



**SUSTAINABILITY  
REPORT**

**2021**



# Content

- 03 Guided by purpose, vision, and principles
- 04 BW Energy in brief
- 05 Operating Management System framework
- 06 Evolving sustainability framework
- 07 Key initiatives during 2021
- 08 Material factors
- 09 Contribution to UN Sustainable Development Goals
- 10 Safety First – zero harm objective
- 12 HSSE framework
- 14 Environmentally conscious operations
- 17 Governance framework
- 20 A non-discriminating and fair employer
- 23 2021 ESG KPIs
- 24 Additional information on KPI calculations



# Guided by purpose, vision, and principles

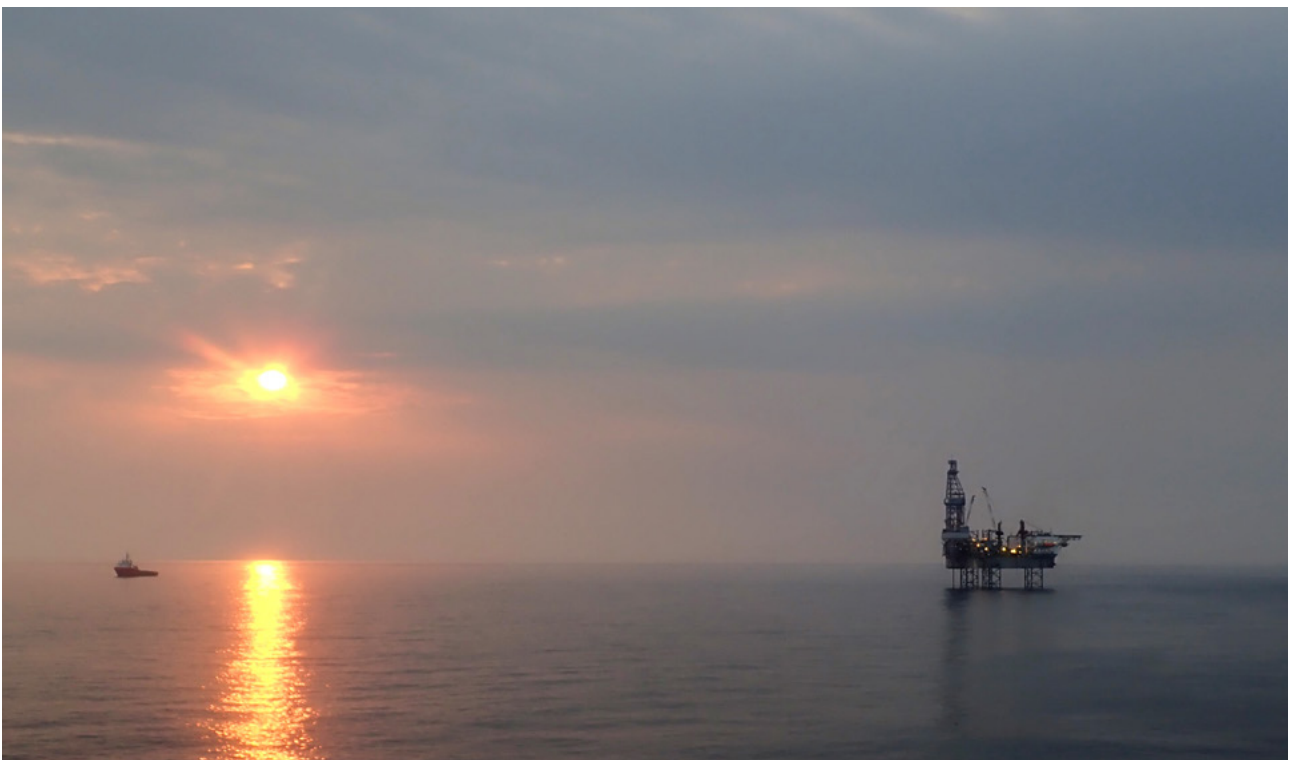
BW Energy aspires to achieve sustainable development by striking a fair balance between financial results, value creation, sustainability, and corporate responsibility.

