park includes birds of prey





OUR COMMUNITY INVESTMENT IN PAKISTAN

As a significant shareholder in non-operated production operations, Premier Pakistan financially supports community projects undertaken by our joint venture partners and also collaborates with the Pakistan Petroleum Exploration and Production Companies Association (PPEPCA). During the 2008 and 2009 reporting period, Premier also instigated a number of independent, small scale community support initiatives.

Disaster relief

In October 2008, parts of the western province of Baluchistan were hit by an earthquake measuring 6.4 on the Richter scale. This resulted in more than 300 deaths and the destruction of over 6,000 houses, rendering an estimated 100,000 people homeless. Staff at Premier Pakistan collected non-perishable goods such as blankets, medicines and other supplies valued at over US\$11,000 for delivery to affected communities through a local philanthropic organisation.

Also in 2008, the Pakistan Army's counter terrorism operations in north-western Pakistan resulted in the displacement of up to two million people, as entire communities fled the countryside to avoid the conflict. A number of camps were established with the assistance of international and local philanthropic organisations, whilst the government appealed for additional help from the private sector.

Premier responded by donating US\$14,800 to the President's Relief Fund, opting to provide financial rather than in-kind support due to our limited physical presence in the country.

Health and wellbeing

Premier provides support to those with mental and physical handicaps through the Care for Special Persons Foundation (CSPF). CSPF provides education, training and psychotherapy to those with handicaps – as well as a growing number of people who have been traumatised by recent natural disasters and conflict. Disbursements during the reporting period amounted to some US\$5,000.

Funding of Academic Chair

During the reporting period Premier Pakistan contributed to local skills development and expertise through its funding of an academic chair at the University of Engineering and Technology in Lahore. This is a leading national institution, with a particular focus on petroleum engineering. In 2009, Premier provided a total of US\$12,000 in financial support.

Engagements and plans for 2010/2011

In a new collaboration with the Capital Development Authority, Premier is initiating a number of environmental uplift and rehabilitation projects relating to the Margalla Hills National Park, which are adjacent to Islamabad. These significant projects include the provision of much needed park infrastructure, a stream regeneration programme, as well as related academic fellowships and capacity building initiatives. Premier has committed around US\$250,000 to these projects.

HUMAN RIGHTS

Our policy

Our Human Rights Policy is based on the fundamental rights articulated in the Universal Declaration of Human Rights and is guided by the rights enshrined in the core labour standards of the International Labour Organization (ILO). It is our policy to protect and promote these rights throughout our business operations and in our relations with both business and local community partners. Where appropriate, we will also use our legitimate influence to promote the protection of human rights outside of our areas of operation.

There were no reported violations of our Human Rights Policy in the review period.

Indigenous peoples

Premier recognises its responsibility to respect the rights of indigenous peoples in all countries where we operate.

Development rights

The scope of our policy includes both the rights of our employees – their health and safety as well as their security arrangements and working conditions, and the development rights of our external stakeholders, in particular local communities. We believe that the right to development is a basic right, without which other human rights cannot be secured or sustained. It is therefore our policy to carry out supporting programmes of social investment, in partnership with professional social development organisations, government agencies and local non-governmental agencies that contribute to sustainable development goals in the communities and countries where we operate.

Continuous improvement

Premier recognises it has a responsibility to protect human rights in both its external and internal business environment. The company is committed to the continuous improvement of its performance in this area.

Stakeholder dialogue and social reporting

We are always willing to enter into dialogue, and have developed a programme of engagement with different stakeholders in order to develop a greater understanding of their concerns about the impacts of our operations. The results of dialogue with stakeholders influence directly how we benchmark, evaluate, report on and manage our social performance over time.

Ethical supply chains

We understand that local, social, political and cultural conditions may present challenges for our business partners to conform to our standards immediately. In such circumstances we will look for evidence of their commitment to work towards such standards, and will withdraw from relationships where no positive progress is made over time.

HUMAN RESOURCES

EMPLOYMENT

Our policy

We aim to provide our staff with safe working conditions as well as just and competitive terms of employment. This means respect for the individual regardless of ethnic origin, creed, age or gender. We are an equal opportunities employer. We aim to recruit, train and promote from within the country of operation. We respect the right of individual employees to join a legitimate trade union. Through training and appraisal, we encourage staff to develop their own professional skills to the mutual advantage of both the individual and company.

Any employee who has a concern regarding the application of this policy can make use of our Grievance Policy.

All employees have an obligation:

- To co-operate with any measures introduced to ensure equal opportunity
- To report any suspected discriminatory acts or practices
- Not to induce or attempt to induce others to practice unlawful discrimination
- Not to victimise anyone as a result of them having reported or provided evidence of discrimination
- Not to harass, abuse or intimidate others on account of their race, creed, colour, age or gender.
- Not to canvass job applicants in an attempt to discourage them from applying or taking up a post

Where there has been a clear breach of these policies, disciplinary procedures will follow. Serious offences will be dealt with as gross misconduct.

There were no reported violations of our Employment and Social Justice in the Workplace Policy in the review period.

The last major policy review was completed in mid-2007. Premier has since expanded into new markets, new joint venture relations and into new areas of business requiring us to evolve our policies accordingly. This year will therefore see a review of human resources policies and in-country Employee Handbooks to ensure closer alignment with the requirements in each country and the corporate view of group-wide practices. Where relevant, these local handbooks will continue to reflect local legal requirements.

In 2008 Premier implemented an employee engagement survey. The survey engaged over 200 employees worldwide to understand levels of satisfaction relating to working conditions, labour rights, personal development opportunities as well as internal communication and transparency. The survey also sought to determine what Health, Safety, Environment and Security (HSES) and social issues employees felt were most relevant and material to the company. A follow-up survey is planned for initiation in 2010.

Employee numbers

Premier has approximately 500 permanent employees with the majority located in the United Kingdom and Asia. This represents an increase of 13% on 2008 due to the acquisition of Oilexco assets in the North Sea. The vast majority of Oilexco employees were retained following the acquisition.

Pay and benefits

Premier recognises outstanding performance through employee reward programmes.

We aim to pay top-quartile base salaries in each country of operation where this is supported by individual performance and merit. Our approach to developing appropriate banding and salary structures is supported by our use of independent industry data on pay and benefits. All employees earn more than their respective country's minimum wage, with wage agreements agreed with relevant unions where applicable. Employees also benefit from a company-wide performance-related discretionary bonus scheme and permanent employees are eligible for inclusion in our discretionary Long Term Incentive Plan which pays awards when corporate performance targets are met.

² Note: Turnover relates to terminations only and does not include resignation, transfers, retirements, death in service or permanent sickness. These figures are based on annualised head count.

Figure 2: Employees by core country (2008 and 2009)

Country	Permanent (turnover) ²	Contracted	Total	Percentage
In 2008 ...				
Indonesia	316 (11)	4	320	61%
Norway	15 (2)	3	18	3%
Pakistan	14 (1)	35	49	9%
Vietnam	41 (0)	42	83	16%
United Kingdom	56 (2)	5	61	11%
Total	442 (16)	89	531	100%
In 2009 ...				
Indonesia	304 (23)	49	353	54%
Norway	14 (2)	4	18	3%
Pakistan	17 (2)	35	52	8%
Vietnam	50 (0)	56	106	16%
United Kingdom	114 (3)	5	119	19%
Total	499 (30)	149	648	100%

Employee benefits differ between locations and include:

- Leave
- Sick leave
- Maternity, paternity and adoption leave
- Medical and dental insurance
- Annual medical assessments
- Medical and emergency assistance
- Pension plans
- Life insurance
- Permanent health insurance
- Business travel insurance
- Personal accident insurance
- Long service awards

Individual and family medical benefits are managed through each individual operation. Benefits are available to both full and part time employees on a pro rata basis.

Premier is working towards the implementation of a standardised global system of pay and benefits. This will include a standard approach for grading roles and responsibilities, thus enabling greater transparency.

All contracts of employment include information on roles and responsibilities, hours of work, conditions of employment, intellectual property stipulations and non-disclosure and confidentiality obligations. The 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.

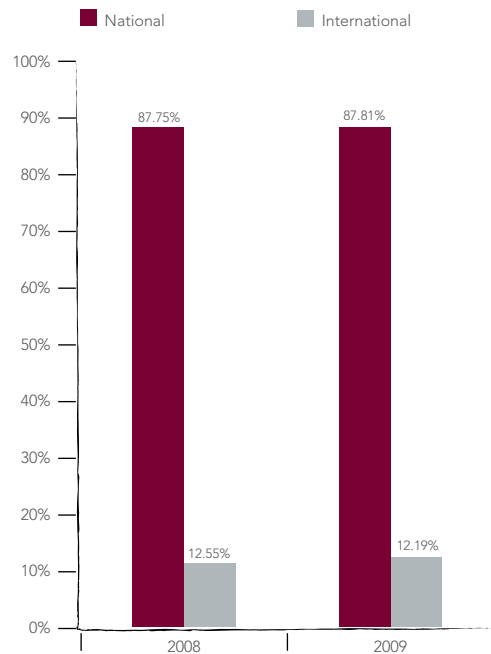
Local employment

Premier's strategy is to employ nationals wherever they are suitably qualified, and to invest in the development of their skills, knowledge and experience to enhance their effectiveness at all levels within the organisation. Nationals regularly occupy senior roles including those of chief accountant, human resource manager, HSE manager, senior drilling engineer, as well as senior geoscientists and project engineers. In some locations we are looking to transfer expatriate manager roles to nationals. Premier plans to have succession management processes in place for senior managers by the end of 2010.

“The recruitment and development of local personnel where possible forms a key part of Premier's human resources strategy. This ensures we have access to the largest pool of talent available and bolsters our status as a local employer of choice. It also helps demonstrate our long-term commitment to the societies in which we operate.”

Lee Johnson, Group HR Director

Figure 3: Expatriate (international) vs. national (local) employee profile (percentage workforce)



Freedom of association and collective bargaining

Premier complies with all local legislation regarding collective bargaining with only Indonesia currently having a formal collective bargaining agreement. Indonesia's 304 employees represent 60% of the total Premier permanent workforce. There is limited unionisation in the North Sea region given the extensive use of third party contractor firms.

Premier employees tend to occupy either administrative office-based or highly technical roles and are paid significantly more than the minimum wage. All employees also participate in our Employee Engagement Survey and are invited to contact their managers directly where they have concerns or grievances. Our external whistle blowing hotline (p19) further ensures employees are able to raise such issues without any fear of recrimination.

Labour standards

Premier is committed to upholding the principles of the United Nations Global Compact. Its labour standards Principles are derived from the ILO Fundamental Principles and Rights at Work. This report provides evidence of our commitment to these principles.

