

BW OFFSHORE

Sustainability report
2022



Reporting practices

BW Offshore’s annual Sustainability Report for the fiscal year 2022 (1 January 2022 to 31 December 2022) is in accordance with GRI 2021 and GRI sector standard for Oil and Gas 2021. Reference is also made to the United Nations Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), CDP and the Green House Gas (GHG) Protocol.

This report was reviewed by the company’s ESG Steering Committee and Audit Committee before being approved by the Board of Directors.

CEO message

The global energy landscape is rapidly changing with increasing expectations from a wide range of stakeholders that companies should contribute to the energy transition.

We continue to focus on delivering safe, innovative production systems for hydrocarbons while positioning ourselves as a leading company within offshore renewable energy solutions. We already today allocate a large share of our R&D budget to enable these opportunities. To read more about our strategic positioning within renewables, please see the 2022 Annual report.

Additionally, we seek to be a good corporate citizen with strong governance and risk management processes to ensure ‘Zero Harm’ to people and the environment in our operations, supported by a strong foundation for ethical business conduct.

We have an active approach to capture opportunities and manage risks stemming from the ongoing energy transition and seek to integrate ESG-considerations in our strategy and business activities with the ambition to deliver long-term value and benefits to all our stakeholders.

This report summarises our efforts on a corporate level and provides an update on our corporate ESG goals for 2022.

Marco Beenen



Key figures for 2022



SAFE AND SECURE OPERATIONS

3

Number of LTIs

0.22

LTI rate



ENVIRONMENTALLY CONSCIOUS OPERATIONS

-38%

GHG emissions intensity in 2022 compared to 2021 (Includes Scope 1 and 2: CO₂, CH₄, N₂O, HFCs)

0

Number of significant oils spills



NON-DISCRIMINATING AND FAIR EMPLOYER

55/45

Gender split of new permanent onshore joiners (female/male)

83%

Completion rate of workforce Culture Survey



STRONG GOVERNANCE FRAMEWORK

17

Number of speak-ups

80%

Completion rate for compliance-related mandatory e-learning

We LEAD with Integrity

BW Offshore's values are summarised in 'We LEAD with Integrity'. These values reflect who we are and how we conduct our business.

We are committed to delivering sustainable operations and long-term value creation for our stakeholders – not because this is expected by society, but because it is the right thing to do.

Our values emphasise that team collaboration is the key to making a positive contribution to stakeholders and to society at large. BW Offshore has defined a set of sustainability goals related to environmental, social and governance (ESG) factors and we measure our performance relative to these goals through a corresponding set of indicators.

We maintain a strong focus on developing a culture where everyone is encouraged to treat failure as an opportunity to learn and improve, to take accountability, and to be part of solutions that keep advancing the future of energy.



LEVERAGING THE TEAM

We trust each other and recognise that we are stronger as a team. We commend contributions and make each other better, embracing diversity and collective competencies to achieve the best result.



EXCELLENCE

We strive to do everything to the best of our abilities and we always seek to improve. We see sharing of failure as a sign of strength and an opportunity to learn.



ACCOUNTABILITY

Each of us care about what we do and the people we work with. We take ownership to understand and ensure positive outcomes for all our stakeholders.



DEVELOPMENT

We are open and actively seek opportunities to learn, inspiring individual growth and enabling progress. We continuously seek feedback from others to develop and improve.

WITH INTEGRITY

Integrity is the definition of who we are and what we do. It is the sum of our values. We are committed to speaking up and making the right decisions to resolve any dilemma we face.

Defining factors for long-term value creation

BW Offshore is part of a value chain that provides a safe and affordable supply of energy – an important factor for economic growth and security in both developed and developing economies. We have an established framework for risk management, ensuring safe and effective operations by adhering to a Zero Harm policy and by minimising environmental impact and unnecessary use of resources. As a responsible and inclusive employer, BW Offshore makes a positive contribution to local job creation and development.

Risks and opportunities related to these factors are described throughout this report, and evaluated from a safety, operational, regulatory, reputational and market perspective. BW Offshore has an established, holistic approach to health, safety, security, environment and quality (HSSEQ) across all our operations. The company demonstrates due respect for the individual, through human rights and employment practices.

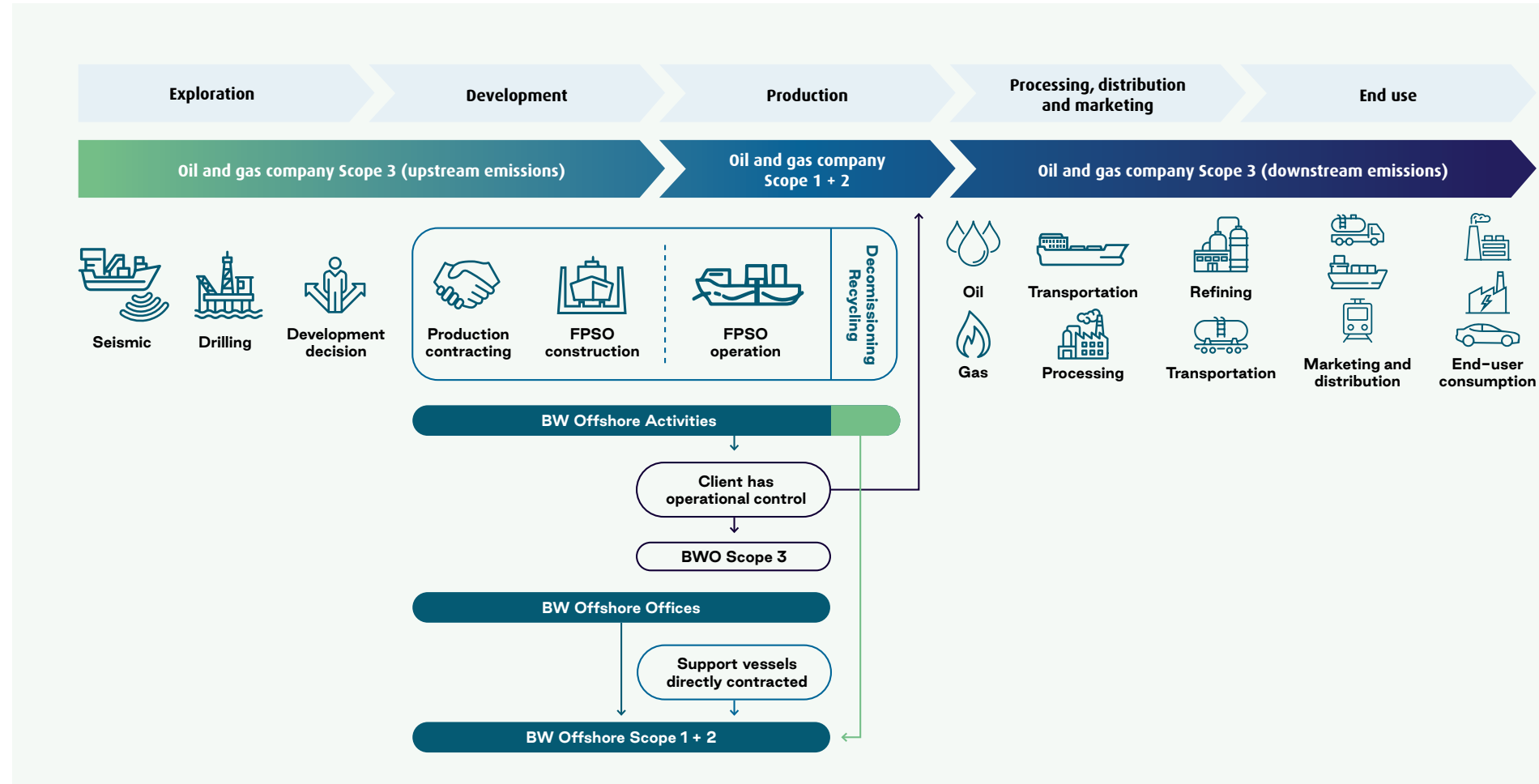


Position in the offshore energy production value chain

BW Offshore provides a range of products and services to its clients which enable safe and efficient offshore energy production. The illustration shows the various activities and phases of the offshore oil and gas industry value chain, BW Offshore’s positioning within that value chain, and where our direct and indirect emissions (Scope 1 and 2) and related external indirect emissions (Scope 3) occur.

Our clients typically control the entire value chain, from the initial exploration phase to the distribution of hydrocarbons to various markets. BW Offshore’s main value add is provided during the energy production system development and operation phases. Within oil and gas, this extends to the field abandonment stage with subsequent FPSO redeployment or recycling.

BW Offshore contributes to the energy transition by developing a range of solutions for offshore renewable energy production. These are



complementary to traditional FPSO activities, offering the opportunity to apply engineering, operations and business development expertise developed over more than four decades in order to produce clean energy in a safe and efficient

manner. This includes the majority ownership in floating offshore wind developer BW Ideol.

BW Offshore’s planned contribution within these value chains will be similar to that of the

oil and gas value chain, focused on business development, EPCI (engineering, procurement, construction and installation), operations and maintenance.

BW Offshore's commitment to ESG

We are committed to efficient, reliable and compliant operations, with zero harm to people, the environment and the communities in which we operate. We apply best-in-class as the benchmark for monitoring, assurance and improvement of our operational performance and compliance.

Guided by our purpose and values, BW Offshore aim to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability and corporate responsibility.

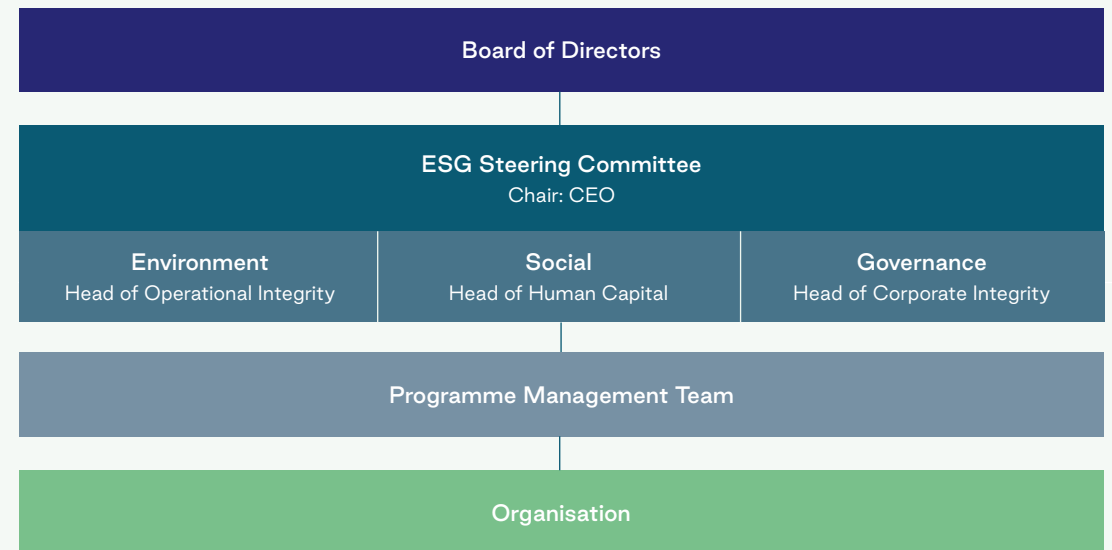
ESG COMMITTEE

The company has an internal ESG Steering Committee. Established in 2020, it is chaired by the CEO, who reports directly to the Board of Directors. The committee's mandate is to ensure that sustainability and the relevant environmental, social and governance-related risks and opportunities are recognised throughout the

organisation and are integrated in the company's long-term strategy for value creation and in the risk management system. The committee holds quarterly meetings to review progress on sustainability goals and specific objectives.

