

Corporate Social Responsibility Reporting

Introduction

The Corporate Strategy, Corporate Governance and the Code of Conduct Policy constitute the fundamental steering principles in the Group. Together these form the foundation of how we should act and operate in the Group as well as giving the priorities and the direction of the Group. Supplementary to these principles are the Corporate Management Systems. Together, these define the roles and responsibilities within the organization and towards our stakeholders, including employees, customers, shareholders, regulatory and governmental bodies, financial institutions, vendors and the environment as well as local communities and countries where we operate.

Working environment

The Group has a strong focus on health, safety and environment (HSE) for its employees, subcontractors and customers, embedded in our zero accident objective. We are closely monitoring the established procedures for operations, projects and work sites both onshore and offshore. Continuous efforts involve planning, training of personnel and careful selection of subcontractors. The objective of zero accident applies to personnel injuries, harm to the environment and material damage.

The Total Recordable Incident (TRI) rate for offshore drilling and related services in 2017 was reduced to 1.9 per one million working hours, compared to 3.34 per one million working hours in 2016. TRI includes personnel injuries of the categories lost time incidents, medical treatment incidents and work restricted cases.

Furthermore, all incidents relating to personnel, environment and equipment with a high potential risk factor are recorded separately and investigated (defined as "high potential"). All injuries and damages are registered and the potential risk factors are determined based on a five by five risk matrix system. Two personnel injuries were categorized as high potential during the year. These incidents were an injured finger (medical treatment case) and a hand injury (first aid case). Both incidents happened during lifting operations. The incidents could have ended in more serious damages. Therefore co-operation and experience transfer resulting from the incident investigations between the operational regions have been systemized and improved by regular network meetings within each discipline and on top management level. HSE results are measured and benchmarked continuously in order to improve performance and to react proactively to negative trends.

To meet our zero accident objective on a long-term basis, some main areas of continuous improvement have been established. These can be summarized as follows:

- Adherence to the Management Systems; follow rules and procedures
- Observation techniques on site; including pictures and documented observations
- Red zone areas on the units; restricted zones for personnel entry
- Observation card reporting; reporting of incidents and actions for improvement
- Avoid falling objects; procedures related to preventing falling objects
- Improved supervision and monitoring of control measures on site
- Improved risk assessment including all workers in tool box talk meetings

When negative trends are observed or any rigs are underperforming on their KPIs, corrective actions are taken. We have had a good declining trend in high potential incidents in 2017. Further we have had a decrease in personnel injuries in 2017.

Whenever an incident has occurred, investigations are carried out in order to understand the underlying causes and corrective actions are taken to improve. The implementation of mandatory last minute risk assessment and debrief prior to and after each work task have improved the planning process and the lesson learnt process.

Special focus in 2017 has been focus on improving procedures in the management system. The management systems in the Group govern both HSE, onshore and operational related activities. HSE goals and key performance indicators (KPI) have been developed. The KPIs cover areas such as personnel injuries, emissions to the environment and damages to equipment. The goals and the KPIs have been developed and agreed with a high degree of workforce involvement in order to achieve ownership and follow up. Internal audits have been carried out in order to verify knowledge and implementation of the management system and the result from these audits confirm that the management system is well known and accessible. Findings from audits are presented to relevant top management and to the department in question and corrective actions are taken. The internal audit plan is comprehensive and monthly status and updates are performed.

Corporate Social Responsibility Reporting

Sick leave was 3.4% in 2017 versus 8.7% in 2016. The Group continues to focus on reducing sick leave and there has been a positive trend in 2017. We have training programs for employees with the aim of preventing sick leave, focusing for example on leaders' responsibilities and their role in sickleave follow-up work.

Equality

The Group aims to be a workplace with equal opportunities, offering challenging and motivating jobs to all personnel, regardless of gender. The composition of genders within the Group reflects the available recruitment base for offshore work, which traditionally has a higher proportion of men, being the nature of the offshore industry worldwide. For onshore operations, there are 43% women. There are no particular initiatives in place to attract or retain either female or male employees.

