from staff to date. We finished 2020 on an employee engagement score of 8.1 out of 10, 0.7 above the industry benchmark.

📄 **Read more about our response to COVID-19 on p16-19**

Learning Opportunities

Providing learning opportunities for our people is essential to operating to the highest standards and making our business more efficient, effective and successful. We invest in developing our people and each colleague has a personal learning 'budget', to help them to fulfil their potential and deliver our objectives.

Through our ongoing commitment to training and professional development, we support our employees' career aspirations and make our business more efficient and successful. We usually offer traditional classroom training and workshops as well as e-learning modules but, due to the challenges associated with COVID-19, many of the in-person opportunities were delayed or converted to online delivery.

The Cairn Academy, launched in 2019, enables colleagues to undertake mandatory compliance online learning. We plan to give all staff access to relevant learning and development opportunities through this online platform, which was the subject of even greater emphasis during COVID-19 lockdowns. An updated version of the portal was launched in August 2020.
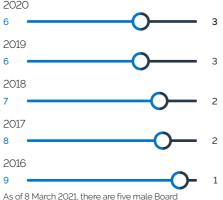
Another four cohorts of people managers also completed our long-established Management Bootcamp during the year, even though full-day sessions in the office were replaced with shorter online modules in the face of COVID-19.

Supporting a Talent Pipeline

We have a robust approach to managing talent into the organisation through strategic partnering with specialist firms. Our approach to succession planning plays an important part in identifying learning and development opportunities, as well as ensuring our people are deployed in roles and activities where they will add most value to the business while gaining job satisfaction and career development. We have an annual promotions panel to review development and career progression for all roles in the business as well as to identify individuals ready to join our mentoring programme.

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

Total workforce

204

Gender split

Total workforce

Staff

87 —————⦿————— 86
Male   Female

Non-staff

23 ————⦿———————— 8
Male   Female

Management

11 ——————————⦿— 1
Male   Female

People Managers

38 ————————⦿——— 19
Male   Female

Average age of staff

45

(2019: 44)

Board members by gender (number)
Male/Female

2020
6 —————————⦿—— 3

2019
6 ——————————⦿— 3

2018
7 ——————————⦿— 2

2017
8 ——————————⦿— 2

2016
9 ———————————⦿ 1

As of 8 March 2021, there are five male Board members following Ian Tyler retiring as Chairman on 31 December 2020.

Employment type

173 ——————————⦿— 31
Staff   Non-staff

178 ——————————⦿— 26
Full-time   Part-time

Equality and Diversity

For us, diversity and inclusion is about recognising and respecting our different capacities, capabilities and perspectives, and making the most of them.

By fostering a working environment that respects personal dignity, avoids discrimination and provides fair rewards, we recognise diversity in all its dimensions. Our People Management Policy guides how equality and diversity are built into all aspects of recruitment and selection, learning and development, and remuneration and benefits. We also have policies on disability, equality and diversity; full-time and part-time employees; and harassment.

We continue to develop our diversity metrics to promote equality of opportunity, pay and reward on a non-discriminatory basis.

Occupational Health and Safety

Providing a safe working environment is a core corporate responsibility, and minimising risks to people and the environment is of paramount importance to us. Overall accountability for working safely remains with the Board but applying operational procedures across the Group falls to the Management Team.

Managing day-to-day safety hazards involves leadership and management visits, audits, a permit-to-work system, toolbox talks and safety drills, as well as the use of personal protective equipment (PPE) among others. We actively engage contractors and bridge with their procedures to ensure we understand responsibilities and have effective controls in place.

Infectious Diseases

We support all staff who may be exposed to infectious diseases through their work or during travel to prospective business destinations. In locations where endemic diseases are prevalent, such as Senegal (malaria) and Latin America (Zika), we have mechanisms in place to minimise the risks.

Remaining vigilant to new or re-emerging epidemics and pandemics has never been more important than over the last year. We acted quickly and proactively in addressing the challenges associated with the COVID-19 pandemic, which was our most urgent priority with tracking and actions commencing in January 2020.

Behaving Responsibly to People continued

Hazardous Materials

While we face limited exposure to hazardous materials during our operations, we nonetheless maintain robust requirements for chemical and waste management in our CRMS to protect human health and the environment. We also ensure compatible arrangements from our contractors. We faced potential exposures to hazardous materials during our drilling campaign in Block 9 offshore Mexico during 2020, but safe practices were maintained until completion.