The Company has adopted sustainability and corporate social responsibility policies which have been endorsed by the Board of Directors. The Company's ethics and business conduct policy provides the guiding principles governing the culture within BW Energy operations and activities.

BW Energy's vision is "Delivering energy for the world today and finding solutions for tomorrow". The Company delivers on that vision by unlocking proven offshore oil and gas resources world-wide, utilising existing energy infrastructure to reduce development costs, project delivery time and carbon emissions.

As a growing energy company, BW Energy is acutely aware of its responsibilities towards the environment and the communities in which the Company operates. BW Energy seeks to make sound decisions related to environmental, social and governance (ESG) factors based on thorough evaluation, and to inspire a persistent change in culture and transparency, and to remain a trusted partner in the development of oil and gas discoveries.

BW Energy's ambition is to sustainably develop and produce oil and gas fields by reducing the environmental impact of its operations and increasing the Company's contribution to society. BW Energy integrates sustainability into the mindset and way of doing business.



# BW Energy in brief

BW Energy is an exploration and production (E&P) company involved in the acquisition, development and production of oil and natural gas fields, and holds majority interests in three hydrocarbon licenses in Gabon, Brazil, and Namibia. The Company concentrates on proven hydrocarbon fields with significant upside potential to leverage in-house technical, operational and basin expertise with repurposed infrastructure. BW Energy's team of highly skilled E&P professionals in all disciplines have demonstrated success in major basins around the world.

BW Energy is a Bermuda registered company listed on the Oslo Stock Exchange since 19 February 2020. It has technical, financial and operational offices in United States, Gabon, Brazil, Namibia, Norway, and Singapore, and project offices in Dubai.

## **Governance**

The Management and the Board are responsible for ensuring that the Company conducts its business with integrity and with due focus on sustainable and responsible operations and that it applies principles for sound corporate governance. The Board holds the highest authority in the Company's decision-making hierarchy to approve matters of significance.

The Company has an established framework for risk management to ensure, safe and effective operations, maximise the economic recovery of natural resources and minimise environmental and social impacts. These factors are integrated in strategy, risk management and business development, including capturing opportunities that arise in the ongoing energy transition. As a responsible and inclusive employer, BW Energy aims to create local employment and be a catalyst for social and economic development.

Maintaining high standards of operations combined with systematic implementation of operational control systems across the Company is a prerequisite for successful growth as an oil and gas operator and to avoid potential harm to people, the environment, and assets. In 2021, BW Energy commenced a process to align the Operating Management System (OMS) with international recognised best practices to support the goal of being a prudent and responsible international operator.