BW Offshore's sustainability reporting is reviewed by Senior Management, overseen

ESG COMMITTEE STRUCTURE





by the Audit Committee, and approved by the Board of Directors annually. The company incorporates information about our corporate responsibilities in the annual report – reflecting our commitment to integrate corporate responsibility in all processes and daily operations.

STAKEHOLDER ENGAGEMENT TO IDENTIFY MATERIAL TOPICS

BW Offshore uses continuous dialogue with external and internal stakeholders as input when defining material sustainability-related factors. A 2020 materiality analysis was conducted based on feedback from external and internal stakeholders who responded to and provided comments on a questionnaire based on relevant topics either electronically or through interviews. Topics included key factors for BW Offshore's daily operations and long-term value creation, such as safety, security, environmental footprint, emissions, waste management, discrimination, diversity, community involvement, corporate governance, business conduct, responsible supply chain management, human rights and stakeholder engagement. Stakeholders were asked to prioritise relevant topics based on perceived importance, and data was then consolidated into a materiality matrix identifying the key topics for BW Offshore.

BW Offshore seek a continuous, two-way engagement with our stakeholders to identify the areas where we can make the greatest environmental, social and economic impact, as well as related risks and opportunities that may affect our future.

On a corporate level, we regularly engage with lenders, investors and other financial markets' participants through quarterly financial presentations, meetings, annual bank presentations, participating in audits, such as ESAP (Environmental and Social Action Plan) reviews, and general communication as required. Engagement with vendors, clients and partners occurs on a day-to-day basis, and stakeholder communication is embedded into the organisation's workflow, for example, through meetings, performing audits, tender processes and as a natural part of all projects and operations.

In 2022, the BW Offshore Speak Up Channel was made available to all external stakeholders via our website, to further promote feedback from external parties. The Speak Up Channel allows for anonymous feedback and is followed up by the company's Head of Corporate Integrity.

Internally, the company holds quarterly global staff information meetings for all employees and contracted staff. Employee surveys are conducted regularly and feedback is actively followed up to ensure proper engagement with the workforce. In 2022, a new culture survey was conducted and a due diligence risk assessment was performed to validate compliance with the Norwegian Transparency Act.

BW Offshore's four material topics are aligned with the SASB Materiality Map® and with relevant industry-specific external independent materiality frameworks such as the ESG Industry Materiality Map provided by MSCI ESG Ratings. They also align with our commitment to operational integrity and safety, and our Zero Harm objective for personnel and the environment at large – as encapsulated in the 'We LEAD with Integrity' values that guide and motivate leadership at all levels. The factors are also reflected in the company's support for the United Nations Sustainable Development Goals (SDGs).

In 2022, BW Offshore has worked actively with different targets related to the four identified material topics. The progress and details are described throughout this report.

The feedback received through stakeholder engagement in 2022 is well aligned with the findings of the 2020 materiality analysis, and confirms our definition of the following factors as the most important for long-term value creation:



1. SAFE AND SECURE OPERATIONS

Ensuring the safety and wellbeing of our employees is BW Offshore's greatest responsibility and is reflected in our Zero Harm principle. Therefore, all processes seek to leverage human performance and a strong culture of care.



2. ENVIRONMENTALLY CONSCIOUS OPERATIONS

BW Offshore is committed to contributing to a sustainable environment. Risk management is used to identify, assess and eliminate – and where not possible, mitigate – all actual or potential environmental impacts arising from our operations.



3. A NON-DISCRIMINATING AND FAIR EMPLOYER

BW Offshore focus on our employees and organisation, and the opportunities we can provide for the wider community. The company is deeply aware of the importance of our people and their contribution to meeting operational and financial objectives.



4. A STRONG GOVERNANCE FRAMEWORK

We stand for consistent adherence to the applicable laws, rules and regulations in every country we operate. We are committed to conducting business in a fair, ethical and transparent manner by adhering to the principles and guidelines stated in the company's Code of Ethics and Business Conduct. The company strives to be a good corporate citizen and to uphold the highest ethical and responsibility standards.



Safe and secure operations – Zero Harm

RISKS AND IMPACTS

Operating in a high-risk industry, BW Offshore is focused on identifying and mitigating risks that may impact our people, the environment or the communities where we operate. The company operates offshore floating facilities used in the development of oil and gas reserves, often in remote areas far from shore, therefore managing risks is critical to ensure safe and secure operations.

Hazardous incidents occurring onboard an FPSO have the potential to escalate quickly due to the hazardous nature of the processing and storage facilities, and may lead to:

- Fatalities or severe injuries
- Hydrocarbon spills to the environment
- Damage to the assets
- Irreparable reputational damage (towards all stakeholders)

This underlines the fundamental importance of our business objective to achieve safe and secure operations with zero harm. The safety

and wellbeing of our employees is a key concern for the organisation, and we work continuously to ensure decent working conditions for all employees and contractors under our control. These activities are described further in this chapter, and additional efforts on human rights are covered in the chapter on being a non-discriminating and fair employer ([page 26](#)).

Different levels of risk assessment are used throughout the organisation, depending on the type of activity undertaken – such as during tender and project phases, in operational and corporate offices, in yards during the construction of assets, and onboard the offshore assets during operation.

BW Offshore performs regular reviews of significant risks to the business and evaluates internal control measures to adequately mitigate these risks. Risk management is used as a tool to assess and enhance our internal control systems and to effectively identify, assess and manage risk.



MANAGEMENT FRAMEWORK

Operational integrity

The Operational Integrity (OI) function maintains the necessary systems to achieve safe and secure operations through a continuous improvement cycle. The OI function defines the health, safety, security, environmental, quality and asset integrity performance requirements and targets for the company and its associated assets both in projects and offshore operations. This is complemented by continuous performance analysis, risk-based verification and governance of HSSE aspects.

Resources from the OI function are an integral part of Asset and Project teams who facilitate the processes necessary to maintain operational integrity performance at an acceptable level.

BW Offshore maintains an effective occupational health and safety Management System that enables us to meet and exceed mandatory requirements, as well as those the company applies as best practice. Legal requirements for health, safety, security and environment exist in many of the jurisdictions in which we operate, and a register of applicable legislation is maintained by the OI function.

The main objective of the Management System is to manage the risks to BW Offshore's people and assets. The Management System applies to all employees, contractors and visitors working at locations controlled by BW Offshore, and is available via our intranet page.

The BW Offshore Management System is consistent with industry best practices (including the Energy Institute Process Safety Management Framework and the IOGP Operating Management System Framework), and is certified to:

- The International Safety Management (ISM) Code for the safe operation of ships and for pollution prevention
- ISO 9001 for quality management
- ISO 14001 environmental management
- ISO 45001 occupational health and safety management

All our FPSO assets are certified in accordance with the requirements of the International Ship and Port Facility Security (ISPS) Code. A Security Policy is implemented through standards, procedures and processes to prevent unauthorised access and the introduction of weapons and other dangerous devices

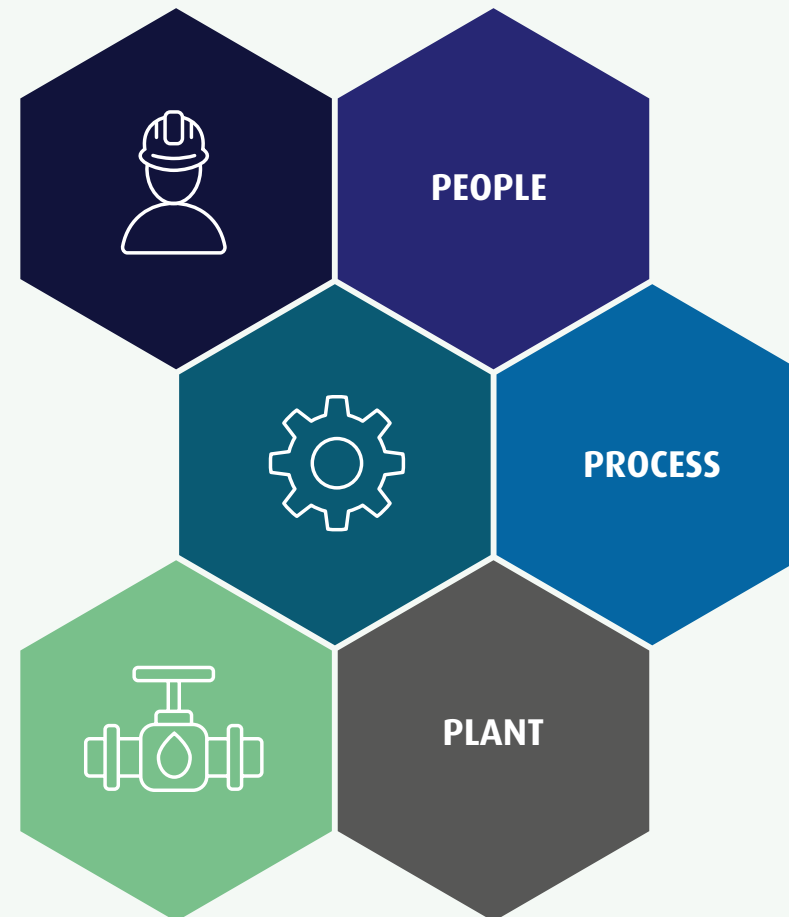
or substances, thus securing zero harm to personnel and preventing damage to assets.

Awareness of the Management System and its processes is maintained through e-learning courses and as part of our onboarding process. Relevant e-learning courses are mandatory and tailored to different roles within the organisation to ensure satisfactory knowledge of BW Offshore's policies and procedures for all employees, contractors and visitors. Refresher training is conducted as required and in accordance with industry best practices.

Process Safety Management

Barriers are important to manage the risk of major accidents and comprise People-, Process- and Plant (i.e. physical asset) elements that work together to fulfil the barrier functions.

