

ESG Report 2021
Harbour Energy plc



About this report

Harbour Energy is the largest London-listed independent oil and gas company. We have a diversified UK asset base within an attractive global footprint.

This is our first Environmental, Social and Governance (ESG) Report, covering our performance for the period 1 January to 31 December 2021.

Given the overriding importance of safety in all we do, we also include a separate section in this report on the topic.

This report covers all our operated activities, including our exploration, development, production and decommissioning and, where relevant, those of our non-operated joint venture partners and contractors.

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01

Introduction

Harbour Energy plays a key role in meeting the world's energy needs through the safe, efficient and responsible production of hydrocarbons.

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Opening message

by Linda Z. Cook



2021 was a year of challenges and great achievements for Harbour Energy.

Despite COVID-19, some operational challenges and a volatile market for a large part of the year, we were able to safely produce oil and gas while successfully completing a reverse merger to become the new and strong company that we are today.

LINDA Z. COOK
CHIEF EXECUTIVE OFFICER

I am pleased to introduce Harbour's first ESG Report. This report demonstrates our commitment to the responsible production of oil and gas and, as a signatory to the United Nations Global Compact, it provides a foundation for our progress towards meeting the UN Sustainable Development Goals.

As a society, we face a dual challenge: how to proceed to a low-carbon future while simultaneously fulfilling the world's need for affordable energy. It will require bold moves, different ways of collaborating and new partnerships.

Harbour is the largest London-listed independent oil and gas company. We work hard to produce oil and gas safely and responsibly. Through a combination of activities, we aim to achieve Net Zero for our Scope 1 and 2 greenhouse gas emissions by 2035. It's an ambitious target, but one we are committed to achieving.

Given the changing regulatory landscape, we can't carve our path to Net Zero in stone, but we are not waiting for the rules to be set. Instead, we are already involved in a wide range of activities that have the potential for positive material impact and will help us reach our goal over time.

The most important element of our strategy is to lower emissions. We aim to do this by improving the efficiency of our facilities and equipment, reducing flaring, minimising fugitive emissions and exploring the possibility of more ambitious projects such as electrification of offshore assets in the UK North Sea.

Our strategy also includes carbon capture and storage. In the UK, we have the potential to use our infrastructure and offshore depleted reservoirs to store massive amounts of industrial CO₂. Today it is not clear whether investment in these projects will make commercial sense. Nevertheless, we are moving forward with preliminary engineering and technical studies while we seek clarity on the regulatory and commercial framework, with the hope to advance the projects towards investment decisions in the coming years.

In parallel, we have committed to acquire high-quality carbon offset credits over time to address our residual emissions so that we are Net Zero by 2035. We recently secured our first offsets, mostly associated with forestry conservation and landfill gas capture, totalling 1.2 million tonnes.



R. BLAIR THOMAS
CHAIRMAN



The Board of Directors is responsible for overseeing and safeguarding management of Harbour Energy's safety and ESG efforts. We are committed to strong corporate governance and have assembled a diverse and world-class board which holds the Leadership Team and me to very high standards. Our licence to operate means our business must be sustainable, both within the oil and gas industry and as a respected employer, partner and global economic citizen. Our overall objective is to ensure the sustainable success of our business through the energy transition and I am confident that Harbour is well positioned in this regard.



Opening message

by Linda Z. Cook continued



While addressing our emissions and the energy transition rightly receive a lot of attention, we can leave no doubt that safety remains our top priority. Following the Merger we worked to ensure our safety organisation was properly staffed, consolidated safety-related policies and procedures, established clear priorities including Process Safety Fundamentals and Life-Saving Rules, and maintained the necessary level of assurance and governance – including at Board level – over our activities. Through what has been a challenging and busy year, we demonstrated an ability to continue operating safely, thanks to the efforts and dedication of our employees and contractors.

Another focus in 2021 was the health and wellbeing of our employees while dealing with the COVID-19 pandemic. The pandemic brought us new challenges but with help from our host governments, joint venture partners and supply chain, we were able to take proactive steps to protect our employees, suppliers and local communities and to limit the spread of the virus.

We reviewed and updated procedures as the pandemic evolved, ensuring we had COVID-safe barriers and new ways of working in place across our operations. All our employees were impacted, including many who were asked to work extended shifts offshore meaning longer periods away from their families, for which we are grateful.

We shared consistent and reliable information with our employees worldwide, collaborated with health providers, and provided donations and protective equipment to those who needed it. We found new ways of collaborating with our employees, partners and charitable organisations, including through virtual online events and by simply refocusing our efforts.

All of what we've accomplished this year – in the areas of safety, health, and the environment, throughout our operations, and including the effort related to completion of our Merger and the subsequent integration activities – is a testament to our employees.

Looking ahead, one of the great challenges for the oil and gas sector will be continuing to attract the high-quality, highly skilled employees upon which we rely for our continued success. This means ensuring we have a culture and employee value proposition within Harbour that make us an attractive place to work. An important part of this is our focus on diversity, equity and inclusion – an area where we are ramping up our efforts during 2022.

We are committed to strong corporate governance, evidenced in part by the make-up of our new, diverse Board of Directors. Each member of the Board has experience in our sector, running large public companies, and/or in UK corporate governance.

Our new senior management includes a mix of executives from heritage companies alongside new hires, all of whom bring decades of valuable UK and international oil and gas experience to Harbour.

Our Board operates in accordance with the provisions of the UK Corporate Governance Code including the standards of good practice on board composition and development, succession and evaluation, remuneration, shareholder relations, accountability and audit.

As we move forward, it is clear our sector will continue to evolve to address the challenges of the energy transition, necessitating a continuous assessment of our strategy and plans. We will continue, of course, to focus on safety and deal with the impact of COVID-19. At the same time, we will work to consolidate the benefits and efficiencies resulting from the merger and embed our core values and culture throughout the organisation.

Relying on the strength of the foundation built during our first year, Harbour is moving forward responsibly, while playing our part in the change we wish to see in the world. Welcome to the start of our journey.

LINDA Z. COOK
CHIEF EXECUTIVE OFFICER



At a glance

Today, we have a leading position in the UK as well as interests in Indonesia, Vietnam, Mexico and Norway.

Our intention is to establish a material production base in at least one region outside the UK.

5
Countries in which we are active

124
Licence interests covering exploration, development and production activities¹

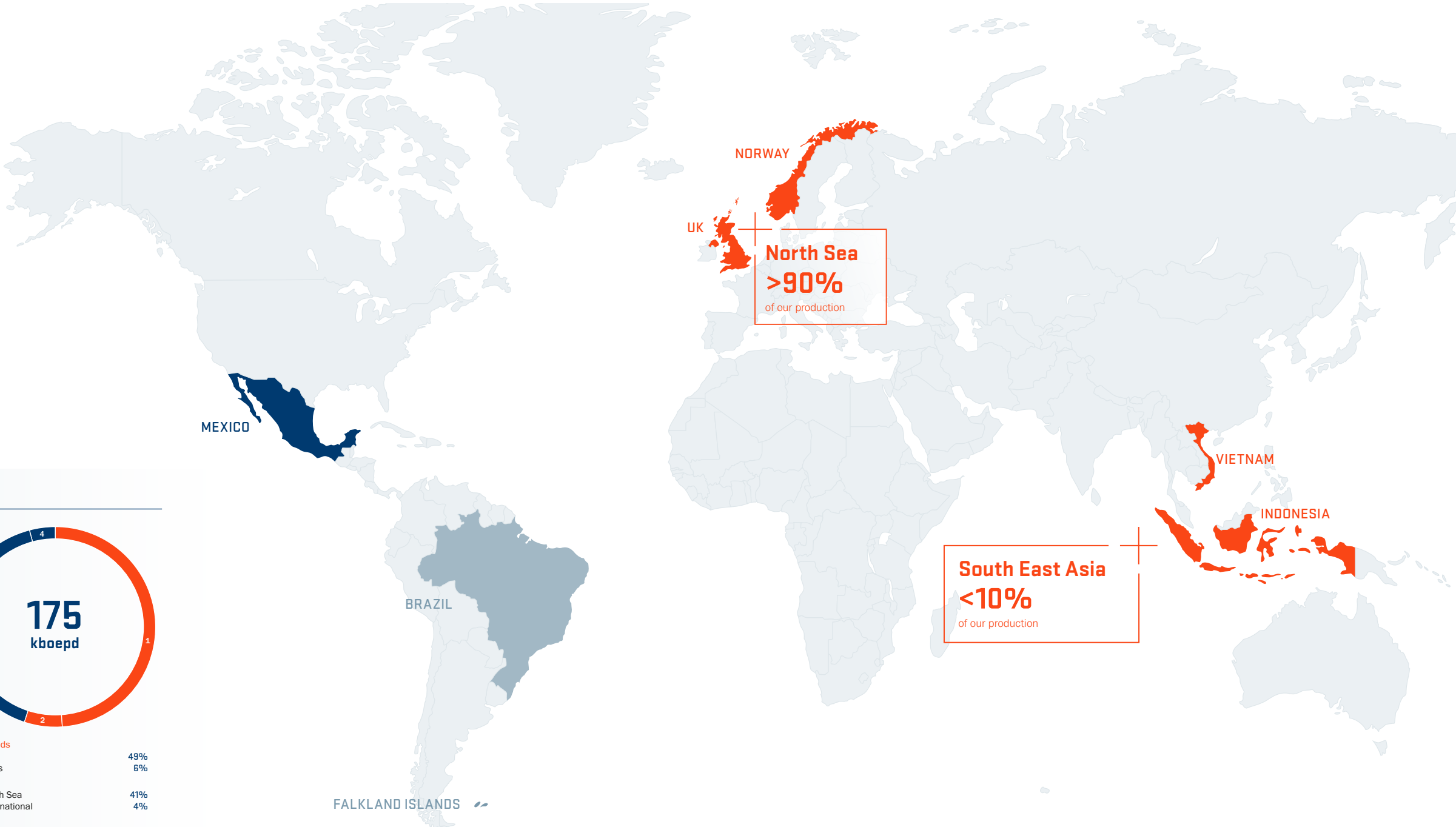
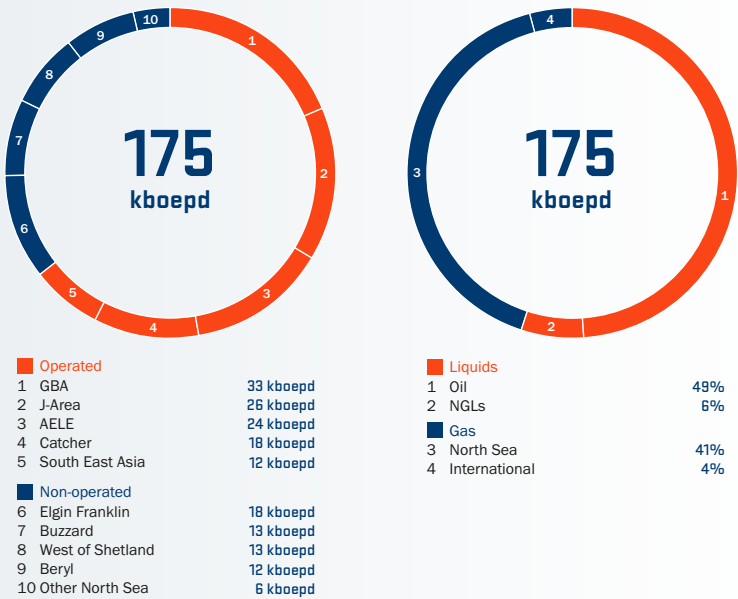
48
Producing fields

1,771
Employees worldwide

1. Excluding Brazil and Falkland Islands.

2021 Group production

Group production increased to over 200 kboepd in the fourth quarter, with improved uptime following completion of the maintenance programmes, new wells on-stream and a full contribution from the Premier portfolio.





Our purpose, strategy and values

Our purpose

To play a significant role in meeting the world's energy needs through the safe, efficient and responsible production of hydrocarbons while creating value for our stakeholders.



VIEW MORE
in our 2021 Annual Report

Our strategy

To create value by continuing to build a global, diversified oil and gas company focused on value creation, cash flow and distributions.

Our strategic pillars



Ensure safe, reliable and environmentally responsible operations

- Protect the safety and wellbeing of our people
- Safeguard the communities in which we operate and the environment
- Progress towards Net Zero
- Measure, verify and report the data to support our goals
- Include relevant metrics in our compensation programmes



Leverage our full cycle capability to diversify and grow further

- Leverage our global footprint, full-cycle capabilities and mergers and acquisition expertise to expand our investment opportunity set
- Utilise our deep organisational competence and operating skills to drive standards, efficiencies and control over capital expenditure levels



Maintain a high-quality portfolio of reserves and resources

- Robust margins in times of low commodity prices
- Access to a range of profitable investment opportunities
- Ensure longer-term investment options including organic and inorganic opportunities
- Rigorous prioritisation and capital allocation process



Ensure financial strength through the commodity price cycle

- Maintain a strong balance sheet, with the potential for Investment Grade credit rating
- Disciplined annual budget and long-term planning processes
- Conservative financial risk management policy, including a disciplined hedging programme
- Ensure a sustainable dividend

Our core values

Our four core values sit at the heart of everything we do.





Engaging with our stakeholders

Partnering with our stakeholders to deliver shared success

Shareholders

We have sought to develop an investor base of long-term shareholders. By ensuring our strategy and objectives are well understood, we maintain continued access to long-term capital providers who are supportive of our business.

>350

Investor meetings during 2021

Joint venture partners

By maintaining good relationships with our joint venture partners, we can ensure that maximum value can be extracted from our operations in a safe and sustainable manner.

51

Joint venture partners

Workforce

Creating an environment where we listen to employees and where they in turn know their contribution is valued and appreciated, will help us achieve our objectives.

98%

Of employees attended our first global Town Hall event

Lenders

By maintaining supportive relationships with our lending group, we can ensure access to long-term debt finance that enables us to invest in high-quality projects that generate sustainable long-term cash flows.

19

Banks in our main debt facility

Governments & regulators

With a diverse global portfolio, forging strong and positive relationships with our host governments and local regulatory authorities is vital to maintaining our licence to operate.

5

Countries in which we are active

Suppliers

We are dependent on our suppliers delivering on time and within budget to ensure we can continue to operate and that our projects generate maximum value. Through collaborative working relationships, we aim to achieve mutual value with a sustained commitment.

>2,100

Suppliers worldwide

Customers

We aim to achieve competitive prices for our oil and gas, whilst ensuring our operations continue to run smoothly through regular and open dialogue with customers.

>20

Global customers worldwide



Open and productive engagement is key to maintaining strong relationships with our shareholders, government and business partners, supply chain, staff and wider communities with whom we work.

ALEX BUDDEN
EVP CORPORATE AFFAIRS





About our ESG reporting

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core Option, which requires organisations to include only material elements in their sustainability reports.

The report is compliant with the Task Force on Climate-related Financial Disclosures (TCFD).

We are also reporting against the Sustainability Accounting Standards Board (SASB) indicators, using the Oil & Gas Exploration and Production industry standard.

All figures in the body of this report, unless noted otherwise, relate to our Harbour-operated assets. They are reported on a 100 per cent basis regardless of our ownership interest in each asset.

On 31 March 2021, through a reverse takeover, Chrysaor Holdings Ltd (Chrysaor) merged with Premier Oil plc (Premier) to create Harbour Energy plc. As a result, this report covers the assets, performance and activities from 1 January to 31 December 2021 of Chrysaor and, in addition, from 1 April to 31 December 2021 of Premier Oil.