Forced labour and child labour

Our commitment to the United Nations Global Compact recognises the need to eliminate all forms of forced and compulsory labour. No incidents of such labour were recorded at our operations in 2008 or 2009. The United Nations Global Compact also promotes the abolition of child labour. No incidents of child labour were recorded in any of our operations in 2008 or 2009. None of our operations have been identified as posing potential child labour risks.

Recruiting, developing and retaining talent

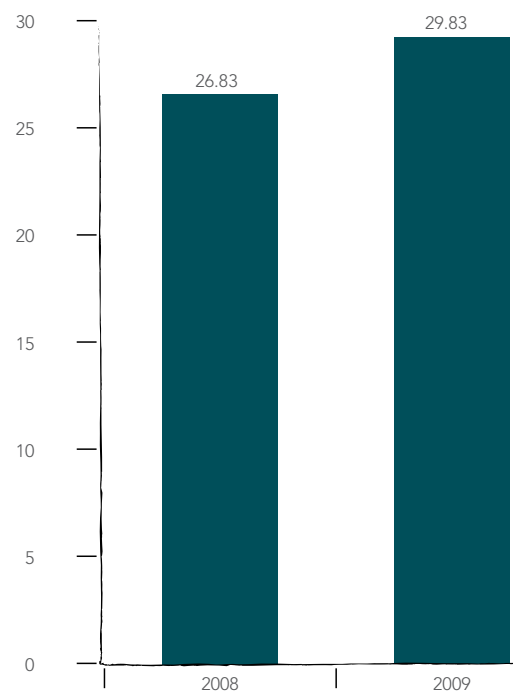
The Human Resources function supports the recruitment, development and succession of employees within Premier. We strive to appoint the most suitable candidates in line with operational and company requirements. Employee performance is measured regularly against performance indicators and through regular dialogue and feedback. At the end of 2009, all of our employees received annual reviews.

Premier provides support to all employees in their personal development to enable them to be more productive contributors to the business. This includes mentoring and coaching processes, e-learning, as well as part-time and full-time training courses depending on the need in each location. We monitor the training provided to employees around a set of individual development objectives. Training may include structured internal and external training programmes, short courses, professional qualifications such as MSc and MBA credentials.

Further opportunities may include specifically tailored leadership and development programmes for those transitioning to general management roles. Premier has also developed an internal program named the Asian Leadership Development Plan (ALDP), with the specific aim of enhancing individual skills and core competencies.

³ Currently excludes training hour information from the United Kingdom. Our United Kingdom operations did however spend £120,000 on training in 2009 (2008: £186,000) at an average of £2,263 per head (2008: £3,313). Training hours will be captured for 2010 and included in future social responsibility reports.

Figure 4: Average hours of training per year (per employee)³



Balmoral facility, North Sea

BUSINESS ETHICS

Anti-corruption

We are committed to transparency in all our dealings. As part of this commitment, we will not engage in any activities that undermine the legitimate business environment, including bribery or corruption in any form.

No incidents of corruption were recorded at our operations in the last two years.

Our Business Ethics and Conduct Policy

Integrity, honesty and fairness are fundamental to the way we conduct our business. Bribery is unacceptable in any form. Premier avoids accepting hospitality or gifts that might appear to place it under an obligation. All business transactions must be properly recorded and accounted for. We expect the same ethical standards to be applied in all our business relationships in all areas of operation and we promote our Business Ethics and Conduct Policy with all our business associates.

“The right reputation is hard to gain and easy to lose. Therefore we have a clear Business Ethics policy.

Simon Lockett, Chief Executive Officer

”

Premier's Whistleblowing Policy enables our employees, contractors and agency workers to voice their concerns without fear of recrimination if they feel that the company or anyone working on behalf of the company has not acted in accordance with our Business Ethics and Conduct Policy.

Our Business Ethics and Conduct Policy is communicated to employees during the induction process, in our employee handbooks and our intranet website and through regular email reminders.

Ongoing risk assessment

Some of our business units are more exposed to corruption risks than others, with higher levels of exposure in Indonesia and Pakistan. To mitigate these risks, all of our business units are subject to regular audit.

Our 2008 Employee Engagement Survey included questions on both the relevance of anti-corruption and ethics issues as well as employee awareness of relevant policies. Corruption was identified as the second most significant risk with 74% of employees agreeing that it was highly relevant. Whilst 73% of employees were aware of our anti-corruption policies and procedures, only 33% felt they fully understood how these policies and procedures should be implemented, or how to respond when faced with potential corruption. The survey thus helped identify a need for further training in this respect.

Evolving our policy in 2010

As part of our regular review process, the Business Ethics and Conduct Policy is currently being revised. The revised policy will be informed by the forthcoming Bribery Act in the United Kingdom. The new policy will then be rolled out at workshops throughout Premier and accompanied by a suite of guidance materials.

Suppliers and contractors

Premier's suppliers and contractors play a critical role in our business. This means making decisions about the purchase of goods and services not only on the basis of price, quality, delivery, service and reputation, but also of the business ethics, environmental and safety record of suppliers. Those who work with suppliers and contractors are required to always make their recommendation on contract award to the appropriate internal body based on merit. They are also required to avoid conflicts of interest, such as personal relationships, inappropriate gifts and entertainment, or any other kind of favouritism that might compromise selection.

 www.oilandgasuk.co.uk
 www.ppepca.com

Public policy and government relations

Premier is transparent in its dealings with government, communities and civil society organisations. This increases trust and leads to the development of enduring, open relationships. Premier does not and has not made any political donations or contributions during the reporting period.

Premier is a member of a number of local industry bodies, some of which participate in lobbying activities. Examples include the United Kingdom Offshore Operators Association and the Pakistan Petroleum Exploration and Production Companies Association. Premier does not participate in any direct lobbying, other than via commercial negotiations with host governments in relation to, for example, access to lease areas or the formation of joint ventures.

Compliance

As a reflection of our continuing commitment to integrity, honesty and fairness, Premier has not been subject to any fines or non-monetary sanctions for legal non-compliance, or for any legal actions relating to anti-competitive behaviour.

Culture of transparency

Individuals are able to report potential breaches of policy without fear of recrimination. They can do so in the knowledge that their report will be promptly and properly investigated. Due regard will be given throughout the investigation to the maintenance of confidentiality.

Confidential third party hotline

Where employees feel unable to raise concerns in the normal way, Premier provides a confidential and well publicised reporting line, which is available 24 hours a day, seven days a week. No reports were made through this service in 2008 or 2009.

“ The maintenance of strong business ethics is vital for our legal compliance and for our reputation. The geographical scope of our interests means it is important we apply these same ethics in all locations, irrespective of context – or the time and effort involved in doing so.

Stephen Huddle, General Counsel ”

HEALTH, SAFETY, ENVIRONMENT AND SECURITY

OUR POLICY

We recognise our responsibility to operate with proper regard for the environment and for the health and safety of people who may be affected, directly or indirectly, by our operations. We believe that effective health, safety, environmental and security performance is a key objective, equal to all other key business objectives. Our Health, Safety, Environment and Security (HSES) Policy requires the identification of risks to people, local biodiversity and physical assets arising from our operations, and then requires us to manage these risks to levels that are As Low As Reasonably Practicable (ALARP), in line with our legal and other obligations and our strategy for continuous improvement. It is the responsibility of every employee to comply with this policy and to assist in its implementation. As part of our commitment to continuous improvement, we systematically monitor our performance, including our emergency preparedness.

In our recent Employee Engagement Survey, employees recognised health and safety as the most relevant social performance issue in their work.



We continuously monitor our HSES and security performance with our "EARS" reporting system

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HSES MANAGEMENT

Our HSES management system ensures clear assignment of responsibilities, sound risk management and decision making, efficient and cost effective planning, as well as legal compliance at all operations. The system is designed to ensure that everybody clearly understands company rules and expectations, and to facilitate continuous improvement in our HSES performance. The HSES management system is based on the industry model prepared by the International Association of Oil and Gas Producers (OGP).

The Chairman, Chief Executive Officer and Board are personally committed to achieving excellence in health and safety performance and fully support the HSES Policy and implementation of its associated management system. A dedicated HSES department develops and maintains the management system and ensures there is clear line accountability. This includes the identification of a senior manager responsible for addressing HSES issues in all activities.

Our HSES management system ensures resources are available to deliver performance at all operations and that performance is subject to regular review. It also requires the annual review of performance and the setting of targets for the following year. The management system prescribes how these targets will be monitored and measured across our global operations. These targets also apply to major contractors working for or on behalf of Premier.

Team performance contracts are prepared for each operational function and asset team and individual performance contracts are set for individuals whose leadership and commitment is required to influence HSES performance. At an operational level, senior managers and supervisors are tasked with ensuring HSES matters maintain a high profile and that their personal commitment is visible to the workforce. These key people are members of our HSES forum and are supported by regular communication on HSES issues such as company-wide Safety Alerts.

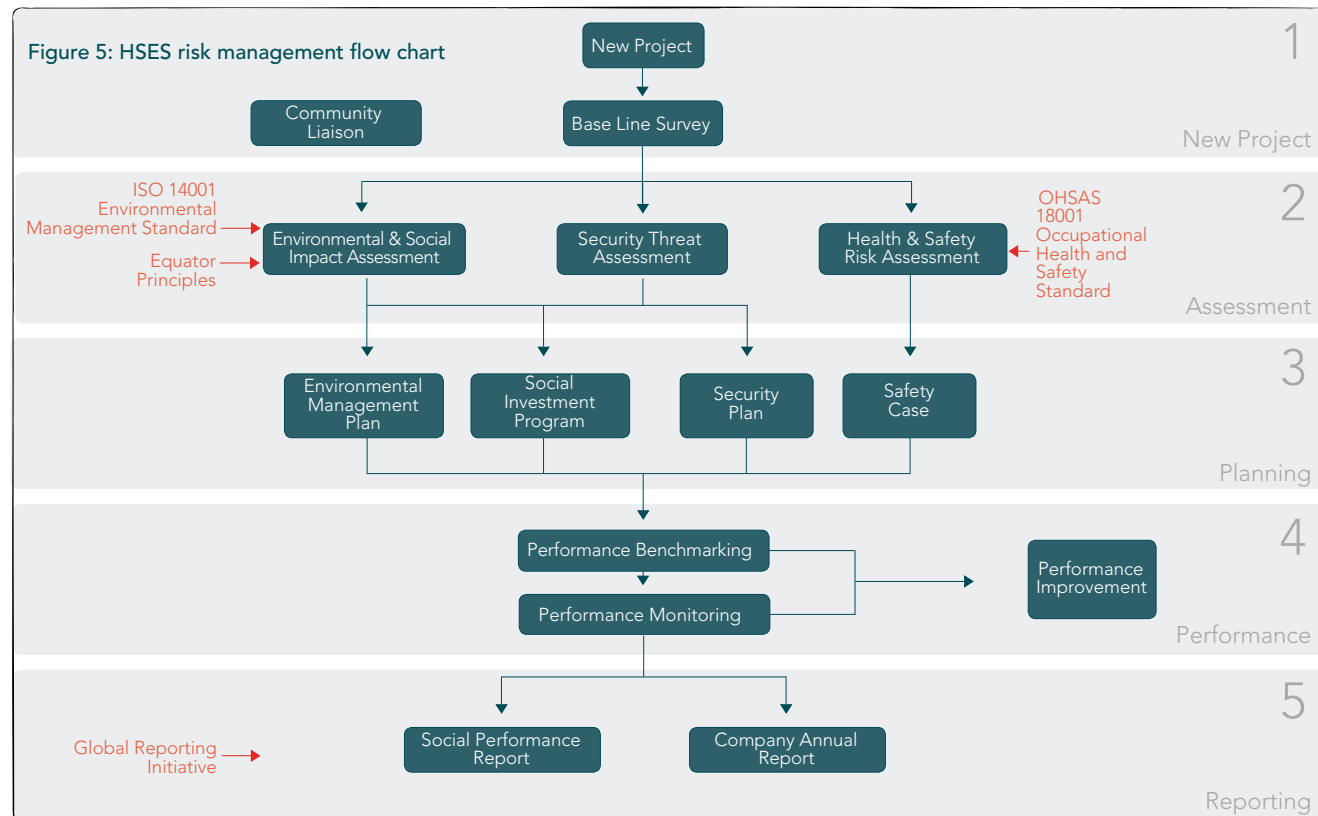
In addition, we regularly engage with industry associations – including OGP, Oil and Gas UK and Step Change – and our joint venture partners to learn and share best practice.