The process safety management framework is integral to the Management System, which our workforce can access to log feedback, at any time, for review and action by the assigned owner. Documents are subject to a formal stakeholder review and approval process in the workflow – a process that is mandatory for all published documents. A management review is conducted annually to assess the effectiveness of the Management System.



PEOPLE

The organisation, with **personnel from board room to the front lines**. The training, competence and behaviours that individually and collectively contribute to mature culture and safe operations. How we conduct ourselves and implement our processes with quality.

PROCESS

Our **systems of work**, including manuals, standards, procedure and practises maintained and continuously improved in the **Management System**.

PLANT

The equipment and systems designed into the asset. The **Safety Critical Elements that have to work** to either prevent a major accident or mitigate its consequences.

PERFORMANCE

BW Offshore monitors key indicators of process safety, occupational health and safety, environmental performance, and asset integrity. The indicators are analysed on a quarterly basis to explore weak signals, give insight to the recorded data and promote risk-based verification and governance. This allows us to identify potential performance issues and take proactive steps towards incident prevention and operational improvement.

The company follows the International Association of Oil and Gas Producers (IOGP) guidelines for incident reporting, allowing for benchmarking against the wider industry. Contractors working at BW Offshore sites operate under the company's control of work processes, and BW Offshore maintains oversight to manage risks.

Identified hazards, incident investigation findings, the annual management review and employee input captured in the publishing function of the Management System serve as feedback for continuous improvements to the Management System.

The main types of work-related injuries recorded in 2022 were body and hand trauma, foreign body in eye and dehydration. Work-related hazards are managed through the control of work systems, which requires risk assessment, control of hazards and authorisation to work for all work scope undertaken offshore.

Health hazards are routinely managed through the health risk assessment process and Management System processes for management of noise, asbestos, naturally occurring radioactive material (NORM), hand/arm vibration syndrome, potable water management, catering etc.

We continuously work to raise consciousness of risks associated to work-related hazards by issuing monthly OI reports and frequent personal injury awareness campaigns on the company intranet, and by using infograms and posters in offices and onboard units.





Initiatives, programmes and policies

Learning from failure – Project Evolve

In January 2021, an incident onboard FPSO Espoir Ivoirien led to a leakage of hydrocarbons into a tank where inspection work was being performed, resulting in two fatalities. The tragic accident led to the creation of Project Evolve, which aims to address the necessary changes to prevent future accidents and major incidents. Project Evolve represents a long-term commitment, driven by the company's Senior Management, to ensure safe and secure operations. BW Offshore has adjusted the operating model for relevant FPSOs and introduced robust new requirements and work processes.

As part of Project Evolve, approximately 30 per cent of the BW Offshore workforce has participated in structured feedback sessions. The feedback has been analysed, assessed and consolidated into 72 separate actions ('Improvement Opportunities') that are prioritised and followed up on by designated delivery managers to improve work processes to promote a safe and efficient work environment.

Emergency preparedness

BW Offshore's commitment to emergency preparation and response is captured in our OI standards, which define requirements for emergency response, support and crisis management for operational assets, project worksites, permanent office locations and the corporate organisation. Each offshore asset has a specific Emergency Response Plan covering the major accident hazards present onboard.

Emergency Response and Crisis Management Plans are aligned with industry recognised Incident Management System (IMS) principles, including the incident planning cycle and risk-based prioritisation concepts.

Regular training in the form of emergency exercises and drills is conducted to ensure personnel maintain a high level of readiness, and to test aspects of each asset's Emergency Response Plan. Lessons learned are shared onboard during post-drill debriefs and with onshore teams. Drill reports are reviewed and analysed by OI management.

Cyber security

The risks related to cyber security are complex and change rapidly as technology develops. There is an increased need to transmit operational data from every unit’s Operational Technology (OT) environment to the Information Technology (IT) environment, and to onshore teams and general application access on the internet. This results in a wider cyber-attack surface.

We seek to maintain safe operations through the deployment of a continuous threat detection system, vulnerability scanning, penetration testing and safe remote access, all monitored by a 24/7 Security Operations Center (SOC) providing Security Event and Incident Management (SIEM) and incident response.

Technology barriers and mitigations are not the only solutions; we have established a cyber security portal, and training of employees is paramount to avoid hacks and data breaches. In 2022, a mandatory e-learning was conducted for all employees and contractors on cyber security, and a monthly phishing awareness

campaign was initiated for all users with BW Offshore emails. Since commencing the awareness campaign, a total of 2 135 potential phishing attacks have been reported by employees, whereof 505 (23.7 per cent) were identified as actual threats and managed by the cyber security team without any security breach.

BW Offshore has a detailed Cyber Security Management Plan in place, and has established a dedicated incident response team, comprising qualified personnel and external security

providers. Frequent backup of data and restoration mechanisms are in place to ensure swift resets of operation.

In 2023, a cyber security training and awareness programme will be launched for all personnel.

Training and competence

BW Offshore has an e-learning portal with more than 160 internal courses, available in several languages. The portfolio includes technical and operational training, administration, mental health awareness and Covid-19 awareness

modules. Specific e-learning courses are included in a global training matrix for offshore units, ensuring all workers have sufficient training for their roles, and HSSE induction training is mandatory for all offshore and onshore work locations.

BW Offshore records and monitors progress to ensure that all employees have valid training and certification to comply with internal and external requirements for each position.

The e-learning portal is also important to ensure visitors, including consultants and subcontractors, have access to relevant training before they embark on our units.

Training and development is an investment in our people and an important priority for the company in line with our values. With the objective to increase focus on training and development, we have set a company-wide annual target of an average of 2 per cent time spent on training and development activities for onshore employees.

TIME SPENT ON TRAINING			
Average hours per employee	2022	2021	2020
Onshore ¹	7.5	2.1	5.7
Offshore ²	43.5	2.1	5.7

¹ In 2022, training activities are registered by time recording for onshore employees, capturing external courses.
² In 2022, external courses for offshore employees (such as BOSIET, HUET etc.) are included in the training overview.

Culture programme

BW Offshore foster a strong culture through our corporate values, recording all incidents and applying a 'learning from failures' approach to continuous improvement at all levels. The We LEAD culture programme, based on Sayfr's eight leadership behaviours, was initiated in 2020, with the overall objective to ensure a continual development of the company's safety culture.

In 2022, a new Culture Assessment survey was completed to measure effect and plan the next sequence of the programme. 90 per cent of onshore employees and 76 per cent of offshore employees replied to the questionnaire, respectively. The overall response rate was 83 per cent, well above the 75 per cent target.

Stop Work

BW Offshore give all employees the explicit authority to stop any actions they think are unsafe and/or they are unsure about, and to initiate a process to define and clarify their concerns without any repercussions or questions. The Stop Work policy is endorsed by the CEO and conveys the expectation that everyone has the right to stop work without consequence. A safety observation card system is used at all work locations, offshore and onshore, in which observations can be made anonymously. There is also a Speak Up channel available for all internal and external stakeholders where concerns can be raised anonymously. Read more on [page 40](#).



STOP WORK

Doc. no: MS-PO05247 Rev: 2 Published: 01.07.2019

No task is so important that you must put yourself or others at risk of injury or illness to get it done.

This policy covers all employees, visitors, contractors and any other person affected by BW Offshore activities.

All employees, contractors and visitors have the permission and the responsibility to stop a work task or decline to perform an assigned task, without fear of negative consequences, when they believe there is a threat to the health and safety of themselves or others.

Individuals calling for Stop Work should inform their supervisor or the person in charge of the work immediately. All people with the responsibility for performing work also have the responsibility to stop and reassess the work when a safety concern is raised.

**If you are worried about your safety
or the safety of others**

**If something feels wrong
STOP – don't do it**

You have my support

Marco Beenen
CEO BW Offshore
1 July 2019

Safe and secure operations

Safety indicators

	2022	2021
Exposure Hours (in million man-hours)		
Employee ¹	4.9	5.1
Contractor ²	8.6	2.2
Total Exposure Hours	13.5	7.3
Fatalities³		
Employee	0	2
Contractor	0	0
Total Fatalities (FAT)	0	2
Lost Time Injuries⁴		
Employee	3	4
Contractor	0	0
Total Lost Time Injuries (LTI)	3	4
Employee LTI Frequency Rate	0.61	0.78
Contractor LTI Frequency Rate	0.00	0.00
Overall* LTI Frequency Rate	0.22	0.55
Total Recordable Injuries⁵		
Employee	5	8
Contractor	1	0
Total Recordable Injuries (TRI)	6	8
Employee TRI Frequency Rate	1.02	1.57
Contractor TRI Frequency Rate	0.12	0.00
Overall* TRI Frequency Rate	0.44	1.09

	2022	2021
High Potential Incidents⁶		
Employee	5	5
Contractor	5	0
Total High Potential Incidents (HPI)	10	5
Employee HPI Frequency Rate	1.02	0.98
Contractor HPI Frequency Rate	0.58	0.00
Overall* HPI Frequency Rate	0.74	0.68
Occupational Illnesses⁷		
Employee	0	0
Occupational Illnesses Frequency Rate	0.00	0.00

Notes to table:

¹ Direct hires, part-time employees, locally hired agency staff (direct contractors), in the fabrication sites, offices and offshore workers, i.e., all people working for BW Offshore.

² Any person employed by a contractor, or contractor's sub-contractor(s), who is directly involved in execution of prescribed work under a contract with BW Offshore.

³ Person who died as a result of a work-related incident.

⁴ A fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work day cases.

⁵ The sum of fatalities, lost work day cases, restricted work day cases and medical treatment cases.

⁶ An incident that could have realistically resulted in one or more fatalities, but the actual consequence is of lesser severity.

⁷ Any abnormal condition or disorder, or any fatality other than one resulting from a work-related injury, caused by prolonged or repeated exposure to environmental factors associated with employment. May be caused by inhalation, absorption, ingestion or direct contact with a hazard, as well as exposure to physical and psychological hazards.

Overall = 12 months sum of Employee and Contractor events in the category multiplied by 1 million divided by the 12 months sum of Employee and Contractor Exposure Hours.

All frequency rates are per 1 000 000 exposure hours.



Environmentally conscious operations

The placement in the oil and gas value chain means that the greenhouse gas emissions from our production activities belong to the Scope 1 emissions of the oil and gas field operators and are regarded as Scope 3 for BW Offshore. Our Scope 1 and 2 emissions are very limited in comparison. Nevertheless, it is important for BW Offshore to participate in an industry-wide effort to reduce the carbon footprint of the entire value chain and to maintain assets and operations that minimise the impact on the environment and on climate change.

RISKS AND IMPACTS

The risks of environmental impacts caused by BW Offshore's operations and activities are considered material. These risks and impacts may include:

- Emissions of greenhouse gases from offshore operations
- Plastics waste and hazardous waste
- Emissions of non GHG-gases to air
- Oil spills
- Discharges to water
- Impact on biodiversity and ecosystems

We integrate environmental management within the overarching BW Offshore Management System to ensure environmental risks are appropriately identified, assessed, controlled and monitored. Continuous improvement is integral to the framework. BW Offshore's Management System is independently certified by DNV to the ISO 14001:2015 environmental management standard.

