

Prosafe SE

Communication on Progress

October 2012

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1. Letter from General Manager

3 October 2012

To whom it may concern

Prosafe is 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 the company operates.

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 Prosafe's continued support for the ten principles of the UN Global Compact. We intend to continue to embrace, support and implement these principles within our sphere of influence.

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

Georgina Georgiou
General Manager, Prosafe SE

2. About Prosafe

Prosafe is the world's leading owner and operator of semi-submersible accommodation/service rigs. The company operates globally and employed 551 people as at 31 December 2011. Operating profit for the year 2010 was USD 192.3 million and net profit for 2011 equalled USD 158 million.

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

Prosafe'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.

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

Prosafe's rigs have accommodation capacity for 306-812 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 has operated in both the Norwegian and UK sectors of the North Sea, Denmark, Tunisia, West Africa, North-west and South Australia, the Philippines, Russia, Brazil, USA and the Gulf of Mexico.

3. Corporate Social Responsibility in Prosafe

Prosafe views corporate social responsibility as an integral part of being an effective, value-creating business. We are committed to maintaining high ethical, social, environmental and governance standards and creating sustainable values for the benefit of our stakeholders.

In this section we will describe governing documents, policies, implementation methods and the reporting mechanisms applied by Prosafe for all four UN Global Compact principles relating to human rights, labour, environment and anti-corruption.

3.1 Governing documents

Prosafe has established a number of governing documents that guide the company in its day-to-day operations. The Core Values, Code of Conduct and Corporate Strategy provide the overlying framework of governing principles, defining everything from preferred individual behaviour to the strategic direction of the company.

Core values

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

Our Core Values are "the way we do things in Prosafe". They define the way we should act as individuals and as a company, and are a standard to refer to when in doubt.

Code of conduct

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

Policy for Corporate Social Responsibility

Prosafe's Policy for Corporate Social Responsibility is based on the company's Core Values, Code of Conduct and Corporate Strategy, and reflects 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 United Nations Global Compact.

3.2 Continuous focus on Core Value and Code of Conduct

The Code of Conduct and Core Values have been the themes of various workshops, quarterly 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 Prosafef NOW. Further, they are described on the company website and on the company's intranet.

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

Code of Conduct and Core Values brochures are issued to all permanent and temporary employees and are made available together with relevant posters to all Prosafef offices and rigs.

3.3 Induction programme

Prosafef has developed a structured Induction Programme for all employees joining Prosafef. 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 understood and implemented.

3.4 UN Global Nordic

Prosafe is a member of the Global Compact Nordic Network (GCNN), the forum in which participants from Denmark, Sweden, Finland and Norway meet and discuss implementation of the ten principles and common challenges, enabling companies to gain a broader understanding of appropriate means to implement the UN Global Compact's ten principles.

3.5 Supply Chain Management

Prosafe has introduced new 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 Core Values, 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 questionnaire that must be completed by current and potential suppliers. 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.

3.6 Reporting Mechanisms

Prosafe's Ethics Committee is the body within Prosafe to which concerns about possible breaches of Prosafe's Code of Conduct and violations of Human Rights can be reported. Referrals can be made by sending an e-mail to a dedicated e-mail address or by sending an anonymous letter. All such reporting is handled with discretion and in a professional manner, with no retaliation imposed on those who report suspected or unethical behaviour.

The Ethics Committee is responsible for making recommendations, providing advice on dealing with ethical dilemmas, and ensuring that any alleged breaches are investigated properly and fairly.

4. 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

Prosafef supports the principles set out in the Universal Declaration of Human Rights. The company will ensure that its operations are conducted in accordance with basic human rights standards.

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

4.1 Assessment and policies

Assessment of Human Rights related risks

Prosafef operates in the international oil and gas industry, which is a strictly regulated industry within which there is a strong presence of trade unions.

Prosafef requires that Human Rights are respected within its own operations and those of its suppliers.

Policy on respecting Human Rights

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

"Human rights and diversity - Respect is one of Prosafef's core values. Prosafef will show respect for all individuals and will ensure that all its activities are conducted in accordance with basic human rights standards. Prosafef 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. Prosafef does not tolerate abuse or harassment toward employees, contractors, suppliers, customers or others."

