



**Prosafe SE**

# **Communication on Progress**

**October 2011**



### Table of Contents

1. Letter from CEO .....	3
2. About Prosafé .....	4
3. Human Rights .....	5
3.1 Assessment and policies .....	5
3.2 Implementation .....	6
3.3 Measurement of outcomes .....	8
3.4 Goals .....	8
4. Labour .....	10
4.1 Assessment and policies .....	10
4.2 Implementation .....	12
4.3 Measurement of outcomes .....	13
4.4 Goals .....	15
5. Environment .....	16
5.1 Assessment and policies .....	16
5.2 Implementation .....	17
5.3 Measurement of outcomes .....	21
5.4 Goals .....	22
6. Anti-corruption .....	23
6.1 Assessment and policies .....	23
6.2 Implementation .....	26
6.3 Measurement of outcomes .....	27
6.4 Goals .....	28



## **1. Letter from CEO**

5 October 2011

To whom it may concern

Prosafes aims to be a corporate social responsible company. We are committed to maintaining high ethical, social, environmental and governance standards, and creating sustainable values for the benefit of all stakeholders – shareholders, customers, suppliers, employees, society at large and the communities where we operate.

In order to advance our commitment to sustainability and corporate citizenship, we signed up as a member of the United Nations Global Compact in October 2008. By becoming a member of the UN Global Compact, we wanted to express our commitment to aligning our operations, policies and strategies with UN Global Compact's ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

I am pleased to confirm Prosafes's continued support for the ten principles of the UN Global Compact. We intend to continue to embrace, support and enact those principles within our sphere of influence.

In this Communication on Progress, we describe our actions to continually improve the integration of the UN Global Compact and its principles into our policies, culture and daily operations. This information will also be shared with our stakeholders on our website.

Karl Ronny Klungtvedt

Chief Executive Officer of Prosafes SE



## 2. About Prosafes

**Prosafes is the world's leading owner and operator of semi-submersible accommodation/service rigs. The company operates globally and employed 432 people as of 31 December 2010. Operating profit for the year 2010 was USD 221.1 million and net profit for 2010 equalled USD 198.5 million.**

Prosafes's vision is to be a leading and innovative provider of technology and services in selected niches of the global oil and gas industry.

Prosafes's Core Values - the environment, focus, ambition, safety, innovation, respect and profitability - are the pillars upon which the company is built.

To ensure a uniform standard of behaviour, the company has adopted a Code of Conduct which must be observed by each employee in every geographical area at all times.

Prosafes owns 11 semi-submersible accommodation/service rigs and one accommodation/service jack-up. Accommodation/service rigs are used when there is a need for additional accommodation, engineering, construction or storage capacity offshore.

Prosafes's rigs have accommodation capacity for 139-812 people and offer high quality welfare and catering facilities, storage, workshops, offices, medical services, deck cranes and lifesaving and fire fighting equipment. The rigs are positioned alongside the host installation and are connected by means of a telescopic gangway so that personnel can walk to work.

The company's track record comprises operations offshore Norway, UK, Denmark, Tunisia, West Africa, North-west and South Australia, the Philippines, Russia, Brazil, USA and the Gulf of Mexico.



### 3. Human Rights

***Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and***

***Principle 2: make sure that they are not complicit in human rights abuses.***

#### **Statement of support**

Prosafes supports the principles set forth in the Universal Declaration of Human Rights. The company will make sure that its operations are conducted in accordance with basic human rights standards.

This statement of support can also be found in Prosafes's Corporate Social Responsibility Policy.

#### **3.1 Assessment and policies**

##### **Assessment of Human Rights related risks**

Prosafes operates in the international oil and gas industry, which is a strongly regulated industry with a strong presence of trade unions.

Prosafes demands that Human Rights are respected within its own operations and within the operations of its suppliers.

##### **Policy on respecting Human Rights**

Prosafes's Code of Conduct is the cornerstone of the company's commitment to integrity. It applies to the entire Prosafes Group and must be respected by all employees, managers and temporary staff in the Prosafes Group and in subsidiaries. The Code of Conduct applies also to all members of the Board of Directors of Prosafes SE and Prosafes subsidiaries.

Respecting Human Rights is an important theme in Prosafes's Code of Conduct, which states the following:

"Human rights and diversity - Respect is one of Prosafes's core values. Prosafes will show respect for all individuals and will ensure that all its activities are conducted in accordance with basic human rights standards.

Prosafes does not accept any form of discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, disability, sexual orientation, age or political opinion. Prosafes does not tolerate abuse or harassment toward employees, contractors, suppliers, customers or others."



### 3.2 Implementation

#### **Allocation of responsibility for the protection of Human Rights within Prosafe**

Prosafe SE's General Manager has the overall responsibility to ensure that the CEO and the corporate management implement the policies to protect Human Rights within Prosafe.

#### **Continuous focus**

The Code of Conduct and Core Values have been the themes of various workshops, business reviews, annual safety days and employee meetings. The Core Values and Code of Conduct have also been elaborated upon in numerous articles in the company magazine Prosafe NOW. Further, they are described on the company website's and on the company's intranet.