An independent certification audit in 2022 verified the compliance of the system with no major non-conformities.





MANAGEMENT FRAMEWORK

Environmental management is led by the organisation's Senior Management. The Environmental Policy is endorsed by the CEO, who steers corporate climate action strategies.

BW Offshore's environmental impact is assessed by monitoring actual operational performance against key performance indicators. The Board of Directors and Senior Management review fleet-wide environmental performance on a quarterly basis. The OI function reports a monthly performance analysis to the organisation so that all personnel may be informed on environmental results and areas for continuous improvement.

PERFORMANCE

BW Offshore works continuously to integrate environmental considerations into our operations and day-to-day activities. In 2022, the Head of Fleet was included into our ESG committee to support accountability and ownership of environmental initiatives across the fleet.

Additionally, we have initiated a process of developing internal emission forecast scenarios, based on internal assumptions and external scenario analysis, which will lay the groundwork for any future transition plan and enable alignment of strategic direction with external sources such as the Paris Agreement and other industry benchmarks.

Corporate goals, initiatives and policies

As an energy sector services provider, BW Offshore is inherently involved in the transition to renewable energy sources. This transition poses new risks from an operational, regulatory, reputational and market perspective. It also generates new opportunities for participation, by ensuring existing fossil fuel infrastructures are operated with a minimum carbon footprint, by engaging with transitional fuels (such as natural gas) and by evaluating alternative clean energy sources.

BW Offshore does not offset emissions by originating or purchasing carbon credits.

CORPORATE GOAL #1: **ECONOMICALLY MINIMISE GREENHOUSE GAS (GHG) EMISSIONS FROM OFFSHORE OPERATIONS**

BW Offshore aims to minimise GHG emissions, both from our existing offshore assets and through the design of new assets by ensuring we apply innovative technical solutions and reduce emissions where possible. For example, we are applying the latest power generation technologies of combined cycle gas turbines

(CCGT) with waste heat recovery on the FPSO for the Barossa project.

In 2022, we continued to execute our strategy to accelerate divestment of legacy fleet assets operating with high carbon footprints.

Operational GHG emissions benchmarking for all operating assets has been developed, using 2020 recorded Scope 3 carbon intensity as a baseline, and implemented to monitor actual performance on a monthly basis. This has placed greater emphasis on optimising operational GHG emissions across the fleet, laying the ground-work for future prioritising. Additionally, we have initiated an update of our technical standards to define the Best Available Techniques (BAT) that shall be considered in engineering design for new FPSOs to minimise all GHG emissions sources to 'as low as reasonably practicable'.

BW Offshore's Scope 1 emissions were reduced from 23.6 thousand tonnes in 2021 to 13.3 thousand tonnes in 2022. The primary reason for this reduction is that two units relocated from fields to recycling yards in 2021, resulting

PROGRESS ON GOAL #1: **MINIMISING EMISSIONS**



2022 OBJECTIVES

- Continue to improve transparency related to the corporate climate action measures and disclosure mechanisms through CDP.
- Perform a gap analysis of the corporate climate action strategy against the Task Force on Climate-related Financial Disclosures (TCFD).
- Execute a five-year maintenance plan to manage, and where feasible, minimise emissions from fleet operations.
- Establish monthly operational emissions thresholds for all operating assets and introduce procedures to identify causes, and mitigating actions should thresholds be exceeded.

2022 ACHIEVEMENTS SUMMARY

- Evaluated the company's corporate climate action strategy against the Task Force on Climate-related Financial Disclosures.
- On BW Catcher, monitoring software has been integrated to assess the GHG emissions of real-time operations.
- Submitted the 2022 CDP dossier for the second consecutive year.

2023 OBJECTIVES

- Develop future GHG emissions scenario modelling.
- Continue strategy to retire high carbon footprint legacy assets from the fleet. We expect that full demobilisation of legacy assets will occur by end of 2023.
- Perform an analysis of the GHG emissions data gathered in 2022 from the new AI software programme on BW Catcher.
- Phase out routine flaring across majority of operational assets by end of 2023.

EMISSION OVERVIEW

In thousand tonnes	2022	2021
Scope 1 – CO ₂ , eq (CO ₂ , CH ₄ , N ₂ O and HFCs)	13.3	23.6
Scope 2 – CO ₂ , eq (CO ₂ , CH ₄ , N ₂ O)	0.3	0.4
Scope 3 – CO ₂ , eq (CO ₂ , CH ₄ , N ₂ O)	1 398	1 631

in higher Scope 1 emissions than average. Scope 2 and 3 emissions also show a slight reduction in 2022 compared to 2021, primarily due to the shutdown of operational activities in Mexico and Indonesia.

We are collaborating with external financial representatives to ensure climate action financial standards are being effectively implemented throughout ongoing projects and that the associated climate risks are being controlled. We are also including climate assessment criteria through BW Offshore's value chain activities, and as part of our Decision Gate process.

CORPORATE GOAL #2: REDUCE SINGLE-USE PLASTICS WITHIN COMPANY OPERATIONS

In 2022, BW Offshore continued awareness campaigns targeted at all employees to enhance the organisation's understanding of the

environmental challenges posed by single-use plastic waste.

A plastic waste audit was performed for BW Catcher to identify various sources of single-use plastic onboard, resulting in a report with recommendations to reduce and restrict certain plastic waste on the unit. A plastic waste audit was also conducted in our largest office, Singapore, highlighting findings on how onshore employees can contribute to reduce single-use plastics, and a beach clean-up day was organised for all personnel.

BW Offshore's Supply Chain function engaged with key vendors to survey methods to reduce single-use plastic sources arising through the supply of consumable items and packaging to support operations, and to promote industry best practices, resulting in increased awareness in our local supplier community who in return will be accelerating their own plastic reduction efforts.

PROGRESS ON GOAL #2: REDUCING SINGLE USE PLASTICS



2022 OBJECTIVES

- Ensure all Barossa project sites are free of single-use plastic bottled water in favour of reusable drinking canisters and water dispensers.
- Perform a detailed plastic wastes audit onboard a selected unit, which will include crew training by a specialist environmental organisation. The purpose of the plastics waste audit is to independently verify the quantity of plastic waste generated onboard the unit, identify opportunities for the future reduction or elimination of plastic waste and to enhance crew education and engagement on plastic waste reduction.

2022 ACHIEVEMENTS SUMMARY

- Assessments have been conducted to verify that reusable drinking canisters and water dispensers are available at Barossa project sites.
- A plastic waste audit was performed for BW Catcher with follow up analysis to determine opportunities to reduce or eliminate plastic waste streams and enhance the crew's understanding of the impact of single-use plastics on the environment.
- Sustainable packaging requirements included in tender documents for new FPSO prospects to encourage potential vendors to select sustainable packaging when providing materials.

2023 OBJECTIVES

- Based on 2022 findings from the BW Catcher waste audit, we will develop an action plan.
- Implement measures to reduce use of single-use plastic on specific units and across offices in 2023.



Additional environmental aspects

EFFLUENT MANAGEMENT

Produced water discharges across the BW Offshore fleet are well within the World Banking Group guideline limit of 29 ppm (parts per million) oil in water content (monthly average).

In 2022, the average oil in water content in produced water discharge from our fleet was 10.9 ppm. All fleet planned effluent streams (produced water, sewage, engine room bilges, cooling water and food wastes) have been discharged within regulatory requirements and industry guidelines.

OIL SPILL MANAGEMENT

A significant oil spill event would potentially represent the most significant short-term impact to the marine environment and regional biodiversity associated with our operations.

In 2022, all assets performed scheduled annual oil spill response drills, in accordance with ISO 14001, to test their responsiveness and preparedness for unplanned oil pollution events. Drills onboard all facilities will continue in 2023.

Cumulatively, accidental spills to sea of hydrocarbons totalled two litres in 2022.

OIL SPILLS

Year	Overboard spills >100 bbls	Accumulated spill (ltr)
2022	0	2 litres
2021	0	65 litres
2020	0	10 litres

AIR QUALITY

Non-GHG (non-greenhouse gas) emissions, such as sulphur and nitrogen oxides, are released during fuel combustion for the power generation and heating systems required to run the FPSO plant. In 2022, BW Offshore has reduced the emissions of non-GHGs by decommissioning older units from our fleet. See complete overview of non-GHG emissions in the Environmental Indicators Table on [page 25](#)

BIODIVERSITY MANAGEMENT

We are committed to protecting local habitats and native wildlife in the areas where we operate. BW Offshore's potential impact on biodiversity is included in the oilfield operator's environmental impact assessments and monitoring programmes, which are subject to local regulatory approvals.

In 2022, an Energy Efficiency and Lighting study was conducted for the Barossa project. Based on our design efforts and selection of energy efficient technologies, we estimate that during normal operations, the FPSO facility will be consuming 66 per cent less energy on lighting than an industry standard design, thereby also reducing light pollution affecting marine wildlife in proximity to the asset.

Biofouling and ballast water are specific maritime hazards that are relevant only when an FPSO relocates from one location to another. The hull, appendages and seawater systems provide an opportunity to transport non-native, invasive marine species between locations, which can lead to the displacement of native marine species and alter the natural biodiversity at transit points or at the final destination. BW Offshore follows applicable local regulatory requirements when relocating assets.

SHIP RECYCLING

BW Offshore has integrated safe and sustainable ship recycling practices that comply with the Hong Kong Convention into our corporate operational standards and procedures.