The report covers our material ESG issues as identified by our annual materiality assessment process. This report is further supported by ESG Data Sheets and an Appendix, which are supplementary to this report. These include a wide range of ESG data points.

This report has been approved and authorised for issue by Harbour Energy's Board of Directors.



VIEW MORE
In our Appendix

As our business continues to grow we are committed to the highest standards of corporate governance, to keeping safety as our top priority and protecting the environment and local communities.



Safety

The health and safety of our people is our top priority. We never compromise on health or safety standards.

Our targets

- Maintain strong Health, Safety, Environmental and Security (HSES) leadership
- Continuous improvement in our health and safety performance
- Embed process safety thinking across the organisation
- Assure compliance with policies and procedures including in support of major accident prevention
- Maintain a trained and prepared incident response capability across our global organisation

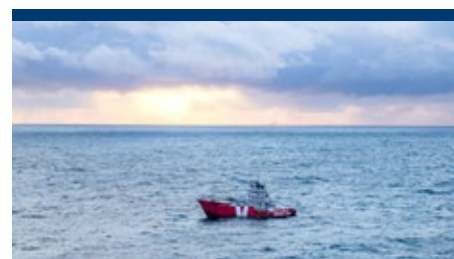
2021 progress

Harbour's Life-Saving Rules and Process Safety Fundamentals were developed and rolled out at our inaugural Global HSES Day.

1.27

Total Recordable Injury Rate (TRIR) per million hours

READ MORE



Environment

Committed to minimising the environmental impact of our operations and playing a role in the transition to a lower carbon economy.

Our targets

- Conducting our business with care for the environment
- Net Zero for our equity share of Scope 1 and 2 emissions by 2035
- Reduce emissions from our operations
- Zero routine flaring
- Explore the potential for Carbon Capture & Storage (CCS) and offshore electrification
- Incentives in executive remuneration for emissions reduction
- Investment in carbon offsets

2021 progress

Delivered emissions 6 per cent under target through improvements in operational efficiency and flaring, and offset >25 per cent of emissions.

17kgCO₂eq/boe

GHG intensity (including offsets)

READ MORE



Social

Generating shared value through socially responsible operations will earn and keep the trust of our stakeholders.

Our targets

- Ensure diversity, equity and inclusion are reflected in the Group's policies and procedures
- Develop a working environment that fosters a sense of belonging and acceptance
- Commit to local employment
- Invest in local communities to provide sustainable benefits

2021 progress

Launch of our Diversity, Equity & Inclusion Policy which includes commitments to the principal of equal opportunity in employment.

\$3.67bn

In economic value generated

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Governance

Our governance goes beyond regulatory compliance and puts the interests of all our stakeholders at the heart of the Board's decision-making.

Our targets

- Establish and maintain a diverse Board of Directors
- Ensure a sound framework of internal controls and risk management
- Maximise long-term value for our shareholders
- Transparent and active engagement with all stakeholder groups
- Zero tolerance to unethical behaviour

2021 progress

Established the new Harbour Energy Board and announced plans for dividend payments.

>350

Investor meetings held

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About our ESG reporting

continued

Materiality assessment

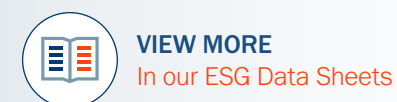
The materiality assessment is an important element of Harbour Energy's ESG planning and reporting. It helps us align on the ESG topics that are the most material to us and to our external stakeholders.

This assessment provides a basis for managing current ESG opportunities, risks and impacts, and identifies emerging issues. It helps us determine what information to include in our reports and whether we are disclosing the right information, being transparent in the right areas, and using the appropriate indicators.

For an issue to be deemed material it needs to meet two conditions. Firstly, does it have the potential to impact our business significantly in terms of growth, cost or risk? Secondly, is it important to our stakeholders and do they expect us to act?

The outcome of the assessment is the materiality matrix (see page 10). This presents the most material issues facing the Group.

Issues that are considered material are predominantly addressed in this ESG Report. Links are provided where material ESG aspects are covered in other parts of our Group reporting documents. This includes, but is not limited to, our mainstream financial filings, our ESG Data Sheets which are provided as supplementary to this report, and our SASB and GRI tables which are in the Appendix of this report.



Materiality assessment process

In 2021, we carried out a materiality assessment to ensure our reporting is focused on issues that matter most to our business and to our stakeholders. The assessment was a structured process using data and input from a broad range of sources.

It consisted of four phases:





About our ESG reporting

continued

Highlighting some of our top ranked issues

07

Process safety and asset integrity

This topic covers process safety, which deals with the safe containment of hazardous materials to avoid explosions, fires, unplanned shutdowns resulting in plant disruption, loss of life and environmental impacts. This is supported by emergency preparedness and response programmes to ensure our response to spills and other incidents is effective.

08

Emergency preparedness and crisis management

This topic covers hostile actions (both physical and cyber) by third parties that can present a threat to life and the environment, lead to operational disruptions, and undermine our financial stability.

01

Climate change and energy transition

This topic covers the impact of climate change, reducing our own greenhouse gas emissions, and the related, evolving regulatory framework. It also covers how we reduce our own impact and navigate the energy transition to a low carbon world.

15

Value generation and distribution

Our ability to generate long-term sustainable value for our shareholders rests on our ability to identify and execute a successful strategy, which in turn should drive share price appreciation and shareholder distributions. It also rests in part on our ability to deliver tangible and lasting economic benefits to all our other stakeholders.



Our Reporting aligns with both GRI and SASB standards indexes for which can be found in our Appendix.



[VIEW MORE](#)
In our Appendix

09

Occupational health and safety

This topic covers the safety of our staff, our contractors, and those in our local communities – and it is our number one priority. As a result of the Merger, throughout 2021 we worked to combine organisations and consolidate safety processes and procedures. We elected to focus, in particular, on Life-Saving Rules, while at the same time working to protect the health of our workforce through efforts to minimise the spread of COVID-19.

02

Effluents, spills and waste

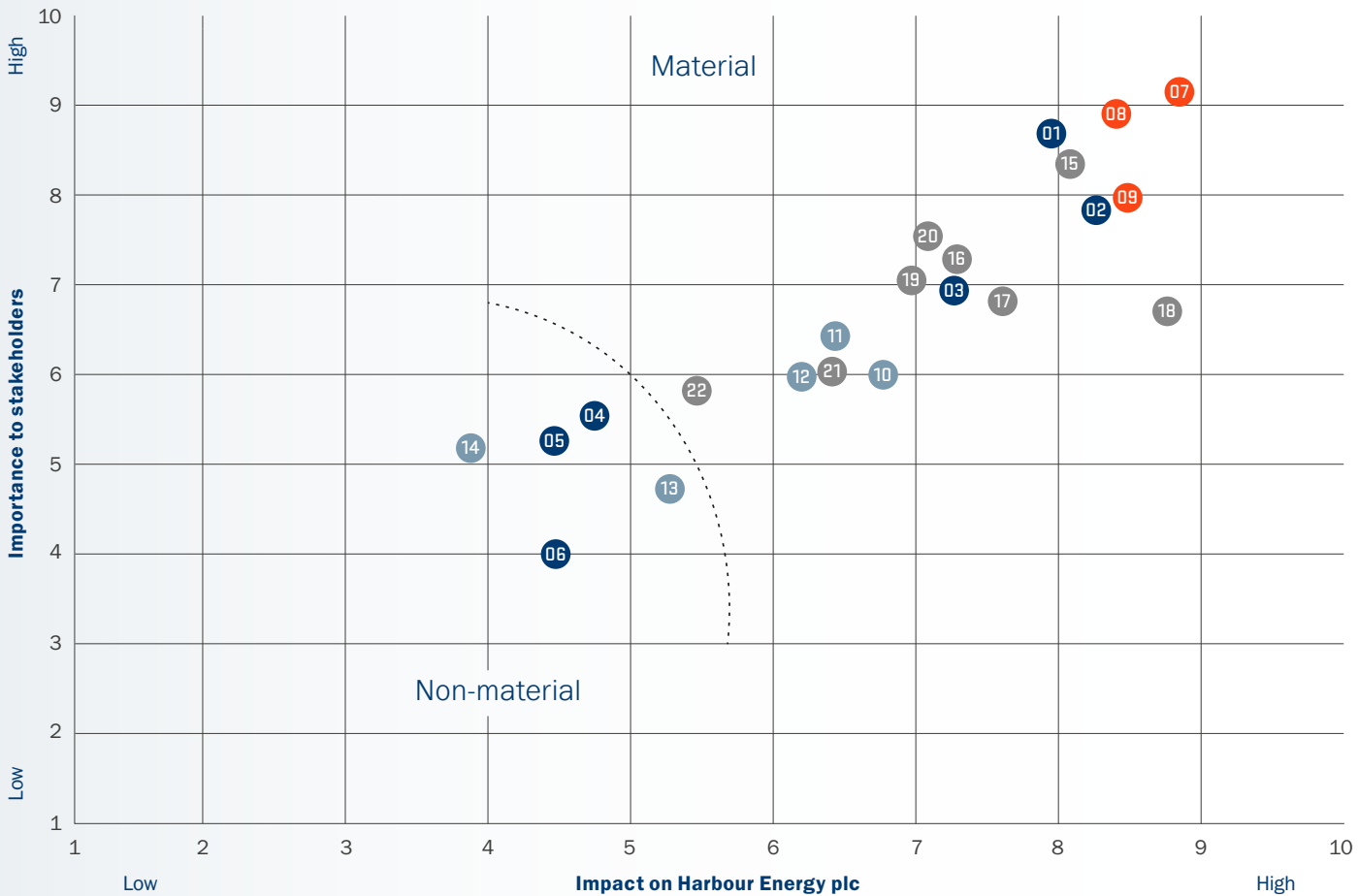
Water produced alongside offshore operations contains dispersed oil. We monitor and treat it to reduce the concentration of oil in water to permitted levels, before discharging it to the marine environment. We do not operate in regions with high baseline water stress, where access to water may cause operational disruptions and/or conflicts with local communities over scarce resources. Nor do we operate in areas where there is a risk of aquifer contamination.

20

Governance and ethics

Governance is a high priority for Harbour. In 2021 we recruited a new board for the merged Group and established a strong Governance framework in compliance with the UK Corporate Governance Code. Other governance-related issues of particular importance to us include respect for human rights, responsible supply chain management, ethics and compliance, and risk management.

Materiality matrix



Environment

- 01 Climate change and energy transition
- 02 Effluents, spills and waste
- 03 Energy and GHG emissions
- 04 Biodiversity and ecosystems
- 05 Air quality
- 06 Water consumption

Safety

- 07 Process safety and asset integrity
- 08 Emergency preparedness and crisis management
- 09 Occupational health and safety

Social

- 10 Employee engagement
- 11 Employment practices
- 12 Diversity and inclusion
- 13 Learning and development
- 14 Local communities

Governance

- 15 Value generation and distribution
- 16 Responsible supply chain
- 17 Closure and rehabilitation
- 18 Public policy and government relations
- 19 Tax
- 20 Governance and ethics
- 21 Security
- 22 Human rights



02 Safety

Ensuring our people are kept safe and well, and raising awareness of potential dangers related to our operations and locations, is of paramount importance to us.

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[15 Process safety](#)

[16 Emergency preparedness and crisis management](#)

The UN Sustainable Development Goals (SDGs) we contribute to through our management practices and performance:

Primary SDGs



Secondary SDGs

N/A

Learn more about how we contribute to the UN SDGs:



[VIEW MORE](#)
In our Appendix



Introduction

by Bob Fennell



At Harbour, safety is our top priority, and we aim to operate responsibly and securely across all our activities. From occupational health and safety, to process safety which focuses on our physical assets and equipment, we aim to protect our staff and contractors through the application of rigorous safety practices in all we do. Safety failures have the potential for serious and fatal injuries, can cause environmental impacts, disrupt our operational continuity, threaten our social licence to operate, and ultimately undermine our ability to generate long-term value.

Nothing is so urgent or important that we cannot take the time to do it safely, with care for the environment and in a way about which we can all be proud.

BOB FENNELL
EVP NORTH SEA

To find out more about occupational health and safety:

[READ MORE](#)

1.27

Total Recordable Injury Rate (TRIR)
(per million hours)

15

Recordable injuries

1

Occupational illness incidents

Zero

Tier 1 Loss of Primary Containment (LOPC)

2

Tier 2 Loss of Primary Containment (LOPC)

Key focus areas

- Embed process safety thinking into our day-to-day activities
- Reduce risks and ensure the safety of our personnel
- Maintain a trained and prepared emergency response capability



FIND OUT MORE ONLINE

harbourenergy.com/sustainability/people/health-and-safety



Occupational health and safety

Constantly striving to improve our performance

We continually work to reduce risks and ensure the safety of everyone who is impacted by our operations. We strive to improve occupational health and safety practices and performance across the entire organisation through implementing standards and policies, training, raising awareness, and sharing information.

Our approach

Our Health, Safety, Environment and Security (HSES) Policy is implemented through our Business Management System (BMS), which comprises a comprehensive set of standards and procedures that define our expectations and requirements for managing all our business activities. Our HSES Policy, endorsed by our CEO, supports and confirms our commitment to continually improve our performance.

Our Board of Directors oversees health and safety matters through the HSES Committee. This Committee has a wide scope of responsibilities and is supported by our CEO, the EVP HSES & Global Services, and our business unit and HSES leaders.

Harbour's Leadership Team reviews HSES performance on an ongoing basis and carries out periodic reviews in each business unit. These reviews cover a wide range of leading and lagging key performance indicators that we use to further support our continuous improvement efforts. Safety targets (one relating to occupational safety and another to process safety) are integrated

into remuneration schemes for our Executive Directors and all employees who participate in our incentive compensation programme.

Performance

In 2021, we recorded 11.8 million hours worked and zero work-related fatalities. There were eight lost time injuries resulting in a Lost Time Injury Rate (LTIR) of 0.68 across the Group (our staff and contractors). There were a total of 15 recordable injuries, which resulted in a Total Recordable Injury Rate (TRIR) of 1.27. Injuries were predominantly the result of poor situational awareness.

Also during the year, we identified eight high potential (HiPo) events, which resulted in a HiPo incident rate of 0.68 per million hours worked. These include incidents that had the potential for more significant consequences such as an unignited gas release. We had one work-related occupational illness incident. We recorded no regulatory or financial sanctions for non-compliance with health and safety laws or regulations. All such incidents are investigated with findings shared across the Group.

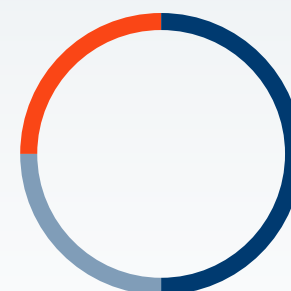
In addition, we launched several programmes to improve safety practices and promote greater safety awareness across our organisation. We held our first Global HSES Day, we adopted a common set of Life-Saving Rules across the organisation and we implemented a comprehensive HSES audit programme. We also continued to perform focused leadership engagements and field verifications across the Group as part of our assurance process.

