

CORPORATE SOCIAL RESPONSIBILITY

Petoro's presentation of its CSR builds on guidelines for exercising CSR adopted by the company in 2012. These are tailored to the company's activities as a licensee on the Norwegian continental shelf (NCS). CSR embraces the activities voluntarily pursued by the company over and above existing legal and regulatory obligations. 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 has chosen to build its presentation on the individual sections in the company's CSR guidelines, and not fully in conformity with a "comply or explain" principle as enshrined in the UN's Global Compact.

Petoro undertakes to pursue its business activities in an ethically acceptable, sustainable and responsible manner. The board emphasises that the company's CSR forms an integral part of its activities and strategies, and is reflected in part through its values. These include vigorous, responsible, inclusive and bold. It is implicit in the term "responsible" that the company's employees are actively involved with health, safety and the environment, show concern, do their work in a solid, professional manner and display a high level of integrity. These qualities are supported by the company's commercial guidelines.

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 environmental incidents which could

have negative consequences for nature and the environment. Health, safety and environmental results in the portfolio have improved over a number of years. Petoro participates every year in HSE management inspections on selected fields and installations. During 2013, the company continued its efforts in the joint ventures to prevent major accidents on the NCS.

Petoro works to secure the establishment of goals and the identification of action plans for energy-efficient solutions in the long-term plans of the production licences, and to ensure that these elements are carried over into the work programme and budget for implementation on the fields. The company is a licensee in Martin Linge, which is being developed with power from Kollsnes as its energy solution. The Johan Sverdrup licensees chose a development concept (decision gate 2) for the field in February 2014 which includes power from shore. The proposed solution will provide power for the first development phase.

The company contributes to creating environmentally conscious attitudes among all its employees, and continued waste sorting in 2013 as well as incentives established to increase the use of public and environment-friendly transport. Petoro give emphasis to efficient ICT solutions and good communication systems, and has built a modern collaboration and communication platform which integrates speech, data and video in a seamless interface with good opportunities to replace travel with videoconferencing.

Petoro reports emissions to the air and discharges to water from the portfolio in a separate chapter of its annual report on the environment, based on figures obtained from the operators. The company is concerned that the industry takes account of the environment and would note, in this context, that emissions/ discharges on the NCS have been low by international standards for many years. No significant emissions to the air or discharges to the sea occurred from the SDFI portfolio during 2013. The figures will be reported in the external annual report as soon as they are available.

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 discharge 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. The company's guidelines on business ethics include requirements on ethical behaviour by all employees. Petoro's goal is a good mental and physical working environment for all personnel. PetroAktiv organises a number of social, cultural and sporting activities for employees.

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 2013, 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. Working conditions at Petoro are customised to allow people with disabilities to work for it.

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 2013.

Petoro expects its partners and contractors/suppliers to maintain the same ethical standards set for its own business operations. 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. An extract of the company's guidelines on business ethics is incorporated in all Petoro's standard contracts as the norm to be met. The management committee in each joint venture is responsible for considering and deciding issues related to the procurement and contract strategy.