4.2 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.

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. In 2011, 94 per cent of the employees completed such appraisals.

Suppliers

Current and potential suppliers are required to complete an "Approved Supplier Verification Questionnaire".

Suppliers must commit to:

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

Partnerships

Prosafe has made substantial donations to various social programmes 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.

4.3 Measurement of outcomes

Since Prosafe 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 Prosafe is not complicit in Human Rights abuses.

Response to Human Rights violations

There have not been reported any suspected or unethical behaviour, nor concerns about possible breaches of Prosafe's Code of Conduct or violations of Human Rights 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 a breach of Human Rights.

4.4 Goals

Review of 2011 goals	Status
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.	In progress
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.	In progress
To arrange special awareness sessions regarding Human Rights with the management.	Deferred to 2012
To conduct a Human Rights Compliance Assessment.	Completed

Proposed 2012 goals	
Complete the work related to including employee's performance against the Core Values and compliance with the company's Code of Conduct as evaluation criteria in the annual employee appraisals.	
Complete the work related to including the observation of Prosafé's Core Values and compliance with Prosafé's Code of Conduct as criteria determining the attainment of bonus targets.	
To arrange special awareness sessions regarding Human Rights with the management.	

5. 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

5.1 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 eliminate the possibility for using child labour.

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

Policy for Corporate Social Responsibility

Prosafe's Policy for Corporate Social Responsibility draws on the key conventions of the International Labour Organisation. The Policy states the following regarding labour standards:

- **Freedom of association**

Prosafe respects the freedom of association and the right to collective bargaining.

- **Elimination of all forms of forced labour**

Prosafe 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.

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.

5.2 Implementation**Allocation of responsibility for the protection of Labour Standards 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 Labour Standards within Prosafe.

Employment council

Prosafe SE was incorporated as a Societas Europaea in February 2007. In order to comply with EU regulations, Prosafe'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".

We expect our suppliers 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

5.3 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 2011 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 at 31 December 2011 counted 551 employees from 23 countries. Overall workforce turnover in the group was 8.5 per cent in 2010. Overall workforce turnover in the group was 4.2 per cent in 2011, as opposed to 8.5 per cent in 2010.

As at 31 December 2011, the age distribution in Prosafe was as follows:

20 – 29 years: 12%

30 – 39 years: 28%

40 – 49 years: 29%

50 – 59 years: 23%

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 at 31 December 2011, women accounted for 11 per cent of the overall workforce, while their proportion on land was 43 per cent.

The company's policy is full equality between women and men. Women constituted 18 per cent of the managers as at 31 December 2011, as opposed to 12 per cent at the end of 2010.

Implementation of policies

Implementation is monitored constantly through regular meetings of the management, 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 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 a breach of Labour Standards.

5.4 Goals

Review of 2011 goals	Status
To arrange special awareness sessions regarding labour standards with the Directors Group and senior management.	Deferred to 2012
Proposed 2012 goals	
To arrange special awareness sessions regarding labour standards with the Directors Group and senior management.	

6. 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.

6.1 Assessment and policies

Assessment of environmental risks

Prosafes owns and operates a fleet of accommodation rigs and supports installations in the offshore oil and gas industry. 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. These 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)

Prosafe's Policy for Health, Safety, Security, Environment and Quality (HSSEQ) 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.

Prosafe shall:

- Ensure compliance with applicable legislation or higher voluntary standards to which Prosafe 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 Prosafe'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 Prosafe'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 Prosafe's HSSEQ requirements.

6.2 Implementation

Allocation of responsibility for environmental protection within Prosafe

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

Systematic preventive and effective health, safety and environment work is a high-priority line management responsibility in Prosafe.

Integrated Management System

Environmental management is at the core of Prosafes 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 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 Prosafe rig is working alongside an offshore installation, it will operate under the umbrella of the host installation's operating permits. Prosafe and its client's management systems are cross-referenced within interface documents, and responsibilities are clearly defined.

All Prosafe rigs 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 Prosafe'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. Prosafe had no accidental discharges to the natural environment in 2011, which is wholly in line with the company's target.

