

Prosafe SE

**Communication on Progress
to
the UN Global Compact**

29 March 2020

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1. Letter from the CEO

29 March 2020

To whom it may concern

To make this report easier to read we use “Prosafes” or “company” to refer to Prosafes SE and Prosafes’s subsidiaries.

Prosafes is committed to maintaining high ethical, social, environmental and governance standards, and to creating sustainable values for the benefit of all stakeholders and society at large wherever the company operates.

By being a participant of the UN Global Compact since 2008, we want 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 commitment to the ten principles of the UN Global Compact.

In this Communication on Progress, we describe our efforts to continue to 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.prosafes.com



Jesper K. Andresen
CEO, Prosafes SE

2. About Prosafe

Prosafe is a leading owner and operator of semi-submersible accommodation vessels. The company operates globally and employed 150 people as at 31 December 2019. Operating loss was USD 342.6 million in 2019 and net loss was USD 399.9 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 owns and operates seven semi-submersible accommodation, safety and support vessels and one Tender Support Vessel (TSV). Furthermore, Prosafe has an agreement with COSCO shipyard for flexible delivery and long-term financing of two new build harsh environment vessels: Safe Nova and Safe Vega.

Prosafe's fleet consists of a combination of dynamically positioned and anchored vessels. Thereby, the fleet is versatile and able to operate in nearly all offshore environments. Prosafe's operations are amongst other related to maintenance and modification of installations on fields already in production, hook-up and commissioning of new fields, tie-backs to existing infrastructure and decommissioning.

Accommodation vessels offer additional accommodation, engineering, construction or storage capacity offshore. Prosafe's vessels have accommodation capacity for 200-500 people and offer high quality welfare and catering facilities, storage, workshops, offices, medical services, deck cranes and lifesaving and fire fighting equipment. The vessels are positioned alongside the host installation and are connected by means of a telescopic gangway so that personnel can walk to work.

Prosafe has a strong track record from demanding operations world wide, with first class operational performance and good safety results. The company has extensive experience from operating gangway connected to fixed installations, FPSOs, TLPs, Semis and Spars.

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

Prosafe is listed on the Oslo Stock Exchange with ticker code PRS.

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2.1 Sustainable Development Goals

Prosafef supports UN's Sustainable Development Goals (SDGs) and shares the view that its business has a key role to play in the implementation of the goals.

The Company aims to align its own responsibility goals with the following SDGs that can be influenced by Prosafef: SDG 3: Good health and wellbeing; SDG 8: Decent work and economic growth; SDG 13: Climate action; SDG 14: Life below water

Selected SDGs	2019 milestones	Potential impacts and risks (examples)
SDG 3: Health and wellbeing	Lost time incident frequency of zero No fatalities	+ Providing good work places, with safety as our first priority - Potential safety incidents
SDG 8: Decent work and economic growth	Mandatory human rights training and anti-corruption training	+ Increased awareness - Exposure to human rights risks related to our activities and supply chain
SDG 13: Climate action	Kicked of an "Emissions reduction project" "Improve ESG offering and profile" was included as one of the Company's key goals for 2020	+ Exploring emissions reductions - Emissions from operations and , supply chain
SDG 14: Life below water	No accidental emissions to sea No non-regulatory release of ballast water	+ Managing environmental impacts - Risk of potential spills

The Company recognizes that its business activities may have both positive and negative impacts on the SDGs. However, Prosafef seeks to minimize negative impacts and contribute positively to the goals, and to be transparent about its impacts.

3. Corporate Social Responsibility ("CSR") in Prosafe

Prosafe views Corporate Social Responsibility (CSR) as an integral part of being an effective and a value-creating business. We are committed to maintaining ethical, social, environmental and governance standards and creating sustainable values for the benefit of all our stakeholders and the society at large wherever we operate.

3.1 Governing documents

Prosafe has established a number of governing documents that guide the company in its day-to-day operations. Prosafe's governing documents include the Core Values, Code of Conduct and Strategy (as more specifically described on Prosafe's official website www.prosafe.com) and provide the overlying framework of governing principles which range from defining preferred individual behaviour to the strategic direction of the company.