Any contravention on the Code of Conduct and Core Values is considered to be a serious incident and is dealt with appropriately, underlining the importance of these values in the way that Prosafe employees are expected to integrate such standards in day-to-day business activities.

Code of Conduct brochures, Core Values brochures and posters are issued to all Prosafe offices, rigs and employees.

#### **Part of induction program**

Prosafe has developed a structured Induction Programme for all employees joining Prosafe. The Induction Programme is designed to introduce the company to new employees with particular emphasis given to the company's Corporate Culture, Business Ethics, Code of Conduct and Core Values.

Managers are responsible for ensuring that the Code of Conduct, Core Values and Corporate Policies are not only known, but also understood and implemented.

#### **Annual appraisal dialogues**

Employees meet with their line managers on at least an annual basis to review individual work performance and the achievement of personal objectives, giving and receiving feedback and setting objectives for the following year. Any deviation from Prosafe's standards as defined within the Code of Conduct and Prosafe's Core Values will be challenged and discussed with the employee.

It is the company's aim that every employee should have an annual appraisal dialogue. In 2010, 93 per cent of the employees had such dialogues.

#### **Suppliers**

Prosafe has implemented measures to improve its Supply Chain Management. The company encourages suppliers, consultants and other business partners within its sphere of influence to follow the company's Code of Conduct and its standards for Corporate Social Responsibility, Health and Safety, the Environment, Quality Assurance and Training and

Competence. In this respect, Prosafe has developed and implemented an Approved Supplier Verification System.

Current and potential suppliers have to complete an “Approved Supplier Verification Questionnaire”. The Corporate Social Responsibility section of the questionnaire refers to Prosafe’s Code of Conduct and to the fact that Prosafe will act in an ethical and socially responsible manner, and will uphold the principles of the Universal Declaration of Human Rights, the key conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

Suppliers must commit to:

- Uphold and support Prosafe’s Code of Conduct
- Comply with applicable laws and regulations
- Fair competition
- Conduct their business without bribery or corruption
- Respect all individuals and respect basic human rights standards
- Uphold labour standards and prevailing trade union agreements (if applicable).

### **Partnerships**

Prosafe has made substantial donations to various social programs in countries where the company conducts its business activities. Since 2006, Prosafe has had a long-term co-operation with SOS Children’s Villages, and donations have been made to SOS Children’s Villages in Nigeria, Brazil, Mexico and the Philippines. These donations have financed the building and running of a number of family houses.

Prosafe believes that in these situations, offering children a home and education is the most valuable aid the company can give. In the longer term, this will contribute to a better future for the children and the country in which they live.

### **Reporting mechanisms**

Prosafe has an Ethics Committee to which concerns about possible breaches of Prosafe’s Code of Conduct and violations of Human Rights can be reported by sending an e-mail to a dedicated e-mail address or by sending an anonymous letter. All such reporting will be handled with discretion and in a professional manner, with no retaliation imposed on those who report suspected or unethical behaviour. The individual may remain anonymous.

The Ethics Committee will make recommendations and provide advice on dealing with ethical dilemmas, and will ensure that any alleged breaches are investigated properly and fairly.





### 3.3 Measurement of outcomes

Since Prosafes became a member of UN Global Compact in October 2008, the company has increased its focus on Human Rights and intensified its focus on ensuring that the Human Rights are supported and respected in connection with carrying on its business, and that Prosafes is not complicit in Human Rights abuses.

#### **Code of Conduct**

The company's Code of Conduct, Prosafes's standard for business ethics, was revised and expanded in 2009 in order to more fully reflect the principles set by the UN Global Compact and expectations in today's society. This new Code of Conduct was adopted by the Board of Directors in December 2009.

#### **Policy for Corporate Social Responsibility**

Prosafes has developed a Policy for Corporate Social Responsibility which was approved by Prosafes's Board of Directors in January 2010.

#### **Approved Supplier Verification System**

Prosafes has developed and implemented an Approved Supplier Verification System. Current and potential suppliers are requested to sign and commit themselves to following the company's standards for Corporate Social Responsibility, Health and Safety, the Environmental, Quality Assurance and Training and Competence.

#### **Induction Programme**

Prosafes has developed and implemented a structured Induction programme for all employees joining the company, thereby ensuring that all employees are familiar with the fundamental values, ethics and principles of the company and the obligations which they are required to undertake whilst working for any company within the Prosafes Group.

#### **Response to Human Rights violations**

There have not been reported any suspected or unethical behaviour, nor concerns about possible breaches of Prosafes's Code of Conduct or violations of Human Rights since Prosafes became a member of the UN Global Compact in October 2008.

No legal claims have been made against the company by any employee regarding a breach of Human Rights.