Occupational health and safety¹ Group total

8

High Potential (HiPo) incidents

Breakdown by type of activity



■ Production 4
■ Drilling 2
■ Construction 2

Breakdown by business unit



■ North Sea 5
■ International 3

0.68

Lost Time Injury Rate
(per million hours worked)

11.8

Million hours worked

1.27

Total Recordable Injury Rate
(per million hours worked)

Zero

Work related fatalities

¹ Reported per Safety data reporting user guide – Scope and definitions, IOGP 2020.



Global HSES Day 2021

Harbour held its first global HSES Day in September 2021. As part of this, we presented key safety messages at a meeting hosted by our CEO. Leadership Team members virtually visited our offshore facilities (offshore visits were not possible due to COVID-19) and we held engagements within each business unit and individual departments. There was a strong focus on the importance of process safety across the organisation and the role everyone must play if we are to realise our aim to be recognised for process safety excellence.

To support this objective, we rolled out Group-wide Life-Saving Rules and Process Safety Fundamentals.



Occupational health and safety

continued

Looking ahead

We will continue to align and standardise our Business Management System (BMS) as we formalise best practice and knowledge sharing across our business.

We will also:

- Develop and implement a Health and Wellbeing Strategy
- Adopt a Learning Management System, and grow our learning groups, to advance safety learning and information sharing as we seek to standardise near-miss risk intelligence using data analytics
- Implement a risk-based three-year rolling audit programme, taking a 'beyond-compliance' approach as we seek to address repeated findings

CEO Safety Award

Open for individuals or teams, staff and contractors working for Harbour alike, this award programme aims to recognise outstanding health and safety behaviour across our global operations. Anyone in the Group can make nominations across a broad scope including, for example, extended injury-free performance on an asset, personal interventions to stop work or raise safety concerns, or the introduction of new ways of working or a change in facilities to reduce health and safety risks.

A total of 45 nominations were submitted. While all were worthy of recognition, the three finalists were:

- 1** Greater Britannia Area (GBA) Preventative Maintenance Team
OVERALL WINNER
GARY CENTRE, LEE LAWRIE, LUCY BIRKS, SHAWN HEENAN AND STUART BARNES
- 2** Indonesian Barge Campaign Team
RUNNER UP
FACILITIES ENGINEERING, MAINTENANCE RELIABILITY & INTEGRITY (FEMRI) AND OPS DEPARTMENTS
- 3** North Sea Decommissioning Team
RUNNER UP
SOUTHERN NORTH SEA SATELLITE FIELD SERVICE GROUP (FSG)

The GBA Maintenance Team were selected as the winner of the CEO Safety Award because they significantly exceeded the annual target for preventative maintenance and in so doing helped to ensure the safety of themselves and their colleagues.



COVID-19 management in Indonesia

In 2021 our Indonesia business unit experienced a COVID-19 outbreak on a contracted drilling rig. Our offshore production operations, however, remained COVID free due to our COVID-19 protocols that included:

- A strictly enforced five-day pre-mobilisation quarantine period at a secure hotel with polymerase chain reaction (PCR) testing upon entry and exit
- Secure transportation of workers from home to their installation
- Strict distancing and hygiene protocols

In addition, we were able to facilitate the successful vaccination of 100 per cent of our Indonesia offshore personnel working on our production facilities.





Process safety

Enabling process safety excellence

We strive to achieve process safety excellence and work continually to reduce the likelihood and potential severity of process safety events. This involves applying best practices in the design use and maintenance of our equipment, planning every stage of our operations with safety risks and the hierarchy of control in mind.

Our approach

We integrate and implement process safety requirements through our BMS. We base these requirements on industry best practice, including the Framework for Process Safety Management developed by the Energy Institute. Our process safety commitments and requirements are set out in our Corporate Major Accident Prevention Policy. We report and investigate all process safety events with lessons identified to prevent recurrence consistent with the International Association of Oil and Gas Producers (IOGP) Tier 1 and Tier 2 definitions.¹

Performance

In 2021, we reported zero Tier 1 and two Tier 2 Loss of Primary Containment process safety events.¹ One of the Tier 2 events was registered in the UK due to a tank overflow during bunkering. The other event was registered in our Indonesia operations as a result of a gas release from a flow line on a normally unmanned installation.

Zero

Tier 1 Loss of Primary Containment (LOPC) events

In 2021, we began standardising process safety procedures and practices, using best practices from across the Group. This work supports our aim of achieving process safety excellence across all of our operations.

Process safety was a primary area of focus at our Global HSES Day, where we announced the adoption of the IOGP Process Safety Fundamentals. We will use the fundamentals to increase our focus on the primary causes of process safety events and to help prevent future incidents, and will aim to embed them into our operations. We also developed an internal training programme called Major Hazards Awareness, which includes both site-based and virtual-reality modules.

2

Tier 2 Loss of Primary Containment (LOPC) events

Looking ahead

We will continue to focus on Process Safety and Major Accident Prevention. Key actions for 2022 include rolling out the Process Safety Fundamentals across the organisation and embedding them into our operating practices.

IOGP Process Safety Fundamentals



FIND OUT MORE ONLINE

iogp.org/oil-and-gas-safety/process-safety/fundamentals

Major hazard awareness using virtual reality

Virtual reality (VR) tools have been successfully adopted by Harbour to help reinforce Major Accident Hazard (MAH) awareness training onboard our UK offshore platforms.

In addition to recommending site-based MAH awareness training delivered at Spadeadam in Cumbria (UK), we have adopted use of VR technology to supplement this experience. The programme uses the latest VR gaming technology to create an immersible 3D environment.

The VR sets have been deployed on rotation across our North Sea operated assets and also our onshore locations. This approach allows us to continue to raise awareness of MAH potential across our organisation and we are looking into how to adopt the technology across our global operations.



FIND OUT MORE ONLINE

harbourenergy.com/sustainability/people/health-and-safety

¹ Reported as per the IOGP's Process Safety – Recommended Practice on Key Performance Indicators, report 456, 2018.



Emergency preparedness and crisis management

Maintaining rigorous emergency response systems

We operate a global and complex asset base that requires us to maintain emergency-preparedness processes, effective response equipment and experienced staff, available to respond as needed.

Our approach

Our Crisis Management Team (CMT), comprising members of our Leadership Team and subject-matter experts, is ready to manage incidents and emerging risks including those related to cyber security. This team retains the capability to respond to incidents across multiple locations using our Crisis Management Information System. We operate an industry standard three-tier incident management system that is aligned to our organisational design: Operational (local), Tactical (country) and Strategic (global).

We have detailed Oil Spill Emergency Plans in place for all our operated assets. Our associate membership of Oil Spill Response Limited provides access to their worldwide network of oil spill response equipment and expertise. They can mobilise equipment rapidly from their regional bases at any time.

Performance

Harbour operates a single CMT and structure, together with supporting procedures that cover all of our business areas and activities.

In 2021, the team was mobilised for several situations. In Indonesia, the Incident Management Team (IMT), Emergency Management Team (EMT) and CMT, in London, mobilised to successfully support an aviation incident on a contracted drilling asset. Additionally, COVID-19 outbreaks on some of our offshore platforms required activation of local incident and country level EMTs to support and maintain the safety of workers and operational continuity.

Looking ahead

We will continue to develop and embed our world-wide Crisis and Emergency Response capability, established on the principles of strict procedures, suitable facilities, appropriate equipment and competent personnel. As the largest independent operator on the UK Continental Shelf, we are making arrangements with the authorities to participate in a UK National Contingency Plan exercise in 2022.

Assuring safe continuous operations

The competence and preparedness of our Crisis Management Team (CMT) and facilities is critical to assuring both safe, continuous operations and the strategic viability of Harbour Energy.

In early 2021 we established our crisis management structure, ensuring our ability to address the full range of issues that could affect our North Sea and International businesses. The structure is supported by Crisis Management Procedures that implement effective strategies and plans to support our global operations and the functionality of our emergency teams once activated.

A campaign of 76 crisis management training events and exercises was implemented in 2021. Eight of these events tested full system connectivity by mobilising all three levels of our crisis management structure in the UK, Indonesia and Vietnam. All of these were valuable training opportunities for our teams.



FIND OUT MORE ONLINE

harbourenergy.com/sustainability/people/health-and-safety



03

Environment

Committed to addressing the environmental impact of our operations and playing a role in the transition to a lower carbon economy.

18 Introduction

19 Climate change and the energy transition

23 Energy and GHG emissions

25 Effluents, spills and waste

The UN Sustainable Development Goals (SDGs) we contribute to through our management practices and performance:

Primary SDGs



Secondary SDGs



Learn more about how we contribute to the UN SDGs:





Introduction

by Stuart Wheaton



Protecting the environment and biodiversity, and supporting the energy transition, is central to the sustainable success of Harbour. We take our environmental responsibilities very seriously and are supporting the Paris climate change goals through our Net Zero 2035 initiative. We plan to achieve Net Zero by reducing our emissions and implementing quality offsetting where necessary. We are the largest independent operator on the UK Continental Shelf and are leading efforts for UK offshore electrification on behalf of multiple operators.

Through 2021, we have worked to establish an emissions baseline and standardised measurement systems. We matured our scenario analysis and introduced economic guidelines to prioritise emissions reduction activities and test the resilience of our portfolio to climate change risks. We also added incentives to achieve these reductions through our annual bonus scheme as well as through an incentive embedded in our main debt facility.

STUART WHEATON
EVP INTERNATIONAL

To find out more about our path to Net Zero:

[READ MORE](#)

B

CDP score for Climate Change

1.2mtCO₂eq

Carbon offsets secured

23kgCO₂/boe

GHG intensity

28

Hydrocarbon spills

1.60mtCO₂eq

Scope 1 and 2 emissions

0.4mtCO₂eq

Offsets applied to 2021

17kgCO₂/boe

GHG intensity (net)¹

Key focus areas

- Investing in our operations to reduce emissions
- CCS: V Net Zero and the Acorn Project
- Implementing our offsetting strategy

v net zero
HUMBER CLUSTER

[READ MORE](#)



FIND OUT MORE ONLINE
vnetzerocluster.co.uk

acorn

[READ MORE](#)



FIND OUT MORE ONLINE
harbourenergy.com/sustainability/acorn-project

¹ Net includes impact of carbon offsets acquired and retired for 2021.



Climate change and the energy transition

Taking a proactive approach to the energy transition

Harbour is committed to helping solve the dual challenge the world energy markets face: increasing energy supply to meet growing demand and doing so with lower greenhouse gas emissions.

We are concerned about climate change, and we are committed to playing our role in the transition to a lower carbon economy whilst minimising the environmental impact of our operations around the world.

In support of this, during 2021 we established a goal of Net Zero for our share of Scope 1 and 2 greenhouse gas emissions from our operated and non-operated assets by 2035. To achieve this we will need to make reductions in our own emissions supplemented by the purchase of independently verified offsets to mitigate the impact of the remaining emissions. Our strategy also includes leveraging our existing skills and infrastructure to explore the potential for Carbon Capture and Storage (CCS).

Climate governance

Our Board establishes the Group's purpose, values and strategy, and is also responsible for our ESG performance. It approves our Sustainability Policy and endorses the management of significant sustainability-related risks and opportunities.

This process, as well as the overall policies, standards and procedures which constitute our internal controls, are governed by our Business Management System (BMS). Our BMS is integral to our way of conducting business wherever we operate.

Responsibility for climate change matters, including adaption, resilience and transition, ultimately rests with the Board of Directors. The Health, Safety, Environment and Security (HSES) Committee is established as a committee of the Board and is responsible for monitoring and reviewing the Group-wide HSES and Net Zero strategies. It evaluates the effectiveness of our policies and systems for achieving these strategies; monitors the quality and integrity of our HSES performance reporting; and assesses the suitability of our HSES management system to manage HSES risks inherent and emerging in the business. This Committee also provides advice and recommendations on target setting, Key Performance Indicators (KPIs) and opportunities to collaborate with industry peers.

Our CEO has executive responsibility for Harbour's Climate Change and Sustainability Policies and for assigning climate-related responsibilities to other members of our Leadership Team and senior management. In early 2022, we established a new Leadership Team position, EVP HSES & Global Services, with the responsibility for our Company-wide HSES management system and assurance, and for serving as the focal point for energy transition including advancement of our CCS projects.

The Board, supported and informed on climate-related issues by the Leadership Team and subject matter experts, ensures we integrate climate change developments, risks and opportunities into our strategy and decision-making.

In 2021, the Board endorsed our Net Zero Strategy, and we published our new Climate Change Policy.

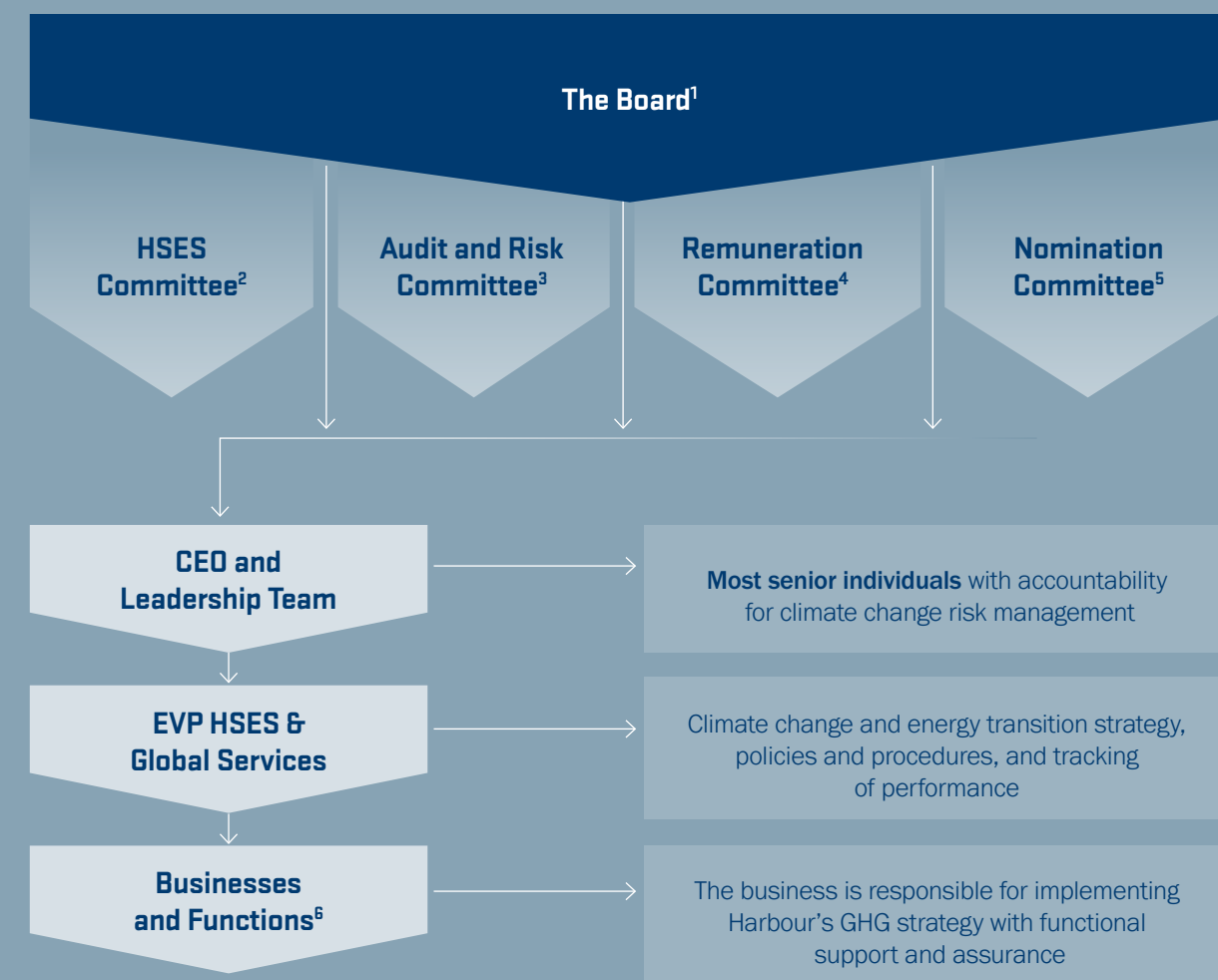
From 1 January 2022, disclosure against the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) is mandatory for UK premium listed companies. As an oil and gas company, we support the need for more consistent and comparable disclosure around climate-related risks and opportunities. We are compliant with TCFD and present the disclosures in a number of places throughout this report and within our Annual Report.

