



31 March 2020

## CAIRN ENERGY PLC ("Cairn" or "the Company")

### Report and Accounts

The Company's annual report and accounts for the year ended 31 December 2019 (the "**Report and Accounts**") was posted to shareholders today.

A copy of the Report and Accounts has also been submitted to the National Storage Mechanism and will shortly be available for inspection at: <http://www.morningstar.co.uk/uk/NSM>. The Report and Accounts is also available on the Company's website at [www.cairnenergy.com](http://www.cairnenergy.com).

The Report and Accounts was finalised in advance of the measures put in place by the UK and Scottish Governments to tackle the global COVID-19 pandemic and, as such, there are references included in the Report and Accounts to the 2020 Annual General Meeting (the "AGM") taking place at The Caledonian Waldorf Astoria Hotel in Edinburgh on 14 May 2020. It currently appears unlikely that it will be possible to hold a meeting at The Caledonian Waldorf Astoria Hotel on 14 May. The Board has, accordingly, made the decision to delay the finalisation and issue of the notice of the AGM. The health and wellbeing of our shareholders, employees, advisers and of the general public is of utmost importance to the Board. The Company is committed to minimising the unnecessary movement of people at this time. Arrangements for the 2020 AGM are being considered and will be advised in due course on the Cairn Energy PLC website ([www.cairnenergy.com](http://www.cairnenergy.com)), by email broadcast to those shareholders who have elected to receive notifications by email, by RNS announcement and by the posting of the Notice of AGM with the form of proxy for proxy voting. The Board recognises that, in the absence of any dispensation, UK company law and the Company's own articles of association require the AGM to be held within the period of six months following the financial year end, therefore by 30 June 2020. If and to the extent required, appropriate guidance will be sought on reconciling this requirement with the emergency legislative measures.

Defined terms used in this announcement shall, unless otherwise specifically defined herein, have the same meanings as in the Report and Accounts.

### Report and Accounts - Information required by Disclosure and Transparency Rule 6.3.5

The information set out below, which is extracted from the Report and Accounts, is included in this announcement for the sole purpose of complying with Disclosure and Transparency Rule 6.3.5 and the requirements it imposes on issuers as to how to make annual financial reports public. It should be read in conjunction with the Company's preliminary results announcement, released on 10 March 2020 (the "**Preliminary Results Announcement**"). This material is not a substitute for reading the full 2019 annual report and accounts. Page numbers and cross-references in the extracted information below refer to page numbers and cross-references in the Report and Accounts.

### Directors' responsibility statement

The following statement is extracted from page 127 of the Report and Accounts. This statement is repeated here solely for the purposes of complying with Disclosure and Transparency Rule 6.3.5. This statement relates to and is extracted from the Annual Report and Accounts. It is not connected to the extracted information presented in this announcement or in the Preliminary Results Announcement.

#### *Directors' Responsibility Statement*

The Directors are responsible for preparing the Annual Report and Accounts, the Directors' Remuneration Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have prepared the Group and parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). Under company law, the Directors must not

approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS issued by the IASB and adopted by the EU have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website ([www.cairnenergy.com](http://www.cairnenergy.com)). Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Following careful review and consideration of the Cairn Energy PLC Annual Report and Accounts 2019 (the "Accounts"), the Directors consider that the Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

#### *Directors' Statement Pursuant to the Disclosure and Transparency Rules*

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 74 and 75, confirm that, to the best of their knowledge:

- the Group Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position, and loss of the Group and loss of the Company; and
- the Strategic Report section on pages 2 to 71 of this document includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.'

The names of the directors who have given this responsibility statement are:

Ian Tyler (*Non-Executive Chairman*)  
Todd Hunt (*Non-Executive Director*)  
Keith Lough (*Non-Executive Director*)  
Peter Kallos (*Non-Executive Director*)  
Nicoletta Giadrossi (*Non-Executive Director*)  
Alison Wood (*Non-Executive Director*)  
Catherine Krajicek (*Non-Executive Director*)  
Simon Thomson (*Chief Executive*)  
James Smith (*Chief Financial Officer*)

#### **Principal risks and uncertainties**

The following description of the principal risks and uncertainties is extracted from pages 39 - 45 of the Report and Accounts.

