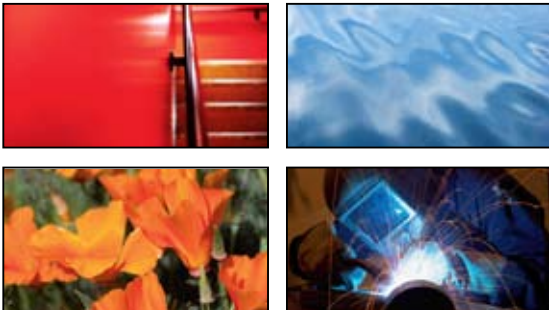


# A zero mindset philosophy



Prosafe has adopted a zero mindset philosophy. This means that we endeavour to pursue our business with zero accidents and injuries, zero accidental emissions to the natural environment and zero occupational illnesses.

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

Prosafe expects all its managers to lead the way by setting a good example and facilitating good working practices and the resources required to operate safely. Managers must show in practice that safety takes precedence over profits and schedules. Should a conflict arise between operations and safety, the latter must always be given first priority. No safety rules may be broken and no short cuts may be taken to complete jobs quickly.

## Creating proprietary attitudes

We emphasise commitment and participation at all levels of the organisation in order to ensure that all employees perform their work in a safe manner, contributing actively to reducing risk and taking action when undesirable conditions are observed.

We want our company to be associated with a proactive HSE culture and with human relations characterised by respect, trust and concern for others. We demand that employees take the time needed to evaluate risk in their work and ensure that

their colleagues are aware that potentially hazardous operations will be conducted. Colleagues must function as safety barriers, and call for interruption of work when they observe unsafe behaviour or conditions, to prevent such situations from developing into accidents.

Through the participation and contribution of the whole workforce, and open and close collaboration with customers, sub-contractors and authorities, we will create proprietary attitudes and achieve continuous improvement.

## Accident prevention

We are committed to doing what we can to reduce risk and to learn the lessons from things gone wrong. We believe that transparency is the best form of accident prevention. Accidents and undesirable incidents are reported and followed up in a systematic manner in order to continue the building of a culture that promotes learning. Safety for people, the environment and material assets must be created and re-created every day.

## Specification of provided information

The information in this chapter concerns the managed rig fleet, i.e. rigs managed/operated by Prosafe, and excludes the rigs on long-term bareboat charters. Injury and sickness absence figures have been calculated for the continuing operations, i.e. exclusive business division Floating Production which was spun off in May 2008.

# Occupational health and working environment

Reducing sickness absence is significant to the well-being of the individual employee, and also has a positive financial effect on the company and society as a whole.

Prosafe endeavours to offer its employees a good and safe working environment in physical and psychosocial terms. All employees should have a good balance between work requirements, individual opportunity for control and participation, and support from colleagues and managers.

It is our objective that nobody should suffer work-related illnesses or strain injuries as a consequence of working for Prosafe.

Sickness absence has been relatively low in recent years, but ended up at 3.6 per cent in 2008, as compared to 2.3 per cent in 2007. This increase is mainly due to a higher number of people on long-term sick leave in 2008.

We monitor all sickness absence closely, and seek occupational health guidance and intervention at an early stage during any work-related sickness absence. We also take steps to enable employees to return to work on light duties, either in the office or on shorter vessel trips to re-assimilate the employee's return to work.

Special attention is paid to employees exposed to certain hazards such as high noise environments, exposure to chemicals and other conditions that may be harmful to health. We carry out regular occupational health assessments for these risks.

We believe that a good working environment and a close follow-up of employees on sick-leave are prerequisites for achieving the lowest possible sickness absence rate.

SICKNESS ABSENCE 2004-2008 (PER CENT)



# Safety



Safety is one of Prosafe's core values. We look upon the objective of zero incidents as a goal to work towards and as a way of thinking, and are committed to working actively to avoid injuries and accidents.

In 2008, Prosafe recorded eight incidents requiring medical treatment. Three of the incidents were classified as Lost Time Injuries (LTIs), which means the employees were absent from the next work shift because of the injury. None of the incidents had long-term consequences.

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. This resulted in an LTI frequency of 3.3, an increase from 2.6 in 2007.

The injury frequency, which expresses the number of personal injuries per million working hours, was 8.8, which is a slight increase from 2007, when it was 7.7.

All injuries and serious incidents are unacceptable to Prosafe, and they are therefore subject to extensive in-house investigation to identify causes and introduce risk-reducing measures aimed at preventing recurrence. The findings of these investigations are conveyed to the rest of the organisation to ensure transfer of experience. These are important measures for reaching the company's goal of zero injuries.

## Continuously instilling safety awareness

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

- Vessel inductions for all personnel visiting our vessels.
- Worksite monitoring to ensure that safe working practices and conditions are in place.
- Safety tours to identify risks to persons, detect nonconformities as regards health, safety and environmental protection standards, and to encourage all crew members to keep a high focus on safety at all times.
- Weekly accommodation inspections covering all aspects of accommodation and food hygiene.
- Permit to work audits to ensure that health, safety and environmental standards are maintained through compliance with the permit to work system.
- Safety observation system cards to provide both positive and negative feedback to the shipboard management.