Core values

Prosafe's Core Values are the environment, focus, ambition, safety, innovation, respect and profitability.

Our Core Values guide the way we do things in Prosafe. They define the way we should act as individuals and as a company.

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 adhered to by all board members, managers, employees and temporary staff in Prosafe. Prosafe's suppliers, consultants and other business partners are encouraged to observe Prosafe's Core Values and Code of Conduct.

Policy for Corporate Social Responsibility

Prosafe endeavours to comply with the Universal Declaration of Human Rights and the UN Guiding principles of Business. Prosafe's CSR Policy is based on the company's Core Values, Code of Conduct and Strategy (as more specifically described on Prosafe's website www.prosafe.com). Prosafe's CSR Policy draws on the principles of the Universal Declaration of Human Rights, the UN Guiding Principles of Business, 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 Values and Code of Conduct

The Code of Conduct and Core Values are regularly referred to at town hall meetings and management meetings. The Core Values and Code of Conduct are also described on the company's website and on the company's intranet.

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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 Prosafe employees are expected to integrate such standards in carrying out day-to-day business activities.

3.3 Induction programme

Prosafe has developed an 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 culture, business ethics, Core Values and Code of Conduct.

Managers are responsible for ensuring that the Core Values, Code of Conduct, and Company Policies are understood and implemented.

3.4 Supply Chain Management

Prosafe 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 implemented an Approved Supplier Verification questionnaire which current and potential suppliers are encouraged to complete. The CSR section of the questionnaire specifically refers to Prosafe's Core Values and Code of Conduct and to the fact that Prosafe will act in an ethical and socially responsible manner, and will endeavour to uphold the Universal Declaration of Human Rights, the UN Guiding Principles of Business, the key conventions of the International Labour Organisation, the OECD Guidelines for Multinational Enterprises and the principles of the United Nations Global Compact.

Prosafe conducted three supplier audits in 2019. Our supplier and sub-contractor audits will also during 2020 include specific focus on Environment, Social and Governance, including self assessment status, measures in place, objectives, ambitions and targets.

3.5 Reporting Mechanisms

Prosafe's Safety, Sustainability & 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.

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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

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

This statement of support can also be found in Prosafes's CSR Policy.

4.1 Assessment and policies

Assessment of Human Rights related risks

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

Prosafes requires that human rights are respected within its own operations and those of its suppliers.

Prosafes's approach to respecting human rights starts with the company's commitment to its workforce. This includes ensuring that they are treated fairly and without discrimination and have a healthy, safe and secure working environment, and respecting their right to freedom of association and rights to negotiate and cooperate through relevant representative bodies.

Policy on respecting Human Rights

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."

4.2 Implementation

Annual appraisal dialogues

It is the company's aim that, in addition to regular discussions, employees should 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.

Mandatory e-learning

In 2019, Prosafes introduced an e-learning program for human right and labour standards. This e-learning program is mandatory for employees, consultants and agency personnel.

Suppliers

Suppliers are expected to:

- respect all individuals and basic human rights standards
- comply with applicable laws and regulations
- conduct their business without bribery or corruption
- engage in fair competition
- uphold labour standards and prevailing trade union agreements (if applicable)
- uphold and support Prosafes's Core Values and Code of Conduct

Partnerships

Prosafes has made substantial donations to various social programmes in countries where the company conducts its business activities. Since 2006, Prosafes 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 and the running of a family programme in the Philippines.

Prosafes 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.

As a consequence of the downturn in the oil & gas sector followed by reduced demand for Prosafes's services as well as significant lay-offs across the company, donations has been substantially reduced since 2017.

4.3 Measurement of outcomes

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

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Response to Human Rights violations

No legal claims have been received from any employee in respect of any violation of human rights, and no breaches of the Code of Conduct in relation to human rights in 2018.