#### *"Principal risks to the Group in 2019-2020*

The following pages provide a summary overview of the principal risks to the Group at the end of 2019, the potential impacts, the mitigation measures, the risk appetite and the KPIs or strategic objectives the risks may impact.



During 2019, through a number of internal forums such as the Board, the Group Risk Management Committee and Management Team, the Group reviewed the risks which could adversely affect the achievement of strategic objectives.

Cairn's principal risks are considered, in line with the Group Viability Statement, over a three year period. In addition to this three year assessment, Cairn actively considers emerging risks and threats as part of its risk assessment process.

## #1 DELIVER EXPLORATION SUCCESS

### Principal risk: Lack of exploration success

Owner: Director of Exploration

**Risk appetite**      **High** – Exposure to exploration and appraisal failure is inherent in accessing the significant upside potential of exploration projects and this has been, and remains, a core value driver for Cairn. The Group invests in data and exploits the strong experience of Cairn's technical teams to mitigate this risk.

| Impact   | Mitigation   | 2019 movement   | 2020 KPI objectives   |
|--|--|---|---|
| Limited or no value creation                     | Active programme for high-grading new areas through licence rounds, farm-ins and other transactions.   | <b>This risk remained static in 2019.</b><br>In 2019, three wells in Norway (Presto, Lynghaug and Godalen), one in the UK (Chimera) and two in Mexico (Alom and Saasken) were successfully drilled. The Saasken well made a new oil discovery on Block 10, Mexico, and according to preliminary estimates, may contain between 200 and 300 million barrels of oil in place. All other wells were reported as dry and plugged and abandoned. | Mature new exploration or appraisal targets with JV support for drilling in the period 2020-2022.                         |
| Failure of the balanced portfolio business model | Portfolio of prospects and leads that offer opportunities with a balance of geological and technical risks.  |   | Successfully drill and evaluate the wells planned for the 2020 work programme.  |
| Negative market reaction                         | Highly competent team applying a thorough review process to prospects and development opportunities, and a team of geoscientists with a track record of delivering exploration success.<br><br>Establishment of Exploration Leadership Team to undertake peer reviews and assurance. |   | Discover or add potentially commercial hydrocarbons with threshold, target and stretch levels identified for measurement. |

## #2 PROGRESS DEVELOPMENTS

### Principal risk: Delay in Senegal production start-up schedule

Owner: General Manager, Senegal

**Risk appetite**      **Medium** – Developments are commonly subject to cost impacts and schedule delays. The Group therefore has a medium appetite for risk taking in the development stage.

| Impact | Mitigation | 2019 movement | 2020 KPI objectives |
|--------|------------|---------------|---------------------|
|--------|------------|---------------|---------------------|



|  |  |  |   |
|--|--|--|---|
| <p>Delay or reduction in future cash flow</p> <p>Project delays</p> <p>Negative market reaction</p> <p>Increase in capital expenditure</p> | <p>Actively engage with JV partners early to ensure highly effective working relationships.</p> <p>Frequent site visits to key contractor sites to increase focus on quality assurance performance.</p> <p>Actively participate in technical meetings to challenge, apply influence and/or support our partners to establish a cohesive JV view and ensure operational activity is executed in a safe and secure manner.</p> | <p><b>This risk remained static in 2019.</b></p> <p>The SNE field development first phase remains on schedule, targeting first oil in 2023 with expected gross production of 100,000 bopd. The JV submitted an updated SNE Exploitation and Development Plan to the Ministry of Petroleum and Energies in August 2019 in order to meet changes and further details requested by the Ministry ahead of approval. Final Investment Decision by the JV and granting of the 25 year exploitation licence by the Government of Senegal was awarded in January 2020.</p> | <p>Achieve certain milestones on the Sangomar (formerly SNE) development in categories of subsurface, wells, subsea, FPSO and project controls.</p> |
|--|--|--|---|