Two out of five members of the Board of Directors are women, including the Chairman of the Board. At year-end 2017 the Group had 524 employees. 11% of the employees are women and 8% of leading onshore personnel within the Group are women.

Discrimination

The Group aims to be a workplace with equal opportunities, offering challenging and motivating jobs to all personnel, regardless of nationality, culture, religion or gender. It is the Group's Code of Conduct Policy to conduct business in accordance with the letter and spirit of the law and with the overriding ethical standards of good business conduct including non-discriminating behaviour. The Group does not accept any form of discrimination or harassment e.g. based on race, color, religion, gender, age or disability.

The composition of nationalities reflects the available recruitment base for the offshore drilling industry. Per year-end 2017, there were more than 10 nationalities working for the Group.

Environment

The Group's operations involve activities that entail potential risks to the external environment, with the main risks being emissions to air and discharges to sea.

One of the corporate focus areas going forward includes technical solutions and environmental initiatives with the aim to reduce the environmental impact of our business activities.

The Group is careful in its approach to the environment and discharges to sea are continuously monitored and reported. The Group strives to reduce the use of hazardous chemicals and materials through established routines and procedures and seeks alternative products to safeguard the environment.

The CO2 emissions are continuously monitored and reported. The Group is consumer of different types of fuel oil in our operations. This is primarily for operations of the rigs, but also for travelling as well as heating of office buildings. The emission of CO2 amounted to 65 194 metric tons in 2017, compared to 112 291 metric tons in 2016. The fuel consumption amounted to 23 678 metric tons in 2017 versus 40 793 in 2016.

The international rigs in the Group are ISO 9000-14 001 certified. The intention was to certify the Norwegian rigs as well, however due to the current weak market these projects have been postponed. The Group will during 2018 continue to evaluate measures that can be undertaken in order to further reduce the environmental impact from our operations.

Corporate Social Responsibility

The Corporate Strategy and Code of Conduct Policy constitute the foundation in managing our Corporate Social Responsibility as a Group. The Code of Conduct Policy is distributed to our main suppliers and relations as well as to all employees. The principles are emphasized regularly when representatives from the Senior Management have review meetings with management teams and employees.

The Corporate Strategy and Code of Conduct emphasizes the respect for human rights and ethical behaviour. All employees may be part of a union. It is the policy of the Group to conduct all businesses in an honest and ethical manner and in compliance with applicable laws and regulations. The Group take a zero-tolerance approach to modern slavery, bribery and corruption and are committed to acting professionally and with integrity in all our relationship and business dealings. The Code of Conduct Policy, underline that any form of corruption or bribery, or participation in any form of modern slavery is strictly prohibited. The Group adopt a risk-based approach to its Anti-bribery and Corruption Program. The means of controls in place relative to the operation the Group are commensurate with the deemed bribery and corruption risk that have been identified during the quarterly risk assessment process. The Anti-Bribery and Corruption Program comprise of three action elements: Prevent, De-

Corporate Social Responsibility Reporting

tect and Respond and includes activities such as anti-corruption training, annual internal audit plan, financial control mechanisms and Business partner's compliance program.

Initiatives in 2018 will be to continue to further enhance the knowledge of the Code of Conduct Policy, e.g. by introducing this through the new e-learning system.

Being a subsidiary of Bonheur ASA (Bonheur), the Company participates in, and supports with human resources, the Fred. Olsen Social Engagement Group which is an initiative across the Fred. Olsen-related companies in relation to Corporate Social Re-

sponsibility. As an integral part of Bonheur's social responsibility, Bonheur annually extends financial contributions not only towards mere social and charitable purposes, but also towards projects and purposes considered close to Bonheur's sphere of interest. The Fred. Olsen Social Engagement Group (FOSEG) supports Bonheur's effort in this respect by means of i.a. more directly engaging employees of Fred. Olsen-related companies. A key parameter hereunder is to support projects that contribute to self-sufficiency and/or have an environmentally positive impact, either locally or globally. For further information, please refer to Bonheur's Corporate Social Responsibility report embedded in Bonheur's Annual Accounts 2017.