For ease of reference, we have included a TCFD Disclosure Index in the Appendix to this report.



VIEW MORE
For TCFD index, see our Appendix

Climate change management organigram



1. Oversight of climate change risk management.

2. Non-Executive Directors appointed by the Board to review and advise on sustainability policies and practices including climate change.

3. Non-Executive Directors appointed by the Board to oversee the effectiveness of the system of risk management and internal control.

4. Non-Executive Directors appointed by the Board to set remuneration policy in alignment with strategy.

5. Non-Executive Directors appointed by the Board to review and advise on organisation and succession.

6. Line management supported by functional teams.



Climate change and the energy transition

continued

GRAEME DAVIES
PROJECT DIRECTOR
V NET ZERO CCS PROJECT

V Net Zero

Led by Harbour Energy, the V Net Zero project could have a significant impact on carbon emissions in the Humber industrial area in the east of England and be a major contributor in reaching the UK's Net Zero targets.

In 2021, CCS clusters were engaged in a process with the UK's Department of Business, Energy and Industrial Strategy (BEIS) that will ultimately launch a Carbon Capture Utilisation and Storage (CCUS) industry in the UK – deploying CCUS projects at scale in two of the UK's industrial clusters by the mid-2020s, and a further two by 2030. This new industry is critical to meeting the UK's Net Zero and Sixth Carbon Budget targets and will provide valuable technology-led jobs to the UK economy. The V Net Zero Humber Cluster is one of the clusters engaged in the BEIS process.

In October 2021, the North Sea Transition Authority (NSTA) awarded Harbour a licence for the appraisal of CO₂ storage in our legacy depleted Rotliegend gas fields, Viking and Victor, located in the southern North Sea around 140 kilometres from the Lincolnshire coast. CO₂ captured from industrial emitters on the south Humber bank would be securely stored in these depleted, deep geological reservoirs c.9,000 feet below the seabed.

The development concept plans to transport CO₂ along a newly constructed pipeline from Immingham to Theddlethorpe. The project will reuse our existing 120-kilometre LOGGS pipeline to transport the CO₂ offshore to the Viking Fields.

Local industrial operators Humber Zero (Phillips 66's Humber Oil Refinery and VPI Immingham's gas-fired combined heat and power plant), EP UK Investment's gas-fired power plant and Prax's Lindsey Oil Refinery are working together with Harbour and plan to utilise our V Net Zero project to transport and store their captured CO₂ emissions. The V Net Zero Humber cluster could capture up to 11 million tonnes per annum (MTPA) of CO₂ by the end of 2029 and more than 12 MTPA of CO₂ by 2034, creating low-carbon jobs, upholding vital industries and supporting learning and innovation. The project, if sanctioned, would progress towards first capture and storage from 2027.

12 MTPA
Of CO₂ captured by 2034



FIND OUT MORE ONLINE
vnetzerocluster.co.uk

v net zero
HUMBER CLUSTER

vnz
CO₂ Transport & Storage

Our strategy

At Harbour, we are continually taking steps and making investments within our operations and wider business to reduce our emissions. We intend to realise our strategic ambition of reaching Net Zero by 2035 through several activities, most importantly by reducing our emissions and improving operational efficiency. Related to this, we are leading an industry study assessing the potential for electrification of UK offshore producing assets. We are also exploring the potential for investing in UK CCS. Where we cannot reduce our Scope 1 and 2 emissions, we will invest in carbon offsets to achieve our goal of Net Zero by 2035.

Our commitment

Our Net Zero goal includes our equity share of Scope 1 and 2 CO₂ equivalent emissions from both our operated and non-operated assets.



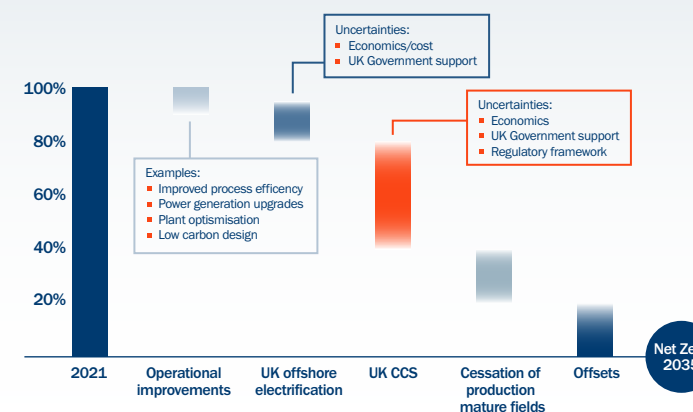
Harbour is responding to the energy transition by looking at where and how we do business and challenging our business models in a decarbonising world.

STEVE COX
EVP HSES AND GLOBAL SERVICES



Our path to Net Zero

Existing portfolio: Scope 1 and 2 emissions



2021 achievements

- ✓ Standardised baseline emissions
- ✓ Included carbon costs in all economic analysis
- ✓ Realised emissions reduction opportunities
- ✓ Emissions of 1.6mtCO₂eq, 6 per cent lower than target
- ✓ Offset more than 25 per cent of our emissions
- ✓ Emissions reduction incentives included in compensation and our main debt facility
- ✓ Signed the World Bank Zero Routine Flaring Initiative
- ✓ Increased climate transparency via TCFD, CDP and SASB



Climate change and the energy transition

continued

The Acorn Project

Harbour Energy is a partner in the Acorn Project, alongside Storegga, Shell and North Sea Midstream Partners (NSMP). Acorn is a programme designed to tackle climate change by capturing carbon dioxide (CO₂) emissions from industry and other 'hard to decarbonise' sectors. By making use of oil and gas pipelines already in place, offshore geology that is ideal for permanently storing CO₂, and a region that is embracing hydrogen as a fuel of the future, this project is an important catalyst for the next phase of the UK's journey to Net Zero.

During 2021, Acorn completed a front-end engineering design (FEED) study for the Acorn carbon-capture plant at St Fergus and its associated transportation and storage (T&S) system. It also completed an in-line inspection of the existing Goldeneye pipeline from St Fergus to confirm mechanical integrity for CO₂ duty. The T&S system will use the Goldeneye pipeline to transport CO₂ for sequestration in depleted reservoir areas, with possible future build-out to other existing pipelines in the area.

Acorn initiated a shipping study and tendered for an import facilities study, both as inputs to the development of an import scheme which will use existing port facilities at Peterhead in Northeast Scotland to import CO₂ by ship from geographically remote emitters. Acorn completed a 'select phase' study for its hydrogen plant and tendered hydrogen FEED studies. As 'the Scottish Cluster', Acorn was awarded 'reserve status' in the UK Department of Business, Energy and Industrial Strategy's (BEIS) Carbon Capture Utilisation and Storage (CCUS) Cluster Sequencing Process and is now participating in Phase 2 of this process.

Acorn will continue to progress a suite of decarbonisation projects planning to seek final investment decisions from 2023 onwards. We expect an Acorn Hydrogen FEED study will be initiated alongside progressing engineering for CCS and import/shipping projects. It will also progress plans to re-purpose existing onshore pipeline infrastructure to transport CO₂ from the central belt of Scotland, as the Acorn Project seeks to secure its place as a significant building block in the national road to Net Zero.



FIND OUT MORE ONLINE

harbourenergy.com/sustainability/acorn-project



Net Zero Strategic Pillar 1: Measure

We measure our emissions in line with the Greenhouse Gas Protocol of the World Business Council for Sustainable Development which provides:

- Accurate and consistent emissions measurement, reporting and forecasting
- Alignment with global standards
- Independent verification of progress towards our Net Zero commitment



Net Zero Strategic Pillar 2: Reduce

We have over 250 emissions reduction projects across our portfolio at various stages of maturity, targeting 1M+ tCO₂e out to 2035. These include:

- Operational optimisation and improvements
- Minimise venting and flaring
- Low carbon design of new developments



Net Zero Strategic Pillar 3: Offset

- Offset an increasing portion of residual, hard-to-abate emissions year-on-year
- Purchase independently certified offsets
- Policy reviewed annually



Net Zero Strategic Pillar 4: Incentivise

- Emissions reduction incentives embedded in compensation programmes
- Financing cost incentives linked to performance
- Embed Net Zero impact in investment decisions



Net Zero Strategic Pillar 5: Invest

- Screen M&A opportunities for emissions intensity
- Participate in two potential UK CCS projects (V Net Zero and Acorn)
- Assess the opportunity for partial electrification in the UK Central North Sea

IONA WETHERILL
MANAGER
NET ZERO STRATEGY



0.4 million tonnes of carbon offsets applied against 2021 emissions

- Invested in forestry conservation and landfill gas capture projects in South America that met our offsetting parameters for certification to international standards:
 - Verified Carbon Standard (VCS)
 - Clean Development Mechanism (CDM)
- Applied 0.4 million tonnes of offsets to 2021, offsetting more than 25 per cent of emissions
- Secured a further 0.8 Mt of offsets which we plan to use in future years



Climate change and the energy transition

continued

Risk management

We face a broad range of climate-related risks. These include transitional risks such as shifts in demand for fossil fuels, reputational, legal and technological risks, as well as physical risks such as extreme weather events or long-term sea-level rises.

Climate-related risks are managed within Harbour’s risk management framework. The framework establishes requirements for the consistent identification, assessment, mitigation, monitoring and communication of risks across the Group.

The Board reviews our climate-related risks and opportunities. This review considers the effectiveness of the processes in place to identify, assess and reduce the level of any significant climate-related risks that may affect achieving the Group’s business objectives. Risks are assessed in a standardised manner and reviewed by the CEO and the Leadership Team.

We record substantive risks including short-term, medium-term and long-term climate-related risks and mitigations. All risks that are identified, including but not limited to climate change-related risks, undergo the same thorough evaluation, involving both the Board and our senior management.

Metrics and targets

The Board is responsible for setting and monitoring the Group’s greenhouse gas (GHG) emissions-reduction targets. We establish targets annually that support the ambitions of the Paris Agreement.

We evaluate climate change risks within our Corporate Investment Guidelines, and costs of carbon are included in our financial modelling. We assess all new opportunities for acquisition and project development on their emissions footprint and their ability to align with Harbour’s Net Zero goal.

Emission reduction incentives are part of staff remuneration and annual bonus schemes. Additionally, our cost of borrowing is tied to our gross operated CO₂ emissions performance, with GHG metrics being linked to our core financial covenants, further incentivising emissions reduction.

Energy transition risks and mitigations

Risks

Harbour’s energy transition risks are divided into two categories – transitional and physical risks.

The pace of the energy transition will impact both supply and demand of oil and gas and this may increase the volatility of future oil and gas prices. The demand for oil and gas may reduce over time depending on the pace of commercial deployment of alternative energy technologies and shifts in consumer preference for lower greenhouse gas emissions products.

The oil and gas sector may be subject to new climate change regulations or supply chain challenges that increase costs and impact how we operate, for example higher emitting assets may need to be decommissioned sooner than currently expected.

Reduced investment in the oil and gas sector may reduce supply more quickly than demand, resulting in periods of higher commodity prices.

Changes in weather patterns and ocean currents and more frequent and extreme weather events may disrupt projects and operations.

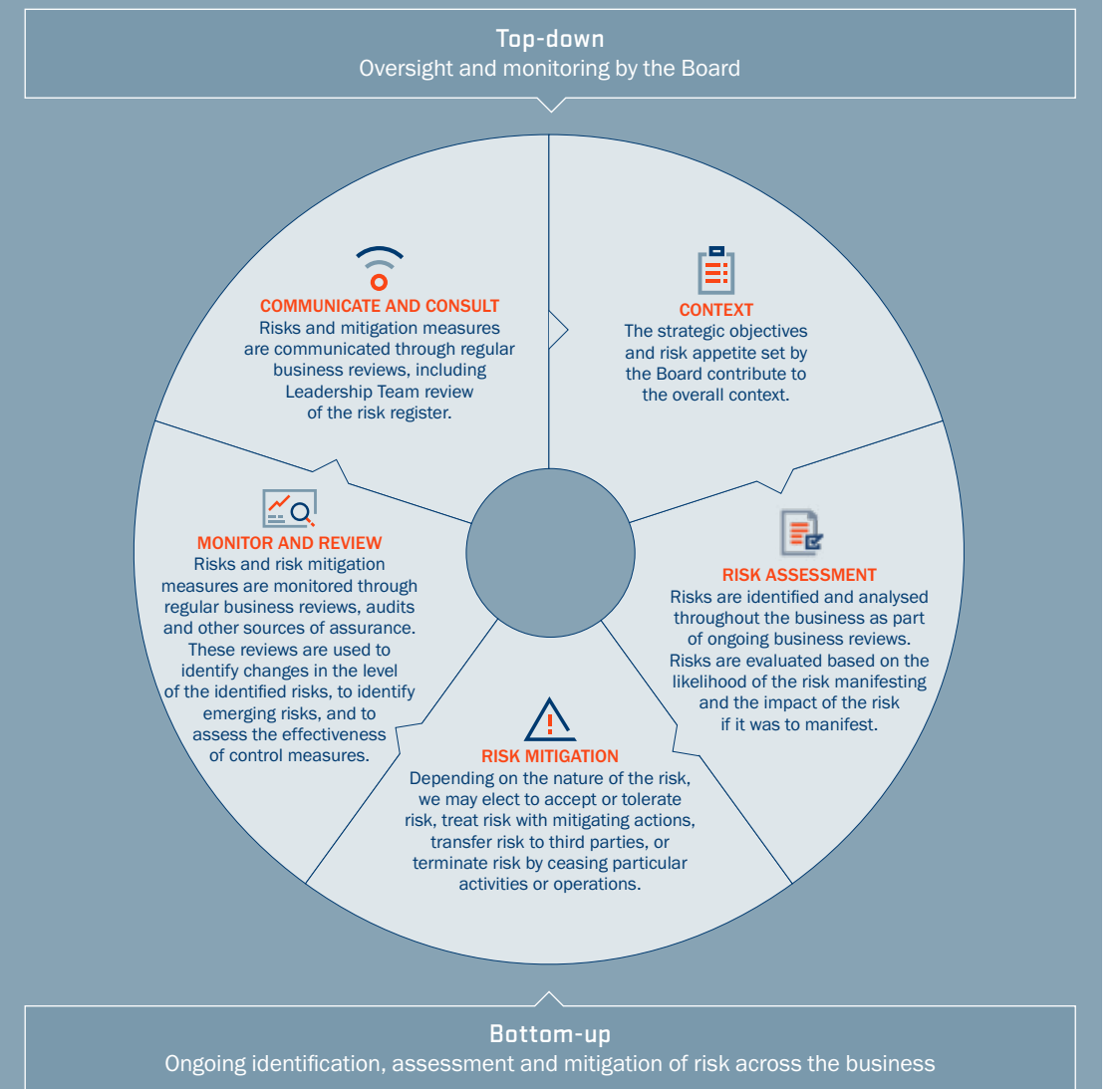
Mitigations

Harbour has a clear ESG strategy in place to achieve Net Zero for Scope 1 and 2 emissions by 2035.