Employee Well-being

Staff wellness plays an important role across our business but during COVID-19 lockdowns, it was essential that we increased activities to support our people. We sought to promote well-being and good mental health by sharing information about our activities and plans, as well as running, exercise and yoga sessions, setting walking challenges and hosting a variety of workshops and webinars.
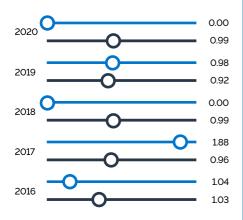
Our 2020 Performance

Overall, our occupational safety performance for our operated activities in 2020 was in line with CR Objective expectations and International Association of Oil & Gas Producers (IOGP) benchmarks. We set key performance indicator criteria and assess our performance through the year against the benchmark from two years before, as the data for any year is only released in Q3 of the following year.

While it is worth noting that our operations were limited in 2020, we experienced no lost time, restricted workday cases or recordable injuries during the year, and only two first aid cases (trapped finger and cut finger).
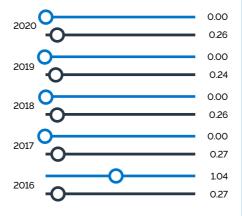
Total Recordable Injury Rate (TRIR)

(Total recordable injuries per million hours worked)

Year		
2020	0.00	0.99
2019	0.98	0.92
2018	0.00	0.99
2017	1.88	0.96
2016	1.04	1.03

Lost Time Injury Frequency (LTIF)

(Lost time injuries per million hours worked)

Year		
2020	0.00	0.26
2019	0.00	0.24
2018	0.00	0.26
2017	0.00	0.27
2016	1.04	0.27

○ Cairn total for employees and contractors.

○ The benchmark used is the latest available International Association of Oil & Gas Producers (IOGP) figure at the beginning of the year for the industry overall.

Security

We have a duty of care to our people and our assets, and place high importance on protecting our investments, reputation and data. We are a member of the IOGP Security Committee and continue to remain vigilant to emerging threats, offering support, advice and training as necessary.

Updating Our Approach

Our due diligence process requires us to assess and address the risks our people may face and amend our processes accordingly. In 2019, although no one was injured, a failure to follow proper travel procedure in Mexico led to a full investigation, the findings of which prompted us to take remedial action. Our travel risk policy was revised and reissued in January 2020 with stronger lines of accountability. Training sessions were held in Mexico and Edinburgh to remind everyone of the need to follow established procedures, as well as all relevant health and safety legislation. Support services and access to transport facilities were also improved.

While Mexico, Côte d'Ivoire and Suriname are considered high-risk locations from a security perspective, we reported no security incidents affecting our staff or premises during 2020. However, specifically in the Gulf of Mexico, issues ranging from petty crime to violence, piracy and kidnapping are increasing.

Currently, there is no formal regional mechanism for oil and gas companies to exchange information about such incidents, but we have contracted a security deputy in Mexico for improved intelligence sharing and prompter action if required. New Group security SOPs (Standard Operating Procedures) have also been developed for release in 2021.

Security of Assets

We have recently checked our approach to protecting our assets against the anti-piracy policies and procedures adopted by major logistics companies, and updated our guidance in line with industry best practice such as IOGP standards. Furthermore, a gap analysis of the process required by SASISOPA[1] in Mexico found no non-compliances in the security of our operations or third-party aviation, accommodation and logistics service providers.

Office Security

Acknowledging that we are the only oil and gas company headquartered in Edinburgh, we held a remote working exercise in January 2020 to assess the impact of pressure groups, such as those protesting against climate change, on business continuity. The lessons learned, including the enhancement of our working from home policy, helped to inform our business continuity plan and were applied at the outset of the COVID-19 outbreak.

Personal Security and Travel

Risk assessments are always required ahead of international business travel, and our Traveller Health and Security intranet site provides all personnel with security advice and travel management procedures for our countries of operation.

During COVID-19 restrictions in 2020, we were required to conduct some business-critical trips to countries outside the UK and Scottish Government travel corridors. To do so, we enhanced our risk assessment and mitigation procedures covering pre-, during and post-travel, including provision for emergency evacuation for health reasons and insurance cover. For other business activities, after a thorough review of our travel risk policy, we now conduct meetings remotely in preference to travelling wherever possible.

Cyber Security

Although we experienced no cyber security breaches from deliberately malicious software during 2020, we regularly review our arrangements to ensure we protect our IT infrastructure from such malware incidents. We communicate threats, strategies and improvement plans to maintain a holistic and collaborative approach throughout the Group and have a dedicated cyber security manager and a 24/7 service partner that continually manage current threats and risks. To stay on top of security trends, we take guidance from several industry bodies, including the IOGP Security Committee, the Information Commissioner's Office, the National Cyber Security Centre and the National Institute of Standards and Technology.