“Our activities often put us in demanding physical environments, doing challenging physical work. It is up to us to ensure our employees are safe by delivering the right management, training and equipment, and by minimising the risks posed by our processes and machinery.”

Paul Dennis, Group HSES Manager



The Premier Oil HSE coordinator in the drilling control room Hakuryu V, Vietnam



With the growth of the company's operations we have recognised that we need to better document our processes and procedures to ensure we consistently follow best practice. Accordingly in 2010, our HSES management system will be revised and will include an updated HSES Policy and new corporate procedures for conducting project safety reviews, preparing safety cases, establishing verification schemes and conducting environmental ALARP assessments.

Premier does not sell oil or gas products to the general public. We sell oil to the market and gas to defined users. Material Safety Data Sheets are prepared for our crude oil, and gas products, where relevant.

HEALTH, SAFETY AND SECURITY

OCCUPATIONAL HEALTH AND SAFETY

Our corporate occupational health and safety target is set annually and measures Lost Time Injuries (LTIs) and Restricted Work Day Cases (RWDCs) per million man-hours worked (as defined by the OGP). For the last six years, we have set a 10% year-on-year improvement goal, as well as a stretch target of a further 10% improvement.

At the beginning of each year we benchmark our operations against OGP's annual safety performance average for each function to derive specific safety targets for each activity. These are monitored and measured monthly, reviewed quarterly by the Executive Committee and reported to the Board. The Board agrees the targets for the following year and these form part of any bonus award.

In 2007, we began to look more closely at near miss incidents that had high potential or could cause multiple fatalities. Building on this work, in 2008 we set our first Key Performance Indicator (KPI) for their frequency. This new High Potential Frequency (HiPoF) target is now measured monthly. In 2009, we also began to focus on our Total Recordable Injury Frequency (TRIF) history. This measure captures all LTI, RWDC and Medical Treatment Cases (MTC) per million man-hours and helps us benchmark our performance independent of injury severity.

We worked 2.5 million man-hours (of which 0.5 million were in drilling) in 2008 and 3.8 million man-hours in 2009 (of which 0.25 million were in drilling). As a group we have out-performed our annual LTI and RWDC Frequency targets in each of the last five years. In 2009, our production operations in Indonesia and our global drilling operations again achieved excellent results (see below). Our recently acquired assets in the North Sea also performed reasonably well, but incurred one lost time injury with an LTI and RWDC Frequency of 1.64.

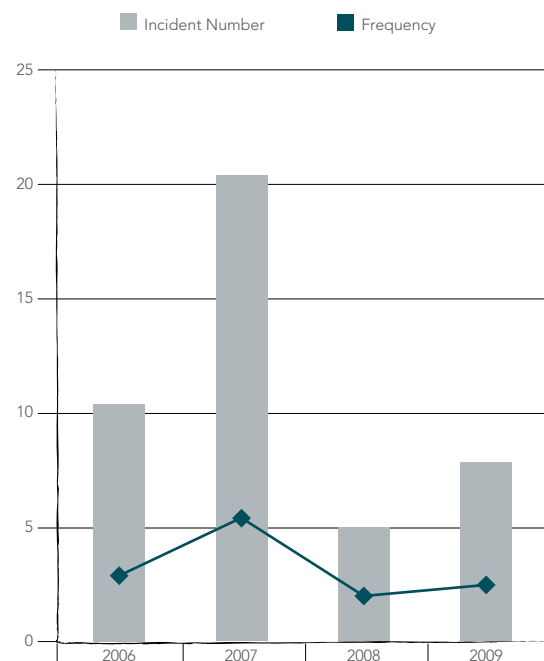
Prior to 2008, our recorded HiPoF fluctuated as we embedded common terminology, measurement and monitoring parameters across our business. In 2008, we had 5 HiPo incidents with a frequency of 2.0 per million man-hours. In 2009, we had 8 HiPo incidents but at a similar frequency 2.1 per million man-hours. For each HiPo we issue a company-wide Safety Alert citing the key incident causes and preventative actions required.

During this period we conducted offshore drilling operations in Gabon, Vietnam and Congo, offshore seismic surveys in Vietnam and Indonesia, and project construction work onshore in Vietnam and Indonesia with no LTI or RWDC injuries.

Figure 6: Key safety statistics

	2005	2006	2007	2008	2009
Number of Lost Time Injuries (LTI)	2	4	3	1	2
Number of Restricted Work Day Cases (RWDC)	1	0	4	0	0
Target LTI/RWDC Frequency (per million man-hours worked)	2.60	2.10	1.90	1.72	1.55
Actual LTI/RWDC Frequency (per million man-hours worked)	1.10	1.27	1.82	0.40	0.53
Total Recordable Injuries Frequency (TRIF) (per million man-hours worked)	3.7	2.5	3.4	0.8	1.3
High Potential Incident Frequency (HiPoF) (per million man-hours worked)	N/A	3.5	5.5	2.0	2.1

Figure 7: High potential incidents



Employee engagement

All of our production operations have established joint health and safety committees. Our drilling operations conduct regular safety meetings in order to discuss health and safety issues with employees. We require our employees and contractors working offshore to have a two yearly medical assessment in accordance with Oil and Gas UK Guidelines for Medical Aspects of Fitness for Offshore Work. We also monitor all incidents of occupational illness and none were reported in 2008 and 2009.

Management, audit and assurance

As part of the HSES management system, Premier implements an ongoing process of both internal and external review and audit. This includes external audits such as our certification to OHSAS 18001.

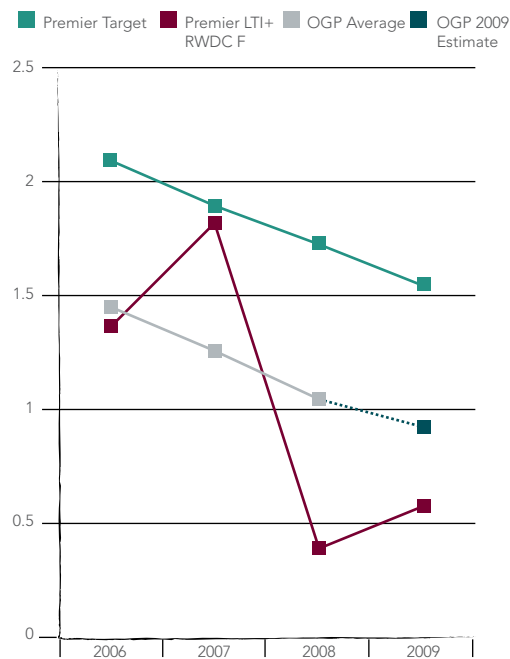
Premier has been certified to OHSAS 18001 since 2004 for global drilling and since 2006 for our Indonesian production operations. In 2009, we completed a number of OHSAS 18001 surveillance audits on our global operations and are pleased to report that both drilling and Indonesian production operations retained their OHSAS 18001 certification. Our Balmoral operations are now being assessed for OHSAS 18001 certification, which we hope to achieve in 2010.

Benchmarking

We benchmark our health and safety performance by contributing our data to the Association of Oil and Gas Producers (OGP), which publishes an annual Safety Performance Indicators report. This report compares the performance of some 40 exploration and production companies. In both 2008 and 2009, we out-performed the OGP industry average for LTIs and RWDC Frequency (Figure 8).

The OGP report demonstrates our improving performance with respect to TRIF (which considers all lost time and significant injuries together with less significant medical treatment cases), for which we came 6th out of 37 companies (Figure 9). Our strong performance was particularly noticeable in our production operations, for which we were ranked 6th out of 32 companies, as well as our drilling operations, where we were best in class (Figure 11).

Figure 8: Lost Time Injury (LTI) and Restricted Workday (RW) frequency benchmarking



Figures 9, 10 and 11 show Premier's total recordable injury performance in relation to other OGP member companies in 2008. Similar data for 2009 is not yet available.