### 3.4 Goals

For the forthcoming year, our goals will be:

- To include employee's performance against the Core Values and compliance with the company's Code of Conduct as evaluation criteria in the annual employee appraisals





- To include the observation of Prosafe's Core Values and compliance with Prosafe's Code of Conduct as criteria determining the attainment of bonus targets
- To arrange special awareness sessions regarding Human Rights with the Directors Group and senior management
- To conduct a Human Rights Compliance Assessment



### 4. Labour

***Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;***

***Principle 4: the elimination of all forms of forced and compulsory labour;***

***Principle 5: the effective abolition of child labour; and***

***Principle 6: the elimination of discrimination in respect of employment and occupation.***

#### Statement of support

Prosafes respects and promotes the four fundamental principles and rights at work as described in the International Labour Organization (ILO) Core Conventions:

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- Elimination of discrimination in respect of employment and occupation

#### 4.1 Assessment and policies

##### Assessment of labour-related risks

Prosafes operates in the international oil and gas industry. This is a strongly regulated industry, with a strong presence of trade unions. The knowledge and training required in order to be allowed to work offshore and the application of national tariff agreements eliminates the possibility for using child labour.

It is Prosafes's belief that the ILO Core Conventions are respected within its own operations, and within the operations of its suppliers.

##### Policy for Corporate Social Responsibility

Prosafes has a Policy for Corporate Social Responsibility that draws on the key conventions of the International Labour Organisation. The Policy states the following regarding labour standards:

- **Freedom of association**  
Prosafes respects the freedom of association and the right to collective bargaining.
- **Elimination of all forms of forced labour**  
Prosafes requires that all employees enter into employment with the company of their own free will. The company does not accept any form of forced or compulsory labour.



- **Abolition of child labour and young workers**

Prosafe will not employ children or support the use of child labour, except as part of government approved youth training schemes (such as work-experience programmes).

- **Elimination of discrimination**

Prosafe does not accept any form of discrimination on the basis of gender, religion, race, national or ethnic origin, cultural background, disability, sexual orientation, age or political opinion. Employment related decisions shall be based on relevant and objective criteria.

- **Working hours**

Prosafe will comply with all applicable local and national standards on working hours and overtime.

- **Remuneration**

Prosafe will ensure that wages paid meet or exceed local and international legal minimum standards concerning wages and benefits including compensation for overtime.

- **Notification**

Prosafe gives fair notice to employees of significant changes that could substantially affect them.

### **Policy for Human Resources**

Prosafe's Policy for Human Resources is based on Prosafe's Code of Conduct and Core Values.

Prosafe's Code of Conduct is the cornerstone of the company's commitment to integrity. It applies to the entire Prosafe Group and must be respected by all directors, managers, employees and temporary staff in the Prosafe Group.

In accordance with its Core Values and Code of Conduct, Prosafe shall:

- Promote respect and tolerance amongst the whole workforce. The company values diversity and strives to ensure that every employee has an equal opportunity to succeed without fear of discrimination on the basis of gender, race, religion, national or ethnic origin, cultural background, disability, sexual orientation or age, nor on any grounds which cannot be objectively justified. Recruitment, selection and promotion related decisions shall solely be based on relevant and objective criteria.
- Endeavour to continuously develop employees' knowledge and skills through effective training and facilitate arrangements for their professional and personal development.
- Seek to provide a stimulating working environment and to maintain strong levels of employee motivation by offering challenging and meaningful job opportunities. Prosafe will encourage personal achievement and growth, through continuously seeking to develop employees' knowledge and skills throughout their career.



- Encourage a good balance between the employee's personal and professional life. The company supports flexible working conditions as appropriate, whenever this is feasible.
- Strive to provide a safe and secure working environment for all. The company will seek to develop a workplace which is healthy, challenging and motivating.
- Maintain effective employee communications at all levels and encourage open and honest dialogue between all individuals, groups, and management teams.

### **Suppliers**

Prosafes encourages suppliers, consultants and other business partners within its sphere of influence to follow the company's standards for Corporate Social Responsibility, Health and Safety, the Environment, Quality Assurance and Training and Competence, and has in this respect developed and implemented an Approved Supplier Verification System.

## **4.2 Implementation**

### **Allocation of responsibility for the protection of Labour Standards within Prosafes**

Prosafes SE's General Manager has the overall responsibility to ensure that the CEO and the corporate management implement the policies to protect Labour Standards within Prosafes.

### **Continuous focus**

The Code of Conduct and Core Values have been the themes of various workshops, business reviews, annual safety days and employee meetings. The Core Values and Code of Conduct have also been elaborated upon in numerous articles in the company magazine Prosafes NOW and are set out on the company's website and intranet.

Code of Conduct brochures, Core Values brochures and posters are issued to all Prosafes offices, rigs and employees.

### **Part of induction program**

The company has developed a structured Induction Programme for all employees joining Prosafes. The Induction Programme is designed to introduce the company to new employees with particular emphasis given to our Corporate Culture, Business Ethics, Code of Conduct and Core Values.

Managers are responsible for ensuring that the Code of Conduct, Core Values and Corporate Policies are not only known, but also understood and implemented.

### **Employment council**

Prosafes SE was incorporated as a Societas Europaea in February 2007. In order to comply with EU regulations, Prosafes's corporate management and employee representatives entered in to an Involvement Agreement, which was revised and renewed 4th July 2011.



The employee representatives that represent Prosafe companies in the EEA/EU area have regular meetings with management where they are being kept updated and can discuss transnational issues.