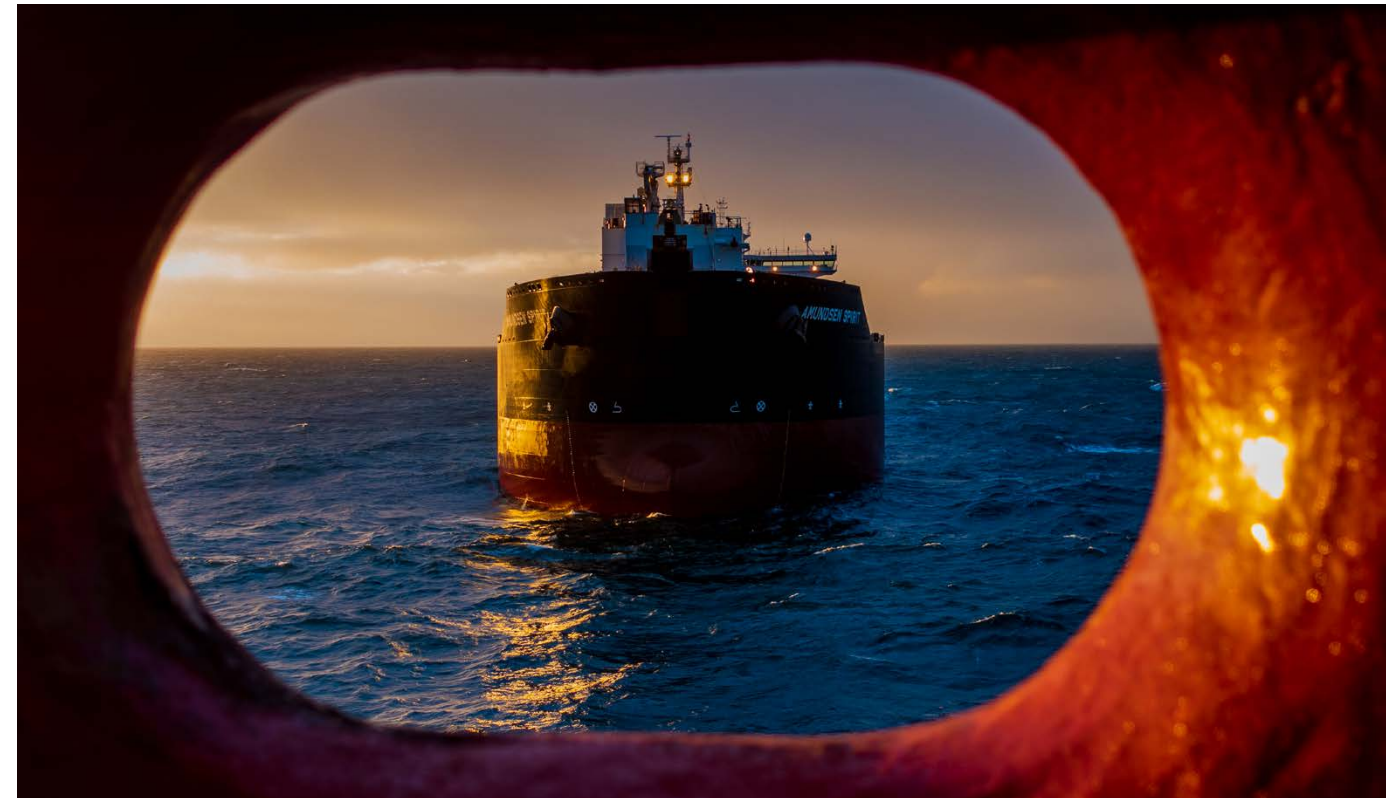
A procedure on ship recycling is in place to ensure any vessel owned by the company (or sold to an intermediary with the intention of being recycled), and all recycling projects are delivered with hazardous material inventories.

In 2022, we sold the FPSO Umuroa and FPSO Cidade de São Vicente assets for recycling in Alang, India.

Grieg Green was nominated as the on-site representative to monitor progress, compliance with environmental and safety regulations, and the application of a ship recycling plan for each asset. The recycling plans were prepared and provided by the yards in cooperation with Grieg Green to ensure strict compliance with the above regulations. In October 2022, representatives from BW Offshore technical, commercial and legal teams visited the respective yards to inspect the ongoing projects.

In addition, BW Offshore provided permanent site supervision of the recycling activities to ensure continual compliance to the Hong Kong Convention's health, safety, human rights and environmental requirements. Recycling activities related to FPSO Umuroa and FPSO Cidade de São Vicente were completed in December 2022 and early 2023, respectively.

In 2023, Petróleo Nautipa is planned to be sold for recycling according to the above standards.



Environmentally conscious operations

Environmental indicators

		2022	2021	2020
Environmental Impact				
Scope 1 – CO₂ eq	thousand tonnes	13.3	23.6	16.6
CO ₂	thousand tonnes	–	12	–
CH ₄	thousand tonnes	–	–	–
N ₂ O	thousand tonnes	–	–	–
HFCs (in CO ₂ eq)	thousand tonnes	13	12	17
Scope 2 – CO₂ eq	thousand tonnes	0.3	0.4	0.3
CO ₂	thousand tonnes	0.3	0.4	0.3
CH ₄	thousand tonnes	–	–	–
N ₂ O	thousand tonnes	–	–	–
Scope 3 – CO₂ eq	thousand tonnes	1 398	1 631	1 421
CO ₂	thousand tonnes	1 219	1 432	1 255
CH ₄	thousand tonnes	5	6	5
N ₂ O	thousand tonnes	–	–	–
Energy consumption offshore	TJ	8 199	10 264	12 043
CO ₂ eq per barrel produced	kg / boe	23	18	15
GHG Emissions Intensity (Scope 1 and 2)	Te CO ₂ eq/mill USD Revenue	18	29	19
GHG Emissions Intensity (Scope 3)	Te CO ₂ eq/mill USD Revenue	1 806	1 967	1 603

Notes to table:

Scope 1: All non-hydrocarbon, direct emissions from BW Offshore facilities when operating under a services agreement. All combustion and direct emissions from offshore assets when they are not operating under a services agreement. All combustion emissions from third-party vessels directly contracted by BW Offshore and not operating under a head services agreement.

Scope 2: All electricity purchased to operate global office locations based on utility metered consumption and emissions factors for location-based accounting according to CDP guidelines.

Scope 3: All direct and combustion emissions associated with hydrocarbon reception, processing, storage and offloading arising from a BW Offshore facility when operating under a services agreement. All air transportation emissions for BW Offshore employees or direct hire contractors required to travel for work activities.

		2022	2021	2020
Non-Greenhouse Gas Emissions and Discharges				
CO	thousand tonnes	2.9	3.4	2.9
NO _x	thousand tonnes	8.6	10.4	11.3
SO ₂	thousand tonnes	0.1	1.4	0.2
nmVOC	thousand tonnes	6.0	7.3	6.3
Flaring (Included in Scope 3)				
Flared gas	mmscf	13 133	14 681	9 890
Air Travel Emissions (Included in Scope 3)				
Fleet operations	thousand tonnes CO ₂ eq	5.9	5.4	4.9
Corporate	thousand tonnes CO ₂ eq	4.8	0.9	1.5
Marine Discharges and Chemical Management				
Produced water re-injected	thousand bbls	23 749	15 403	7 530
Produced water discharged to sea	thousand bbls	16 364	27 664	37 970
Oil in water content	ppm	10.86	12.71	12.07
Waste				
Total waste	thousand tonnes	2.2	1.0	0.8
General waste	thousand tonnes	0.6	0.4	0.2
Recyclable waste	thousand tonnes	1.3	0.5	0.3
Hazardous waste	thousand tonnes	0.2	0.1	0.3
Number of significant oil spills		0	0	0

Reporting boundaries for emissions calculations include:

- Annual direct emissions (annual calculated estimate)
- Plant combustion processes (calculated daily through environmental reporting system)
- Gas flaring (calculated daily through environmental reporting system)
- Unplanned gas releases (recorded through incident reporting system)
- Direct and fugitive emissions (API Compendium estimation methods)
- Air travel emissions recorded by third-party agent
- Global warming potentials taken from IPCC 5th assessment report (2014)
- Emissions are limited to FPSO operations and air travel. Project activities are excluded



A non-discriminating and fair employer

RISKS AND IMPACT

BW Offshore operates with multinational teams on all offshore assets and in all onshore locations. Maintaining a competent workforce that is culturally aligned with our objectives is imperative to deliver safe and sustainable operations. A lack of training and development may prevent workers from making their fullest

possible contribution to the workplace, and impede the creation of a harmonious and productive work environment.

We strive to foster a culture that values and promotes diversity, inclusion, equal employment opportunities and a work environment free of harassment and hostility. This is reflected

in our Diversity, Inclusion and Equity (DI&E) Statement, available on our website.

We are dependent on being perceived as a fair and non-discriminating employer to attract and retain competent and engaged employees, and we carefully consider any impact of our activities on local communities and first nationals.

MANAGEMENT FRAMEWORK

BW Offshore has a wide set of policies that govern our approach to managing our people. We have established policies, routines and procedures aligned with ethical business practices, such as rules for transparent recruitment and the provision of employment agreements that establish the rights and entitlements of personnel. These governing documents can be found on our website and include:

- Human Rights and Decent Working Conditions Policy
- Code of Ethics and Business Conduct
- Supplier Code of Ethics and Business Conduct
- Supplier Ethical Employment Practice Guidelines
- Diversity, Inclusion and Equity Statement
- Modern Slavery Statement



We base our policies and statements on internationally recognised principles and regulations, such as:

- The International Bill of Human Rights
- The International Labour Organisation (ILO) Declaration of Fundamental Principles and Rights at Work
- The Norwegian Transparency Act

The overriding principles that we adhere to include:

- Prohibiting unlawful discrimination based on ethnicity, nationality, social status or origin, age, gender or gender identity or expression, sexual orientation, marital or civil partnership status or family structure, maternity or pregnancy, religion, political beliefs, trade union membership or disability.
- Zero tolerance for inappropriate workplace conduct such as bullying, harassment, violence or discrimination.
- Zero tolerance for human slavery, human trafficking, forced labour, child labour and brutal treatment.
- Full implementation of our principles and policies in our supply chain with regular due diligence.



- A Living Wage is a human right with compensation based on the principles of pay for position, pay for person and pay for results and performance.
- All employees have the right to freedom of association and collective bargaining.

PERFORMANCE

Our workforce consists of permanent employees, contracted staff on direct hire and consultants hired via third parties. The total headcount in BW Offshore has decreased, from 1 849 at the end of 2021 to 1 733 at the end

of 2022. There has been a shift in workforce composition as the number of FPSOs in operation has decreased while project activity has increased.

While our industry has an overweighing of male employees, 55 per cent of new permanent joiners onshore were women (32 per cent in 2021), which represents an increase in gender balanced recruitment and a diversity achievement for the past year related to recruitments.

BW Offshore strives to eliminate gender bias and supports equal opportunities both in recruitment and career advancement. For the subsidiary BW Offshore Norway AS, we have assessed potential discrimination or unconscious discrimination in a separate Diversity, Inclusion and Equality Report for 2021, available on our website. We acknowledge that there are some differences in men and women's average salaries in certain position levels, but have not identified any significant or systematic pay gaps that can be explained by gender alone.

See more information about workforce composition in the Social Indicators Table on [page 33](#), and GRI Index in the 2022 Annual Report.

Corporate goals, initiatives and policies

CORPORATE GOAL #3: DEVELOP LOCAL TALENTS IN TARGETED AREAS OF OPERATION

A strong local connection provides knowledge, widens the available skills base and fosters a strong joint company culture. Local talent is regarded as global resources for the long-term development of the company, and local employment contributes to decent work and economic growth in the areas where we operate.

The share of local offshore management was at 27 per cent at the end of 2022, compared with 33.5 per cent in 2021. This decrease is due to the shutdown of operational activities in Mexico and Indonesia. The percentage of local employees in the total offshore staff has decreased to 63 per cent compared to 70 per cent in 2021 for the same reasons.