# Operating Management System Framework

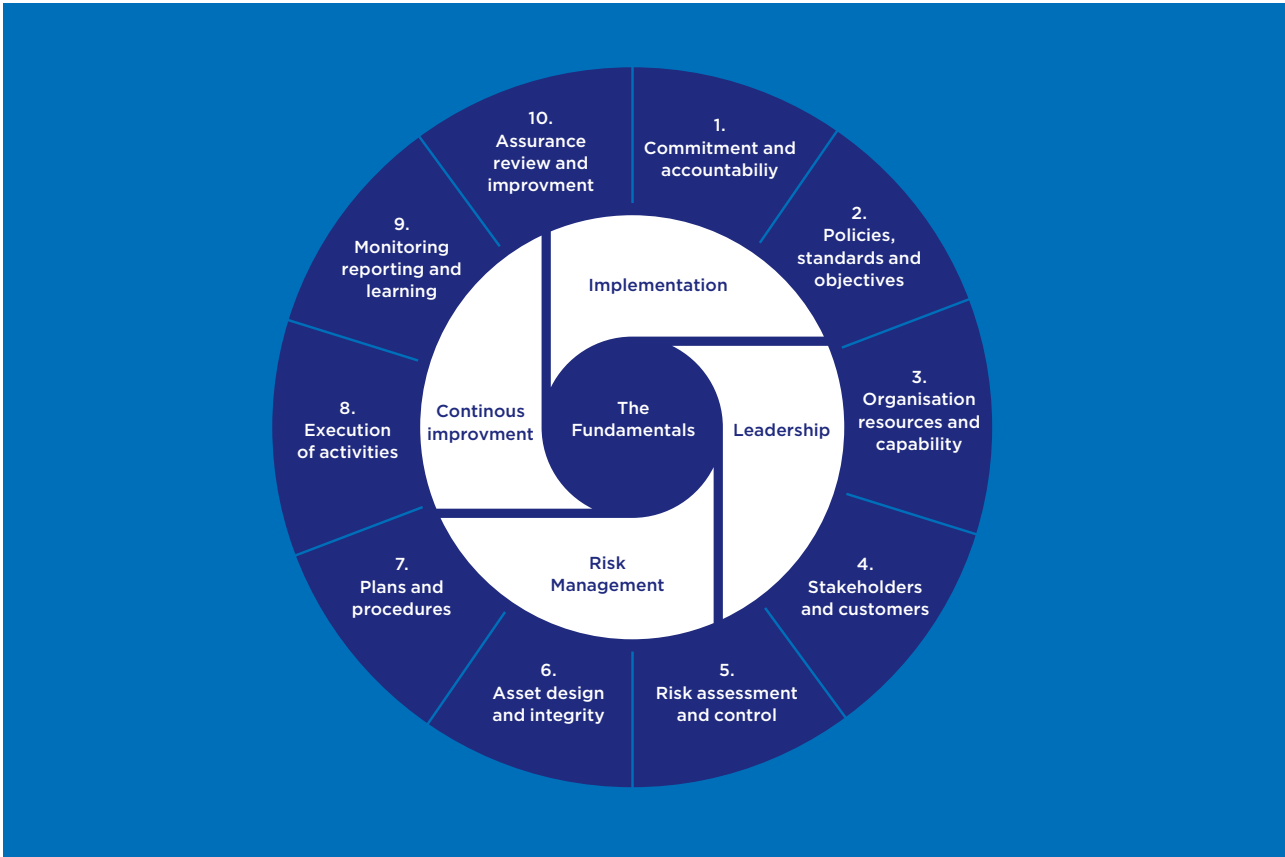


Figure 1: BW Energy Operating Management System Framework

The OMS addresses a wide range of risks, impacts or threats related to occupational safety and health, environmental and social responsibility, and process safety, quality, and security. It demands constant vigilance in relation to leadership, risk management, continuous improvement, and implementation to successfully address the elements. Through its application, BW Energy achieves consistent risk management over time to reduce the potential for adverse consequences while providing opportunities to improve operational reliability and effectiveness.

BW Energy recognises that an organization’s culture develops over time based on commonly held beliefs, norms, and attitudes. As part of the OMS alignment process, BW Energy sets clear expectations and requirements to all employees which support a strong, positive culture and responsible operations.

# Evolving sustainability framework



BW Energy has one operating asset, the Dussafu license in Gabon, which commenced oil production in 2018. During 2021, The Company continued aligning its activities in Gabon with the following voluntary standards:

- Equator Principles IV (EP) (dated July 2020 and effective 1 October 2020)
- International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012) (the IFC Performance Standards)
- World Bank Group (WBG) Environmental, Health and Safety (EHS) Guidelines (April 2007)
- WBG EHS Guidelines for Offshore Oil and Gas Development (June 2015)