### **Suppliers**

Current and potential suppliers have to complete an “Approved Supplier Verification Questionnaire”. The Corporate Social Responsibility section of the questionnaire refers to Prosafe's Code of Conduct and to the fact that Prosafe will act in an ethical and socially responsible manner, and will uphold the principles of the Universal Declaration of Human Rights, the key conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

With regards to Labour Standards, suppliers must commit to uphold and support Prosafe's Code of Conduct. They must commit to:

- Ensure that child labour or forced labour does not occur in their organisation and that they encourage their suppliers and other business partners to do likewise
- Give high priority to basic employee rights such as the entitlement to collective bargaining, to receive minimum wage and to have regulated working hours

### **Reporting mechanisms**

Prosafe has an Ethics Committee to which concerns about possible breaches of Prosafe's Code of Conduct and violations of Labour Standards can be reported by sending an e-mail to a dedicated e-mail address or by sending an anonymous letter. All such reporting will be handled with discretion and in a professional manner, with no retaliation imposed on those who report suspected or unethical behaviour. The individual may remain anonymous.

The Ethics Committee will make recommendations and provide advice on dealing with ethical dilemmas, and will ensure that any alleged breaches are investigated appropriately and fairly.

## **4.3 Measurement of outcomes**

Since Prosafe became a member of UN Global Compact in October 2008, the company has increased its focus on Labour Standards and intensified its focus on the work related to ensuring that the four fundamental principles and rights at work as described in the ILO Core Conventions are respected and promoted.

All new employees are given an introduction to our commitment to labour standards as part of the group-wide training of new employees.



### **Collective bargaining**

The following collective bargaining agreements were in force during 2010 and covered all vessel crews:

- International Transport Federation (ITF)
- Norwegian Maritime Unions
- Norwegian Ship Owners Association (NSA)
- Collective Agreement for MOUs, Drilling Units and Catering Units operating on the Norwegian Continental Shelf with Industri Energi (IE) and the Norwegian Ship Owners Association.

These agreements have been renewed and will continue to be in force during 2011/2012.

### **Diversity and equality**

Prosafe's diverse and talented workforce is one of the company's most important competitive advantages in satisfying the requirements of its clients. Attracting, developing and retaining the best employees, regardless of gender, age, nationality, cultural background or religion gives the company access to new ideas, promotes better decision making, and creates a workforce that understands and mirrors the company's clients and the world at large.

Prosafe's workforce as of 31 December 2010 counted 432 employees from 23 countries. Overall workforce turnover in the group was 8.5 per cent in 2010.

The age distribution in Prosafe is as follows:

20 – 29 years: 11%  
30 – 39 years: 27%  
40 – 49 years: 29%  
50 – 59 years: 25%  
60 – 69 years: 8%

Men have traditionally made up a greater proportion of the recruitment base for offshore operations, and this is reflected in Prosafe's gender breakdown. As of 31 December 2010, women accounted for 12 per cent of the overall workforce, while their proportion on land was 42 per cent.

In 2010, the proportion of women among Prosafe's managers was 12 per cent. The company's policy is full equality between women and men.

### **Implementation of policies**

Implementation is monitored constantly through regular meetings of the Directors Team, Quarterly Business Reviews, and monitoring and evaluation of various Key Performance Indicators.



### **Response to Labour Standards violations**

There have not been any reported possible breaches of Labour Standards since Prosafes became a member of the UN Global Compact in October 2008.

No legal claims have been made against the company by any employee regarding a breach of Labour Standards.

### **4.4 Goals**

For the forthcoming year, our goal will be:

- To arrange special awareness sessions regarding Labour Standards with the Directors Group and senior management





### 5. Environment

***Principle 7: Businesses should support a precautionary approach to environmental challenges;***

***Principle 8: undertake initiatives to promote greater environmental responsibility; and***

***Principle 9: encourage the development and diffusion of environmentally friendly technologies.***

#### **Statement of support**

Prosafes respects and promotes UN Global Compact's three fundamental principles regarding the environment and will:

- Support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility; and
- Encourage the development and diffusion of environmentally friendly technologies.

#### **5.1 Assessment and policies**

##### **Assessment of environmental risks**

Prosafes owns and operates a fleet of accommodation rigs that support installations in the offshore oil and gas industry. This implies that the company's operations have the potential to affect the natural environment.

The oil and gas industry is an industry with a strong focus on protecting the natural environment. National authorities require companies operating in their waters to demonstrate compliance to strict rules and regulations. In addition to complying with national laws, Prosafes has internal policies and guidelines for risk management, based on international standards.

Prosafes conducts Environmental Impact Assessments for each of the rigs that the company manages or operates prior to entering into new business activities, new geographical areas or new contracts. The assessments take into account the mode of operation of the vessel together with generic geographical considerations. Local assessments are typically performed with clients who will usually be operating under the terms of an Operators Permit.

##### **Policy for Health, Safety, Security, Environment and Quality (HSSEQA)**

Prosafes's Policy for Health, Safety, Security, Environment and Quality (HSSEQA) states that the company is committed to minimising risk and harm to the personnel, the environment and assets through the adoption of a zero mind-set.



This means that the company believes that active preventive efforts will allow its business to be pursued without negative consequences for people's life and health, the natural environment and material assets.