4.4 Goals

Review of 2019 goals	
Continued development of offshore leadership programme to focus on value based leadership and cultural development (incorporating human rights) in Prosafef.	Suspended due to ongoing organisational restructuring both onshore and offshore. Decision undertaken by Executive Management to suspend development programme until it is considered more sustainable
Incorporate human rights training delivery into Fleet Trainer program for offshore population.	Complete. Where Fleet Trainer undertook training on Company vessels, they delivered Human Rights Training.
Proposed 2020 goals ^{*)}	
Continue to reinforce knowledge of Human Rights and Labour Standards in Prosafef. Aim to achieve 100% completion of the Human Rights and Labour Standards e-learning program by 31 December 2020.	

^{*)} The Company is financially challenged and as such Executive Management have suspended all non-essential development for 2020.

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

Prosafef respects and promotes the four fundamental principles and rights at work as described in the International Labour Organisation (“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

Prosafef 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.

Prosafef aims to ensure compliance with labour laws, rules and regulations in all the geographical areas and jurisdictions it operates in. It is Prosafef’s understanding that the International Labour Organisation Core Conventions are respected within its own operations, and within the operations of its suppliers, consultants and other business partners.

Policy for Corporate Social Responsibility

Prosafef’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**

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

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- **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 at least meet local and international legal minimum standards concerning wages and benefits including compensation for overtime.

- **Notification**

Prosafe aims to always give 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 Core Values and Code of Conduct.

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, religion, race, national or ethnic origin, cultural background, disability, sexual orientation, age or political opinion. Recruitment, selection and promotion related decisions shall solely be based on relevant and objective criteria.
- Ensure that cases of abuse and harassment towards employees are addressed appropriately.
- Endeavour to continuously develop employees' knowledge and skills through effective training and facilitate arrangements for their professional and personal development.

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- 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

Employees in all geographical locations have the right to be heard and represented, and to form and join trade unions of their own choice. This is part of Prosafe's commitment to human and labour rights.

Prosafe encourages employee involvement and keeps its employees updated through emails, regular intranet updates and town hall meetings with Q&A sessions.

For organisational changes that affect the company's employees, Prosafe observes national legislation on the minimum requirements of notification period in the countries where the company operates.

Mandatory e-learning

In 2019, Prosafe introduced an e-learning program for human right and labour standards. This e-learning program is mandatory for employees, consultants and agency personnel.

Employee surveys

Prosafe conducted two global surveys in 2019 to gauge employee engagement. Based on the feedback received, management evaluates which improvement areas to focus on in the following year.

Suppliers

We encourage 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.

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5.3 Measurement of outcomes

Since Prosafe became a member of UN Global Compact in October 2008, the company has increased and intensified its focus on labour standards and in 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 Prosafe's 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 2019:

- Norwegian Maritime Unions
- Norwegian Ship Owners Association
- Industri Energi

These agreements will continue to operate during 2020.

Diversity and equality

Prosafe's diverse and talented workforce is one of the company's most important competitive advantages in satisfying clients' requirements. Attracting, developing and retaining the best employees regardless of gender, religion, national or cultural background or age 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 comprised 150 employees at the end of 2019 (average 313), compared with 417 in the previous year (average 401). This reduction in the number of employees reflects the adjustment of the organisation in response to a weaker market outlook and reduced demand for Prosafe's services that was initiated in 2019

Prosafe's global presence was reflected in the fact that its employees came from 24 countries around the world.

Labour retention

A number of employees accepted voluntary redundancy packages in the end of 2019. As a result, the overall voluntary employee turnover in the group was 19.2 per cent in 2019, compared with 8.5 per cent in 2018. A number of employees will not leave the company before early 2020, so this number is expected to be relatively high in 2020 as well.

As at 31 December 2019, the age distribution in Prosafe was as follows:

20 – 29 years: 3.8%
30 – 39 years: 37.4%
40 – 49 years: 35.5%
50 – 59 years: 19.5%

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60 – 69 years: 3.8%

Gender equality

The company's policy is that full equality should exist between women and men. However, 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 2019, women accounted for 26% of the overall workforce and 36.6% of the onshore employees. Women constituted 26.8% of the managers as at 31 December 2019.

Implementation of policies

Policy implementation is monitored continually 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 participant of the UN Global Compact in October 2008.