### #3 PORTFOLIO MANAGEMENT

**Principal risk: Failure to secure new venture opportunities**

Owner: Director of Exploration

**Risk appetite**      **Medium** – Building and maintaining a balanced portfolio of current and future exploration, development and production assets is core to the Group’s strategy. New opportunities must first meet the Group’s strict investment criteria and successfully securing them will be dependent on the prevailing competitive environment.

| Impact   | Mitigation   | 2019 movement  | 2020 KPI objectives   |
|--|--|--|---|
| <p>Failure to replenish the portfolio</p> <p>Inability to replace reserves and sustain production levels</p> | <p>Geoscience, new ventures and commercial teams work closely to review and identify new portfolio opportunities.</p> <p>Experience and knowledge throughout the organisation in recognising prospective opportunities.</p> <p>Risk assessments and due diligence process undertaken on all potential new country entries.</p> <p>Development of discretionary capital allocation and opportunity ranking system.</p> <p>Portfolio is continually reviewed and high-graded to enhance quality.</p> | <p><b>This risk remained static in 2019.</b></p> <p>Cairn was awarded eight licences offshore Israel in the country’s second offshore bid round. Cairn is operator of the licences with a 33.34% working interest alongside two JV partners: Ratio Oil Exploration and SOCO International.</p> <p>Cairn was awarded the two licences it applied for in the UK Frontier 31st Offshore Licensing Round in H1: operatorship and 100% WI in the Mane licence which is located close to Chimera and</p> | <p>Secure new venture opportunities that meet the corporate hurdles and have risk levels consistent with our Risk Appetite Statement. Measured against tests of control, materiality and commercial robustness, with threshold, target and stretch levels identified for measurement where appropriate.</p> |




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50% WI and operatorship in the East Orkney Basin licence.

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## #4 MAINTAIN LICENCE TO OPERATE

### Principal risk: Lack of adherence to health, safety, environment and security policies

Owner: Chief Executive Officer

**Risk appetite**      **Low** – The Group continuously strives to reduce risks that could lead to an HSSE incident to as low as reasonably practicable.

| Impact                                  | Mitigation  | 2019 movement  | 2020 KPI objectives  |
|---|---|--|--|
| Serious injury or death                 | <p>Effectively managing health, safety, security and environmental risk exposure is the first priority for the Board, Senior Leadership Team and Management Team.</p> <p>HSE training is included as part of all staff and contractor inductions.</p> <p>Detailed training on the Group's Corporate Responsibility Management System (CRMS) has been provided to key stakeholders to ensure processes and procedures are embedded throughout the organisation and all operations.</p> <p>Process in place for assessing an operator's overall operating and HSE capabilities, including undertaking audits to determine the level of oversight required.</p> <p>Effective application of CRMS in projects.</p> <p>Crisis and emergency response procedures and equipment are maintained and regularly tested to</p> | <p><b>This risk remained static in 2019.</b></p> <p>The Group's lost time injury frequency (LTIF) for operated activity in 2019 was 0 per million hours worked. Our total recordable injury rate (TRIR) for 2019 was 0.98 per million hours worked. There were no spills to the environment.</p> <p>With ongoing operations in a number of countries in 2020, the Group will continue to work responsibly as part of our strategy to deliver value for all stakeholders.</p> | <p>Achieve a number of specified leading indicators in relation to governance, people and society.</p> <p>Achieve lagging HSSE indicators derived from IOGP targets, with threshold, target and stretch levels identified for measurement.</p> |
| Environmental impacts                   |   |  |  |
| Reputational damage                     |   |  |  |
| Regulatory penalties and clean-up costs |   |  |  |
| Physical impacts of climate change      |   |  |  |

ensure the Group is able to respond to an emergency quickly, safely and effectively.

Third party specialists in place to assist with security arrangements and travel risk assessments.

Leading and lagging indicators and targets developed in line with industry guidelines and benchmarks.

Findings from 'Lessons learned' reviews are implemented from other projects.

