

CORPORATE SOCIAL RESPONSIBILITY

Petoro undertakes to pursue its business activities in an ethically acceptable, sustainable and responsible manner. The board adopted guidelines in 2012 for the exercise of corporate social responsibility (CSR) at Petoro. CSR embraces the activities voluntarily pursued by the company over and above existing legal and regulatory obligations. Petoro undertakes to conduct its business operations in an ethically acceptable, sustainable and responsible manner. Funding for discharging its management duties and for running the company is provided through appropriations from the government, and Petoro has no mandate to provide monetary support for social purposes. The board emphasises that the company's CSR forms an integral part of its activities and strategies. This is reflected in part through its values. Petoro's CSR was earlier addressed as part of its business ethics through the guidelines on this subject.

Petoro pursues its business in accordance with good corporate governance. That applies to its participation in the individual production licences and as a partner in the joint ventures. The joint venture agreements for the production licences include requirements on governance by the operators. Petoro exercises its role through active participation in management committees and sub-committees on the basis of a prioritisation of available resources and where it can make a difference. Follow-up of the state's equity interests in all joint ventures is incorporated in Petoro's governance system.

Petoro pursues its business in a sustainable manner which minimises negative impacts on nature and the environment. Serious incidents are followed up as a critical success factor in Petoro's governance system, and it pays close attention to incidents which could have negative consequences for nature and the environment. Health, safety and environmental results for facilities in the portfolio have improved over a number of years. Petoro participates every year in HSE management inspections on selected fields and installations.

Petoro is concerned to ensure that power from shore is assessed for new field developments and major conversions, providing a technically feasible solution is available at an acceptable

abatement cost. In connection with the development of Johan Sverdrup and other discoveries on the Utsira High, a pre-unit agreement was established in 2012 which includes assessing common solutions for power from shore.

The company contributes to creating environmentally conscious attitudes among all its employees, and continued waste sorting in 2012 as well as incentives established to increase the use of public and environment-friendly transport. Emphasis is given to efficient ICT solutions and good communication systems, with opportunities to replace physical meetings with videoconferencing.

Petoro reports emissions to the air and discharges to water from the portfolio in a separate chapter of its external annual report on the natural environment, based on figures obtained from the operators. No significant emissions to the air or discharges to the sea occurred from the SDFI portfolio during 2012.

Petoro does not accept any form of corruption or other malpractice, and employees are not permitted to receive remuneration from others in their work for the company. Guidelines on business ethics define what is regarded as corruption, and the consequences of breaching these guidelines receive special mention. No breaches of these guidelines have been recorded.

Petoro's employees do not accept unlawful money gifts or other benefits, or offer these in order to secure an advantage for themselves, for Petoro or for others. Employee directorships and jobs on the side must be approved by the president in order to avoid possible conflicts of interest. Guidelines on business ethics detail the consequences of breaches. No breaches of the guidelines have so far been recorded.

Petoro's employees comply with the company's business ethics guidelines. The company's guidelines on business ethics are publicly available. Their purpose is to clarify principles which will govern the company's commercial operations and employee behaviour. All employees sign the company's ethical guidelines annually. These guidelines cover such considerations as the duty of confidentiality, possible conflicts

of interest and issues related to the receipt of gifts and services. Petoro has established security requirements for data and for information and communication technology (ICT) in its operations. Its information systems and data are secured against unauthorised access. The consequences of breaching Petoro's guidelines on business ethics are covered in a separate section.

Petoro's employees discharges their duties with a high level of integrity and honesty, and show respect for other people, the public authorities and business contacts as well as for health, safety and the environment. Through its HSE declaration, Petoro has a common goal of creating a good physical and mental working environment for all employees. Its guidelines on business ethics include requirements on ethical behaviour by all employees. PetroAktiv organises a number of social, cultural and sporting activities for employees. Participation is good in various events, which include cross-country skiing, relay races, theatre visits and concerts.

Petoro does not discriminate on the basis of gender, religion, national or ethnic affiliation, social group or political views. Women accounted for 36 per cent of the total workforce in 2012, unchanged from the year before, and for 42 and 25 per cent of the company's board and executive management respectively. Petoro gives weight to equality between the genders in terms of opportunities for professional and personal development, pay and promotion. The company facilitates a flexible customising of working hours. When determining pay and in pay negotiations, Petoro is conscious that men and women must be treated equally. No systematic or significant differences exist between male and female pay in the company. The company has a number of employees with differing cultural and ethnic backgrounds.

The company has routines for reporting conditions open to criticism. The board encourages the company's employees to raise ethical issues and to report any breaches of the regulations they encounter. The internal audit function is an independent whistleblowing channel with the right and duty to report to the board. No cases of whistleblowing were recorded in 2012.

Petoro expects its partners and contractors/suppliers to maintain the same ethical standards set for its own business operations.

The management committee in each joint venture is responsible for considering and deciding issues related to the procurement and contract strategy. Petoro's standard contractual terms incorporate requirements that contractors/suppliers must execute the assignment with a high level of professionalism and in accordance with high ethical standards. The company's guidelines on business ethics are appended to all contracts as the standard to be met.