No legal claims were made in 2019 against the company by any employee regarding a breach of labour standards.

5.4 Goals

Review of 2019 goals	
Continue to reinforce knowledge of labour standards in Prosafe.	Ongoing. Rolled out a CBT Human Rights and Labour Standards module in September 2019 that all employees and agency workers are required to complete within their first month of employment. Completion rate as of 31 December 2019 for the onshore population is 62% and for the offshore population 41%.
Roll out of the offshore leadership development programme to focus on value based leadership and cultural development in Prosafe.	Suspended due to ongoing organisational restructuring both onshore and offshore. Decision undertaken by Executive Management to suspend development

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	programme until it is considered more sustainable
Review of 2019 goals ^{*)}	
Continue to reinforce knowledge of Human Rights and Labour Standards in Prosafe. Aim to achieve 100% completion of Human Rights and Labour Standards by 31 December 2020.	

^{*)} The Company is financially challenged and as such Executive Management have suspended all non-essential development for 2020.

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

Included in Prosafes's Core Values is the following statement relating to protection of the environment:

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 vessels 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 with 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 vessels 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 (HSSEQ)

Prosafes'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 and adopts a "zero mind-set" in respect of these matters.

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Prosafe shall:

- ensure compliance with applicable legislation or higher voluntary standards to which Prosafe may subscribe;
- implement a systematic approach to HSSEQ 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

Integrated Management System

Environmental management is at the core of Prosafe'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.

Prosafe produces Environmental Impact Assessments for each of the vessels the company manages or 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 operator's permit.

Prosafe cooperates actively with clients, suppliers, consultants and other business partners 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

Prosafe actively seeks solutions to reduce emissions in order to further reduce its impact upon the environment. Environmental considerations are an important aspect when planning vessel refurbishments and upgrades.

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NOx reductions

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

Refurbishment projects of vessels have included the replacement of older engines with low NOx engines resulting in a reduction of diesel and lub oil consumption, thereby contributing to a reduced environmental impact.

Reducing our ecological footprint

The Company is seeking solutions to reduce emissions in order to reduce its impact upon the environment. Environmental considerations are an important aspect when planning vessel refurbishments and upgrades, e.g. when shifting to more fuel efficient equipment and by continuous improvement in operating procedures.

Prosafe cooperates with clients and authorities to reduce the impact of its operations on the natural environment. An example of this is a contract where Prosafe receives incentives when the daily diesel consumption is reduced.

The Company's vessels 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 renewal survey.

Responsible recycling

Prosafe continues to high-grade its fleet by selling the oldest and most inefficient vessels for recycling at certified ship recycling yards. Seven old vessels have been sold for recycling since mid-2016.

In all cases, Prosafe will adhere to relevant conventions (2009 Hong Kong Convention, 1989 Basel Convention), always adopt best practise, provide financial guarantees and appoint independent recycling yard representation where necessary, until the asset is completely recycled, and conduct extensive diligence when recycling of any asset.

Waste management

When a Prosafe vessel is operates alongside an offshore installation, it will come 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 vessels are subject to MARPOL requirements and have implemented a waste management system that is documented in the Garbage Management Manual. The plan

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includes assessments of all potential waste products originating on board together with the requirements for waste segregation for transportation ashore.

Prosafe actively manages waste produced locally whilst monitoring third party's waste disposal performance.

Ballast water

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

Prosafe's vessels have International Ballast Water Management (IBWM) certificates. These certificates are all issued under the International Convention for the Control and Management of Ship' Ballast Water and Sediments and are subject to periodic survey.

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.

In 2019, there were no accidental breaches of IMO regulation regarding discharge of ballast water and sewage.

Spills and emissions

Prosafe had no reportable discharges to the natural environment in 2019 and continues to actively reduce emissions by investment in more modern and fuel efficient equipment and continuous improvement in operating procedures.

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:

- number of vessels that are under Prosafe's management;
- fleet utilization (i.e. the amount of time that the vessels have been operating);
- vessels' operation mode - dynamic positioned vessels maintain their position by means of thrusters and will therefore use far more diesel, and thereby also have substantial higher emissions, than vessels that maintain station by moorings.