Figure 9: Company-wide – total recordable injury performance

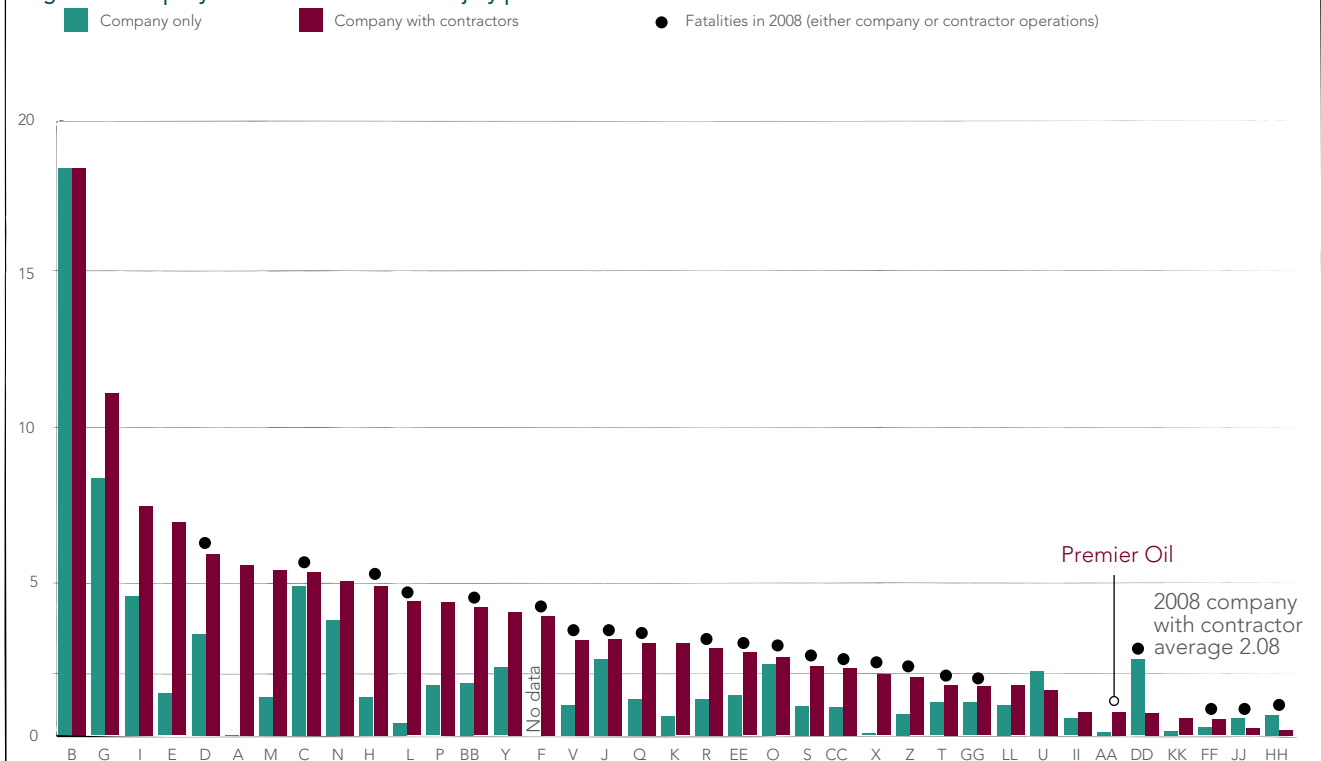


Figure 10: Production – total recordable injury performance

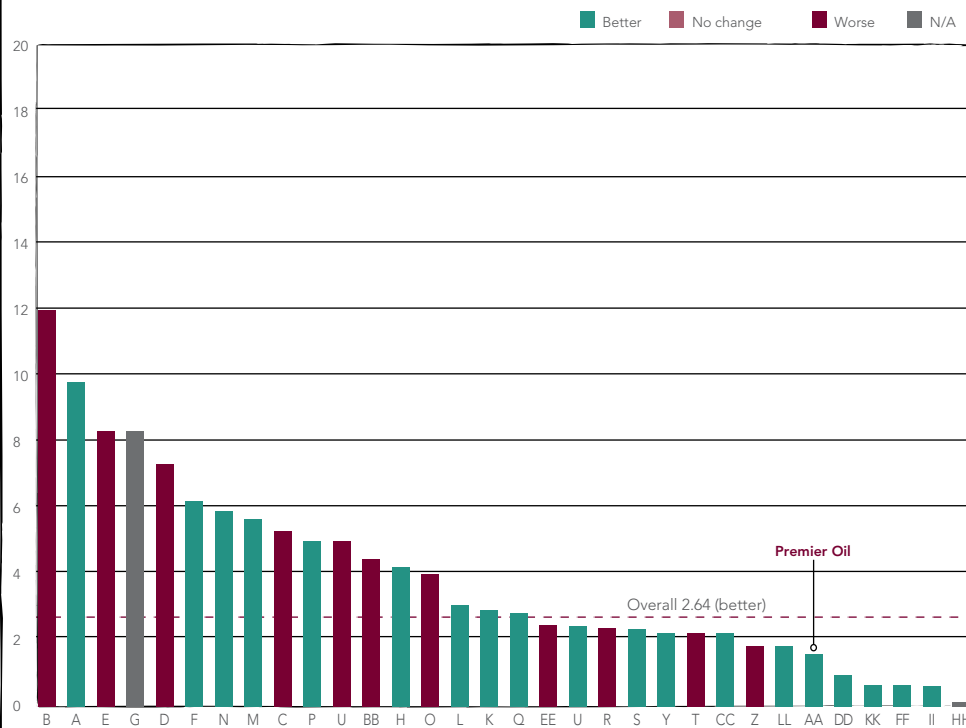
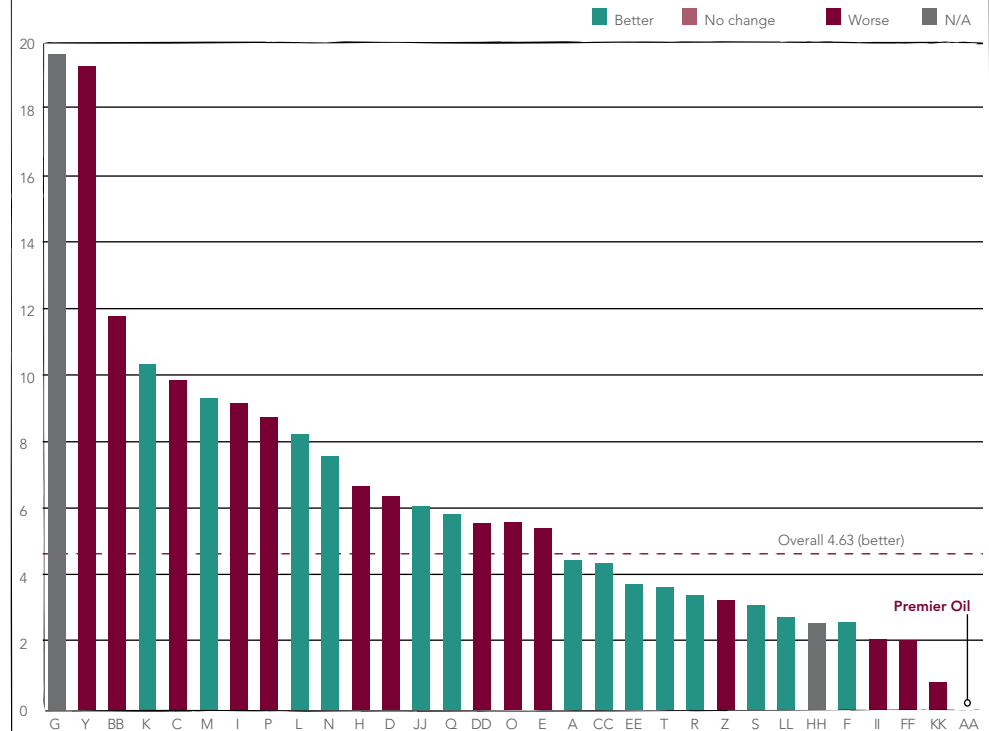


Figure 11: Drilling – total recordable injury performance





OUR OCCUPATIONAL HEALTH AND SAFETY AWARDS

Our policy requires us to operate with proper regard for the health and safety of those who may be affected, directly or indirectly, by our operations. As in our production operations, it is equally important for us to drive high health and safety expectations when contracting a drilling rig or building a new facility in a construction yard.

In Vietnam we have seen this effort recognised by PetroVietnam, which has given us two prestigious awards: one for our 2008 offshore drilling campaign and another for our 2009 onshore Chim Sáo construction project.

During 2009, we came third out of more than 1,000 participating enterprises in the CSR Award organised by the Vietnam Chamber of Commerce and Industry (VCCI), the Ministry of Natural Resources and Environment (MoNRE) and the Ministry of Labour, Invalids and Social Affairs (MOLISA). The award honours enterprises achieving outstanding performance with respect to the protection of the labour force and the environment.



Petro Vietnam certificate for excellent HSE performance in 2008 awarded to the Drilling and Logistics Department of Premier Oil Vietnam.



Petro Vietnam certificate for excellent HSE performance in 2009 awarded to the Premier Oil Vietnam Chim Sáo Development Project.

Japan Drilling Co (JDC) crew member working under Premier Oil supervision on the Hakuryu V drilling rig in Vietnam

SECURITY

The security of our staff is a key HSES issue. This was particularly relevant in Pakistan during 2008 and 2009, following a series of terrorist attacks and government warnings of sectarian violence, unrest and bombings. We took a number of actions to address these risks after two significant explosions in Islamabad in 2008, including enhanced security measures in the vicinity of our offices. The security of Premier accommodation, our offices and hotels are evaluated periodically by security advisors where the risk warrants this action.

Our security services are not formally trained in human rights policies or procedures. Nonetheless, all providers (including employees and contractors) are explicitly required to uphold our own Human Rights Policy as well as our Business Ethics Policy. Further human rights requirements are included in invitations to tender issued to all eligible external providers.



All Premier offices worldwide are applying shatter-proof film on exposed windows (Image: Aberdeen office, United Kingdom)

PROCESS SAFETY

Premier recognises that process safety requires a different management regime from that of occupational health and safety. Countries like the United Kingdom and Australia have adopted a "Safety Case" regime by regulation, requiring companies to produce a formal safety assessment to assure itself that operations are safe. Premier considers this to be a robust approach, the standards being some of the most protective in the world, and we consider it best practice. As a result, it is our policy to have United Kingdom style Safety Cases in place for all our operated production facilities worldwide, even when they are not required by the local regulatory regime.

Safety Cases are currently in place for our current operations in the Anoa Field in Indonesia, as well as the Balmoral and Shelley fields in the North Sea. We are preparing them for the forthcoming operations of the Gajah Baru development in Indonesia and the Chim Sáo development in Vietnam.



Balmoral facility, North Sea

There are a number of features of the Safety Case Regime that Premier has firmly established within its current and planned operations including:

- A series of technical studies, or the "Formal Safety Assessment" which identify the risks associated with major accident hazards and how these can be mitigated
- Quantification of the risk to demonstrate that the facilities meet established safety benchmarks, and that further steps to reduce the risks are adopted as far as is reasonably practical (the ALARP principle)
- Periodic (five year) revalidation of the Safety Case and risks
- Development of Performance Standards which dictate how the facility, plant, equipment and people are expected to perform to protect safety
- Regular maintenance and inspection routines, or a series of critical function tests, to ensure that the criteria defined in the Performance Standards are met
- Independent verification by a competent body to assure the appropriateness of the Performance Standards and the critical function testing regime

We have recently completed a major five-yearly Safety Case review of the Anoa Field in line with United Kingdom practice, and conducted a similar review of the recently acquired Balmoral facility in the North Sea and confirmed that the risk levels met the United Kingdom statutory requirement. We have established performance standards and critical function testing regimes for both and are now verifying our performance on these facilities through regular monitoring by an Independent Verification Body (IVB).