Prosafes shall:

- Ensure compliance with applicable legislation or higher voluntary standards to which Prosafes may subscribe
- Implement a systematic approach to Health, Safety, Security, Environment and Quality through an integrated management system that demonstrates a systematic approach to risk management throughout all of Prosafes's activities
- Promote a culture where stakeholders can participate and demonstrate their individual commitment to safe working practices and a safe working environment
- Set goals and objectives for continual improvement of Prosafes's management systems, its assets and the services the company provides to its clients
- Report and investigate all incidents and implement remedial actions
- Measure its performance through internal monitoring and review and allow for the transfer of information and best practices across all levels of the company
- Select contractors and suppliers that perform to Prosafes's HSSEQ requirements.

### **A Core Value in Prosafes**

Care for the environment is one of Prosafes's Core Values, and forms an integral part of the company's business planning. Prosafes's goal is zero accidental discharges to the sea and zero accidental emissions to the air, in line with its principles for sustainable development.

## **5.2 Implementation**

### **Allocation of responsibility for environmental protection within Prosafes**

Prosafes SE's General Manager has the overall responsibility to ensure that the CEO and the corporate management implement the policies to protect the Environment within Prosafes.

Systematic preventive and effective health, safety and environment work is a high-priority line management responsibility in Prosafes. Active and visible involvement by management is a key factor in achieving the company's goal of operating without accidents.

### **Integrated Management System**

Environmental management is at the core of Prosafes's Integrated Management System. By integrating environmental considerations in its risk assessments, the company endeavours to minimise the impact of its day-to-day operations on the environment.



Prosafes produces Environmental Impact Assessments for each of the rigs the company manages/operates. The assessments take into account the mode of operation of the vessel together with generic geographical considerations. Local assessments are typically performed with the clients who will usually be operating under the terms of an Operators Permit.

Prosafes cooperates actively with customers and suppliers to set in-house goals, make continuous improvements to its own routines and shape attitudes towards protecting the natural environment from pollution by its operations. All accidental discharges and emissions are reported and followed up.

### **Reducing the company's ecological footprint**

Prosafes is actively seeking solutions to reduce emissions in order to further reduce its impact upon the environment. Environmental considerations are an important aspect when planning rig refurbishments and upgrades.

#### NOx reductions:

In 2009, Prosafes joined the Confederation of Norwegian Enterprise's (NHO's) Environmental Agreement on NOx. By signing the Agreement, Prosafes has committed itself to prevent and reduce environmental problems caused by emissions of nitrogen oxides in its offshore operations.

Prosafes conducted a major refurbishment and life extension of an accommodation rig, the MSV Regalia, in the first half of 2009. As part of this work, Prosafes replaced the vessel's old engines with six Wärtsilä low NOx engines. The modification of the engines has cut the vessel's annual NOx emission and has also contributed to a reduction in diesel and lub oil consumption, contributing to a reduced environmental impact.

Prosafes's rigs have International Air Pollution Prevention (IAPP) certificates, International Oil Pollution Prevention (IOPP) certificates and International Sewage Pollution Prevention (ISPP) certificates. These certificates are all issued under the International Convention for the Prevention of Pollution from Ships (MARPOL) and are subject to periodic survey.

### **Waste management**

When a Prosafes rig operates alongside an offshore installation, it will come under the umbrella of the host installation's operating permits. Prosafes and its client's management systems are cross-referenced within interface documents, and responsibilities are clearly defined.

All Prosafes vessels are subject to MARPOL requirements and have implemented a waste management system that is documented in the Garbage Management Manual. The plan includes assessments of all potential waste products originating on board together with the requirements for waste segregation for transportation ashore.

**Ballast water**

Ballast water management on Prosafes's rigs is controlled within the confines of the International Maritime Organisation (IMO) regulation.

**Discharge of sewage**

The discharge of sewage is controlled within the confines of IMO regulation. All vessels within the fleet have been subject to International Sewage Pollution Prevention (ISPP) surveys and have been issued certification in accordance with MARPOL Annex IV by the relevant Flag.

**Spills and emissions**

The company measures oil spills and chemical spills to sea. Prosafes had no accidental discharges to the natural environment in 2010, which is wholly in line with the company's target.

Prosafes calculates the emissions of CO<sub>2</sub>, CO, NO<sub>x</sub>, SO<sub>2</sub>, CH<sub>4</sub> and VOC for the managed fleet based on the fleet's diesel consumption.

It is important to note that the amount of diesel consumed, and thereby also the amount of emissions, will vary largely depending on the number of rigs that are under Prosafes's management, the fleet utilisation and the rigs' operation mode. Dynamic positioned (DP) rigs maintain their position by means of thrusters, and will therefore use far more diesel, and thereby also have substantial higher emissions, than rigs that maintain station by moorings. The number of rigs that use DP and the number of days that these rigs use DP can vary largely from year to year.