In 2022, several training initiatives commenced to develop local talent in Gabon, supporting our goal of increased local leadership, and improved local content to 70 per cent by end of 2023

(65 per cent at year-end 2022). Training includes language courses, technical training and certification.

Attracting young talent

The oil and gas sector is increasingly competing with other industries to attract and retain competent and engaged employees. In BW Offshore, we offer two programmes for young talents: our Summer Internship Programme (short-term) and our Graduate Programme (long-term).

In 2022, we recruited seven new graduates into the global Graduate Programme. This increased the total number of current graduates from 11 to 15. Two female and five male graduates were recruited to five different locations including one offshore graduate position. Seven summer interns from four different countries participated in the global Summer Internship Programme in 2022.

PROGRESS ON GOAL #3: DEVELOPING LOCAL TALENT



2022 OBJECTIVES

- Focus on local talents and local leadership for onshore-based positions in all markets where BW Offshore operates.
- Focus on Australia and Gabon as target areas for local talent and local leadership development for offshore-based operations.
- Target of 100 per cent local Australian residency for initial onshore and offshore leadership roles for our upcoming operation in the country.
- Expand the Graduate Programme to additional locations and functions.

2022 ACHIEVEMENTS SUMMARY

- Recruitment plan for the Barossa project revised to support our target of 100 per cent Australian residents.
- Training initiatives started in Gabon for local offshore talents to support our target of increased local leadership.
- Young talent programme extended to Australia to support our target of local talent development.

2023 OBJECTIVES

- Expand the global young talent programmes to one additional location and one additional function.
- Target to meet 70 per cent local talent goal for BW Adolo by training and certifications of identified roles.
- Fill 100 per cent of offshore leadership positions for the Barossa project by recruiting Australian residents.



CORPORATE GOAL #4: **RECOGNISE DIVERSITY AND ENSURE EQUAL OPPORTUNITIES**

To ensure equal opportunities for all applicants participating in a recruitment process with BW Offshore, a requirement to consider Diversity, Inclusion & Equality (DI&E) has been included in our global Recruitment Procedure. The intention is to evaluate and secure overall diversity in the organisation, by ensuring this is considered when making new hires.

A recruitment plan for the operations of the Barossa FPSO has been developed, and recruitment for onshore and offshore personnel started in 2022, with an emphasis on diversity

and hiring of Australian residents. Additionally, a D&I Plan for the Barossa project in Australia is nearly completed with the support of local Australian expertise.

An Employment Relationship Management Plan (ERMP) was developed and approved in 2022. We are collaborating with local recruitment agencies in Australia to ensure we adhere to applicable laws and regulations related to local content, diversity and inclusion.

In June 2022, BW Offshore published a Diversity, Inclusion & Equality Report for BW Offshore Norway AS, in accordance with the Equality and Anti-Discrimination Act. This report is available on our website.

PROGRESS ON GOAL #4: **RECOGNISING DIVERSITY**



2022 OBJECTIVES

- Launch a mandatory Diversity and Inclusion (D&I) awareness e-learning module.
- Develop a specific D&I plan to support our upcoming activities in Australia.
- Implement D&I specific requirements to our recruitment process.
- Organise annual training, support campaigns and events to promote diversity and inclusion across the company.
- Perform a company-wide Culture Assessment for all employees.
- Increase gender balance for the company young talent programme.

2022 ACHIEVEMENTS SUMMARY

- New onshore permanent hires: 55 / 45 per cent (female/male).
- Gender balance in Young Talent Programme: 20/80 per cent (female/male).
- Culture Assessment conducted for all employees.
- Discrimination (conscious and unconscious) within BW Offshore Norway assessed in the Diversity, Inclusion and Equality Report for the full year of 2021.
- A company-wide DI&E mandatory e-learning completed by 80 per cent of the onshore workforce.

2023 OBJECTIVES

- Establish contact and relationships with organisations of first nationals' interests in Australia.
- Target of equal gender split in the recruitment to the Graduate Programme.
- Establish action plan to follow up on Culture Assessment.

CORPORATE GOAL #5: SECURE A LIVING WAGE STANDARD FOR ALL EMPLOYEES AND PERSONNEL HIRED THROUGH SUBCONTRACTORS

BW Offshore considers a Living Wage to be a human right and have implemented a Living Wage standard for our personnel. The Living Wage guideline is reviewed bi-annually to keep up with new data and respective countries' developments.

We have implemented a Living Wage standard for all our personnel, and have set clear expectations to our vendors that a Living Wage should be paid throughout BW Offshore's supply chain, as stated in the BW Offshore Supplier Code of Ethics and Business Conduct.

Third-party compliance with human rights and fair employment

Business partners, including vendors, agents or other third parties, are expected to comply with human rights and relevant employment practices as reflected in our Human Rights and Decent Working Conditions Policy and Supplier Code of Ethics and Business Conduct. BW Offshore includes identification and assessment of possible adverse impacts on Human

Rights and Decent Working Conditions as part of our risk-based Vendor Qualification Process.

Read more about vendor qualification and third-party due diligence in the Governance section of this report on [page 38](#).

Fair compensation

We take a holistic view of various factors to ensure that total employee compensation is fair, and above the minimum legal requirements and our own established Living Wage standards in the various locations in which we operate. These factors include:

- **Pay for position:** Independent compensation consultants are engaged periodically to ensure that pay levels in the company are competitive with other companies of comparable size and business nature operating in the same markets.
- **Pay for person:** An employee's personal attributes, such as skills, experience and competency, influence the individual pay level and salary reviews.
- **Pay for results and performance:** The individual remuneration should reflect

PROGRESS ON GOAL #5: SECURING A LIVING WAGE



2022 OBJECTIVES

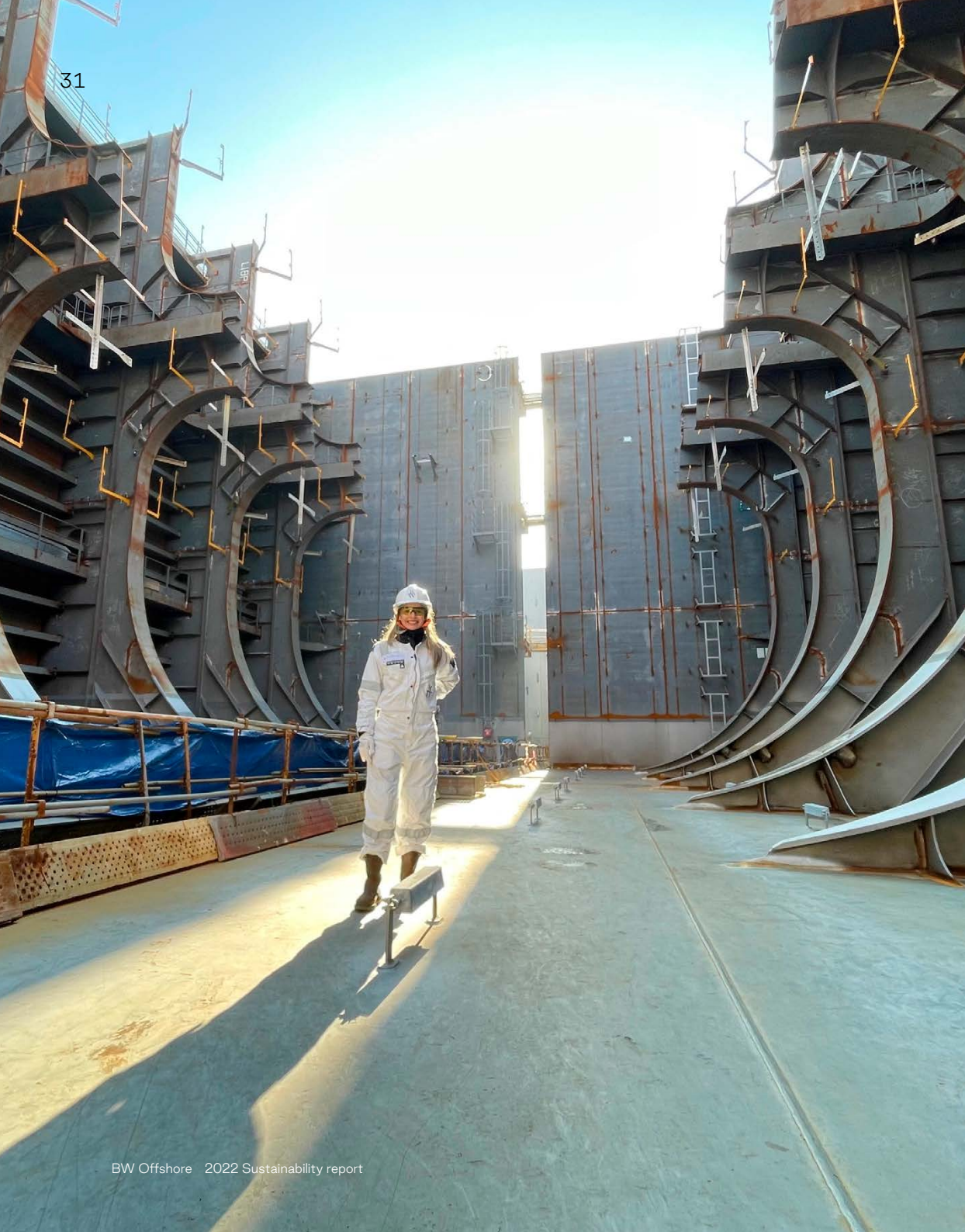
- Review the Living Wage standard to ensure we keep up with new data and development in different countries.
- Continue the implementation of a Living Wage standard for all direct hires through subcontractors.

2022 ACHIEVEMENTS SUMMARY

- Progressed implementation of Living Wage for personnel engaged through subcontractors' scope.
- Addressed Living Wage expectations to our subcontractors' own employment conditions through our updated terms and conditions and through our Vendor Qualification process.

2023 OBJECTIVES

- Monitor implementation of a Living Wage for personnel engaged through subcontractors' scope. See Governance section for more information on compliance assessment of business partners ([page 38](#)), and vendor labour practices ([page 39](#)).
- Complete a bi-annual review of the Living Wage guidelines.



achievement of results, accomplishments and performance. The differentiation of base pay and variable pay should be a fair recognition and reward.

The fair evaluation of compensation is ensured through alignment processes in the annual salary review. The Human Capital Policy clearly states that compensation schemes should be effective and equitable.

The compensation structure may incorporate any of the following elements:

- Fixed compensation
- Variable compensation (short-term and long-term incentives programme)
- Pension and insurance schemes
- Other employment-related benefits

The BW Offshore Compensation Committee, appointed by the Board of Directors, is responsible for assisting the Board of Directors on executive compensation. Executive compensation, including variable compensation schemes (VCS) and benefits, is subject to annual review at the discretion of the Board of Directors in accordance with our Guidelines on Executive Remuneration.