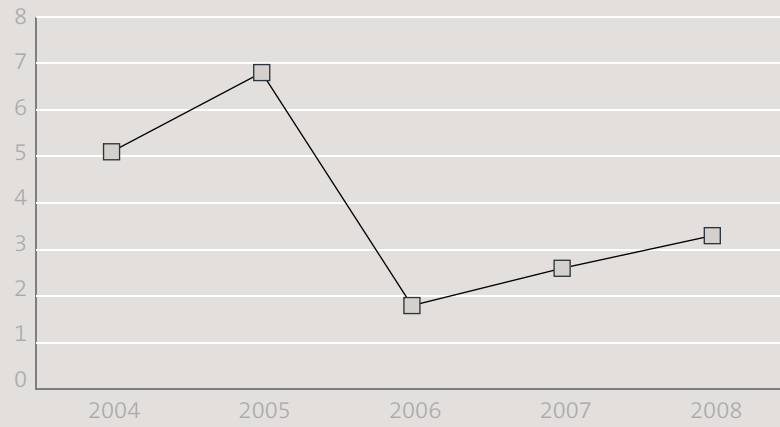
Preventive work is important, and efforts to strengthen the organisation's safety culture were further intensified in 2008. Initiatives taken comprised efforts aimed at increasing crew involvement, and campaigns addressing trips, slips and falls, which are a major cause of injuries.

Furthermore, we held two Safety Days, both attended by over 100 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. By continuously instilling safety awareness, we will achieve a real and lasting shift in mindset that will result in an improved safety performance.

## Excellent results are attainable

Through operating for long periods without injuries, some of our rig operations have demonstrated that excellent safety results are attainable. This demonstrates that the zero mindset is achievable, and provides motivation. We use best practices across the group as examples to ensure transfer of experience within HSE training.

LOST TIME INJURY FREQUENCY (H1) 2004 - 2008



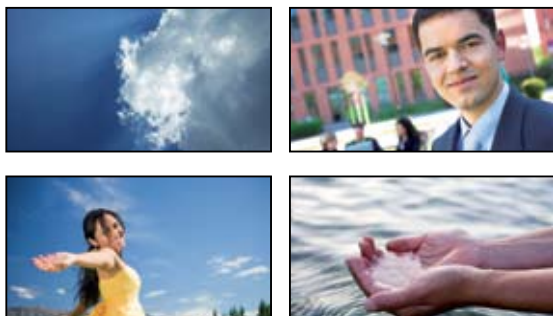
INJURY FREQUENCY (H2) 2004 - 2008



NUMBER OF DAYS SINCE LAST LOST-TIME INJURY FOR RIGS OPERATED/MANAGED BY PROSAFE  
(as of 31 December 2008)

<i>Safe Astoria</i>	942
<i>Safe Scandinavia</i>	839
<i>MSV Regalia</i>	325
<i>Safe Bristolia</i>	274
<i>Safe Caledonia</i>	205

# Environment



Care for the environment is one of our core values, and forms an integral part of our business planning. Our goal is zero accidental discharges to the sea and zero accidental emissions to the air, in line with our principles for sustainable development.

Environmental management is at the core of our Integrated Management System. By integrating environmental considerations in our risk assessments, we endeavour to minimise the impact of our day-to-day operations on the environment.

We produce Environmental Impact Assessments for each of the rigs that we manage/operate. The assessments take into account the mode of operation of the vessel together with generic geographical considerations. Local assessments are typically performed with our clients who will usually be operating under the terms of an Operators Permit.

Moreover, we cooperate actively with customers and suppliers to set in-house goals, make continuous improvements to our own routines and

shape attitudes towards protecting the natural environment from pollution by our operations. All accidental discharges and emissions are reported and followed up in the same way as injuries and material damage.

## Reducing our ecological footprint

We are actively seeking solutions to improve our environmental performance and reduce emissions in order to further reduce our impact upon the environment.

Our 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.

We have traditionally measured oil spills and chemical spills to sea. Prosafe had no accidental discharges to the natural environment in 2008, which is wholly in line with our target.

In 2008, we calculated the emissions of CO<sub>2</sub>, CO, NO<sub>x</sub>, SO<sub>2</sub>, CH<sub>4</sub> and VOC for the managed fleet, based on the fleet's diesel consumption. Going forward, we will gradually implement new technology and refurbish equipment in order to reduce these emissions over time.

THE CALCULATED EMISSION DATA FOR RIGS OPERATED/  
MANAGED BY PROSAFE:

	Calculated 2008 total (tonnes)
Consumed diesel	20 700
CO <sub>2</sub>	66 200
CO	300
NOx	1300
SO <sub>2</sub>	120
CH <sub>4</sub>	3
VOC	40

**Facilitating improvement over time**

Prosafe includes environmental considerations when refurbishing and upgrading its rig fleet. An example of this is the MSV *Regalia*, which is in the yard until May 2009 for a major refurbishment and life extension project.