	Calculated 2010 total (tonnes)	Calculated 2009 total (tonnes)	Calculated 2008 total (tonnes)
Consumed diesel	16,300	11,850	20,700
CO <sub>2</sub>	52,200	37,900	66,200
CO	310	220	393
NO <sub>x</sub>	1,030	750	1,300
SO <sub>2</sub>	98	70	120
CH <sub>4</sub>	2	1.6	3
VOC	31	22	40

**Revitalization of the Safety Observation System (SOS cards)**

In order to increase the awareness of personal responsibility for health, safety and the environment (HSE), Prosafes's employees are encouraged to submit SOS cards whenever



they observe situations that might have a negative consequence for health, safety or the environment.

Prosafes's Safety Observation System promotes both positive and negative intervention, provides a valuable indicator of the company's health, safety, and environmental culture, and ensures transfer of experience. Observations are analysed and actioned initially onboard the rigs by shipboard management before being reviewed by onshore management.

In 2010, a new training package was introduced, which resulted in increased focus. A total of 8,579 SOS cards were submitted by Prosafes employees.

### **Part of bonus scheme**

Prosafes has a bonus scheme that assesses and rewards the overall performance of the business and the relevant employees. The bonus depends on achieving defined results relating to earnings, the attainment of operational and strategic goals, the attainment of health, safety and environmental results and the attainment of individual goals.

### **Suppliers**

Prosafes encourages suppliers, consultants and other business partners within its sphere of influence to follow the company's standards for Corporate Social Responsibility, Health and Safety, the Environment, Quality Assurance and Training and Competence, and has in this respect developed and implemented an Approved Supplier Verification System.

Current and potential suppliers are requested to sign and commit themselves to following Prosafes's standards for Corporate Social Responsibility, Health and Safety, the Environmental, Quality Assurance and Training and Competence.

In the Environmental section of the questionnaire, suppliers have to commit to:

- Have an environmental management system in place
- Provide a detailed environmental analysis report
- Monitor emissions
- Describe how they handle waste disposal

### **Continuous process**

Prosafes wants to instil a zero mindset in its employees and sub-contractors. In order to achieve this, a number of management tools are included within the company's Integrated Management System:

- Vessel inductions for all personnel visiting our vessels
- Worksite monitoring to ensure that safe working practices and conditions are in place
- Safety tours to identify risks to persons, detect nonconformities as regards health, safety and environmental protection standards, and to encourage all crew members to keep a high focus on safety at all times



- Permit to work audits to ensure that health, safety and environmental standards are maintained through compliance with the permit to work system
- Annual Safety Day attended by onshore and offshore managers and employees. By bringing people together, they can share resources and best practices and develop stronger relationships to the benefit of the company as a whole.

### 5.3 Measurement of outcomes

Since Prosafes became a member of UN Global Compact in October 2008, the company has intensified the work related to enhancing the employee's awareness and minimising the impact of the company's operations on the environment.

#### **Policy for Health, Safety, Security, Environment and Quality (HSSEQA)**

Prosafes has developed a Policy for Health, Safety, Security, Environment and Quality (HSSEQA) which was approved by Prosafes's Board of Directors in January 2010.

#### **Carbon Disclosure Project**

Prosafes has submitted a response to the 2011 Carbon Disclosure Project, reporting on its greenhouse gas emissions, water use and climate change strategies. The Carbon Disclosure Project is an independent not-for-profit organisation holding the largest database of primary corporate climate change information in the world.

The outcome of the survey will be disclosed at the official CDP Nordic report launch on 21 October 2011.

#### **Internal and third party audits**

Prosafes measures achievement of continuous improvement through internal audits and external and third-party audits. The audits are also used as tools to ensure that procedures and management systems are properly implemented and observed.

A total of 36 audits were carried out in 2010, including six by customers and eight by certification bodies and authorities. No major non-conformances from the company's quality systems were identified.

#### **Certification**

Through ISO and International Safety Management (ISM) standards, Prosafes maintains an up-to-date quality management system with an Integrated Safety and Environmental Management System.

The company's quality management systems are certified according to ISO 9001.

In September 2011, Prosafes was certified according to ISO 14001 and OHSAS 18001.





Safety management systems for the rig fleet are approved to the ISM code. Prosafe's accommodation rigs have been certified to the International Ship and Port Facility Security (ISPS) code. The company was not served enforcement notices by any regulatory authority during 2010.

Prosafe's rigs have International Air Pollution Prevention (IAPP) certificates, International Oil Pollution Prevention (IOPP) certificates and International Sewage Pollution Prevention (ISPP) certificates, all issued under MARPOL. These certificates are subject to periodic surveys.

### **Environmental incidents**

Prosafe has not had any accidental discharges to the natural environment since the company joined UN Global Compact in October 2008, which is wholly in line with the company's target.

### **Contingency plans**

Prosafe has established contingency plans to limit harm to people, the environment and material assets in order to be able to handle potential incidents. These plans will also ensure that correct, relevant and timely information is provided to the outside world if and when required.

Prosafe carries out regular emergency response exercises in cooperation with its customers and third parties to ensure that the company is as well prepared as possible to deal with a possible crisis.