The VCS pay-out is determined according to overall company results, broken down to net profit, return on equity and equity ratio, and HSEQ (health, safety, environment and quality) performance where the target is to keep or improve the safety statistics throughout the year. The maximum potential pay-out of the VCS for the Executive Management Team is set at an equivalent to six months' base salary.

Employee rights and obligations

BW Offshore is committed to supporting freedom of association and collective bargaining, and all employees have the right to such involvement.

Collective bargaining is exercised in Gabon, Ivory Coast, Singapore and Nigeria. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong, and the negotiation timeframes vary according to local regulations. At year-end 2022, 38 per cent of the total global workforce was covered by collective agreements.

Singapore, our largest office, is covered under a collective agreement by the Shipbuilding and Marine Engineering Employees' Union (SMEEU). The agreement enables a tripartite

employment arrangement in which the government, employer and union work together to provide employees with a fair and progressive work environment.

Working conditions for employees not covered by formal collective bargaining are based either on agreements involving other relevant employees covered under collective bargaining, or, where such agreements do not exist, by evaluating external market standards and benchmarks.

Labour relations and work environment

Local Work Environment Committees (WEC) or their equivalent are in place to ensure that a secure, safe and healthy work environment is implemented, discussed between management and employee representatives and maintained appropriately. In Norway and Singapore, committees with employee representatives meet on a quarterly basis. The WEC participates in planning of safety and environmental work, and follow-up developments relating to the safety, health and welfare of the employees in the respective offices.

At all offshore units in operation, there is an equivalent organisation called the Offshore Safety Committee (OSC) that maintains



regular meetings between employee representatives and the company to discuss occupational health and HSE-related topics. Health risk assessments are in place for all operational locations. At offshore work locations, a dedicated medic, equipment and facilities are provided to manage illness and injuries.

At all locations, onshore and offshore, employees have access to observation cards where safety critical actions, improvements,

positive actions and recommendations can be submitted. All cards are registered and followed up by relevant stakeholders in the company.

Performance management

Performance management is the ongoing process of dialogue and following up on personal development, clarification of expectations, setting goals and giving feedback between the manager and the employee that occurs throughout the year. This process is an important element of leadership, continual

learning and personal development in BW Offshore.

Annual performance dialogues are initiated for all permanent employees and encouraged for all long-term temporary employees. In 2022, the completion rate of performance dialogues increased to 87.6 per cent, compared with 70.7 per cent in 2021. A new Performance Dialogue system will be introduced in 2023 to support the Performance Management process.

Promotion of worker health

In 2022, the 'Our Whole Self' programme was launched in collaboration with other BW Group companies. The programme includes learning events such as webinars, panel discussions and self-reflection exercises, among others, and is available to all employees, complementing existing initiatives and tools related to health and wellbeing.

Employee assistance programmes (EAPs) are available to all employees in several languages, and include mental and emotional support and counselling, and access to 24/7 hotlines that provide guidance and medical advice. These services are confidential and managed by third parties.

A non-discriminating and fair employer

Social indicators

	2022	2021	2020
Workforce			
Group total	1 733	1 849	1 927
Onshore	824	761	720
Offshore	909	1 088	1 207
Split nationals/expat Offshore	63% / 37%	70% / 30%	70% / 30%
Employee turnover rate (permanent onshore)	12.60%	8.90%	7.04%
Sick leave	2.4%	1.4%	1.2%
Gender split (female/male)			
Group total	14% / 86%	14% / 86%	13% / 87%
Onshore	28% / 72%	31% / 69%	31% / 69%
Offshore	1% / 99%	2% / 98%	2% / 98%
Group Management	27% / 73%	27% / 73%	27% / 73%
Board of Directors	20% / 80%	20% / 80%	20% / 80%



A strong governance framework

GOVERNANCE STRUCTURE

BW Offshore has a well-developed corporate governance structure, and adheres to the Norwegian Corporate Governance Board (NUES) Code of Practice, last updated on 14 October 2021.



RISKS AND IMPACTS

The offshore industry faces several risks requiring a strong governance framework to prevent, detect and respond to incidents. Risk assessments related to human rights and decent working conditions are incorporated into our due-diligence/vendor qualification processes.

Complying with applicable laws, rules and regulations is a priority for the company as part of our commitment to ethical business conduct. We respect the rights and dignity of our personnel and support activities that contribute to local communities.

BW Offshore’s governance structure grounds our risk management efforts. The Board and its committees provide oversight, while BW Offshore management are responsible for day-to-day risk management.

Our risk management framework accounts for internal and external risks, such as:

- Corruption and bribery
- Ethical business conduct
- Conflicts of interest
- Human rights and decent working conditions

MANAGEMENT FRAMEWORK

Ethics and business conduct compliance

The BW Offshore Code of Ethics and Business Conduct ('the Code') is a foundational governance document and reflects, among other things, our commitment to respect the individual, uphold human rights and institute fair and ethical employment practices. The Code is publicly available on our website and is supplemented by policies and procedures, which are available in BW Offshore's Management System.

The Code applies to all our personnel, Board members, officers, temporary employees, legal agents, consultants, intermediaries and others who act on behalf of BW Offshore. It also applies to companies in which BW Offshore has a majority interest (including joint ventures).

Our compliance programme is derived from the Code and covers a range of subjects and activities that are led by BW Offshore's Head of Corporate Integrity.

The Head of Corporate Integrity reports quarterly to the Audit Committee of the Board and annually to the Board on the activities and progress of the compliance programme.



PERFORMANCE

In accordance with the Norwegian Transparency Act, BW Offshore will publish an annual account regarding our work to promote human rights and decent working conditions on the company website in the first half of 2023. In 2022, we performed a risk mapping of human rights and decent working conditions in our supply chain. Risks were categorised by industry, geography and type of spend, and areas where risk of negative impacts on human rights and decent working conditions were most likely or significant were highlighted. The results of the assessment were factored into BW Offshore's business priorities and risk mitigation efforts.

BW Offshore will continue to assess significant risks and will continue to adjust priorities, mitigation and scrutiny accordingly. BW Offshore's risk management process includes auditing, reporting and risk mitigation activities.



Corporate goals, initiatives and policies

CORPORATE GOAL #6: CONTINUOUSLY IMPROVE OUR RISK-BASED COMPLIANCE PROGRAMME TO SAFEGUARD THE COMPANY AND STAKEHOLDERS FROM NEGATIVE IMPACTS OF NON-COMPLIANCE

Awareness programme

We maintain and continue to develop training and awareness campaigns to familiarise our employees with our expectations and to reinforce our commitment to compliance. Our initiatives include e-learning courses, intranet announcements, email communications and policy certifications. In 2022, mandatory refresher training for the onshore workforce was rolled out, with a completion rate of 80 per cent at year-end.

Anti-bribery and corruption principles

BW Offshore operates in an industry with inherent high risk for corruption. Our business involves frequent interactions with government officials, whether related to business development, licenses to operate, movements of goods and people, etc. Some of our vessels are located in the waters of countries that are

also perceived to be of high risk for corruption. BW Offshore leadership and employees are aware of these risks, and our compliance programme is designed with relevant controls and awareness campaigns in place to mitigate associated corruption risks, including training, internal accounting controls, in-person visits, risk-based reviews and internal audits.

In 2022, BW Offshore did not record any confirmed cases of corruption, nor were there any cases where employees were dismissed or disciplined as a result of corruption.

Bribery is understood to be the giving or receiving of anything of value in exchange for or in expectation of an inappropriate advantage, even if that advantage is not actually realised. Corruption includes dishonest practices (like bribery) and lack of integrity (like cheating).

Bribery and corruption can be disguised in the forms of gifts, entertainment, donations, sponsorships, employment, political contributions and other things. To mitigate the risk that business activities might be used to mask corruption, we have established internal

PROGRESS ON GOAL #6: SAFEGUARDING THE COMPANY



2022 OBJECTIVES

- Increase KPI reporting to enable improved tracking of the Compliance Programme effectiveness.
- Roll out Code of Ethics and Business Conduct refresher programme for all employees.

2022 ACHIEVEMENTS SUMMARY

- Launched mandatory Code of Ethics refresher designed to test knowledge on key concepts for onshore employees.
- Made Speak Up reporting channel publicly accessible, creating a grievance mechanism available to all stakeholders.
- Initiated ethical labour audit protocol and conducted two audits.

2023 OBJECTIVES

- Evaluate options to provide online compliance-related training to external stakeholders.
- Complete six social/governance-related vendor site visits.
- Conduct ESG awareness for the Board of Directors.
- Add single-topic learning content and language options to include, for example, conflicts of interest, human rights, speaking up, gifts and entertainment.

controls, approval processes and electronic reporting systems for certain activities.

We oppose all forms of corruption, including what are commonly known as facilitation payments. We enforce our principles through our governance and standard contract terms and conditions. Our Antibribery & Corruption Policy and supporting guidelines are available on our website. In addition, and in partnership with the BW Group, we are a member of the Maritime Anti-Corruption Network (MACN), a global organisation that promotes collective action as a means to work toward eliminating corruption from the maritime industry.

Facilitation payments

BW Offshore forbids what are commonly known as facilitation payments and work to avoid them in our operations. We distinguish extortion and duress payments, which may be paid in the limited circumstance of serious threat to the payer's life or health. Extortion or duress payments must be immediately reported to the Head of Corporate Integrity and properly recorded in our administration.

Loyalty and conflicts of interest

BW Offshore personnel owe us a duty of loyalty in the performance of their work. As such, our

personnel should not place themselves in a position that could compromise their objectivity or appear to be in conflict with the company's interests.

Our personnel receive a conflict of interest questionnaire to disclose any situation that might create a conflict of interest, for example, outside employment, financial interests, family/personal relationships, and can make ad hoc disclosures if circumstances change between reporting periods. Any reported instances of conflicts are recorded in our compliance system, and followed up by the Corporate Integrity or other relevant department.

Political contributions

We do not contribute monetarily or in-kind to political parties or officials or to candidates for political office. We also do not permit any third parties, directly or indirectly, to do so on our behalf.

Our personnel may participate in political and democratic processes. However, personal political activities must be conducted on personal time and with personal resources and must not create conflicts of interest with BW Offshore.

Financial administration and internal controls

We maintain a system of internal controls and procedures so that BW Offshore Group's books, records and accounts fairly accurately and in reasonable detail reflect our transactions, permit preparation of annual statements and satisfy regulatory reporting requirements. An authority matrix establishes authorisation limits.

Compliance assessment of business partners

The conduct of third parties may expose an organisation to fines, penalties and reputational risk. We recognise this and, therefore, require our vendors to observe high standards of business ethics in the conduct of their activities with and for us. Our vendors agree to uphold the expectations set forth in our Supplier Code of Ethics and Business Conduct, which is available on our website.