The number of vessels that use dynamic positioning (DP) and the number of days that these vessels use DP can vary from year to year.

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Prosafef calculates its GHG emissions according to the GHG protocol. The calculated emission data for vessels operated by Prosafef were as follows for the years 2015 - 2019:

	Calculated 2019 total (tonnes)	Calculated 2018 total (tonnes)	Calculated 2017 total (tonnes)	Calculated 2016 total (tonnes)	Calculated 2015 total (tonnes)
Consumed diesel	40,858	35,486	32,078	43,460	28,788
CO ₂	130,744	113,558	102,650	139,073	92,121
CO	641	674	609	826	547
NO _x	2427	692	722	1,133	1,814
SO ₂	163	213	192	261	172
CH ₄	7	5	4.5	6.1	4
VOC	82	67	61	83	55

Contingency plans

Prosafef 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.

Prosafef carries out regular emergency response training and exercises in cooperation with Regulatory Organisations, customers and third parties to ensure that the company is as well prepared as possible to deal with a possible crisis.

Use of Chemicals and hazardous substances

Prosafef has an approved Chemicals list that is based on a risk assessment matrix and hierarchy of controls.

All chemical and hazardous substances are subject to an evaluation which identifies a 'Hazard Categorisation' to the substance.

The categorisation of the product takes consideration of the impact and effect the substance may have on health and the natural environment. Substances are assigned either a High, Medium or Low category for the representative hazard to health and the environment. The Hazard categorisations are maintained and updated within the company's online chemical management system (CMS – SYPOL).

Where High Hazard chemicals are identified, it is general practice for Prosafef to seek to substitute these chemicals with lower Hazard chemicals.

We continue to conduct further evaluations to identify safer/greener substitutes in for current high/ medium risk substances.

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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 of experience. Observations are analysed and actioned initially on board the vessels by shipboard management before being reviewed by onshore management.

Suppliers

In the Environmental section of the Approved Supplier Verification Questionnaire, suppliers are encouraged to:

- have an environmental management system in place;
- provide a detailed environmental analysis report;
- monitor emissions;
- describe how they handle waste disposal.

Continuous process

Prosafe aims to instil a zero accident/incident mindset in respect of HSSEQ in its employees, suppliers, consultants and other business partners. In order to achieve this, a number of management tools are included within the company's Integrated Management System:

- vessel safety 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 HSSEQ standards, and to encourage all crew members to keep a high focus on safety at all times;
- permit to work audits to ensure that HSSEQ standards are maintained through compliance with the permit to work system.

6.3 Measurement of outcomes

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

Safety results

In 2019, Prosafe recorded zero incidents classified as a Lost Time Injury (LTI), which means the employee was absent from the next work shift because of the injury. The LTI frequency is calculated by multiplying the number of LTIs by 1 million and dividing this by the total number of man-hours worked. In 2019, the LTI frequency was 0.85, as compared to 1.52 in 2018.

Internal and third party audits

Prosafe 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 58 audits were carried out in 2019, including seven by clients and eighteen by certification bodies and authorities. Prosafe conducted three supplier audits in 2019.

Our supplier and sub contractor audits during 2020 will increase focus on Environment, Social and Governance (ESG) including self assessment status, measures in place, objectives, ambitions and targets.

Certification

The company's quality management systems are certified to ISO 9001: 2008, ISO 14001:2004 and OHSAS 18001:2007. Prosafe will transition from OHSAS 18001 to the new ISO:45001 standard during the renewal audit in December 2020.

Prosafe holds a Document of Compliance (DOC) issued on behalf of the Flag states of Singapore and Bahamas Maritime Authorities, demonstrating that the Company's IMS meets the requirements of the International Safety Management (ISM) code and is applied throughout the Company both on and off shore.

Prosafe's accommodation vessels have been certified to the International Ship and Port Facility Security (ISPS) code.

Prosafe's vessels have IAPP, IOPP and ISPP certificates, all issued under MARPOL. These certificates are subject to periodic renewal surveys.