Prosafe calculates the emissions of CO₂, CO, NO_x, SO₂, CH₄ 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 the resulting emissions will vary largely depending on:

- The number of rigs that are under Prosafe's management
- The fleet utilization (i.e. the amount of time that the rigs have been operating)
- The rigs' operation mode - dynamic positioned 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 dynamic positioning (DP) and the number of days that these rigs use DP can vary from year to year. In 2011, two of Prosafe's rigs operated on DP, as compared to one rig in 2010. Even though both rigs have relatively new engines, this has resulted in increased emissions in 2011.

	Calculated 2011 total (tonnes)	Calculated 2010 total (tonnes)	Calculated 2009 total (tonnes)	Calculated 2008 total (tonnes)
Consumed diesel	23 000	16 300	11 850	20 700
CO ₂	73 871	52 200	37 900	66 200
CO	438	310	220	393
NO _x	1 454	1 030	750	1 300
SO ₂	138	98	70	120
CH ₄	3	2	1.6	3
VOC	43	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), Prosafe's employees are encouraged to submit SOS cards whenever they observe situations that might have a negative or positive consequence for health, safety or the environment.

Prosafe'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 or experience. Observations are analysed and actioned initially onboard the rigs by shipboard management before being reviewed by onshore management.

Part of bonus scheme

Prosafef's bonus scheme 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

Current and potential suppliers have to complete an "Approved Supplier Verification Questionnaire".

In the Environmental section of the questionnaire, suppliers must:

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

Continuous process

Prosafef aims to instil a zero accident/incident mindset in respect of HSSEQ 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.

6.3 Measurement of outcomes

Since Prosafef 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)

Prosafef has developed a Policy for HSSEQA which was approved by Prosafef's Board of Directors in May 2012.

Carbon Disclosure Project

Prosafef participates in the 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.

Internal and third party audits

Prosafef 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 50 audits were carried out in 2011, including six by customers and five 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, Prosafef 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, Prosafe 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 2011.

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 became a member of UN Global Compact in October 2008, thereby achieving the company's zero accidental discharge 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 well prepared to deal with a possible crisis.

6.4 Goals

Review of 2011 goals	Status
To continue to actively seek solutions to reduce emissions in order to further reduce the company's impact upon the environment.	Continuous process

To continue to gradually implement new technology and refurbish equipment in order to further reduce emissions.	Continuous process
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.	Completed in all offices
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.	Specific KPIs within the group have been established.
Proposed 2012 goals	
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.	
<p>To provide computer based training to 75% of the employees. This training will include:</p> <ul style="list-style-type: none"> • Risk management and permit to work • Confined space entry • Integrated management system 	

7. 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.

7.1 Assessment and policies

Assessment of risk of corruption and bribery

Transparency International's Corruption Perceptions Index from October 2011 ranks 183 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

A country's score indicates the perceived level of public sector corruption on a scale of 0 - 10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very clean. A country's rank indicates its position relative to the other countries/territories included in the index.

Prosafes has operations and offices in the below listed countries:

Ranking	Country	Score
2	Denmark	9.4
5	Singapore	9.2
6	Norway	9
16	UK	7.8
30	Cyprus	6.3
73	Brazil	3.8
100	Mexico	3

Policy for Anti-Corruption

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

“Prosafe 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 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 Prosafe.

The above principles also apply in the reverse direction, so that no individual acting on behalf of Prosafe 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 Prosafe's policies regarding bribery and corruption.

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

7.2 Implementation

Allocation of responsibility for the protection of Anti-Corruption 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 Anti-Corruption within Prosafe.

Transparency

Prosafe 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, Prosafe'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 Prosafe's webpage.

Prosafe 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 Prosafe's website.

Suppliers

Current and potential suppliers have to complete an "Approved Supplier Verification Questionnaire".

Suppliers 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.

7.3 Measurement of outcomes

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

Awareness sessions regarding Anti-corruption were given to the Board of Directors and to senior management.

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.

7.4 Goals

Review of 2011 goals	Status
To arrange special awareness sessions regarding Anti-corruption with the Board of Directors and Management.	Completed
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.	Completed
Proposed 2012 goals	
To expand on the Anti-Bribery principles set out in the Company's Core Values and Code of Conduct by developing a more detailed Anti Bribery Procedure.	
To arrange special awareness sessions regarding Anti-corruption for the employees.	