For the Gajah Baru development in Indonesia and Chim São development in Vietnam, we are using our established project safety review process. These reviews help ensure specific and appropriate criteria are being met during the concept selection, design, construction, installation and commissioning phases – and that our safety standards will be met prior to operation. Numerous technical safety studies have been prepared to evaluate all potential major accident and process risks including gas release, fire, explosion, blowout and ship collision and will be summarised in a formal safety case. During 2010, Performance Standards will be drafted and an IVB appointed for both projects.

For our drilling activities we conduct an independent assessment of the condition, functionality and maintenance regime of all safety critical equipment on any rigs we contract.

EMERGENCY PREPAREDNESS

We continuously review the emergency risks to which our operations and people are exposed. In 2009, for example, we saw the potential effect of natural disasters in Indonesia. Minor earthquake tremors that affected Jakarta helped maintain focus on our business continuity planning and we have now relocated our IT disaster suite outside the city centre. In addition, we conducted emergency exercises for each well we drilled last year and held master classes for the corporate emergency response team in London. We also enhanced our corporate emergency call-out process by joining a 24/7 emergency call centre.

Our travel risk assessment process ensures that all business travellers are made fully aware of any specific or new risks and appropriate contingency measures.

Premier has also taken a number of steps to educate employees about the risks of influenza. Measures include enhanced surveillance as well as education programmes for employees about the transmission, prevention, symptoms and management of Influenza A(H1N1 – 2009) and other viruses. This includes detailed information on how to avoid infection, expedite diagnosis, avoid further contaminations as well as what to do if medical attention is required.

In 2009, we contracted Oil Spill Response Limited (OSRL) to undertake a thorough review (in 2010) of our capacity to respond to a major oil spill incident in the Anoa Field.



Operating in exposed and high risk environments requires continuous review and management of risks (Hakuryu V, Vietnam)

ENVIRONMENT

ENVIRONMENTAL PERFORMANCE

Environmental assessment, management and reporting forms a major part of Premier's HSES risk management process.

We conduct baseline surveys and Environmental and Social Impact Assessments (ESIAs) for each new operated activity. This includes an assessment of the physical and biological environments.⁴ We measure and review each impact in turn and gauge both its significance and how it can be reduced to as low as reasonably practicable by adopting Best Available Techniques (BAT), in line with our internal environmental ALARP process. We periodically review the environmental impacts of our existing facilities to ensure that they are minimised and that we comply with our policy of continuous improvement.

Results of ESIAs and BAT assessments are integrated into facility specific management and monitoring plans. The implementation of these plans is externally reviewed as part of our ongoing ISO 14001 certification process.

We have applied this process to our Anoa production operations in Indonesia and initiated implementation on projects in Vietnam and Indonesia. Similar assessments will begin for our newly acquired North Sea assets. At Anoa, this strategy has led to a number of improvements including the planned replacement of halon fire protection and refrigeration systems to non-ozone depleting gases, as well as a marked reduction in operational flaring due to better compressor and well management (p34).

Similarly, the ALARP assessment of our Chim Sáo development project in Vietnam resulted in the substitution of hazardous chemicals with more environmentally friendly alternatives. On Gajah Baru a similar assessment led to the selection of dry low emissions gas turbines, which reduce emissions during operation. Further detailed studies are to be undertaken to identify any further viable opportunities to reduce environmental impact from the Anoa field. Further detailed studies are to be undertaken to identify any further viable opportunities to reduce environmental impact from the Anoa field.

Environmental indicators and targets

We report our environmental performance in line with the International Petroleum Industry Environmental Conservation Association (IPIECA) Oil and Gas Industry Guidance on Voluntary Sustainability Reporting 2005. This includes reporting on four core areas: greenhouse gas emissions, energy use, oil in produced water and unplanned discharges. We then benchmark our performance by contributing our data to an industry database compiled and published by the OGP. As an oil company with production facilities in the North Sea, we also participate in the European Union Emissions Trading Scheme (ETS).

⁴ Whilst included in previous Social Performance Reports, the current document excludes detailed reporting on biodiversity. Baseline surveys and ESIAs have found none of our existing operations to have significant impacts on the biological environment.

Our ambition is to reduce our impact year on year in line with our stated policy of continuous improvement to as low as reasonably practicable. We conduct periodic reviews of our operations' performance and identify where improvements can be made. Energy use on offshore production facilities and drilling rigs is generally driven by the original design of the facilities. New facilities are designed with the best technology available at the time. As a field matures, production decreases and fluid handling increases due to an increase in produced water leading to an inevitable rise in the intensity of emissions and discharges. Given a changing mix in age of facilities as we invest in both new developments and acquisition of older facilities we do not set a corporate environmental intensity improvement target year on year.

“ Our North Sea operations are subject to particularly stringent environmental standards, requiring a high level of performance. It is this level of performance that we seek to make the norm in all of our operations – irrespective of location. ”
Jan Rusin, Premier North Sea HSE Manager

CLIMATE CHANGE AND GREENHOUSE GAS EMISSIONS

We manage our operations in accordance with our policy of reducing our impact (i.e. greenhouse gas emissions from transport, power generation, flaring and venting) to as low as reasonably practicable. This includes a focus on effective design (including the adoption of new technologies where practicable), efficient operation, and responsible energy use.

Direct emissions

We calculate our greenhouse gas (CO₂ equivalent or CO_{2e}) emissions both for operated assets and on an equity basis for production across our global portfolio.

Greenhouse gas emissions associated with hydrocarbon combustion at our operations amounted to 300,000 tonnes in 2009 (2008: 226,000 tonnes). Our production facilities accounted for 95% of all emissions (2008: 93%), with the significant remainder coming from drilling. At our Anoa production facility there was a 15% reduction in GHG emissions from 2008 to 2009. This reflected our efforts to improve gas compressor reliability and well management during upset events which in turn reduces emissions from flaring. The increase in absolute emissions from 2008 was largely due to the inclusion of two new North Sea production facilities in May 2009: Balmoral and Voyageur. The addition of these new operations effectively doubled our operated production assets and increased our CO_{2e} footprint by about 106,000 tonnes.

Figure 12: Total operated greenhouse gas emissions (tonnes)

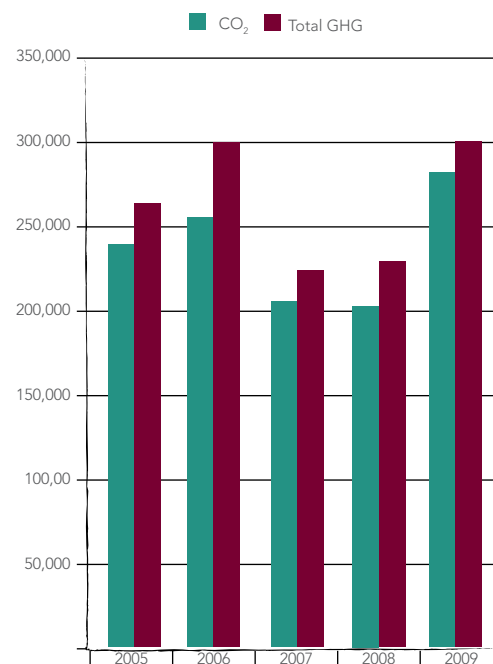
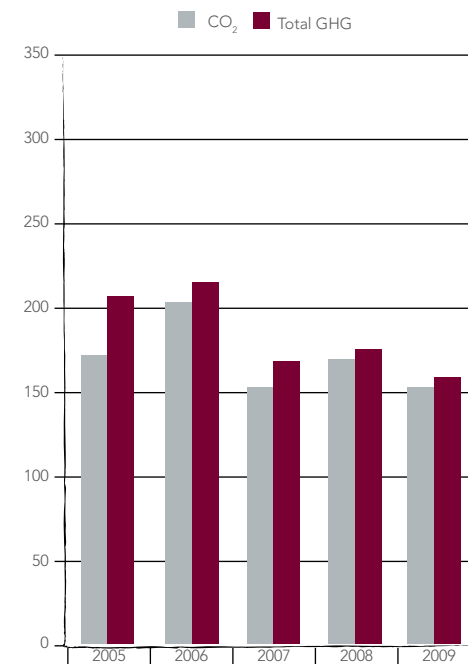


Figure 13: Total greenhouse gas emissions per unit of production (tonnes per 1000 tonnes)





Monitoring energy consumption and emissions



Our London Head Office uses electricity from renewable sources



New projects like Chim Sáo in Vietnam will increase our total emissions



Facilities are designed to withstand severe storm events (West Lobe wellhead platform, Indonesia)

Our operated emissions intensity over the past 3 years has been relatively consistent (Figure 13). The 171 tonnes per 1,000 tonnes of production reported for 2009 is broadly in line with the industry average of 162 tonnes per 1,000 tonnes of production reported by OGP in their 2008 environmental performance report. Greenhouse gas emissions from flaring and fuel gas combustion associated with our full equity portfolio amounted to 149 tonnes per 1000 tonnes production (2008: 137 tonnes per 1,000 tonnes production). The increase compared with 2008 is again largely due to the inclusion of our newly acquired North Sea assets.

SO_x (sulphur oxides) emissions amounted to 121 tonnes in 2009 (2008: 68 tonnes). About 66% of these emissions resulted from our production facilities and were mainly a consequence of energy use and flaring. The year-on-year increase was due to the addition of the Balmoral and Voyageur production operations to our portfolio. NO_x (nitrogen oxides) emissions amounted to 1,427 tonnes in 2009 (2008: 908 tonnes). About 75% of these emissions resulted from our production facilities, with the remainder from diesel use during drilling. SO_x and NO_x intensity per unit of production (tonnes per 1,000 tonnes) remained stable.

Indirect emissions

We are continuously making efforts to improve environmental performance at all our offices. At our London Head Office, for example, we have changed our electricity service provider, so that all our electricity is supplied from renewable sources.

We try to minimise the volume of “hard copy” company information (including the Annual Report) sent out to shareholders and stakeholders by encouraging them to receive this information electronically. We donate £1 to Climate Care for every shareholder that registers for e-communication. Climate Care is a not-for-profit organisation that funds global sustainable energy and forest restoration projects aimed at reducing greenhouse gases.

Emissions forecasting

Our forecast growth over the next few years is likely to result in increased total emissions as we bring our Gajah Baru and Chim São developments into production. We expect our emissions intensity to reduce, due to our efforts to reduce emissions to as low as reasonably practicable, in line with our policy.