Environmental incidents

In 2019, Prosafe did not have any accidental discharges to the natural environment, thereby achieving the company's zero accidental discharge target.

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6.4 Goals

Review of 2019 goals	
Continue to monitor and assess opportunities to improve on energy efficiencies thorough Green Energy options for our onshore sites (low carbon products).	Continual Process (Competitive Market Monitoring)
Develop offshore reporting to record waste figures for waste sent ashore (for recycling) with fleet wide electronic reporting system.	Complete Incorporated via KPI's integral to ESG Reporting
Evaluate and develop further our reporting of 'ESG' metrics for sustainable improvements	Complete (Integrated into Shipboard Reporting System)
Proposed 2020 goals	
Continue to monitor and assess opportunities to improve on energy efficiencies thorough Green Energy options for our onshore sites (low carbon products).	
Improve Company's ESG offering and profile	
Initiate Strategic Project Team to evaluate opportunities and seek innovation in 'Reducing our vessel Emissions'	
Evaluate and simplify the mechanisms used for the recording of environmental emission & fuel metrics within the company.	

7. Anti-corruption

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

Statement of support

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

Prosafef 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. E-learning is mandatory.

7.1 Assessment and policies

Assessment of risk of bribery and corruption

Transparency International's Corruption Perceptions Index from October 2019 ranks 180 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 - 100, where 0 means that a country is perceived as highly corrupt and 100 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.

In 2018, Prosafef had operations and offices in the following countries:

Ranking	Country	Score
4	Singapore	85
7	Norway	84
12	UK	77
106	Brazil	35

Policy for Anti-Corruption

Prosafef has a policy for Corporate Social Responsibility which incorporates the following statement regarding anti-corruption:

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

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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 includes the following 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 includes the following rules relating to 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 their immediate superior or the Ethics Committee.

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- **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 individuals themselves in connection with such hospitality must always be approved in advance by the immediate superior, and paid for by Prosafef.

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

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

7.2 Implementation

Transparency

Prosafe aims to ensure that stakeholders are in possession of accurate, clear and timely information about company operations and conditions. Actions 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, Thomson Reuters, Prosafe's webpage and the company's mailing lists and is reported to the Cyprus Securities and Exchange Commission. Further details, such as company memorandum and articles of association, contact names, addresses and news about the company, are available on 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.

Employees are kept informed by use of emails, the intranet and through regular town hall meetings.

Ethics is a key topic on the agenda for executive meetings.

Mandatory e-learning

In 2019, Prosafe introduced the e-learning program "UN – the fight against corruption". This e-learning program is mandatory for employees, consultants and agency personnel.

Suppliers

Suppliers must commit:

- 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 clients, potential clients, 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 participant of UN Global Compact in October 2008, the company has increased its focus on anti-corruption.

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Awareness sessions regarding anti-corruption have been given to the Board of Directors, managers, employees and temporary employees in Prosafe.

Dealing with incidents

If a concern is raised, the Ethics Committee initiates an objective review in accordance with a standard process, and recommends and implements appropriate remedial measures.

Resolutions may include additional training and awareness, process improvements and disciplinary measures as appropriate, up to and including termination of employment.

Response to anti-corruption incidents

In 2019, there have not been raised any incidents related to breaches of Prosafe's Code of Conduct, legal compliance, fair competition, bribery and corruption, or conflicts of interest.

7.4 Goals

Review of 2019 goals	
All employees and consultants are required to complete the United nations - The fight against corruption e-learning tool.	Ongoing. Completion rate as of 31 December 2019 for onshore population is 85% and offshore population is 53%.
Continue to raise employee awareness by arranging in-house training.	Suspended due to ongoing organisational restructuring both on and offshore. Decision undertaken by Executive Management to suspend non-essential training activities until it is considered more sustainable.
Proposed 2020 goals ^{*)}	
All employees and workers are required to complete the United nations - The fight against corruption e-learning tool.	
All employees and workers are required to complete the Cyber Security Awareness e-learning course.	

^{*)} The Company is financially challenged and as such Executive Management have suspended all non-essential activities for 2020