**Principal risk: Fraud, bribery and corruption**

Owner: Chief Executive Officer

**Risk appetite**      **Low** – Cairn is committed to maintaining integrity and high ethical standards in all of the Group's business dealings. The Group has no tolerance for conduct which may compromise its reputation for integrity.

| Impact   | Mitigation  | 2019 movement   | 2020 KPI objectives   |
|--|---|---|---|
| Fines<br>Criminal prosecution<br>Reputational damage | Business Code of Ethics and bribery and corruption policies and procedures.<br>Due diligence process and questionnaire developed for assessing potential third parties.<br>Annual training programme for all employees, contractors and selected service providers.<br>Financial procedures in place to mitigate fraud. | <b>This risk remained static in 2019.</b><br>There were no reportable instances of fraud, bribery or corruption.<br>The Group operates in countries deemed high risk for bribery and corruption. A compliance programme will be implemented for each area of operation. | Achieve a number of specified leading indicators in relation to governance, people and society. |

**Principal risk: Climate change policy and its impacts on energy transition**

Owner: Chief Executive Officer

**Risk appetite**      **Medium** – The Group recognises global commitments to achieve a transition to lower carbon sources of energy. In the near term global demand for hydrocarbons continues to grow and hydrocarbons are expected to remain the principal source of energy for decades to come. In the longer term, Cairn will take investment decisions that ensure its assets remain competitive in an environment where demand for oil may be lower than today.

Cairn's strategy is to play a responsible and competitive role in the production of oil and gas within this transition. Cairn acknowledges the contribution it's activities make to carbon emissions, and the Group continues to develop short, medium and long-term actions to minimise and mitigate this contribution and address global climate change policies and regulations.



| Impact   | Mitigation   | 2019 movement   | 2020 KPI objectives   |
|--|--|---|---|
| <p>Providers of capital limit exposure to fossil fuel projects</p> <p>Increasing costs</p> <p>Climate related policy changes</p> <p>Reduce demand for oil</p> <p>Stranded assets</p> <p>Reputational damage</p> <p>Retaining and attracting talent</p> | <p>Measuring and reporting our greenhouse gas (GHG) emissions in line with the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Promotion of efficient energy use in activities with business partners and service providers.</p> <p>Consideration of climate change in investment decisions.</p> <p>Portfolio resilience modelling based on the International Energy Agency Sustainable Development Scenario.</p> <p>Developed climate impact dashboard which informs our strategic position in relation to progress of global transition to a low-carbon economy.</p> <p>Endorsement of Global Gas Flare Reduction Partnership.</p> <p>Alignment with UN Sustainability Goals.</p> <p>Active participation in industry initiatives.</p> <p>Participation in EU Emissions Trading System.</p> <p>Evaluating nature based carbon offset projects in the regions where we operate, including mangrove rehabilitation in Suriname and Senegal.</p> | <p><b>New principal risk.</b></p> <p>There was continued and increased attention to climate change from a range of stakeholders in 2019. This attention has led, and we expect it to continue to lead, to additional regulations designed to reduce greenhouse gas (GHG) emissions.</p> <p>The Group recognises global commitments to achieve a transition to lower carbon sources of energy. Cairn's strategy is to play a responsible and competitive role in the production of oil and gas within this transition.</p> <p>The Group conducted a scenario analysis to assess the viability of Cairn's portfolio under different scenarios of future demand impacted by action on climate change. The results indicated that existing production and development assets remain NPV positive.</p> | <p>Influence JV partners in UKCS including to target zero flaring during shutdowns.</p> <p>Determine energy efficiency benchmarks for use in equipment selection for application in new operated drilling and seismic projects.</p> |

## #5 PRODUCTION PERFORMANCE

### Principal risk: Underperformance on Kraken and Catcher assets

Owner: Chief Operating Officer

**Risk appetite** **Low** – Delivering operational excellence in all the Group's activities is a strategic objective for the Group and the Group works closely with all JV partners to mitigate the risk and impact of any operational delay or underperformance. Therefore, the Group has a low appetite for risks which may impact on operating cash flow.