The impacts of climate change on our operations

Premier operates in countries that may be impacted by climate change. In 2009, we included a review of the potential impact this might have on our operations. The process considered rising sea levels and the increased frequency of unpredictable weather events. The review found that given our facilities are already designed to withstand once in 50 years and once in 100 years storm cases, a possible increase in the frequency of such storms would not present additional operational risks.

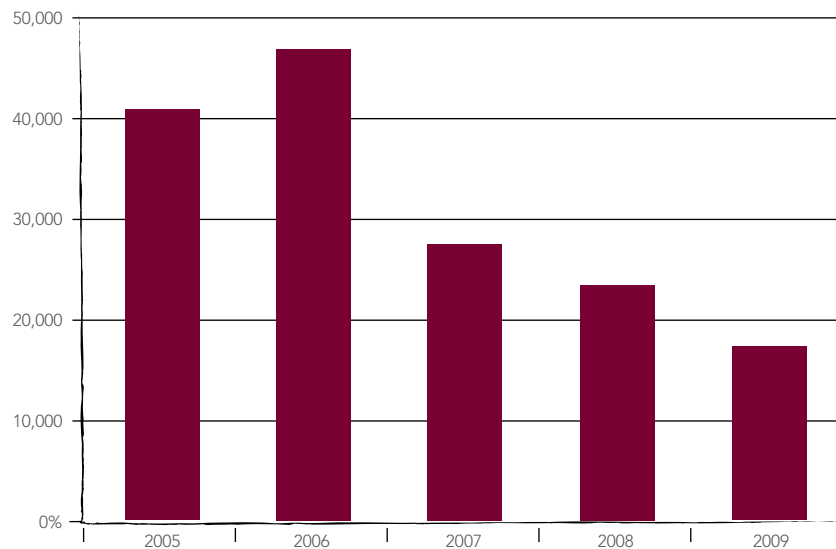
OUR ENVIRONMENTAL AWARDS

We recognise our responsibility to operate with proper regard for the environment and to identify risks arising from our operations. We then manage these risks to levels that are as low as reasonably practicable (ALARP), in line with our legal and other obligations, as well as our strategy of continuous improvement.

Indonesia

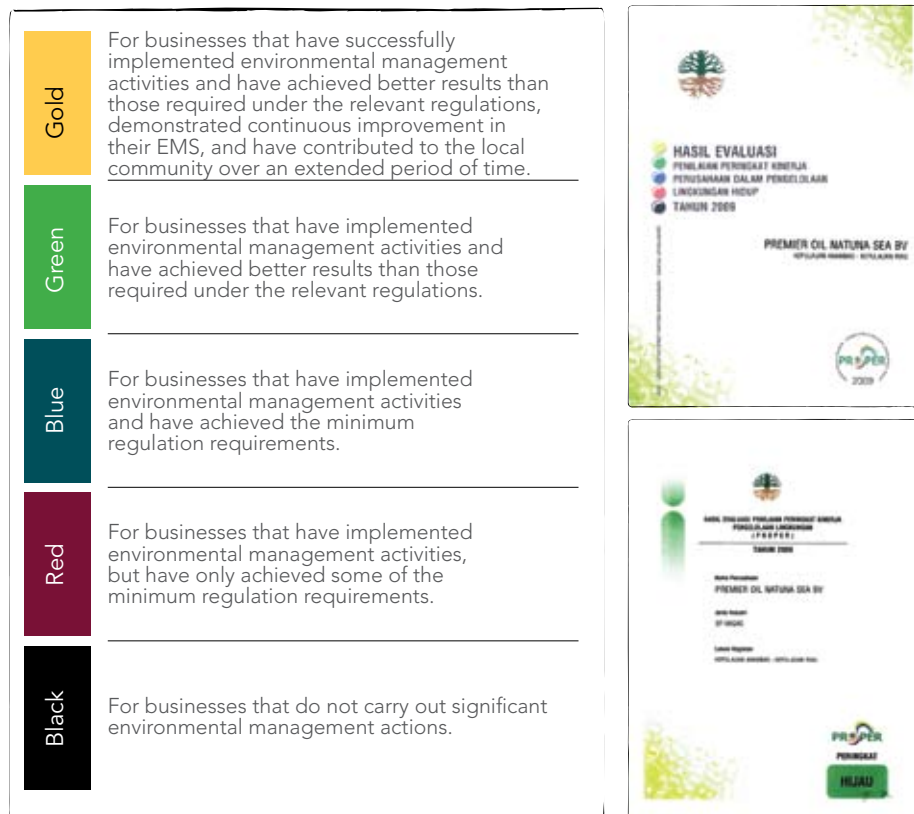
In Indonesia we implemented an ALARP assessment to investigate how flaring might practically be reduced at our Anoa production facility. This facility produces gas from both new gas wells and existing older oil wells. The majority of the gas from the new gas wells is exported via a main gas export compressor and the gas from the existing oil wells is usually exported via a dedicated associated compressor. Unfortunately poor compressor reliability has resulted in gas from the associated compressor being flared. Much effort was put into improving the reliability of the compressors. Furthermore, recommendations from our ALARP assessment resulted in the temporary “shut in” of some of the existing oil wells when we lost compression, instead of flaring, while the compressors were being attended to. This combined strategy has resulted in a significant 43% reduction in flaring since 2007.

Figure 14: Reduction in gas flaring at Anoa



The Indonesian Ministry of Environment has developed a Company Environmental Performance Rating Program (PROPER) to implement good governance principles (transparency, fairness, accountability and public participation) in environmental management. Under PROPER, our environmental performance in Indonesia has been given a GREEN rating. Premier is one of only 10 companies to have been awarded the GREEN rating out of 74 exploration and production companies in Indonesia. No companies have been awarded the GOLD rating.

Figure 15: Indonesia PROPER rating levels





Anoa Natuna FPSO, Indonesia

Vietnam

Premier was recently recognised as a "Top 40" company in the prestigious "Saigon Times" Green Values award in Vietnam. The award highlights foreign investors with the best environmental performance.



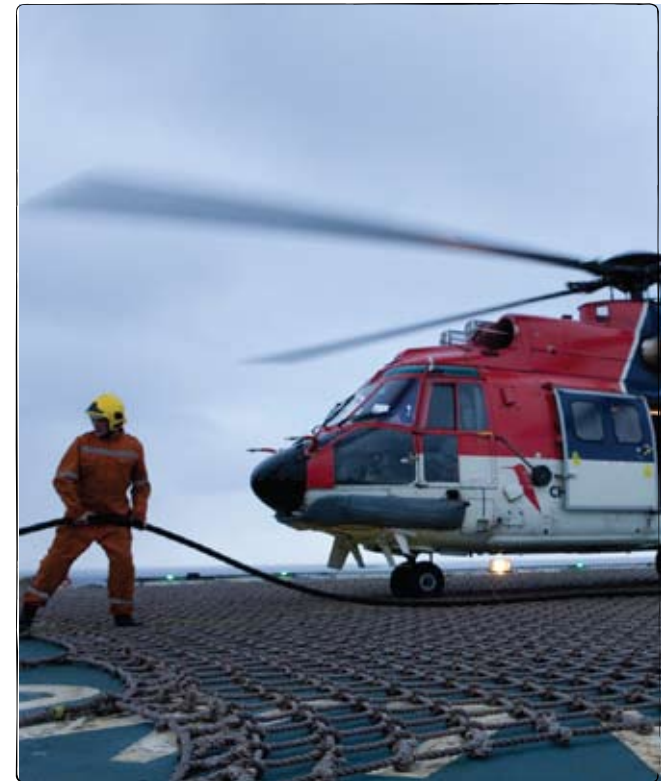
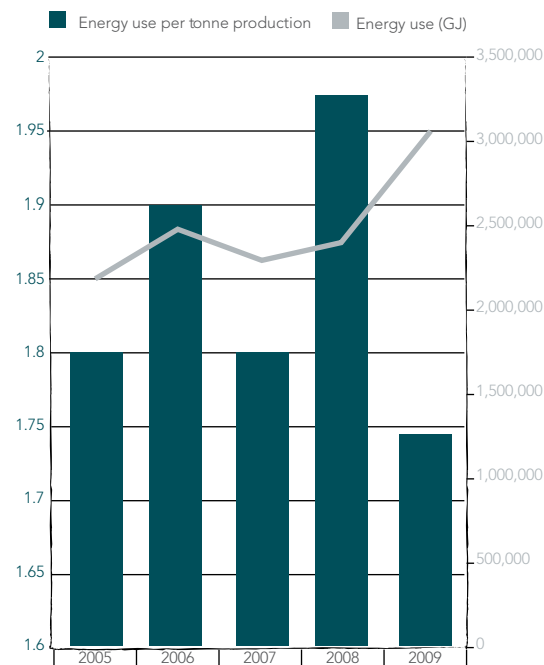
Hakuryu V drilling rig, Vietnam

Energy consumption

Energy consumption in 2009 was 3,064,000 GJ (2008: 2,398,000 GJ). The majority of our energy consumption occurred at the Anoa Field in Indonesia. This accounted for 70% of consumption (2008: 90%), mainly in the form of fuel gas combustion, diesel used by the platform and vessels, and helicopter fuel.

Our increased use of energy between 2008 and 2009 was mainly due to the acquisition of North Sea operations and the consequent addition of around 680,000 GJ to our energy consumption. Despite this addition, energy consumption per unit of production decreased from 2.0 GJ per tonne in 2008 to 1.7 GJ per tonne in 2009. This was mainly due to a significant increase in production.

Figure 16: Energy use in GJ per tonne of production



Helicopter refueling at the Balmoral FPSO, North Sea

POLLUTION PREVENTION

Planned discharges

The total volume of produced water discharged from our operations in 2009 amounted to 1,800,000 tonnes (2008: 560,000 tonnes). This increase was largely due to the addition of our newly acquired North Sea assets. The average oil in produced water content fell from 24 parts per million weight (ppm-wt) in 2008 to 18 ppm-wt in 2009.

The average concentration of oil in produced water discharged by our Anoa facilities was 22.5 ppm-wt, well within the Indonesian government standard of 40 ppm-wt. Since Premier acquired the Balmoral facility we have reduced its average oil-in-water discharge concentration from around 40 ppm-wt at the beginning of 2009 to 14 ppm-wt in December (Figure 18). This resulted from the cleaning of discharge piping and sand traps, as well as improvements in final clean-up prior to discharge.