1   Industrial Safety, Operational Safety and Environmental Protection Administration System.

Case study

CERT SIMULATION EXERCISES

We evaluated the Crisis Incident Management (CIM) tool successfully in 2020 while the majority of Cairn's staff were working remotely. CIM will be introduced in 2021.

To ensure the team could operate effectively from home and gain experience of using CIM, three exercises were conducted in October and November 2020. These simulations used a collision between the Catcher floating production storage and offloading unit and the off-loading tanker as the scenario. The exercises also enabled us to practice the human resources response to an incident involving a casualty; this involved notifying

the next of kin and the potential mobilisation of HR and Family Liaison representatives to Aberdeen.

Despite all CERT members being very familiar with their roles, these simulations demonstrated that command, control and coordination while working remotely presents significant challenges, but these can be overcome with the right technology.

Major Accident Prevention

Our industry faces a number of major accident hazards and it is important we avoid the risks arising from these hazards where possible, but if not, manage them to As Low As Reasonably Practicable (ALARP) levels. This underpins legislation in the UKCS and in many other jurisdictions, as well as industry good practice. We constantly work to minimise risks to people and the environment, having put extensive safety measures and procedures in place to avoid accidents, for every phase of our activities.

Operated Assets

Our Corporate Major Accident Prevention Policy (CMAPP) outlines the control mechanisms we have in place to address risks to our operated activities. In 2020, we undertook significant reviews of our Well Project Management and Well Competency Procedures, improving the application of major accident controls. In addition, a CMAPP leadership event in Mexico was conducted in early 2020 and a CMAPP refresher training module, now incorporated into the Cairn Academy, was completed by critical personnel.

Non-Operated Assets

Our relative influence over joint venture partners depends on the activity, our share of the asset and the regulatory framework under which we operate. In 2020, we continued to support our partners in the prevention of major accidents on our non-operated assets, primarily in the UK, Senegal and Côte d'Ivoire.

Crisis and Emergency Response

We focus on prevention but, in the unlikely case a significant event does occur, we maintain tiered crisis and emergency response arrangements around the world.

For a quick and effective response, we have Incident Management Teams in all operational locations, supported by Incident Response Teams in our field assets. Our Crisis and Emergency Response Team (CERT) in Edinburgh provides strategic and tactical support, depending on local capability. Due to COVID-19 restrictions, CERT team members have remained ready to respond virtually and continue to undergo weekly training and operational briefings.

We also conducted remote training with all CERT personnel ahead of introducing Crisis Incident Management (CIM), an ISO-accredited management software system.

Contractors

Cairn relies on high-quality, competitively priced contractors and suppliers for much of the technical expertise, equipment and services needed to maintain our operational capability. Contractors account for approximately 46% of our workforce and undertook 48.7% of hours worked in 2020, so effective selection, strong working relationships and good performance are essential if we are to maintain our licence to operate.

To ensure all our activities conform to our CRMS and Cairn Operating Standards (COS), we use an integrated contractor and supply chain audit plan to identify corporate and operational risks, and demonstrate that effective controls are in place. We use independent audits for some critical assurance steps, including the management of major accident hazards.

In 2020, we undertook a review of our contracting and tendering process. While we identified no need for significant changes to what we do, we did enhance areas such as how we review national content in a tender process.

Selecting Contractors

All contractors are evaluated and selected on the basis of their adherence to our principles, policies and standards, experience, capability, competence and competitiveness. While there may be technical reasons why international contractors are selected (such as those with specialist capabilities), we promote and use local services wherever we can.

We are increasing and improving our scrutiny of key equipment providers in terms of their environmental performance as part of the tendering process. This includes the energy efficiency of vessels, rigs and helicopters, fuel use management and the overall footprint of our projects (see page 56).

In Mexico, under the terms of our Production Sharing Contract (PSC), we are required to achieve national content targets. In 2020, we engaged with our key contractors through a series of workshops to ensure that the complex requirements, expectations and methodologies for Mexico are fully understood.

Contractor Selection Tools

We use specialist pre-selection tools in some jurisdictions to examine potential vendors' performance prior to tendering.

For many projects in the UK, we use the Achilles First Point Assessment Limited (FPAL) platform to identify and assess potential contractors across the European oil and gas market. We have also helped to develop a similar system in Senegal through Invest in Africa (page 61).

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