We conduct risk-based due diligence on business partners, including partners, agents and vendors that may include an assessment of their own compliance policies and procedures and commitment to ethical business practices. We also perform restricted party screening and follow up on red flags that are indicated by our review. We will not engage an external party if the compliance risk is deemed too high and cannot be mitigated sufficiently.





Vendor labour practices

We are committed to respecting individual and human rights and to ethical employment practices. We expect our vendors to uphold similar principles, and we review these areas during our risk-based due diligence.

Our Supplier Code of Ethics and Business Conduct and Modern Slavery Statement, available on our website, provide additional detail on our expectations and activities aimed at mitigating risk of modern slavery, human trafficking and forced or child labour in our supply chain.

As part of our risk-based due diligence, some vendors may be requested to complete a questionnaire on ethical employment practices, which may be verified by an on-site audit for selected vendors.

In 2022, we worked with a third party to perform a labour audit on one of our contracted shipyards. Additionally, we conducted an internal

assessment of ethical labour practices at another shipyard. Based on the results of these assessments, we are working with our business partners to find appropriate and impactful improvements to labourers' conditions.

As part of our Vendor Qualification Process, all direct vendors are categorised into three risk levels; L01, L02 and L03, based on criticality and complexity for all material and services bought for projects and operations. Before being approved, prospective vendors categorised as L02 and L03 must complete a questionnaire covering topics within governance, conflicts, corruption and social criteria such as ethical labour practices. In 2022, 45 out of 284 new vendors were screened for social criteria (16 per cent of new vendors were categorised as L02 and L03).

In 2023, this questionnaire will also be included in the vendor qualification process for all L01 vendors, and will thereby cover 100 per cent of our direct vendors going forward.

Approach to tax

BW Offshore has a responsible Tax Policy, available on our website. The Organization for Economic Co-operation and Development (OECD) principles have been used as guiding principles in developing our Tax Policy and our Tax Principles.

For BW Offshore Group, responsible compliance, fairness and transparency have been especially targeted and we are committed

to live by these principles in all our operations. Beyond complying with applicable tax laws and regulations in countries of operations, we also follow OECDs principles in all jurisdictions where we have activities (responsible compliance). We comply with the OECD transfer pricing guidelines (fairness). Consistent with this approach, we file detailed reports and transfer pricing documentation in accordance with OECD standards (transparency).

BW Offshore's Tax Policy and Tax Principles are approved by the Board of Directors, and the management of tax risks is fully integrated in the company's global risk management process.

For more information, see Note 9 Income Taxes in the 2022 Annual Report.

Reporting concerns, asking questions and raising grievances

The BW Offshore Speak Up Channel, which is hosted by a third party, allows both internal and external stakeholders to ask questions or report concerns involving breaches of laws, regulations or BW Offshore's policies. The Speak Up Channel supports intake via the web or telephone. Local telephone access numbers, with operators speaking the official languages of all BW Offshore's countries of operation, are provided. Through the Speak Up Channel reporters may choose to submit anonymous questions or concerns. Our personnel may also raise concerns or questions directly with their line managers, local Human Capital or Legal departments, or BW Offshore's Head of Corporate Integrity.

We prohibit retaliation against any personnel who raise a concern, question, grievance or complaint in good faith. Reports are treated confidentially, evaluated promptly, and, if necessary, investigated fairly. The Audit Committee receives Speak Up statistics on a quarterly basis and anonymised results of investigations as and when needed.

We take appropriate disciplinary, remedial or corrective action when breaches of law or policy are substantiated. For severe matters, disciplinary action may include dismissal, with or without notice. Illegal conduct may be reported to the relevant authorities. In 2022, we recorded eight reports in the Speak Up Channel, of which seven were subject to further investigation or action.

TOP 10 TAX CONTRIBUTIONS (IN USD MILLIONS)

Country	Corporate income tax paid	Withholding tax paid to other jurisdictions
UK	11.4	-
Indonesia	7.1	0.3
Nigeria	3.0	3.5
France	0.5	-
Gabon	0.5	-
USA	0.4	-
Norway	0.4	0.3
Singapore	0.3	3.4
Ivory Coast	0.1	-
Bermuda	-	2.6
Rest of the world	-	0.2
Total	23.7	10.3

A strong governance framework

Governance indicators

	2022	2021
Compliance		
Total number of reports (questions included) through the Speak Up Channel	17	19
Number of reports made through the Speak Up Channel	8	–
– of which related to corruption	0	–
Number of questions asked through the Speak Up Channel	9	–
Completion rate for compliance-related mandatory e-learning modules ¹	80%	96%
Number of instances of inappropriate gift or hospitality reports	0	–
Sustainable Supply Chain		
Number of business partners with valid compliance assessment	2 670	–
2022 compliance assessed business partners	664	1 046
New/Re-assessed vendors	284 / 380	–
New/Re-assessed vendors screened using social criteria	45 / 162	–
Percentage of new vendors screened for social criteria	16%	–

Notes to table:

¹ Onshore employees only

SUMMARY OF BW OFFSHORE'S CORPORATE ESG GOALS

	Economically minimise GHG emissions from offshore operations	Reduce single-use plastics and wrapping within company operations	Develop local talents in targeted areas of operation	Recognise diversity and ensure equal opportunities	Secure a Living Wage standard for all employees and personnel hired through subcontractors	Continuously improve our risk-based compliance programme to safeguard the company and stakeholders
2022 Objectives	<p>Continue to improve transparency related to the corporate climate action measures and disclosure mechanisms through CDP.</p> <p>Perform a gap analysis of the corporate climate action strategy against the Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Execute a five-year maintenance plan to manage, and where feasible, minimise emissions from fleet operations.</p> <p>Establish monthly operational emissions thresholds for all operating assets and introduce procedures to identify causes and mitigating actions should thresholds be exceeded.</p>	<p>Ensure all Barossa project sites are free of single-use plastic bottled water in favour of re-usable drinking canisters and water dispensers.</p> <p>Perform a detailed plastic wastes audit onboard a selected unit, which will include crew training by a specialist environmental organisation.</p>	<p>Focus on local talents and local leadership for onshore-based positions in all markets where BW Offshore operates.</p> <p>Focus on Australia and Gabon as target areas for local talent and local leadership development for onshore-based operations.</p> <p>Target of 100% local Australian residency for initial onshore and offshore leadership roles for our upcoming operation in the country.</p> <p>Expand the Graduate Programme to additional locations and functions.</p>	<p>Launch a mandatory Diversity and Inclusion (D&I) awareness e-learning module.</p> <p>Develop a specific D&I plan to support our upcoming activities in Australia.</p> <p>Implement D&I specific requirements to our recruitment process.</p> <p>Organise annual training, support campaigns and events to promote diversity and inclusion across the company.</p> <p>Perform a company-wide Culture Assessment for all employees.</p> <p>Increase gender balance for the company young talent programme.</p>	<p>Review the Living Wage standard to ensure we keep up with new data and development in different countries.</p> <p>Continue the implementation of a Living Wage standard for all direct hires through subcontractors.</p>	<p>Increase KPI reporting to enable improved tracking of the Compliance Programme effectiveness.</p> <p>Roll out Code of Ethics and Business Conduct refresher programme for all employees.</p>
2022 Performance	<p>Evaluated the company's corporate climate action strategy against the Task Force on Climate-related Financial Disclosures.</p> <p>On BW Catcher, monitoring software has been integrated to assess the GHG emissions of real-time operations.</p> <p>Submitted the 2022 CDP dossier for the second consecutive year.</p>	<p>Assessments have been conducted to verify that reusable drinking canisters and water dispensers are available at Barossa project sites.</p> <p>A plastic waste audit was performed for BW Catcher with follow up analysis to determine opportunities to reduce or eliminate plastic waste streams and enhance the crew's understanding of the impact of single-use plastics on the environment.</p> <p>Sustainable packaging requirements included in tender documents for new FPSO prospects to encourage potential vendors to select sustainable packaging when providing materials.</p>	<p>Recruitment plan for the Barossa project revised to support our target of 100% Australian residents.</p> <p>Training initiatives started in Gabon for local offshore talents to support our target of increased local leadership.</p> <p>Young talent programme extended to Australia to support our target of local talent development.</p>	<p>New onshore permanent hires: 55% female/45% male.</p> <p>Gender balance in Young Talent Programme: 20% female/80% male.</p> <p>Culture Assessment conducted for all employees.</p> <p>Discrimination (conscious and unconscious) within BW Offshore Norway assessed in the Diversity, Inclusion and Equality Report for the full year of 2021.</p> <p>A company-wide DI&E mandatory e-learning completed by 80% of the onshore workforce.</p>	<p>Progressed implementation of Living Wage for personnel engaged through subcontractors' scope.</p> <p>Addressed Living Wage expectations to our subcontractors' own employment conditions through our updated terms and conditions and through our Vendor Qualification process.</p>	<p>Launched mandatory Code of Ethics refresher designed to test knowledge on key concepts for onshore employees.</p> <p>Made Speak Up reporting channel publicly accessible, creating a grievance mechanism available to all stakeholders.</p> <p>Initiated ethical labour audit protocol and conducted two audits.</p>
2023 Objectives	<p>Develop future GHG emissions scenario modelling.</p> <p>Continue strategy to retire high carbon footprint legacy assets from the fleet. We expect that full demobilisation of legacy assets will occur by end of 2023.</p> <p>Perform an analysis of the GHG emissions data gathered in 2022 from the new AI software programme on BW Catcher.</p> <p>Phase out routine flaring across majority of operational assets by end of 2023.</p>	<p>Based on 2022 findings from the BW Catcher waste audit, we will develop an action plan.</p> <p>Implement measures to reduce use of single-use plastic on specific units and across offices in 2023.</p>	<p>Expand the global young talent programmes to one additional location and one additional function.</p> <p>Target to meet 70% local talent goal for BW Adolo by training and certifications of identified roles.</p> <p>Fill 100% of offshore leadership positions for the Barossa project by recruiting Australian residents.</p>	<p>Establish contact and relationships with organisations of first nationals' interest in Australia.</p> <p>Target of equal gender split in the recruitment to the graduate programme.</p> <p>Establish action plan to follow up on Culture Assessment.</p>	<p>Monitor implementation of a Living Wage for personnel engaged through subcontractors' scope.</p> <p>Complete a bi-annual review of the Living Wage guidelines.</p>	<p>Evaluate options to provide online, compliance-related training to external stakeholders.</p> <p>Complete six social/governance-related vendor site visits.</p> <p>Conduct ESG awareness for the Board of Directors.</p> <p>Add single-topic learning content and language options to include, e.g., conflicts of interest, human rights, speaking up, gifts and entertainment.</p>
Related UN Goal	 				 	