Figure 17: Oil in produced water (ppm-wt)

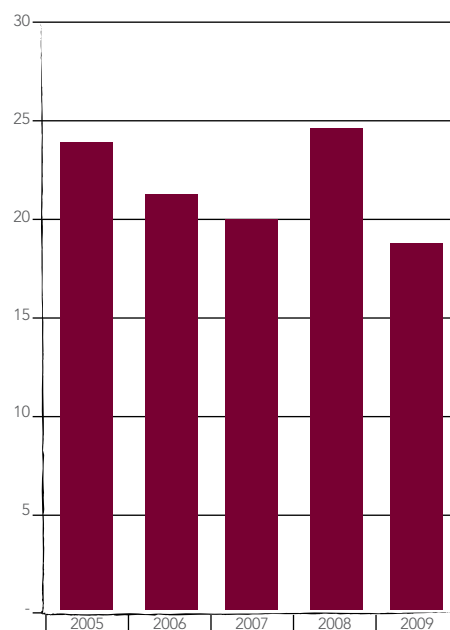
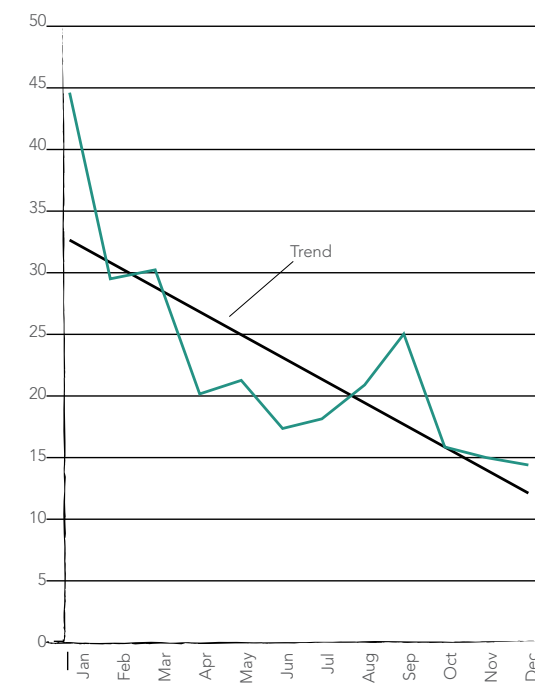


Figure 18: Oil in produced water, Balmoral (ppm-wt) (2009)



Unplanned discharges

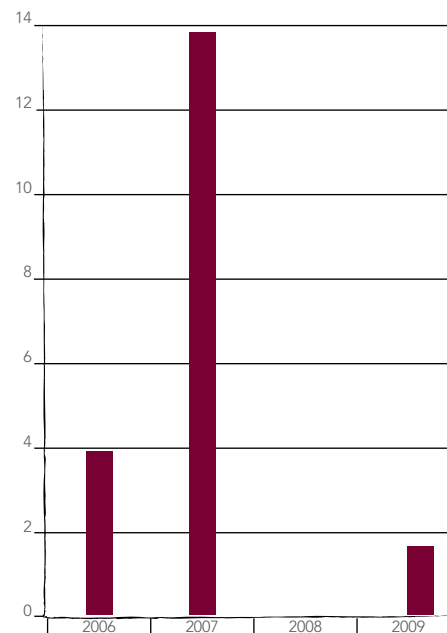
In 2008 there were no hydrocarbon spills to the environment, whilst in 2009 there were seven reported spills. Five of these occurred at our North Sea operations. All seven spills were minor in nature with the total volume amounting to 1.5 tonnes.

We have now taken additional steps to prevent the occurrence of future spills, including the strengthening of our pollution prevention audit process. We maintain oil spill contingency plans for each of our operations and have ongoing contracts with oil spill response specialists to provide support in the unlikely event of a major incident.

Waste management

In 2009, approximately 1,200 tonnes of waste materials were collected from our global drilling and production operations and returned to shore for disposal. Most of this was non-hazardous waste (scrap metal, wood, plastic, etc.) and was processed through certified waste handling contractors. We attempt to segregate and recycle as much of our waste as possible, although in countries with poor infrastructure this can pose a challenge.

Figure 19: Hydrocarbon spills to the environment (tonnes)



Audit and assurance

Our drilling function has been ISO 14001 certified since 2004 and our Indonesian production operations since 2006. In 2009, we retained our production certification in Indonesia and had existing certification assigned to us following the acquisition of the Balmoral facility in the North Sea. We also began the pre-operational assessment necessary for certifying our upcoming Vietnam production operations and are planning to do the same for our Indonesia project development. Our global drilling certification was temporarily suspended following a surveillance audit due to certain non-conformances but was subsequently reinstated following revisions to our drilling and HSES management systems.

FINANCE

We are a profit-making business and aim for continual financial growth and enhanced company value. We intend to achieve this growth by operating in a sustainable manner, satisfying the needs of stakeholders including our shareholders.

Financials		2009	2008	2007	2006	2005
Accounting Basis		IFRS	IFRS	IFRS	IFRS	IFRS
Sales Revenues	(US\$ million)	621.1	655.2	578.2	402.2	359.4
Profit before tax	(US\$ million)	79.9	277.6	147.0	156.6	124.6
Net profit for the year after tax	(US\$ million)	113.0	98.3	39.0	67.6	38.6
Cash flow from operating activities	(US\$ million)	347.7	352.3	269.5	244.8	121.2
Shareholders' funds	(US\$ million)	971.3	598.9	552.9	449.1	376.1
Net cash/(debt) including joint ventures	(US\$ million)	(315.6)	117.3	79.0	40.9	(26.2)
Per share statistics						
Revenue per share	(cents/share)	571.9	659.8 ⁵	705.1	491.7	437.8
Earnings/(loss) per share – basic	(cents/share)	104.1	99.0 ⁵	47.6	82.6	47.0
Earnings/(loss) per share – diluted	(cents/share)	103.9	98.2 ⁵	46.9	81.7	46.6
Cashflow from operating activities per share	(cents/share)	320.2	354.8 ⁵	328.7	299.3	147.6
Reserves per share – year end	(boe/share)	2.35	2.29 ⁵	2.58	1.86	1.99
Issued Ordinary Shares – average	(million)	108.6	99.3 ⁵	82.0	81.8	82.1
Operations						
Production (working interest basis)	(kboepd)	44.2	36.5	35.8	33	33.3
Proved and probable reserves (working interest basis)	(mmboe)	255.2	227.5	211.5	152.1	163.5
Employees – United Kingdom	(number)	110	62	60	60	62
– Overseas	(number)	398	406 ⁶	300	249	219
Key Indices						
Realised average oil price	(US\$ per bbl)	66.30	94.50	72.30	64.90	48.38
Average exchange rates	(US\$/£)	1.57	1.85	2.00	1.84	1.82
Closing exchange rates	(US\$/£)	1.62	1.46	1.98	1.96	1.72

⁵ The average issued Ordinary Shares for 2008 have been adjusted to reflect the bonus element related to the rights in 2009. the 2008 “per share statistics” have been restated accordingly. the “per share statistics” for 2005, 2006 and 2007 are as reported.

⁶ The 2008 overseas employee numbers have been restated to reflect the reclassification of employee categories during 2009 and the inclusion of offshore staff. the numbers for 2005, 2006 and 2007 are as reported.

Certain operations previously presented as discontinuing in 2006 have been re-presented as continuing operations in 2007. The numbers for 2005 and 2006 have been restated accordingly.



Scope and objectives

Maplecroft was commissioned by Premier Oil to:

- Confirm the accuracy of social performance statements presented in this report
- Verify claims relating to the Global Reporting Initiative (GRI) G3 application level stated by Premier Oil on p4

Maplecroft recognises that it is not an independent party due its role as an advisor to Premier on previous engagements. Maplecroft did not verify any of the data relating to Health, Safety, Environment or Security (HSES) or economic performance. It did however verify the existence of HSES policy statements and actions as well as management systems.

Methodology

Our review of Premier social performance policies involved the following activities:

- **Review of standards:** As a workshop with Premier where we collectively reviewed the United Nations Global Compact, Global Reporting Initiative (GRI), International Petroleum Industry Environmental Conservation Association (IPIECA) and Equator Principles in order to scope-out a comprehensive "dashboard" of social responsibility expectations.
- **Gap analysis:** The new dashboard was used to identify gaps in existing Premier policies, through a clause-by-clause review of existing internal documentation. This included existing policies and procedures, the employee handbook, Premier Business Management System (BMS) as well as further evidentiary documentation including annual and sustainability reports and online materials.

- **Amendment of policies:** The existing social performance policies and management systems were amended to fill the above gaps. This included the development of clauses to cover all areas of social responsibility (Figure 1) including those gaps identified on p4. These draft policies have since been aligned with a set of procedures to form a social performance management system that is currently being piloted prior to wider implementation.
- **Social performance report:** This Social Performance Report 08/09 includes a set of compliance tables (p44) that cross-reference all content in the report to the above best practice standards including the GRI core indicators. More detailed compliance tables will be presented in the online version of this report.

Materiality and completeness

Maplecroft is satisfied that the narrative content on social and HSES policy structure, compliance and management systems presented in this report are an accurate representation of current Premier processes.

We also believe the Premier statement that it has applied the GRI G3 guidelines at B+ level is fairly stated. Premier has reported on its management approaches and on more than 20 of the GRI core/additional performance indicators. It has not reported on all core performance indicators, as is required for A+ compliance (see tables p44).

Premier has initiated work but is still to report fully on areas identified as gaps in the above policy review process. This includes political donations, a global pay and benefits framework, security services and human rights, as well as aspects of community engagement including prior and informed consultation and the existence of appropriate grievance mechanisms. We look forward to further insight on steps taken to develop or amend relevant policies and management systems in the next reporting cycle.

Recommendations

Premier might also consider more substantive reporting and appraisal of the following issues:

- The framework for identifying social investment recipients, total expenditure by country and impact of disbursements on local development
- The progressive implementation of business ethics and anti-corruption training and practices
- The value of scope three carbon accounting (i.e. business travel, waste from landfill etc.) and its relevance to the total Premier carbon footprint

Premier could also improve its Social Performance Report production through a structured improvement plan including a systematic engagement and sign-off process with relevant content providers.

We commend Premier for excellent work in progress and view the company on an upwards trajectory.

Alyson Warhurst

Professor Alyson Warhurst, Dr Kevin Franklin and Gus Macfarlane, 18 May 2010

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Scope and objectives

ERM CVS was commissioned by Premier Oil to review processes in place at Corporate

level to collate and report on environment, health and safety information (HSE) provided in the 2008/2009 Social Performance Report. The objective of the review was to determine whether processes at Corporate level provided an appropriate basis for reporting information and data on Premier Oil's HSE performance during 2008 and 2009. Premier Oil reported its HSE performance using the following HSE reporting guidelines:

- International Petroleum Industry Environmental Conservation Association (IPIECA) – Oil & Gas Industry Guidance on Voluntary Sustainability Reporting, April 2005
- Global Reporting Initiative (GRI) – G3

We have not verified data or claims related to social or economic performance and we were not commissioned to provide an opinion on GRI G3 application level claims.