## **5.4 Goals**

For the forthcoming year, our goals will be:

- To continue to actively seek solutions to reduce emissions in order to further reduce the company's impact upon the environment
- To continue to gradually implement new technology and refurbish equipment in order to further reduce emissions
- To intensify the focus on waste sorting in the offices in order to reduce the amount of waste and ensure that as much as possible waste can be sent to materials recovery facilities
- To use the recently acquired certification according to ISO 14001 and OHSAS 18001 as a starting point to gradually further reduce the environmental effects of its offshore and onshore operations over time



## 6. Anti-corruption

***Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.***

### **Statement of support**

Prosafes will act in an ethical and socially responsible manner and uphold the principles of the United Nations Global Compact.

Prosafes promotes transparency and fights corruption, believing that this is vital to ensure good governance. The company promotes effective markets and sustainable development, and respects national and international laws.

### **6.1 Assessment and policies**

#### **Assessment of risk of corruption and bribery**

Transparency International's Corruption Perceptions Index from October 2010 ranks 178 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

Prosafes has operations and offices in the below listed countries, which were ranked as follows:

<b>Ranking</b>	<b>Country</b>
1	Denmark
1	Singapore
10	Norway
20	UK
28	Cyprus
69	Brazil
98	Mexico

Based on these figures, Prosafes concluded that the company should pay special attention to anti-corruption prevention related to its business activities in Mexico and Brazil.

#### **Policy for Anti-Corruption**

Prosafes has a Policy for Corporate Social Responsibility which incorporates the following statement regarding Anti-Corruption:

"Prosafes has a policy of zero tolerance toward bribery and corruption. The company is committed to fair and open competition in markets around the world."

**Code of Conduct**

Prosafe's Code of Conduct is the cornerstone of the company's commitment to integrity. It applies to the entire Prosafe Group and must be respected by all employees, managers and temporary staff in the Prosafe Group and in subsidiaries. The Code of Conduct applies also to all members of the Board of Directors of Prosafe SE and Prosafe subsidiaries.

Prosafe's Code of Conduct provides the framework for what Prosafe considers to be responsible conduct, but is not exhaustive. In the event that laws and regulations in a particular country are more stringent than Prosafe's Code of Conduct, local rules shall apply.

Prosafe's Code of Conduct states the following regarding Prosafe's business principles:

- **Legal compliance**

In its business activities, Prosafe will comply with applicable laws and regulations and act in an ethical and socially responsible manner.

- **Fair competition**

Prosafe is committed to fair and open competition in markets around the world. Prosafe companies and employees must under no circumstances engage in any anti-competitive practices such as illegal fixing of prices, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable antitrust laws.

- **Bribery and corruption**

Prosafe will not offer customers, potential customers, governments, agencies, or any representatives of such entities any rewards or benefits in violation of either applicable law or reasonable and generally accepted business practices.

The Code of Conduct has the following rules for personal conduct:

- **Conflicts of interest**

Employees must avoid entering into any situation in which personal or financial interests or that of persons or companies with which they have ties or links may conflict with those of Prosafe.

If employed on a full-time basis by Prosafe, no outside professional activities should be exercised without first obtaining the written approval of the immediate superior.

No one must work on or deal with any matter in which they themselves, their spouse, partner, close relative, or any other person with whom they have close relations, has a direct or indirect financial interest.

Prosafe's property or information acquired through your position in Prosafe must not be used for personal advantage or for the purpose of competing with Prosafe.

Any conflict of interest or suspicion of conflict of interest must be flagged. If in doubt, the employee should consult your immediate superior or the Ethics Committee.



### ▪ **Gifts and hospitality**

Employees must not offer, make, seek or accept any payment, personal gift or entertainment that might reasonably be believed to influence business transactions or that is not within the bounds of customary business hospitality. During commercial negotiations, extra care is merited. Employees must never request or solicit personal gifts, favours, entertainment or services.

When providing or receiving third party gifts and entertainment, good judgment must be exercised in each case, taking into account pertinent circumstances, including the character of the gift or entertainment; its purpose; its appearance; the positions of the persons providing and receiving the gift or entertainment; the business context; reciprocity, and applicable laws and social norms.

Gifts of nominal value, small promotional items, occasional meals and social events may be acceptable if there is a clear business reason. Hospitality must be kept at a moderate level. Travel, accommodation and other expenses for the individual themselves in connection with such hospitality must always be approved in advance by the immediate superior, and paid for by Prosafé.

The above principles also apply in the reverse direction, so that no individual acting on behalf of Prosafé may, in their dealings with customers, suppliers and other parties, offer or agree to pay for gifts, hospitality or other expenses that would violate these principles.

### ▪ **Bribery**

Bribery exists when an attempt is made to influence someone in the conduct of their duties through the provision of an improper advantage to obtain an improper commercial or personal advantage. Trading in influence exists when an improper advantage is provided to someone in order to influence the performance of a third party's duties. Such improper advantage can take different forms, such as cash, objects, credits, discounts, travel, accommodation or services.

Employees must not offer or provide an undue monetary or other advantage to any person or persons, including public officials or customer employees, in violation of laws and the official's or employees' legal duties, in order to obtain or retain business.

Agreements with consultants, brokers, sponsors, agents or others intermediaries must not be used to channel payments to any person or persons, including public officials or customer employees and thereby circumvent Prosafé's policies regarding bribery and corruption.

Contributions to political parties, political committees and to individual politicians should not be given.