MSV *Regalia* has operated throughout her life utilising dynamic positioning (DP) to maintain station. In order to satisfy redundancy requirements for power and propulsion, her engines have reached a near unprecedented level of running hours, which again has resulted in quite high emissions. Rigs that are maintaining station by moorings, such as the *Safe Scandinavia*, can operate on approximately a quarter of the required power/fuel requirements because their base power requirement is limited to the hotel services.

During the yard stay, MSV *Regalia's* engines will be refurbished in order to address the vessel's emissions.

We estimate that this will result in a reduction in NOx emissions in the range of 40 to 50 per cent in future operations. Moreover, we also expect a reduction in the emission of CO<sub>2</sub>, CO, SO<sub>2</sub>, CH<sub>4</sub> and VOC. In addition, there will be a slight reduction in fuel consumption and a greater reduction in Lub oil consumption. Once MSV *Regalia* commences operations after the completed refurbishment project, we will be able to provide measured reductions of all emissions.

**Waste management**

Each rig has a waste management plan. The plan includes assessments of all potential waste products originating onboard together with the requirements for waste segregation for transportation ashore.

**Ballast water**

Ballast water management for our 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, with the exception of MSV *Regalia*. The ISPP certification of MSV *Regalia* was deferred until completion of the refurbishment period.



# Quality assurance



**Prosafe is committed to achieving and maintaining the highest standards of quality in its operations.**

Documented processes, systems and reviews form the basis of the company's quality systems. Through ISO and International Safety Management (ISM) standards, we maintain an up-to-date quality management system with an Integrated Safety and Environmental Management System.

The company's quality management systems are certified to the international ISO 9001 quality standard. Prosafe was re-certified to the new process-oriented ISO 9001:2000 standard in 2005.

Safety management systems for the rig fleet are approved to the ISM code. Our 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 2008.

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.

*Safe Scandinavia* was the first floating accommodation unit ever to be awarded an Acknowledgment of Compliance (AoC) by Petroleum Safety Authority Norway (PSA) in 2007. The AoC is required for operations on the Norwegian Continental Shelf, and reflects that the rig's technical condition and the company's organisation and management systems are in compliance with relevant requirements in Norwegian shelf legislation.

In connection with the refurbishment of *MSV Regalia*, Prosafe will carry out the necessary adjustments in order to meet PSA's requirements. We will in the course of 2009 apply for an AoC for *MSV Regalia*.

## Supplier follow-up

Prosafe ensures that its contractors operate management systems compatible with those implemented by the company itself. In addition, interfacing of contractors' and Prosafe's activities and management systems is achieved through the development and agreement of specific interface documentation.

Prosafe's system for sub-contractor administration shall ensure:

- Selection of sub-contractors based upon (amongst other considerations) an assessment of their health, safety and environmental policies, procedures and performance commensurate with the risks associated with services to be provided.
- Agreement of the performance objectives and standards to be achieved, including those pertaining to health, safety, security and the environment.
- Preparation of health, safety and environmental interface documentation detailing the roles, responsibilities and procedures to be followed for the duration of the contact.
- Verification by Prosafe that sub-contractor personnel are competent to undertake the work.
- Methods for monitoring and assessing sub-contractor performance against agreed health, safety and environmental performance objectives and criteria.

Sub-contractors are subject to the same standards as used by Prosafe within its Integrated Management System.

Mechanisms to ensure that defined standards are met, shall be as defined within any agreed interface documentation. In addition, through active and reactive monitoring and sub-contractor audits,

Prosafe will review and verify that such standards and requirements are met.

#### Audits

Prosafe measures achievement of continuous improvement through internal audits and external/third-party audits. We also use the audits as tools to ensure that our procedures and management systems are properly implemented and observed.

A total of 26 audits were carried out in 2008, including ten by certification bodies and two by customers. No major non-conformances from the company's quality systems were identified.

#### Contingency plans

Prosafe has established contingency plans to limit harm to people, the environment and material assets. These plans will also ensure that correct,

relevant and timely information is provided to the outside world if and when required.

We carry out regular emergency response exercises in cooperation with our customers and third parties to ensure that we are as well prepared as possible to deal with a possible crisis.

#### Definitions

Lost-time injury (LTI): Occupational injury which causes an employee to be absent from work for one complete shift, i.e. 12 hours.

Personal injury/non-LTI: Occupational injury which is not classified as an LTI, but which requires that the employee receives medical treatment.

Exposure hours: Total hours worked, based offshore on a 12-hour shift.

$LTI \text{ frequency} = [\text{no of LTIs} \times 1\,000\,000] / [\text{exposure hours}]$

$\text{Injury frequency} = [(\text{LTIs} + \text{non-LTIs}) \times 1\,000\,000] / [\text{exposure hours}]$

Serious incident: Accident or incident with the potential to cause:

- 1) fatality
- 2) life-threatening injury
- 3) material damage worth more than USD 250 000
- 4) fires or explosions
- 5) oil spills greater than 50 barrels
- 6) chemical spills