Respective responsibilities and independence

Premier Oil is responsible for preparing the Report and the information contained within it. ERM CVS, a member of the ERM Group, is responsible for reporting to Premier Oil on its conclusions. ERM CVS undertakes 3rd party certification for Premier Oil of the following:

- ISO 14001 and OHSAS 18001 for the global operations of the drilling function for Premier Oil Plc;
- ISO 14001 and OHSAS 18001 for the oil and gas production operations associated with Premier Oil Natuna Sea BV based in Indonesia.
- ISO 14001 for the Balmoral production facility, and OHSAS 18001 pre-assessment completed in March 2010.
- ISO 14001 and OHSAS 18001 pre-operational preassessments for the Vietnam Chim-Sao production operations

ERM CVS also provides independent verification of emissions reporting for Balmoral and Sevan Voyageur under the EU Emissions Trading Scheme.

The work that ERM CVS conducts for clients is restricted to independent assurance activities and training programmes related to auditing techniques and approaches. Our processes are designed to ensure that our work is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no other services to Premier Oil in any respect.

Assurance approach and limitations

We based our work on Premier's internal guidance and definitions for the reported metrics. Our approach was developed with reference to the International Standard for Assurance engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Information issued by the International Auditing and Assurance Standards Board (ISAE 3000); as well as principles that ERM CVS has developed and refined for report assurance assessments.

During February, March and April 2010 we undertook a review of the HSE data and reporting systems employed by Premier Oil to direct, manage and collate HSE data. This involved interviews with the personnel responsible for collecting, reviewing and interpreting the data and information for representation in the Report, including a site visit to the Premier Oil Natuna Sea BV offices located in Indonesia. We did not undertake source data verification at any operated facilities.

Conclusions

Based on the review activities undertaken, we conclude that appropriate processes are in place to report Premier Oil's environmental, health and occupational safety performance and are an appropriate presentation of performance during 2008 and 2009.

Since our review of the 2006/2007 Social Performance Report, Premier Oil has made progress in the:

- Environmental area by developing an environmental information monitoring system, which is being implemented
- Process Safety area by establishing UK style Safety Cases at all operated production facilities.

Recommendations

As a result of our review our key recommendations are:

- Complete the implementation of the Premier Oil Environmental Information Monitoring for all Premier Oil operated assets. The implementation should include:
 - Defined and designated roles and responsibilities including accountability at senior management level.
 - Clear criteria associated with reporting requirements.
 - Guidance for individuals with key responsibilities for collecting, collating and checking data.
 - Expectations and protocols designed to ensure reported data is transparent, accurate and reliable.
- Review GHG methodologies to ensure they take account of current best practice, this includes updating emission factors and considering how European Union Emissions Trading Scheme (EU ETS) methodologies could be applicable globally,
- Verify that all performance standards contained within the UK style safety cases are being fully delivered

Leigh Lloyd, Managing Director
30 April 2010

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

COMPLIANCE TABLES

Further detailed responses for each standard are available online at www.premier-oil.com 

GLOBAL REPORTING INITIATIVE (G3) SUSTAINABILITY REPORTING GUIDELINES (core indicators)		Page	Status
Economic performance indicators (management)			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations, retained earnings etc.	46, Annual Report 2009	Partial
EC2	Financial implications and risks/opportunities to the organisation's activities due to climate change	33	Full
EC3	Coverage of the organisation's defined benefit pension plan obligations	14-15	Partial
EC4	Significant financial assistance received from government		Not reported
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations		Not reported
EC7	Procedures for local hiring and proportion of senior management hired from the local community	15-17	Partial
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	5-11	Full
Environmental performance indicators (management)			
EN1	Materials used by weight or volume	37-38	Partial
EN2	Percentage of materials used that are recycled input materials	37-38	Partial
EN3	Direct energy consumption by primary energy source	32-36	Full
EN4	Indirect energy consumption by primary energy source	32-36	Full
EN8	Total water withdrawal by source		n/a
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		n/a
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	9, 20, 32, 34-35	Partial
EN16	Total direct and indirect greenhouse gas emissions by weight	33-36	Full
EN17	Other relevant indirect greenhouse gas emissions by weight	33-36	Full
EN19	Emissions of ozone-depleting substances by weight		Not reported
EN20	NO, SO, and other significant air emissions by type and weight	35	Full
EN21	Total water discharge by quality and destination	39-40	Full
EN22	Total weight of waste by type and disposal method	39-40	Partial
EN23	Total number and volume of significant spills	39-40	Full
EN26	Initiatives to mitigate environmental impacts of products and services and extent of mitigation	32-40	Full
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		n/a
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	32-40	Partial
Social performance: labour practices indicators (management)			
LA1	Total workforce by employment type, employment contract and region	14	Full
LA2	Total number and rate of employee turnover by age group, gender and region	14	Partial
LA4	Percentage of employees covered by collective bargaining agreements	16	Full

COMPLIANCE TABLES CONTINUED

GLOBAL REPORTING INITIATIVE (G3) SUSTAINABILITY REPORTING GUIDELINES (core indicators) (continued)		Page	Status
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		Not reported
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities by region	23-30	Partial
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases	26, 29-30	Partial
LA10	Average hours of training per year per employee by employee category	17	Partial
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	14, Annual Report 2009	Partial
LA14	Ratio of basic salary of men to women by employee category		Not reported
Social performance: human rights indicators (management)			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening		Not reported
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	18	Partial
HR4	Total number of incidents of discrimination and actions taken	13	Partial
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken	12, 16	Partial
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	16	Full
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour	16	Partial
Social performance: society performance indicators (management)			
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	5-12	Full
SO2	Percentage and total number of business units analysed for risks related to corruption	18-19	Full
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	18-19	Full
SO4	Actions taken in response to incidents of corruption	18-19	Full
SO5	Public policy positions and participation in public policy development and lobbying	18-19	Full
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	18-19	Full
Social performance: product responsibility indicators (management)			
PR1	Life cycle stages in which health and safety impacts of products/services are assessed for improvement	5, 22, 29, 30, 32, 36, 40	Full
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	22	Partial
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications		n/a
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	22	Full

COMPLIANCE TABLES CONTINUED

IPIECA OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING			Page	Status
Environmental				
ENV-1	Hydrocarbon spills to the environment		39-40	Reported
ENV-2	Controlled discharges to water		39-40	Reported
ENV-A1	Other spills and accidental releases		39-40	Reported
ENV-A2	Other effluent discharges			Not reported
ENV-A3	Hazardous waste		39-40	Reported
ENV-A4	Non-hazardous waste		39-40	Reported
ENV-A5	Recycled, reused or reclaimed materials		39-40	Reported
ENV-3	Greenhouse gases		32-35	Reported
ENV-4	Flared and vented gas		32-37	Reported
ENV-A6	Other operational air emissions		35	Reported
ENV-5	Energy use		38	Reported
ENV-A7	Freshwater use			Not reported
ENV-A8	New and renewable energy sources		35	Reported
ENV-6	Environmental management systems		20-22, 32	Reported
ENV-A9	Biodiversity		9, 20, 32	Reported
Health and safety				
H&S—1	Health and safety management systems		20-30	Reported
H&S—2	Employee participation		21, 26, 29	Reported
H&S—3	Workforce health		26, 30	Reported
H&S—4	Occupational injury and illness rates		23-24	Reported
H&S—5	Product-related health risks		22	Reported
Social responsibility				
SOC-1	Human rights		12-16	Reported
SOC-2	Bribery and corruption		18-19	Reported
SOC-3	Political contributions		18-19	Reported
SOC-A1	Political lobbying and advocacy		18-19	Reported
SOC-4	Non-discrimination and equal opportunity		13	Reported
SOC-A2	Employee satisfaction		13, 16-17	Reported
SOC-5	Training and development		17	Reported

COMPLIANCE TABLES CONTINUED

IPIECA OIL AND GAS INDUSTRY GUIDANCE ON VOLUNTARY SUSTAINABILITY REPORTING (continued)		Page	Status
SOC-6	Non-retaliation and grievance system	13, 19	Reported
SOC-A3	Local employment opportunities	14-15	Reported
SOC-7	Labour practices	16	Reported
SOC-8	Community relationships	5-12	Reported
SOC-A4	Social investments	5-11	Reported
SOC-A5	External capacity building	5-12	Reported
SOC-A6	Indigenous communities	12	Reported
SOC-A7	Resettlement and land rights		Not reported
SOC-9	Security	28	Reported
Economic			
ECO-1	Tax expenses	40, Annual Report 2009	Reported
ECO-A:	Transparency of payments	40, Annual Report 2009	Reported
ECO-2	Dividends paid and share repurchases	40, Annual Report 2009	Reported
ECO-A2	Total employee payroll and benefits for reporting period	40, Annual Report 2009	Reported
ECO-3	Total capital expenditure	40, Annual Report 2009	Reported
ECO-A3	Interest paid to lenders and holders of company debt security	40, Annual Report 2009	Reported

COMPLIANCE TABLES CONTINUED

THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT		Page	Status
Human rights			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	2, 5-16	Progress communicated
Principle 2	Businesses should make sure they are not complicit in human rights abuses	5-16	Progress communicated
Labour			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	16	Progress communicated
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour	16	Progress communicated
Principle 5	Businesses should uphold the effective abolition of child labour	16	Progress communicated
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	13-16	Progress communicated
Environment			
Principle 7	Businesses should support a precautionary approach to environmental challenges	5, 20-22, 32-40	Progress communicated
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	5, 20-22, 32-40	Progress communicated
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	5, 20-22, 32-40	Progress communicated
Anti-Corruption			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	18-19	Progress communicated

FTSE4GOOD CRITERIA		Page	Status
Environmental Criteria			
Policy		20-22	Compliant
Management		20-22	Compliant
Reporting		32-41	Compliant
Social & Stakeholder Criteria			
Policy		2, 5, 12	Compliant
Management		5-12	Compliant
Reporting		5-12	Compliant
Human Rights Criteria			
Policy		12, 13	Compliant
Management		5-12, 13-18	Compliant
Reporting		5-12, 13-18	Compliant
Supply Chain Labour Standards Criteria			
Policy		18	Compliant
Management		18	Compliant
Reporting		18	Compliant
Countering Bribery Criteria			
Policy		18-19	Compliant
Management		18-19	Compliant
Reporting		18-19	Compliant

EXTERNAL RECOGNITION



This is our **Communication on Progress**
in implementing the principles of the
United Nations Global Compact.

We welcome feedback on its contents.

WHISTLE BLOWING HOTLINE

United Kingdom: 0800 915 1571

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Singapore: 001 800 7233 2255

Norway: 00 800 7233 2255

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