| Impact | Mitigation | 2019 movement | 2020 KPI objectives |
|--------|------------|---------------|---------------------|
|--------|------------|---------------|---------------------|



|                                 |  |  |   |
|---------------------------------|--|--|---|
| Delay or reduction in cash flow | Work closely with the operators to deliver risk mitigation plans and project solutions during ongoing commissioning. | <b>This risk decreased in 2019.</b><br>Catcher 'stretch' target net oil production volumes were exceeded, at better than target lifting costs.<br><br>Kraken 'stretch' target net oil production volumes were exceeded, at better than target lifting costs.<br><br>Combined net oil production averaged ~23,000 bopd. | Deliver Group production in line with guidance for 2020, with threshold, target and stretch volumes of production identified for measurement. |
| Increased operational costs     |  |  |   |
| HSE incident                    | Positive and regular engagement with operators and partners to share knowledge, offer support and exert influence.   |  |   |
| Reputational damage             |  |  |   |

**Principal risk: Misalignments with JV operators**

Owner: Chief Operating Officer

**Risk appetite**      **Medium** – The Group seeks to operate assets which align with the Group’s core areas of expertise, but recognises that a balanced portfolio will also include non-operated ventures. The Group accepts that there are risks associated with a non-operator role and will seek to mitigate these risks by working with partners of high integrity and experience and maintaining close working relationships with all JV partners.

| Impact   | Mitigation  | 2019 movement  | 2020 KPI objectives   |  |
|--|---|--|---|--|
| Cost/schedule overruns                                     | Actively engage with all JV partners early to establish good working relationships.   | <b>This risk remained static in 2019.</b><br>Oil price volatility continues to have a financial impact across the industry and the risk remains that the Group’s JV partners may not be able to fund work programme expenditures and/or reprioritise projects.<br><br>Catcher, Kraken, Senegal and several exploration projects are operated by joint venture partners.<br><br>The Group continues to work closely with a number of other partners in the UK and Norway and Latin America regions. | Deliver Group production in line with guidance for 2020, with threshold, target and stretch volumes of production identified for measurement. |  |
| Poor performance of assets                                 | Actively participate in operational and technical meetings to challenge, apply influence and/or support partners to establish a cohesive JV view. |  |   | Achieve certain milestones on the Sangomar (formerly SNE) development in categories of subsurface, wells, subsea, FPSO and project controls. |
| HSE performance  | Application of the Group risk management processes and non-operated ventures procedure.   |  |   |  |
| Delay in first oil from development projects               | Active engagement with supply chain providers to monitor performance and delivery.  |  |   |  |
| Negative impact on asset value                             |   |  |   |  |
| Ability to effect change towards lowering carbon footprint |   |  |   |  |



## #6 DELIVER A SUSTAINABLE BUSINESS

### Principal risk: Diminished access to debt markets

Owner: Chief Financial Officer

**Risk appetite** **Low** – The Group seeks to develop and implement a funding strategy that allows a value generative plan to be executed and ensures a minimum headroom cushion from existing sources of funding is maintained.

| Impact  | Mitigation   | 2019 movement  | 2020 KPI objectives   |
|---|--|--|---|
| Work programme restricted by reduced capital availability | Disciplined allocation of capital across portfolio.  | <p><b>This risk remained static in 2019.</b></p> <p>The Group has a hedging programme for Catcher and Kraken crude.</p> <p>The funding plan to allow the Group to meet its share of development costs is well progressed and the Group remains confident that it will be able to meet its share of expenditure maintaining current equity levels in the project.</p> <p>A number of financial institutions and investors have recently made policy decisions to exit oil and gas sector investment. To date, this has not affected Cairn but if this trend accelerates there could be a future impact.</p> | <p>Ensure balance sheet strength with achievement measured across three categories: attainment of certain financial tests in line with funding strategy; portfolio management; and India resolution and recovery of proceeds in event of success.</p> |
| Loss of value   | Continue to assess other forms of financing and pursue claim for restoration of value for Indian investment. |  |   |
| Inability to fund Senegal development                     |  |  |   |
| Senegal impairment  |  |  |   |