Our emission reduction targets are agreed by our Board. They feature prominently in incentive compensation and are incorporated into our main Reserve Based Lending debt facility.

We have environmental considerations embedded within our decision-making to ensure we reach our Net Zero goal:

- Emissions reduction plans identified and included in business plans
- Cost of carbon incorporated into investment decision-making processes
- Investment in quality, independently verified, offsets to offset our hard to abate emissions
- General: processes established for meeting ESG reporting and other regulatory reporting requirements





Energy and GHG emissions

Measuring and monitoring our impact

Greenhouse gas emissions

Direct emissions

The primary sources of GHG emissions across our operations are associated with the combustion of fuels.

Total Scope 1 and 2 GHG emissions from our operated facilities and drilling operations amounted to 1.6 million tonnes CO₂eq. Our operations in the UK were responsible for 1 million tonnes of CO₂eq, with the remaining coming from our International operations.

In terms of GHG per activity, production accounted for 92 per cent of all emissions, with drilling and decommissioning accounting for the remaining 8 per cent. Only 3 per cent of our emissions were as a result of safety, routine and non-routine flaring¹ (accounted for within our production and drilling activities).

Using IPCC global warming potentials to calculate CO₂ equivalency, CO₂ made up 94 per cent of our total emissions in 2021. Methane (CH₄) made up 4 per cent with Nitrous Oxide (N₂O) making up the remaining 2 per cent of our total GHG emissions for the year³.

Sources of gross operated GHG emissions

1.6mtCO₂eq

Total Scope 1 and 2 GHG emissions

23kgCO₂eq/boe

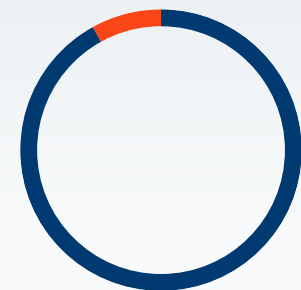
GHG intensity

3%

Of our emissions were from flaring¹

Group emissions by source

Scope 1 and 2



■ Production 92%
■ Drilling and decommissioning 8%

2021 Scope 1 GHG emissions were lower than our target as a result of improvements in plant efficiency and lower production, including as a result of the delayed start-up of the Tolmount project in the UK.

On an intensity basis, CO₂eq per boe was 23 in 2021.

Our equity share of GHG emissions from both our operated and non-operated assets was 1.39 million tonnes of CO₂eq in 2021.

Indirect emissions

Our indirect GHG emissions (Scope 2) account for only a small percentage of our total carbon footprint. In 2021, our indirect emissions (from consumption of purchased electricity, heat or steam) across our own operations was 3.9k tonnes CO₂eq, less than 0.3 per cent of our combined Scope 1 and 2 emissions output.

Our Scope 3 emissions related to employee travel and commuting amounted to 448 tonnes of CO₂eq in 2021.

Discharges to air

In 2021 total flaring amounted to 50k tonnes. This was made up of routine, non-routine flaring (comprising flaring during upset conditions), and safety flaring.¹

Flaring from our North Sea operations was 42.5k tonnes (85 per cent of the total), compared to our International operations, which totalled 7.2k tonnes (15 per cent of the total). Overall, our flaring intensity was 4.7 tonnes per thousand tonnes of production.

Venting reached 0.2k tonnes of gas globally in 2021, which on an intensity basis was 0.02 tonnes per thousand tonnes of production.

In 2021 Harbour publicly endorsed the World Bank's "Zero Routine Flaring by 2030" initiative.

¹ Routine flaring, non-routine flaring and safety flaring defined in accordance with the World Bank Zero Routine Flaring Initiative.

² Harbour does not emit the following GHG emissions: Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF₆), or Nitrogen trifluoride (NF₃).

³ Harbour calculates emissions in accordance with the methodology described in the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development. Global Warming Potentials are taken from the Intergovernmental Panel on Climate Change's (IPCC) Fifth Report, 2014.



Energy and GHG emissions

continued

Energy consumption

In 2021, our operated assets used 22.4 million GJ of energy, with 18.1 million GJ in the form of fuel gas, and 4.3 million GJ in the form of diesel.

The 22.4 million GJ in total energy consumed in 2021 is divided across our operations as follows: around 76 per cent from our North Sea operations and 24 per cent from our International operations. Our energy intensity was 2.1 GJ per tonne of production.

The share of renewables in our offshore energy consumption was zero during 2021.

Fuel use

We used 546k tonnes of fuel in 2021. 82 per cent of this comprised fuel gas produced from our offshore facilities. The remainder was made up by diesel use on the drill rigs, vessels, helicopters and fixed wing planes that support our operations.

2.1GJ/tonne

Energy intensity

Fuel use ktonnes	2021
Fuel gas	449
Diesel	97
Total	546

Emissions reduction

As part of our journey towards Net Zero, we continually strive to reduce our environmental footprint by improving our operations including through energy efficiency.

In 2021, we continued these efforts through our Environmental Hopper process. We use this tool to identify, capture and screen improvement opportunities based on feasibility, emissions and costs.

Throughout the year we implemented projects that are expected to result in annual emissions-reduction savings of 56k tonnes CO₂eq. These were primarily as a result of reducing fuel demand on the Judy and Britannia facilities by utilising single train export compression where production rates allow.

Looking ahead, our focus areas include:

- Successfully implementing our sanctioned emissions reduction projects
- Building asset-specific emissions-reduction plans, with a strong focus on flaring and venting
- Continuing baseline methane emissions surveys

Decarbonisation of oil and gas production

Harbour has been involved in a feasibility study to decarbonise oil and gas production in the Central North Sea (CNS) through electrification of offshore oil and gas facilities. One of the major sources of CO₂ emissions offshore is power generation, which could be significantly reduced if we replaced it with electricity from shore or from offshore renewable sources such as wind.

We are working on behalf of industry operators in the CNS to evaluate how we might implement such an electrification scheme and to identify the potential reduction in carbon emissions that might be achieved. This technical study is also evaluating how infrastructure installed for such schemes could be used to further facilitate the development of offshore wind generation, contribute to the UK's energy transition and support the UK supply chain.

The potential project is complex and commercially challenging. It would require significant regulatory and Government support to bring it to fruition. A project like this, if implemented, could reduce UK offshore carbon emissions by around 1 mt per annum from 2027.

Electrification of Judy, one of our large gas facilities, passed initial evaluation and we are pursuing this as part of the industry-wide electrification schemes. Some other operated facilities have not proven viable for such large-scale electrification schemes. For those, we are investigating local electrification schemes, where power is supplied to the platforms from wind turbines close to the facilities, as well as multiple smaller-scale projects and investments to optimise power use and reduce offshore greenhouse gas emissions.

Electrification of Harbour's Judy platform presents annual emissions reduction savings of up to 169ktCO₂eq.



VIEW MORE
In our 2021 Annual Report





Effluents, spills and waste

Continually assessing our processes to reduce waste

We work hard to avoid pollution and to continually assess the related risks associated with our production activities. These risks mainly relate to planned and unplanned discharges, and the production of waste.

Approach

All our operated assets extract oil and/or gas and formation water from offshore reservoirs. We separate the oil, gas and water using our on-site processing plant. We take a range of precautions to reduce the risk of spills, and continually evaluate spill risks across our operations.

We design, operate and maintain our facilities in a manner that protects the environment wherever we operate. We also focus on strengthening our oil spill response capability through our systematic, multi-tiered approach to emergency preparedness and crisis management. All our operations maintain comprehensive spill contingency plans. We also have ongoing contracts with spill-response specialists to provide emergency support in the unlikely event of a major incident.

On a day-to-day basis we focus on reducing waste and have robust management programmes in place for the residual wastes generated from our operations and activities.

Performance

Planned discharges

In 2021, we discharged 2.1 million tonnes of treated produced water from our own operations. During 2021, the average amount of oil in produced water was 17.8 parts per million by weight (ppm-wt).

Unplanned discharges (spills)

In 2021, we recorded 28 hydrocarbon spills, releasing a combined total of 0.8 tonnes to the environment. 27 of these spills were registered in our North Sea operations, while one spill was registered in our International operations. We also recorded 19 chemical spills, releasing a combined total of 27 tonnes to the environment, of which 80 per cent was attributable to a single event involving the unplanned release of 20.7 tonnes of water-based cooling medium.

17.8 ppm-wt

Oil in produced water

37.9 t

Oil in produced water

0.8 t

Unplanned hydrocarbons released to the sea

19 t

Chemical spills (releasing 27 tonnes to sea)

5.6 kt

Waste recycled

Waste generation

Our waste includes oil-derived substances, inorganic chemicals, steel, domestic and other materials including packaging. Some waste streams are non-hazardous, and others are potentially harmful, so we use a wide range of technologies to treat and manage them effectively.

In 2021, we collected a total of 26k tonnes of waste materials from our drilling and production operations and returned it to shore for treatment and disposal.

A total of 10.3k tonnes was hazardous waste, mainly in the form of sludges and liquids. A total of 15.4k tonnes was non-hazardous waste, mostly in the form of tank washings. 5.6k tonnes of waste returned to shore was recycled.

Zero
Environmental fines or sanctions

We have not received or had imposed any fines or non-monetary sanctions for non-compliance with environmental laws or regulations.

Non-material aspects



Air pollution

Air pollutants are an important determinant of local and regional air quality. Our materiality assessment has shown that this is not a material topic for Harbour, but we provide a wide range of air-emissions data in our ESG Data Sheets, which accompany this report.



Water

Our materiality assessment has shown that this is not a material topic for Harbour. We do not operate in regions with high baseline water stress. Nor do we operate in areas where there is a risk of aquifer contamination. We monitor water produced alongside our offshore operations and treat it to reduce the concentration of oil in water to permitted levels, before discharging it to the marine environment.



Biodiversity

We take consideration of biodiversity risks within our decision-making systems and controls when undertaking activities within protected or sensitive areas. Due to the locations where we operate and our impact mitigation measures, our materiality assessment has shown that this is not a material topic for us.



04

Social

Our culture is based upon our values,
building effective working relationships
and open engagement with our workforce.

27 Introduction

28 Community, value generation and distribution

30 Human resources

The UN Sustainable Development Goals (SDGs) we contribute to through our management practices and performance:

Primary SDGs



Secondary SDGs



Learn more about how we contribute to the UN SDGs:



VIEW MORE
In our Appendix



Introduction

by Gill Riggs



Building, shaping and developing our Harbour culture, our people and new organisational structure are key to our success. Following completion of the Merger, we are focusing on creating an equal, inclusive, diverse and collaborative environment. Engaging, developing, retaining and rewarding our employees is a priority for us, and our commitment to building a diverse and inclusive environment is foundational to our core values.

GILL RIGGS
CHIEF HR OFFICER

To find out more about our core values:

[READ MORE](#)

99%

Of our employees are nationals

97%

Of senior management are nationals

99%

Of our employees received performance reviews

44_k

Total employee hours spent on training and development

\$200_m

Annual dividend announced

\$1.1_m

Donated to charities, community groups and education

Key focus areas

- Employee engagement following the creation of Harbour Energy
- Continued community investments
- Diversity, equity and inclusion
- Employee training and development



FIND OUT MORE ONLINE

harbourenergy.com/sustainability/prosperity



Vietnam: Sports, Social & Charity Committee

Our team in Vietnam co-ordinate and oversee a range of diverse activities in the local community. Their aims are to:

- Provide engagement, support and activities related to our goals
- Promote physical and mental health for staff (sports activities/challenges, #workfromhome platform etc.)
- Work hard, play harder – organise events which help to strengthen team spirit

Some of the projects we supported in 2021 include:

- Heartbeat Vietnam, which has given 7,804 children to date a second chance at life
- Christine Noble Children's Foundation's educational and healthcare centre for disadvantaged and disabled children
- Chevening Vietnam's career mentoring programme for university students
- Gaia Nature Conservation, empowering and pioneering the implementation of solutions to conserve nature and protect the environment



Community, value generation and distribution

Proud of our role in generating shared value

Our ability to generate long-term sustainable value for our shareholders rests on our ability to identify and execute a successful strategy, which in turn should drive share price appreciation and shareholder distributions. It also rests in part on our ability to deliver tangible and lasting economic benefits to all our other stakeholders.

We believe a commitment to shareholder distributions is an important part of Harbour's equity story. In support of that, we announced the introduction of our Dividend Policy in 2021 of \$200 million per year to be paid in equal, semi-annual instalments to our shareholders. Our first \$100 million distribution will represent our final dividend for the year and will be made following approval at our Annual General Meeting in the spring.

Much of the value we create is distributed throughout our host countries and local communities, and directly supports long-term socio-economic development. This includes payments to:

- Suppliers and contractors, including locally based companies
- Our employees, including wages and benefits
- The capital markets, including shareholder dividends and interest on debt
- Host governments, including corporate income taxes, royalties and other payments
- Community projects



Community, value generation and distribution

continued

Community investments

We provide social-investment contributions and charitable support to organisations and other good causes in line with our strategy and core values, as set out in our Social Investment and Charitable Donations Standard.

We aim to provide donations to the local communities where we operate, in the fields of education, affordable energy, health and safety, and the environment. We encourage employee engagement in support of local communities including through volunteering activities. Wherever possible, our social-investment contributions are consistent with our charitable-giving aims.

\$3.67_{bn}

Economic value generated by Harbour Energy¹

\$2.09_{bn}

Economic value distributed by Harbour Energy

Performance

In 2021, we provided a total of \$1.1 million in charitable donations and social investments.

While COVID-19 restrictions limited our ability to actively engage in many community and volunteer events, we still managed to participate in some activities, albeit remotely.

\$1.3_{bn}

Operating costs

\$317_m

Staff costs

\$3.8_m

Royalties

\$280_m

Corporate income tax

\$1.1_m

Community investments

\$231_m

Finance costs

For information on supplier spending, please refer to the supply chain section.

 [READ MORE](#)

¹ Including jobs and employment.

Tanjung Pinang recreational facility

In Indonesia, we handed over a recreational facility to the community in Tanjung Pinang, Riau Islands Province. Built with the aim of channelling local talent, it has an open stage facility, a jogging track, a children's playground, games area, parking and other facilities.

Called the Tun Telani Oil and Gas Park and located in Dompak Island, it covers an area of 8,285 m². The park's facilities are a focal point where local families can meet and come together.

Empowering the community

In Indonesia, we are supporting youth education in the local communities nearest to our shore base. For our activities in Andaman II, our operations will mainly be located in the Krueng Gekeuh, Lhokseumawe region in Aceh. The nearest villages are Blang Naleung Maumeh and Tamboh Baroh.

We have set up a scholarship for 2021–22 to support students from these areas. The programme is benefiting 28 students enabling them to continue with their higher education.

STEM in the pipeline

This is a senior schools programme, run by the charity TechFest in Aberdeen. Harbour is one of the sponsors of the programme, supplying mentors to local schools who compete in teams on a variety of oil and gas challenges.