### Suppliers

Prosafes encourages suppliers, consultants and other business partners within its sphere of influence to follow the company's standards for Corporate Social Responsibility, Health and Safety, the Environment, Quality Assurance and Training and Competence, and has in this respect developed and implemented an Approved Supplier Verification System.

## 6.2 Implementation

### Allocation of responsibility for the protection of Anti-Corruption within Prosafes

Prosafes SE's General Manager has the overall responsibility to ensure that the CEO and the corporate management implement the policies to protect Anti-Corruption within Prosafes.

### Continuous focus

The Code of Conduct has been the theme of employee meetings and articles in the company magazine Prosafes NOW. The Code of Conduct is described on the company website and on the company's intranet.

As part of a reinvigoration campaign, Code of Conduct brochures, Core Values brochures and posters were sent to all offices, rigs and employees.

### Part of induction program

The company has developed a structured Induction Programme for all employees joining Prosafes. The Induction Programme is designed to introduce the company to new employees with particular emphasis given to our Corporate Culture, Business Ethics, Code of Conduct and Core Values.

Managers are responsible for assuring that the Code of Conduct, Core Values and CSR policy are not only known, but also understood.

### Transparency

Prosafes aims to ensure that stakeholders are in possession of accurate, clear and timely information about company operations and conditions. Approaches taken to meet this aim include prompt and comprehensive reporting of the company's annual and quarterly results. Important market information will be distributed through the Oslo Stock Exchange, ThomsonReuters, Prosafes's webpage and the company's mailing lists. Further details, such as articles of association, contact names, addresses and news about the company, are available at Prosafes's webpage.

Prosafes holds open investor presentations in connection with the reporting of annual and interim results. These presentations are also broadcasted as webcasts, and can be followed on the Internet. The chief executive officer and the chief financial officer use these occasions to review the results and comment on operations, markets and prospects. The presentation material is available on Prosafes's website.



### Suppliers

Current and potential suppliers have to complete an "Approved Supplier Verification Questionnaire". The Corporate Social Responsibility section of the questionnaire refers to Prosafe's Code of Conduct and to the fact that Prosafe will act in an ethical and socially responsible manner, and will uphold the principles of the Universal Declaration of Human Rights, the key conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact.

With regards to Anti-Corruption, suppliers have to commit to uphold and support Prosafe's Code of Conduct. They have to commit themselves to:

- Fair and open competition in markets around the world. Supplier companies and employees must under no circumstances engage in any anti-competitive practices such as illegal fixing of prices, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable antitrust laws
- Not to offer customers, potential customers, governments, agencies, or any representatives of such entities any reward or benefits in violation of either applicable law or reasonable and generally accepted business practices.

### Reporting mechanisms

Prosafe has an Ethics Committee to which concerns about possible breaches of Prosafe's Code of Conduct and concerns about corruption or bribery can be reported by sending an e-mail to a dedicated e-mail address or by sending an anonymous letter. All such reporting will be handled with discretion and in a professional manner, with no retaliation imposed on those who report suspected or unethical behaviour. The individual may remain anonymous.

The Ethics Committee will make recommendations and provide advice on dealing with ethical dilemmas, and will ensure that any alleged breaches are investigated properly fairly.

## 6.3 Measurement of outcomes

Since Prosafe became a member of UN Global Compact in October 2008, the company has increased its focus on Anti-Corruption.

### Code of Conduct

The company's Code of Conduct, Prosafe's standard for business ethics, was revised and expanded in 2009 in order to more fully reflect the principles set forth by the UN Global Compact and expectations in today's society. This Code of Conduct was adopted by the Board of Directors in December 2009.



### **Policy for Corporate Social Responsibility**

Prosafe has developed a Policy for Corporate Social Responsibility which was approved by Prosafe's Board of Directors in January 2010.

### **Approved Supplier Verification System**

Prosafe has developed and implemented an Approved Supplier Verification System. Current and potential suppliers are requested to sign and commit themselves to following the company's standards for Corporate Social Responsibility, Health and Safety, the Environmental, Quality Assurance and Training and Competence.

### **Induction Programme**

Prosafe has developed and implemented a structured Induction programme for all employees joining the company, thereby ensuring that Prosafe's Code of Conduct and Corporate Policies are known and implemented.

### **Oslo Stock Exchange acknowledgement**

Since 2004, Prosafe has had the Oslo Stock Exchange's Information Symbol and English Symbol. These symbols are awarded companies that work professionally and systematically to make financial information readily available to investors and other market players.

### **Implementation of policies**

Implementation is monitored constantly through regular meetings of the Directors Team, Quarterly Business Reviews, and monitoring and evaluation of various Key Performance Indicators.

### **Response to incidents of corruption**

There have not been reported any incidents of corruption since Prosafe became a member of the UN Global Compact in October 2008.

No legal claims have been made against the company by any employee regarding corruption or bribery.

## **6.4 Goals**

For the forthcoming year, our goals will be:

- To arrange special awareness sessions regarding Anti-corruption with the Director's Group and the senior management teams in all business areas
- To conduct regular meetings in the Ethics Committee in order to ensure that ethics and anti-corruption issues are given thorough consideration at the appropriate management level.