### Principal risk: Political and fiscal uncertainties

Owner: Chief Financial Officer

**Risk appetite** **Medium** – The Group faces an uncertain economic and regulatory environment in some countries of operation. The Group is willing to invest in countries where political and/or fiscal risks may occur provided such risks can be adequately managed to minimise the impact where possible.

| Impact | Mitigation | 2019 movement | 2020 KPI objectives |
|--------|------------|---------------|---------------------|
|--------|------------|---------------|---------------------|



Loss of value  
Uncertain financial  
outcomes

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Operate to the highest industry standards with regulators and monitor compliance with the Group's licence, Production Sharing Contract and taxation requirements.

External specialist advice sought on legal and tax issues as required.

Maintain positive relationships with governments and key stakeholders.

Ongoing monitoring of the political and regulatory environments in which we operate.

Working responsibly is an important factor in maintaining our access to funding.

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**This risk remained static in 2019.**

Cairn continues to source new opportunities globally and this can be in jurisdictions deemed at higher risk of political or fiscal uncertainty.

In 2019, the Group acquired new licences in countries with an increased risk profile. The Group will strive for full compliance with licence, Production Sharing Contract and taxation requirements across all assets.

The Group has also considered the potential impacts from Brexit and concluded that Cairn will not be materially affected. The Group recognises that there are a number of uncertainties around Brexit, including the potential impact on EU nationals employed by Cairn. The Group continues to monitor the situation closely.

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Ensure balance sheet strength with achievement measured across three categories: attainment of certain financial tests in line with funding strategy; portfolio management; and India resolution and recovery of proceeds in event of success.

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**Principal risk: Volatile oil and gas prices**

Owner: Chief Financial Officer

**Risk appetite**      **Medium** – Exposure to commodity prices is fundamental to the Group’s activities; however, the Group manages its investment programme to ensure that a threshold economic return is delivered and the business model is funded even in sustained downside price scenarios.

| Impact   | Mitigation   | 2019 movement   | 2020 KPI objectives  |
|--|--|---|--|
| Reduction in future cash flow<br>Value impairment of development projects<br>JV partner capital constraints<br>Debt availability | Sensitivity analysis conducted to assess robustness of Group financial forecasts for funding plan.<br>Operators’ cost initiatives delivering material cost reductions on development projects.<br>Exploration projects are ranked based on the probability of commercial hydrocarbons and success case break even oil price.<br>Hedging programme commenced. | <b>This risk remained static in 2019.</b><br>Although oil prices have been more stable in 2019, unpredictable geopolitical events may continue to create short term volatility. | Ensure balance sheet strength with achievement measured across three categories: attainment of certain financial tests in line with funding strategy; portfolio management; and India resolution and recovery of proceeds in event of success. |

**Principal risk: Inability to secure or repatriate value from Indian assets**

Owner: Chief Financial Officer

**Risk appetite**      **Medium** – The Group faces an uncertain macroeconomic and regulatory environment in some countries of operation. The Group is willing to invest in countries where political and/or fiscal risks may occur provided such risks can be adequately managed to minimise the impact where possible.

| Impact        | Mitigation   | 2019 movement   | 2020 KPI objectives  |
|---------------|--|---|--|
| Loss of value | Arbitration proceedings under the UK-India Bilateral Investment Treaty (the Treaty) were largely concluded in 2018. A final ruling by the arbitration panel is expected in the summer of 2020.<br>Continued engagement with the Indian Government. | <b>This risk remained static in 2019.</b><br>The Group continues to have a high level of confidence in the merits of its claims in the arbitration and is seeking full restitution for losses of more than US\$1.4 billion. Steps are being taken to ensure a full and prompt recovery is achieved.<br><br>All submissions and procedural steps for the international arbitration under the Treaty are now complete.<br><br>Cairn’s claim under the Treaty is for monetary compensation of ~US\$1.4 billion, the sum required to reinstate the Company to the | Ensure balance sheet strength with achievement measured across three categories: attainment of certain financial tests in line with funding strategy; portfolio management; and India resolution and recovery of proceeds in event of success. |



position it would have been in, but for the actions of the Indian Income Tax Department since January 2014.