Environmental education

Harbour is a sponsor of The River Dee Trust's education programme. Based in Aberdeenshire in Scotland, the scheme focuses on connecting young people to the River Dee through fun and hands-on activities linked to the Curriculum for Excellence.

The launch of the programme was made difficult by the COVID-19 lockdown. However, their education officer still developed and held 85 virtual classes throughout the year. Once lockdown rules eased and schools opened further, they carried out 73 playground visits for outdoor learning and six river-bank visits.

Overall, the Trust has achieved 164 visits in 2021, working with over 2,200 children.

The River Dee Trust is a community-based charitable company set up in 1998 to improve our knowledge of the ecology and associated fish stocks of the River Dee, so it can achieve practical improvements and restoration of the river and the wildlife it supports. It also seeks to provide educational information to schools, organisations and individuals living in Northeast of Scotland. The River Dee is one of the most famous salmon rivers in the world.





Human resources

Promoting a diverse and inclusive working environment

Diversity, equity and inclusion (DE&I)

A diverse and inclusive working environment supports our ability to recruit, retain and promote staff based on competence and regardless of age, disability, gender, marital status, maternity, race, religion and belief, and sexual orientation.

Our approach

At Harbour, we work hard to create a culture where everyone can thrive and succeed. Our commitment to building a diverse, equitable and inclusive environment is foundational to our values and is underpinned by the following policies:

- Global Code of Conduct
- People Policy
- Diversity, Equity and Inclusion Policy

We strive to be a company where every employee is at the centre of our operations and is genuinely valued for who they are. Valuing everyone's contribution isn't just something we talk about. It's what we aim to put into practice every single day.

We are committed to being transparent and we are moving forward responsibly, building a more diverse and inclusive workplace for all.

DE&I sits at the very heart of our corporate culture. We apply our DE&I policies globally as we seek to address and promote workforce DE&I at all levels. The Nomination Committee of Harbour's Board has oversight responsibility for DE&I including related initiatives, leadership diversity and progress on hiring.

We are setting out a DE&I global strategic framework focused on tangible actions to promote diversity in gender and ethnic groups that are traditionally underrepresented in our industry.

In the oil and gas sector, women have historically been under-represented and in this context, we endeavour to ensure that our own management system, practices and policies do not unfairly impede female access to – and success within – our own workforce.

We conduct analysis across our business to ensure equal pay for the same or similar work. We review remuneration decisions in relation to bonuses, recognition and salary increments regularly, to ensure equality across gender groups.

Performance

The Hampton-Alexander Review in the UK set a target of 33 per cent representation of women on FTSE 350 Boards and in Executive Committees, to be achieved by the end of 2020. As a company formed in 2021, Harbour has assembled a new and diverse Board of Directors. In the context of the review, we have met the Board-level target, with four positions held by women (36 per cent), while we have two women on our Leadership Team (22 per cent).

For more information on the composition of our Board, as of 16 March 2022, please see pages 58–61 of our 2021 Annual Report.

Looking ahead

In early 2022, Harbour appointed a Global Head of DE&I who will expand our efforts from 2021 and create a comprehensive, long-term DE&I strategy including a near-term plan for the business.

This near-term plan will include a focus on recruiting, developing and retaining the talent needed to ensure our long-term productivity and profitability. The strategy will be presented to and approved by the Nomination Committee of the Board.

Spotlight on our gender pay

Snapshot date of 5 April 2021

The tables below show the difference between the mean (average) and median (mid-point) pay and bonus earnings of male and female employees, expressed as a percentage of male employees' earnings for the employees in our predecessor companies.¹

Chrysaor	Mean	Median
Gender pay gap	24.9%	33.0%
Gender bonus gap	19.0%	-0.3%

Premier	Mean	Median
Gender pay gap	32.1%	40.4%
Gender bonus gap	52.1%	48.9%

Gender balance (all employees)



¹ Gender Pay data above is based on Harbour Energy in the UK only, drawn on a snapshot date of 5 April 2021, therefore containing information relating to both legacy companies.

UK Gender Pay Report 2021

Harbour Energy is strongly committed to the principles of diversity, equity and inclusion.



FIND OUT MORE ONLINE
harbourenergy.com/careers/gender-pay-reporting



Human resources

continued

Employee engagement

Engagement with our workforce is key to our future success. It is also a valuable means of identifying employee concerns.

Our approach

We aim to develop a culture and feedback system where we engage in dialogue with staff, ensuring and valuing their involvement at all levels of the organisation. We encourage regular open communication between employees and managers through a variety of channels, including Town Halls, management Q&A sessions, employee-led dialogue sessions, surveys and performance reviews. In addition to local employee staff forums, we have established a Global Staff Forum which meets with the CEO and other Board members at least three times a year.

Performance

In 2021, our employee engagement efforts centred on the integration of the merged companies to create Harbour Energy. Throughout the merger process, we engaged with employees on organisational change. We built on the existing staff forum structures from our legacy companies to ensure employee input into the design of the organisation and the subsequent integration process. We had exceptional representation from our staff forums to ensure employees understood the process fully as we sought to successfully implement our new integrated organisation.

We identified synergies when bringing the two companies together. To rationalise the organisation, we embarked on a collective consultation process with the UK workforce and mitigated the number of redundancies as required. We completed the process in the fourth quarter.

Throughout the year we held frequent CEO-led Town Halls, management Q&A sessions and employee-led dialogue sessions with senior management. In early 2022, members of the Committee and other Non-Executive Directors held a virtual visit with key operations and other staff from Harbour’s Aberdeen office. We intend to continue with this direct engagement at least annually. We are also planning for a Board meeting later in 2022 to be held in Aberdeen. This will give all Directors the opportunity to engage more directly with a broader cross-section of our employees.

We conducted a pulse survey to assess the quality of and solicit feedback on our internal communication efforts, and plans are being made for our first Group-wide employee survey. We plan to conduct these surveys annually and will supplement them with targeted pulse surveys focused on specific topics to ensure continual employee involvement.

Throughout the COVID-19 pandemic, we continued to engage with our employees to ensure they were informed about the steps we were taking to keep them safe, connected and supported. We focused on employee wellbeing and mental health and set up online training via our Employee Assistance Programme (EAP) that covered Working from Home (tips, hints and guidance) and Managing Virtual Teams for managers.

Through our wellbeing efforts we promoted Mental Health Awareness Week, which focused on a variety of topics from ‘Connecting with Nature’ to ‘Global Wellness Day’, and ‘Exploring your Town/City’. We ran online Yoga sessions and promoted the use of Calm App for personal wellbeing. We developed Mental Health-specific training, which included a Mental Health First Aider Qualification, Mental Health Awareness for Managers and Supporting Mental Health (an introductory session available to all personnel).

In preparation for our return to the office, we created a Return to Office (RTO) Committee with representation from HSES, Human Resources , Operations and IT, to ensure consistent and pragmatic decisions on safety protocols and working practices. Decisions and communications from this Committee ensured all employees received timely and informative updates.

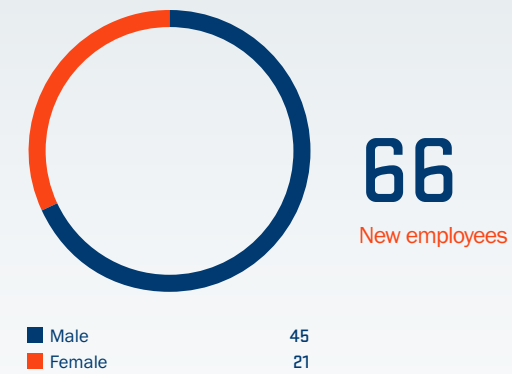
One example was the implementation of hybrid working on a trial basis in the UK, which was suggested by the employee-led Staff Forum. This trial will complete in Q1 2022 and the impact of the initiative will be reviewed in Q2.

Highlights

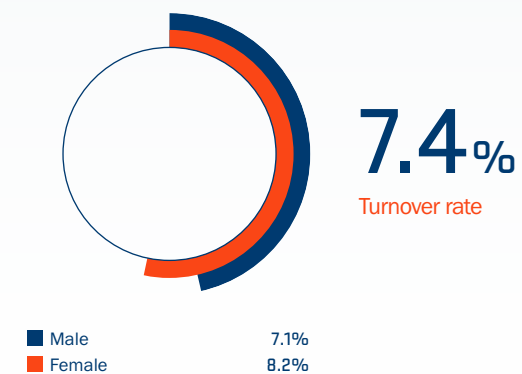
- Following the creation of Harbour Energy, we have recruited 66 new employees, of whom 68 per cent (45) were male and 32 percent (21) were female
- Of our new colleagues, 14 were below the age of 30, 43 were age 30–50 and 9 were over 50 years of age

KPIs

Total new employee hires¹ By gender



Total employee turnover² By gender



1 Total new employee hire rate is from 30 March 2021 (creation date for Harbour Energy). Legacy employees are not categorised as new hires.
2 Employee turnover defined as employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service (GRI 401-1).

Looking ahead

Continuing to develop our culture at Harbour is a key priority for us. This includes promotion of our core values, improving clarity around roles and responsibilities following the implementation of the new organisation, and developing key behaviours with a focus on accountability in an environment where employees feel heard.

An important component of this will be the development and launch of our new global approach to performance and engagement using a cloud-based system called Culture Amp.

We listened to the feedback on the legacy company approaches to performance and engagement and have made changes to create a single, global approach that reflects the feedback and the company we have become.

The new approach is based on building high-performing teams through ongoing conversations and a trusted review process that supports both managers and employees. It explores the relationship of key behaviours that we should all exhibit and promotes regular conversations and engagement.

The system will allow us to explore the use of pulse surveys with easy-to-understand data analytics that will help us identify issues and implement processes to facilitate change.



Human resources

continued

Employment practices

Our success relies on our ability to attract and retain high-calibre employees, while allowing for differentiation within multiple locations.

Our approach

Our remuneration strategy allows us to pay competitively for performance, rewarding corporate and individual achievement. Our policies ensure that pay and benefits for all employees are appropriate for the markets in which we operate. In addition, we provide a wide range of development opportunities for all employees, from new hires to experienced leaders, including on-the-job learning, virtual classrooms, face-to-face learning, e-learning, mentoring and 360-degree feedback.

We work with trade unions across multiple locations globally. Commitment to freedom of association is critical to ensuring our employees are represented by their choice of union, within the appropriate national laws.

Local employment is one of our positive impacts on host societies. We prioritise the employment of suitably qualified local staff whenever possible. We also aim to ensure that the locals we employ can access opportunities across our organisation, helping support their professional development as well as the success of our business.

We invest in skills, knowledge and experience in the areas where we operate. We offer a graduate recruitment scheme and work closely with Career Ready, the UK national social mobility charity offering a gateway between education and the workplace for young people.

Performance

If we wish to attract and retain the key skills required for the growth of Harbour, we must continue to be competitive in the recruitment market. In 2021, we designed a new and competitive pay and benefits framework which reflects our strategy, purpose and values. Our pay and benefit package rewards our employees for their valuable contribution to business performance, helping to position us as an employer of choice within the oil and gas industry.

Our competitively positioned base salary is supplemented by incentive compensation programmes and benefits that position us as upper quartile for our total reward package. This benefits package focuses on the health, wealth and lifestyle aspects of employee wellbeing and that of their families. Our framework supports both professional and personal development together with an ongoing commitment to improving work/life balance.

Our employee salaries are significantly higher than the applicable local minimum wage levels. This is due to the nature of the work, which is generally office-based administrative or highly-skilled technical positions.

27%

Employees are covered by a collective bargaining agreement

99%

Employees received performance reviews (based on individual performance contracts)



Looking ahead

We are working to build a diverse and inclusive working environment where everyone is accepted and there are equal opportunities and fair pay for all employees. Our commitment includes:

- Developing our people
- Ensuring fairness and quality
- Building an inclusive culture
- Working with cross-industry gender balance groups driving change

We are exploring augmented writing to remove gender bias from our job descriptions and making further improvements to identify and attract female talent to our organisation.

We are actively promoting female recruitment including partnering with recruiters to broaden their talent search so we can reach more applicants.

We will continue to benchmark our incentive compensation programmes and benefits to ensure we remain upper quartile for our total reward package.

We will continue to provide working parents with opportunities to maintain their careers through family-friendly incentives and actively supporting flexible working arrangements.



05 Governance

Our Board is collectively responsible for the governance of Harbour Energy on behalf of shareholders.

- 34 Introduction
- 35 Tax
- 36 Business ethics
- 37 Human rights
- 38 Security
- 39 Closure and rehabilitation
- 40 Responsible supply chain management
- 41 Public policy and government relations

The UN Sustainable Development Goals (SDGs) we contribute to through our management practices and performance:

Primary SDGs



Secondary SDGs



Learn more about how we contribute to the UN SDGs:





Introduction

by Howard Landes



We have a comprehensive risk governance framework that extends from the Board of Directors, through executive and senior management to the working levels within each of our business units and functional departments. We recognise that adopting a proactive stance on all aspects of ESG performance forms part of our licence to operate.

HOWARD LANDES
GENERAL COUNSEL

To find out more about our approach to tax:

[READ MORE](#)

11

Directors appointed
to the Board

9

Company-wide policies adopted
following completion of the Merger

Zero

Human rights violations

Key focus areas

- Established the new Board and its four Committees
- Created Group-wide ESG and other policies and communicated these throughout the business
- Zero tolerance to unethical behaviours



FIND OUT MORE ONLINE

harbourenergy.com/about-us/governance



Tax

Continuously monitoring our Group-wide controls

Our approach

We are committed to making prompt disclosure and transparency for all tax matters. This includes the disclosures and submissions we make to comply with the requirements of the European Union Accounting Directive (EUAD), the Extractives Industries Transparency Initiative (EITI), and the Country-by-Country Reporting (CBCR) developed by the Organisation for Economic Co-operation and Development (OECD).

We also participate in the UK Oil Industry Taxation Committee (UKOITC), the Association of British Independent Exploration Companies (BRINDEX) and Energy UK's Fiscal Forum, which regularly discuss with tax authorities the technical aspects of taxation relating to the oil and gas industry.

Performance

In 2021, the Board of Directors approved the publication of Harbour's Tax Policy, which applies to all taxes we are subject to, and covers, among other things: framework, planning, risk management, governance, relationship with authorities and external communications. Throughout the year, we continued to review and monitor our Group-wide controls to prevent the facilitation of tax evasion in our wider supply chain.

For more information on our tax governance, risk management processes and contribution through taxes and mining royalties see:

- The GRI Appendix to this report
- 2021 Annual Report
- Harbour's Tax Policy



VIEW MORE

About our tax policy in our 2021 Annual Report





Business ethics

Maintaining the trust of our stakeholders

Harbour is committed to conducting its activities to the highest ethical standards and in compliance with all applicable laws and regulations. This is consistent with our core values, is critical in maintaining the trust of our stakeholders and underpins both our current and future success.

We strongly encourage everyone to report suspected wrongdoing as soon as possible. We have a confidential Speak-Up telephone hotline administered by an external service provider in addition to an internal whistleblowing officer. This provides confidence in the knowledge that we will take concerns seriously and investigate them as appropriate, with confidentiality respected.



Our approach

Our Global Code of Conduct and our core values are at the heart of everything we do. Our four values of integrity, innovation, responsibility and collaboration define what is important to us and what we will not compromise on. These values reinforce a positive, supportive and ethical company culture and conduct.