In October 2019, the arbitral tribunal indicated that, whilst it is not yet able to commit to a specific award release date, it expects to be in a position to issue the Award in the summer of 2020.

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## Related party transactions

The following description of related party transactions is extracted from page 192 of the Report and Accounts:

### “8.7 Related Party Transactions

The Company’s subsidiaries are listed in note 8.2. The following table provides the Company’s balances which are outstanding with subsidiary undertakings at the balance sheet date:

|   | At<br>31<br>December<br>2019<br>US\$m | At<br>31<br>December<br>2018<br>US\$m |
|---|---------------------------------------|---------------------------------------|
| Amounts payable to subsidiary undertakings      | (86.9)                                | (83.2)                                |
| Amounts receivable from subsidiary undertakings | 1.8                                   | 2.5                                   |
|   | (85.1)                                | (80.7)                                |

The amounts outstanding are unsecured, repayable on demand and will be settled in cash.

The following table provides the Company’s transactions with subsidiary undertakings recorded in the loss for the year:

|                                  | Year ended<br>31<br>December<br>2019<br>US\$m | Year ended<br>31<br>December<br>2018<br>US\$m |
|----------------------------------|---|---|
| Amounts invoiced to subsidiaries | 10.4  | 37.2  |
| Amounts invoiced by subsidiaries | 10.6  | 5.8   |

### Directors’ remuneration

The remuneration of the Directors of the Company is set out below. Further information about individual Directors’ remuneration is provided in the audited section of the Directors’ Remuneration Report on pages 94 to 123.

|                      | Year ended<br>31<br>December<br>2019<br>US\$m | Year ended<br>31<br>December<br>2018<br>US\$m |
|----------------------|---|---|
| Emoluments           | 3.3   | 3.4   |
| Share-based payments | –   | 2.4   |
|                      | 3.3   | 5.8   |

Pension contributions of US\$0.2m (2018: US\$0.2m) were made on behalf of Directors in 2019.

No LTIP share awards to Directors vested during 2019 (2018: 820,131). Share-based payments disclosed for 2018 above represent the market value at the vesting date of these awards in that year.



### Other transactions

During the year the Company did not make any purchases in the ordinary course of business from an entity under common control (2018: US\$nil).”

### Directors’ emoluments and remuneration of key management personnel

The following description of directors’ emoluments and remuneration of key management personnel is extracted from page 170 of the Report and Accounts:

#### “4.4 (c) Directors’ emoluments and remuneration of key management personnel

Details of each Director’s remuneration, pension entitlements, share options and awards pursuant to the LTIP are set out in the Directors’ Remuneration Report on pages 94 to 123. Directors’ remuneration, their pension entitlements and any share awards vested during the year are provided in aggregate in note 8.7.

### Remuneration of key management personnel

The remuneration of the Directors of the Company and of the members of the management and corporate teams who are the key management personnel of the Group is set out below in aggregate.

|                              | Year ended<br>31<br>December<br>2019<br>US\$m | Year ended<br>31<br>December<br>2018<br>US\$m |
|------------------------------|---|---|
| Short-term employee benefits | 6.7   | 6.9   |
| Post-employment benefits     | 0.4   | 0.4   |
| Share-based payments         | 3.2   | 4.0   |
|                              | <b>10.3</b>                                   | 11.3  |

In addition, employer’s national insurance contributions for key management personnel in respect of short-term employee benefits were US\$0.9m (2018: US\$0.9m).

Share-based payments shown above represent the cost to the Group of key management personnel’s participation in the Company’s share schemes, measured under IFRS 2.

During 2019, no shares awarded to key management personnel vested under the LTIP (2018: 1,460,908).”

### Forward looking statements

*This announcement contains or may contain forward-looking statements regarding Cairn, our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward-looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions. Cairn undertakes no obligation to revise any such forward-looking statements to reflect any changes in Cairn's expectations with regard thereto or any change in circumstances or events after the date hereof.*