Our Board and Leadership Team are responsible for monitoring and managing ethics and compliance activities across the Harbour Energy Group. They work together to raise awareness of ethics and compliance across the business and to involve all employees in ensuring we do the right thing and respect the customs, diversity and regulations of the locations where we do business.

By consistently applying our policies, standards and procedures, and through regular mandatory ethics and compliance training, we ensure we maintain the highest ethical standards. Our training focuses on a range of ethical issues directly relevant to all aspects of our business, regardless of where we work and what we do, and reiterates our determination to develop a culture of openness and accountability.

Performance

In 2021, we took steps to further develop our ethics and compliance programmes through:

- Risk-assessment workshops with corporate functions and business units to update our risk register which includes a focus on anti-fraud, anti-bribery and corruption, anti-money laundering, anti-tax evasion and sanctions compliance
- The launch of a review and, where relevant, an update of policies, standards and procedures, including the Global Code of Conduct and our core values
- The review and simplification of the Speak-Up and investigations process, to ensure all our staff can continue to raise concerns openly and without fear of retaliation
- Engagement with key contractors on modern slavery and worker-welfare risks and concerns in the supply chain

In 2021, we provided ethics and compliance training for employees and contractor personnel. We identified one substantiated allegation of wrongdoing as set out in the Code of Conduct and Whistleblowing Procedure. We did not terminate or fail to renew any external business relationships due to breaches of the Code. In addition, we were not subject to any significant fines or non-monetary sanctions for legal or regulatory breaches. Finally, we were not subject to any legal actions relating to business ethics, corruption or anti-competitive behaviour.



Human rights

Protecting worker welfare across our supply chain

Our approach

Harbour has the potential to affect human rights and worker welfare directly through our operations, and indirectly through our relationships with joint ventures and contractors.

Our Global Code of Conduct, core values and related policies including our People Policy, and Slavery and Human Trafficking Statement, reflect our commitment to protect worker welfare and prevent modern slavery from taking place in either our business or our supply chains.

All our operated assets are located offshore. The profile of our human-rights risks and impact is therefore very different from that of onshore operators. Overall, we consider there to be a low risk of modern slavery taking place in our business and supply chains. This is mainly due to the sector we operate in, and because most of our suppliers are staffed with both skilled workers and technical specialists, with advanced compliance systems.

We expect our contractors and their employees to act consistently with our policies, and to take all appropriate measures to identify and prevent modern slavery from taking place in their businesses and supply chains.

We have controls and systems in place to assist us in identifying and preventing the risk related to modern slavery and protecting worker welfare across our supply chain. These include:

- Due diligence and engagement prior to onboarding, including screening third parties for any historic breaches or adverse media
- Monitoring and periodically refreshing due diligence
- Staff training and workshops with contractors to reinforce awareness and understanding of the risks
- Risk based verification and assurance programmes

We constantly review the effectiveness of the steps we take to identify and prevent, as far as possible, the risk of modern slavery from taking place in our business and supply chains and to protect worker welfare.

Zero

Human rights violations in 2021

Performance

In 2021, we ran risk-assessment workshops within our International businesses to raise awareness of potential modern slavery and worker welfare risks that could face our business and the supply chain. We also began a new programme of engagement directly with key contractors to encourage improved engagement with sub-contractors, and identify whether any of our business activities or relationships posed such risks in our supply chain.

In 2021, there were no:

- Reported violations of our Human Rights Statement, nor any reported incidents of human rights abuses
- Alleged incidents of discrimination reported across our operations
- Reported security-related incidents with human rights implications
- Operations that presented risks to workers' rights to exercise freedom of association and collective bargaining, and no operations identified as being at material risk of such involvement or association
- Significant negative human rights or labour rights impacts identified in our supply chain





Security

Continually assessing our information-security capabilities

Cyber-security

Cyber-attacks are a material risk for Harbour, presenting a significant threat to our Group and operational technology environments. Threats have increased in complexity, frequency and intensity in recent years, and we take this very seriously. The COVID-19 pandemic and geopolitical tensions have altered the risk and threat landscape globally, with remote working introducing additional cyber-security risks, and with hostile actors increasingly targeting the supply chain.

Our approach

We continually assess and develop our information-security capabilities to respond faster and work more efficiently, to protect our business.

Our business processes depend on safe, secure and reliable IT operations. In this context, we continually monitor and improve our information and cyber-risk-management practices. In addition, our cyber-security services enable us to identify and address emerging threats quickly.

To protect Harbour from new and disruptive technologies, we correlate threat data from multiple sources to equip the Security Team with the intelligence needed to detect and manage cyber threats. Following the Merger in 2021, we took several steps to improve our cyber-defence capabilities. This included integrating cyber-security systems, the significant expansion of the cyber-security function, and enhancing our round-the-clock security operations centre. We also increased the number of cyber audits and penetration tests, alongside continuous scanning and event-monitoring services. In addition, cyber-security and data-privacy training is mandatory across the Group and includes monthly phishing-awareness campaigns.

Procedures to assist us to recover from a cyber event are embedded in our business continuity plans.

Performance

We registered no significant cyber-attacks or data breaches in 2021.

Zero

Significant cyber-security incidents in 2021

Physical security

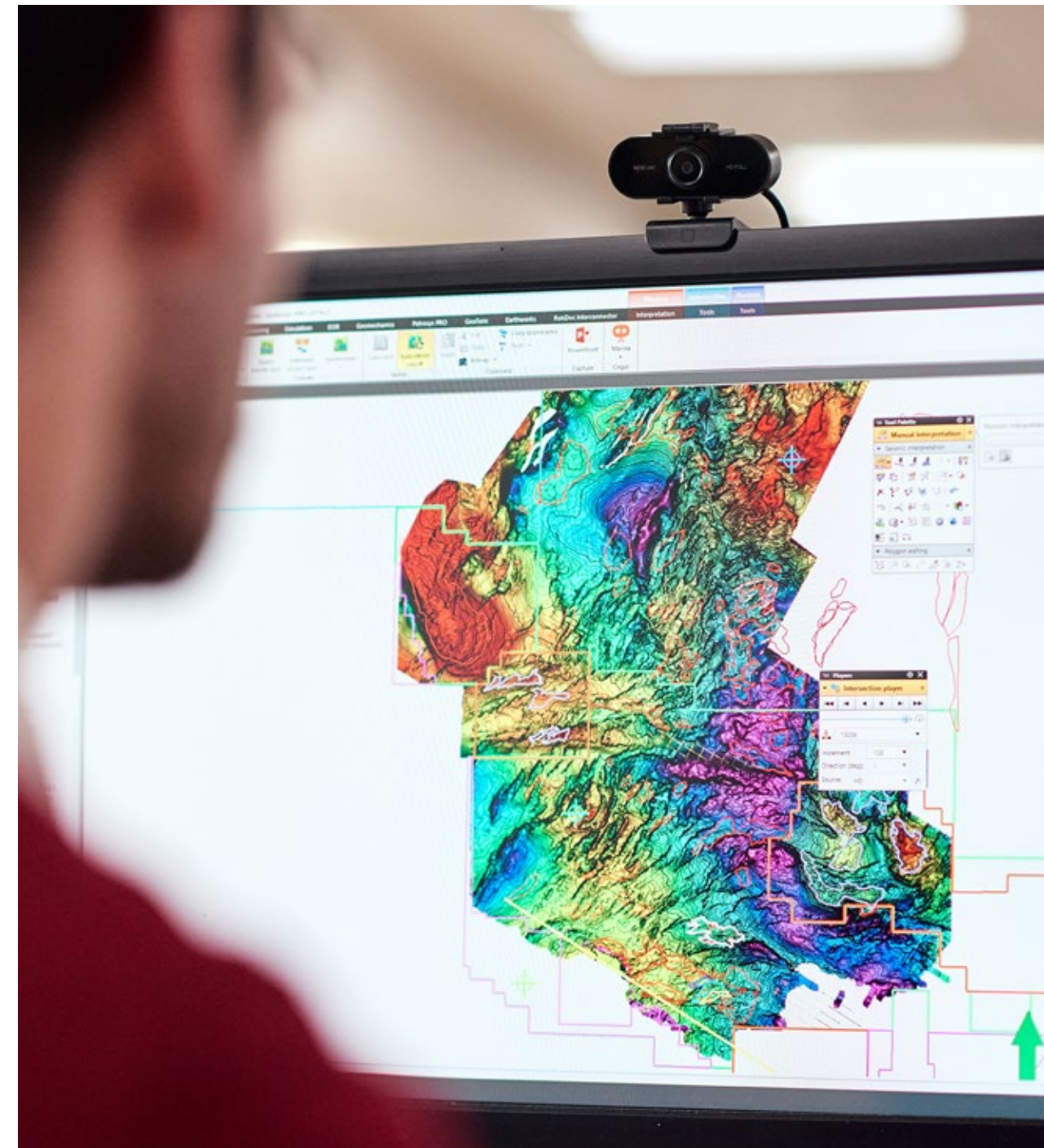
Security risks and threats at facility or asset level across the oil and gas industry can arise because of terrorism, armed conflict, insider actions, protester activity, sabotage, theft or other criminal activity. Protecting Harbour personnel and assets from such activity is crucial to safe operations.

Our approach

Our overall risk profile for a direct security event remains low, as we do not generally operate in locations of conflict. However, the dynamic nature of physical-security threats necessitates proactive risk management and ongoing vigilance. In this context, we carry out security assessments covering both our workforce and assets. These focus on the latent risks posed by location, as well as incident trends.

Performance

We did not record any significant security incidents in 2021. While we did record several non-significant security incidents, none of these affected our people, assets or operations, and nor did they require support from our Crisis Management Team and Emergency Response Team. However, they serve to remind us of the importance of our preventative systems and preparedness.





Closure and rehabilitation

Decommissioning our assets in the right way

Approach

We decommission our operated assets in a sequential, cost-effective and efficient manner. In doing so, we focus on protecting the environment, ensuring the safety of the workforce, and minimising the impact on communities during and after closure. This applies to all phases, from pre-planning through execution and post-removal monitoring, incorporating full engagement plans with all stakeholders concerned.

Our experienced in-house personnel manage these activities, and are guided by our HSES Policy and Standards.

Our UK decommissioning activities are aligned with the North Sea Transition Authority's Decommissioning Strategy and Stewardship Expectations, and comply with the decommissioning guidance notes prepared by the UK Department for Business, Energy & Industrial Strategy (BEIS).

We undertake decommissioning activities outside the UK in full compliance with national statutory requirements, or, in circumstances where these are not in place, we apply the same comprehensive requirements as we do in the UK.

Performance

In 2021, we removed some of the platforms from Lincolnshire Offshore Gas Gathering System (LOGGS) complex in the UK southern North Sea and transported them onshore for recycling.

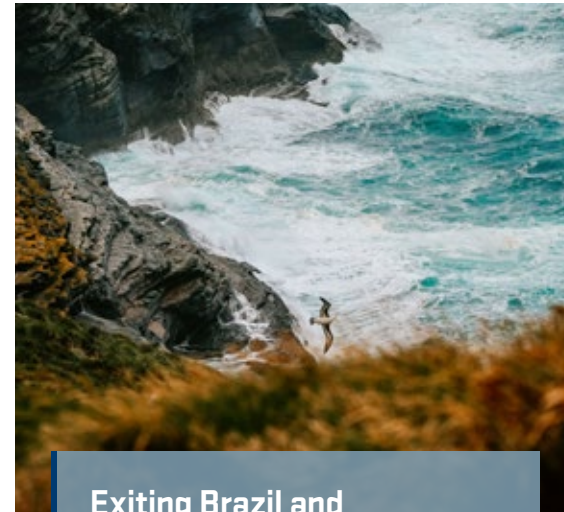
In the UK Central North Sea, we flushed, cleaned and removed the Balmoral Floating Production Vessel from the field for dismantlement.

Outside the UK, we financially supported decommissioning activities in three fields in Mauritania, where the operator completed deep-water subsea well plug and abandonment works in full.



VIEW MORE

About our decommissioning activities in our 2021 Annual Report



Exiting Brazil and the Falkland Islands

In 2021 Harbour Energy took the decision not to proceed with the Sea Lion project in the Falkland Islands and to exit our licences in the country as well as our exploration licences in the Ceara Basin in Brazil.

Harbour will divest all of our interests in the Falkland Islands and exit in a responsible manner. Harbour, Rockhopper and Navitas signed a Memorandum of Understanding (MOU) in December 2021. We now seek to implement the arrangements included in the MOU, subject to fully termed agreements and the approval of the Falkland Islands Government.

Repurposing assets

We continue to explore solutions that would enable the repurposing of our idle assets, for example through projects such as the V Net Zero Humber Cluster in the UK (see page 20).

We are also examining the use of already depleted onshore oil and gas fields in Indonesia as potential safe-storage sites for carbon that may be emitted by planned new gas-development projects. The goal is to make those new development projects low emission by design from production start-up, with emissions being captured and stored underground.



FIND OUT MORE ONLINE
vnetzerocluster.co.uk



Responsible supply chain management

Nurturing contractor relationships to ensure ongoing business resilience

Our approach

At Harbour Energy, we outsource a significant proportion of our work to contractors and suppliers. Effective management of these outsourced activities, particularly in the climate of COVID-19, is critical for business continuity and operational excellence. In that context, a key component of responsible supply-chain management is to develop contractor partnerships that are mutually beneficial. We work closely with our contractors to ensure the health and safety of all our employees, as well as ongoing business resilience for Harbour and our contractors.

We manage our contractors under seven Key Performance Indicators – HSES, cost, schedule, quality, greenhouse gas emissions management, value-add and relationship management. Furthermore, we subject all new contractors to an initial risk-based HSES assessment either by pre-qualification, bidding or review, and then again during contract commencement. Our Supply Chain Contractor Due Diligence Process also assesses all material new contracts for human rights, labour rights, corruption, financial and business ethics risks. Harbour has onboarding requirements in place across all business units.

The two most significant business continuity issues to face Harbour during 2021 related to the ongoing management of personnel due the COVID-19 pandemic, and the availability of globally sourced commodities and equipment to support our key operating regions. As a result, we monitored high-impact contracts more closely, including those of higher relevant risk in this regard, or specialist providers of goods and services, for events and/or constraints that could affect operations, including for logistical hold-ups, unplanned operational downtime and availability of materials, as well as for the overall financial health of the contractor.

In 2021, we consolidated our global supply chain management policies, standards and procedures for all our business units. We will now support this consolidation of resources with internal audits and internal assurance reviews, to ensure successful implementation.

For more information on how we identify and prevent the risk related to modern slavery and protecting worker welfare across our supply chain, refer to the human rights section.

Performance

In 2021, we identified no significant negative environmental, human rights or labour rights impacts in our supply chain.

During 2021, 69 per cent of all our new supplier contracts signed during the year were with locally owned entities and operated entities. 25 per cent of new contracts were signed with local entities owned by foreign parent companies, whilst the remaining 6 per cent were with foreign companies.



Public policy and government relations

Working closely with our partners

Our host governments are crucial partners in our work to safely provide reliable, secure energy, and to support the energy transition.

Approach

As a leading oil and gas company, we participate in working groups, task forces and consultations on public policy and legislation in countries in which we operate. We do so directly and through the membership of trade, industry and other professional associations. We carry out all such engagement in accordance with our applicable policies.

Our policies do not permit the use of our funds or resources as contributions to any political campaign, political party, political candidate or any such affiliated organisations.

Performance

During 2021, several key public policy development issues became the focus of our attention and engagement in the UK. These included, but were not limited to, the energy transition, the UK Government's process to support Carbon Capture Utilisation and Storage (CCUS), electrification, and the North Sea Transition Deal (NSTD).

We are working with the UK Government, public bodies and industry partners to support the UK's Net Zero ambitions through our participation in projects aimed to capture and store carbon and hydrogen production. The UK Government has launched several rounds of competition for deployment of CCUS in which we have participated.

In parallel, they continue to develop the business models and regulatory frameworks needed for the deployment of this new industry. We will continue to consult with the UK Government on the development and foreseen implementation of these business models.

We actively participate in host government working groups and joint industry projects such as the Net Zero Technology Centre (NZTC) Methane Monitoring Programme, and regarding the focal areas covered under the North Sea Transition Deal (NSTD) including Oil and Gas UK's Methane Action Group and Atmospheric Working Group.

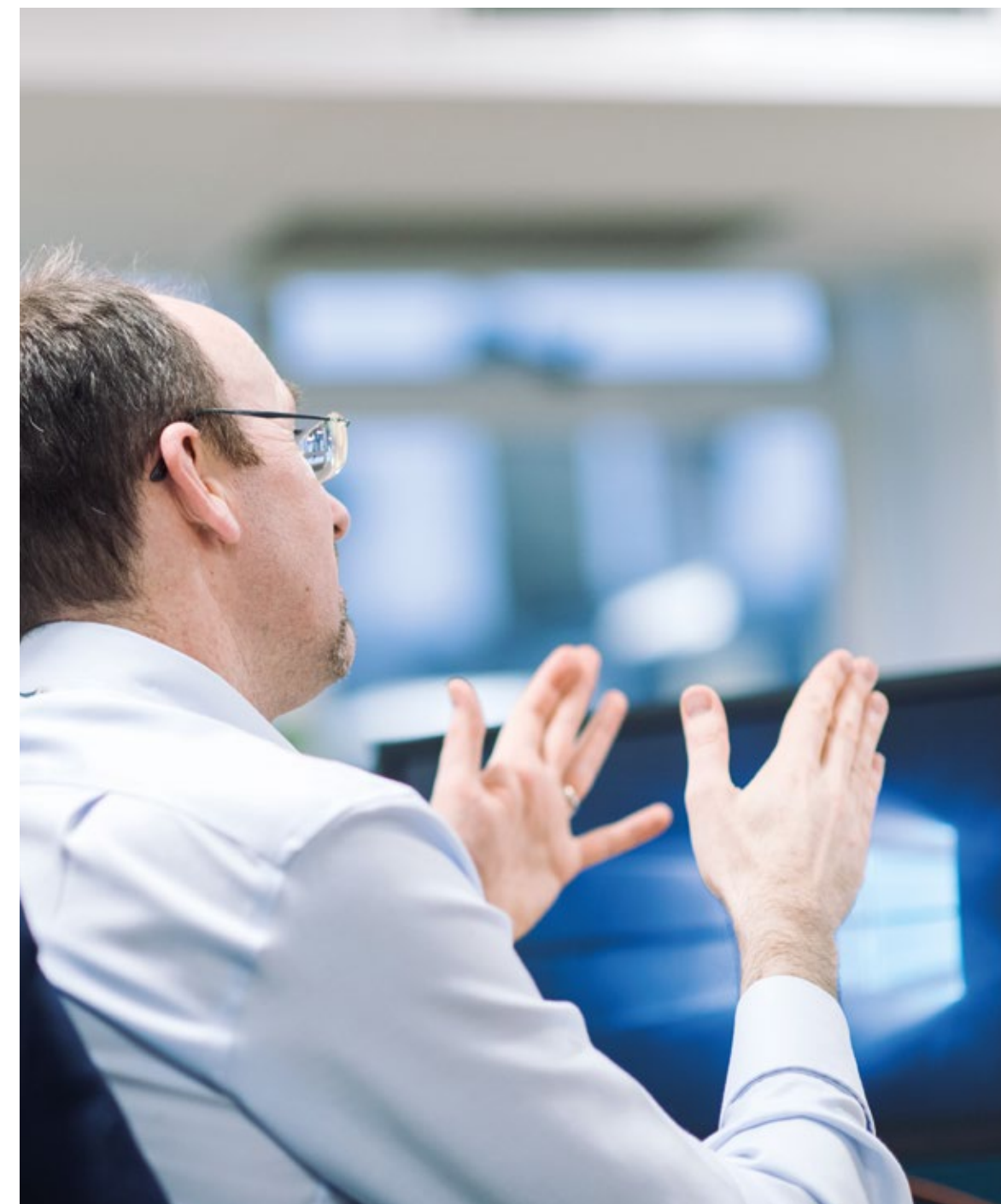
Total spending on fees paid for memberships in trade, industry and other professional associations amounted to \$570k for 2021.

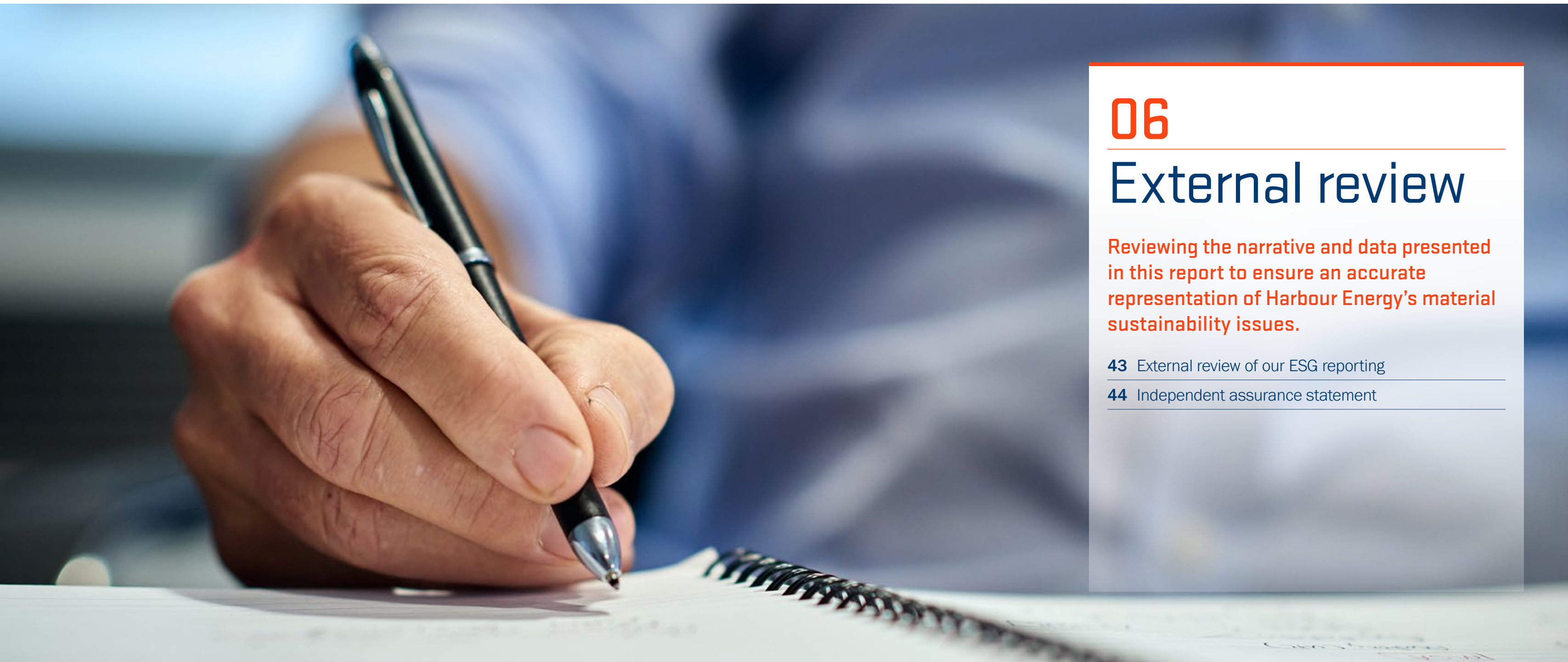
In 2021, Harbour did not:

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

\$570k

Total spending on fees paid for memberships in trade, industry and other professional associations in 2021





06

External review

Reviewing the narrative and data presented in this report to ensure an accurate representation of Harbour Energy's material sustainability issues.

43 External review of our ESG reporting

44 Independent assurance statement



External review of our ESG reporting

Verisk Maplecroft was commissioned by Harbour Energy plc to:

- Confirm the accuracy of ESG statements presented in this report
- Confirm the GRI-Core ‘in-accordance’ claim stated against the Global Reporting Initiative Standards (GRI Standards) for Harbour Energy’s 2021 ESG Report

This statement is made in our capacity as an ongoing service provider to Harbour Energy on this assignment. Verisk Maplecroft did not directly verify the data relating to HSES, workforce, anti-corruption, supply chain or economic performance. We did, however, confirm the existence of Harbour Energy HSES policy statements, the veracity of management systems and the rigour of internal reporting/review processes.

Methodology

Verisk Maplecroft’s review of Harbour Energy’s ESG performance involved the following activities between September 2021 and March 2022:

- Internal engagement: This included interviewing subject matter experts across key disciplines (including HSES, human resources, legal, audit and risk management, investor relations, and others) to gather information for the 2021 ESG Report and to update scoring for the materiality assessment process
- Standards and recommendations: This included supporting Harbour Energy with the alignment of its 2021 ESG Report to international best practice reporting standards and recommendations. These standards included (1) GRI Standards; (2) UN Global Compact Principles; (3) Taskforce on Climate-related Financial (TCFD); and (4) Sustainability Accounting Standards Board
- In addition, our work involved engagement with Harbour Energy on the potential for further public reporting to meet the emerging expectations of external stakeholders
- Materiality assessment process: Verisk Maplecroft assisted Harbour Energy with the scoring and outputs of its structured materiality assessment process to help identify its material ESG issues. This included engaging with internal and external stakeholders. The overall process is aligned with the requirements of the GRI Standards
- Gap analysis: A high-level gap analysis was carried out to identify and, where feasible, address gaps in Harbour Energy’s existing reporting practices
- Performance enhancement: The outcomes from the review of standards and gap analysis were used, where possible, to enhance Harbour Energy’s level of reporting.

Materiality and completeness

Verisk Maplecroft believes that the narrative and data presented in this report are an accurate representation of Harbour Energy’s material ESG issues. Verisk Maplecroft is also satisfied that Harbour Energy’s GRI Core ‘in-accordance’ claim is fairly stated. Harbour Energy has reported on its management approaches towards its material issues and on relevant disclosures.

JAMES ALLAN
VP, HEAD OF CONSULTING

1 April 2021
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Independent assurance statement

Independent limited assurance statement to Harbour Energy on their ESG Report 2021

To the management of Harbour Energy, United Kingdom

Introduction

Intertek Assuris (Intertek) was engaged by Harbour Energy (Harbour) to provide an independent limited assurance on its ESG (Environmental, Social & Governance) Report for 2021 (the Report). The scope of the ESG Report 2021 comprises the reporting periods of 2019, 2020 and 2021. Further, the 2019 and 2020 reporting scope is comprised of the legacy Chrysaor data. The 2021 reporting scope is comprised of 12 months (1st January to 31st December 2021) of legacy Chrysaor data and 9 months (1st April to 31st December 2021) of legacy Premier Oil data. The Report is prepared by Harbour based on Global Reporting Initiative (GRI) Standards core option for sustainability reporting. The assurance was performed in accordance with the requirements of International Federation of Accountants (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the sustainability related disclosures, as declared in the Report, were not accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

Intended users

This Assurance Statement is intended to be a part of the Report of Harbour Energy.

Responsibilities

The management of Harbour is solely responsible for the development the Report and its presentation. Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek’s responsibility, as agreed with the management of Harbour, is to provide assurance and express an opinion on the data and assertions in the Report based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek’s independent and balanced opinion on the content and accuracy of the information and data held within.

Assurance scope

The Assurance has been provided for selected sustainability performance disclosures presented by Harbour in its Report. The reporting boundary included data and information for the operations of Chrysaor and Premier Oil entities in accordance with GRI Standards: Core Option. Our scope of assurance included verification of data and information on selected disclosures reported as summarised in the table below:

General disclosures	Topic specific disclosures
- Stakeholder engagement: 102-40, 102-42, 102-43, 102-44 - Reporting practice: 102-45 to 102-49	Environmental disclosures - Energy 2016: 302-1 - Water and effluents 2018: 303-3 - Biodiversity 2016: 304-1 - Emissions 2016: 305-1, 305-2, 305-3, 305-4 - Waste 2020: 306-1, 306-2, 306-3
Management approach	
Explanation of the material topic and its boundary: 103-1	Social disclosures Occupational health and safety 2018: 403-1, 403-2, 403-9, 403-10
GRI G4 sector-specific disclosures - System services including biodiversity: OG-4 - Effluents and waste: OG5, OG6, OG7 - Asset integrity and process safety: OG13	

Assurance criteria

Intertek conducted the assurance work in accordance with requirements of ‘Limited Assurance’ procedures as per the following standard:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider. No source data verification was undertaken during the assurance process.

A materiality level of 5% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology

Intertek performed assurance work using risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk review with regard to the reporting and supporting records for the fiscal year 2019 & 2020 (for Chrysaor) and 2021 (for Chrysaor and Premier Oil). Data and information supporting the Statement were historical in nature and proven by evidence. Our assurance task was planned and carried out during March 2022. The assessment included the following:

- Assessment of the Report that it was prepared in accordance with the Sustainability Reporting Standards of GRI Standards - in accordance with the Core option
- Review of external media reporting relating to Harbour to identify relevant sustainability issues in the reporting period

- Review of the materiality determination process including the results of stakeholder engagement processes
- Review of processes and systems used to gather and consolidate data
- Examined and reviewed documents, data and other information made available digitally
- Conducted virtual interviews with key personnel responsible for data management
- Assessment of appropriateness of various assumptions, estimations and thresholds used by Harbour for data analysis
- Review of sustainability disclosures on sample basis for the duration from 1st January to 31st December of the year 2019, 2020 & 2021 for Chrysaor and from 1st April to 31st December 2021 for Premier Oil was carried out remotely through virtual interactions and screen sharing tools
- Appropriate documentary evidence was obtained to support our conclusions on the information and data reviewed

Conclusions

Intertek reviewed selected sustainability disclosures provided by Harbour in its Report. Based on the data and information provided by Harbour, Intertek concludes with limited assurance that there is no evidence that the sustainability data and information presented in the Report is not materially correct and is a fair representation of sustainability disclosures in line with the identified material topics and is in accordance with the sustainability reporting standards of the GRI Standards to the best of our knowledge.

Intertek’s competence and independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 44,000 people. The Intertek assurance team included Certified Sustainability Assurance Professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

SUMIT CHOWDHURY
TECHNICAL MANAGER
SUSTAINABILITY
INTERTEK ASSURIS

29 March 2022



BETH MIELBRECHT
PROJECT DIRECTOR
INTERTEK ASSURIS

29 March 2022

No member of the verification team (stated above) has a business relationship with Harbour Energy Managers beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.

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Further reading

Please visit our website: www.harbourenergy.com, where you can also download our 2021 Annual Report to find out more information about the business.



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2021 ANNUAL REPORT

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