# Key initiatives during 2021:

- Preparation of an Environmental and Social Impact Assessment (ESIA) Addendum for BW Energy's activities in Gabon by a third-party consultant. The assessment determined the Company is compliant with the EP, IFC and WBG environmental and social standards
- Introduced revised methodology for estimating and reporting GHG emissions to comply with industry best practice guidelines published by Ipieca / IOGP /API. The methodology and calculations were reviewed by an independent specialist
- A Stakeholder Engagement Plan was executed in Gabon in 2021 with over 225 stakeholders participating. The participants included communities affected by project activity, civil society organizations, education and research organizations as well as agencies representing all levels of government. The stakeholder engagement process was facilitated by independent third-party specialists and undertaken in accordance with IFC standards.
- The deployment of *Hibiscus Alpha* on the Dussafu license will make BW Energy production facility owner and operator. BW Energy is developing an Operations Management System which addresses the following ESG topics:
  - A formal procedure for management of requests for information, expressions of concern and other contact emanating from external parties
  - A process to facilitate the ongoing identification, assessment and management of social risks associated with activities in Gabon
  - A plan to address marine biodiversity risks and opportunities during the offshore installation of the Hibiscus / Ruche development project and to the ongoing production operations in the Dussafu Block. The offshore operations are located in la Réserve Aquatique du Grand Sud du Gabon (a designated marine protected area) and overlap two ecologically and biological sensitive areas (EBSAs)
  - Procurement of a proprietary software package for corporate HSE performance management that includes a module to improve the monitoring and reporting of operational wastes

## Stakeholder Engagement Plan

BW Energy is seeking international financing for its development and production activities offshore of Gabon. These activities include Tortue Phase 1, Tortue Phase 2 and Hibiscus / Ruche development project. RSK, an Engineering and Environmental consultancy, has been contracted to support BW Energy in meeting the environmental and social requirements of international financial institutions for financing the Hibiscus / Ruche development project based on the IFC standards. Part of this work includes the development of a related Stakeholder Engagement Plan (SEP) to ensure that stakeholders understand the aims and requirements of the project, understand how they can report grievances and have confidence in BW Energy's management of environmental and social risks.

# Material factors

This sustainability report provides information about the Company's corporate responsibility as part of the annual reporting cycle and reflects a continuous commitment to integrate corporate responsibility in all processes and daily operations and in line with the UN Sustainable Development Goal (SDG) target of adopting sustainable practices and to integrate sustainability information the reporting cycle (SDG target 12.6).

Satisfactory financial performance over time is considered a pre-requisite for creating stakeholder value.

BW Energy has defined the following as the most important factors for long-term value creation for all stakeholders:

- Safe and secure operations
- Environmentally and socially conscious operations
- A strong governance framework
- Being a non-discriminatory and fair employer

These factors are based on a materiality analysis performed in 2020 before BW Energy's IPO as a standalone company. The analysis is based stakeholders' expectations and the risk factors and opportunities they perceive as important to the Company's long-term value creation gathered from externally and internally using a questionnaire based on relevant topics (inspired by Global Reporting Initiative (GRI) standards), either electronically or through interviews. External stakeholders included customers, partners, regulators, supply chain, investors, and lenders.

The factors outlined above are aligned with the those identified by the Sustainability Accounting Standards Board (SASB) Materiality as sustainability issues that are likely to materially affect the financial condition or operating performance of companies within the oil and gas exploration and production industry.

Environment	Social capital	Human capital	Business model and innovation	Leadership and govern-ance
<ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Air quality</li> <li>• Waste &amp; Wastewater management</li> <li>• Ecological Impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights and community relations</li> </ul>	<ul style="list-style-type: none"> <li>• Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Business model resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Business ethics</li> <li>• Management of legal and regulatory environment</li> <li>• Critical incident risk management</li> </ul>

The selected factors resonate with the material issues highlighted by MSCI ESG Ratings in their materiality overview for the energy sector, and oil and gas explorations and production sub-category.

The factors defined by BW Energy through the materiality analysis are aligned with relevant industry specific external independent materiality frameworks. It ties in with the Company's commitment to safety and its zero harm objective for personnel and the environment. The factors are also reflected in the Company's support for the United Nations Sustainable Development Goals (SDGs).



# Contribution to UN Sustainable Development Goals

BW Energy is committed to providing safe, efficient and affordable energy and investment to support economic growth in developing countries in which the Company operates. The SDGs described below are those considered to be the most material for BW Energy and where the Company can have the greatest impact.

UN Goal	UN definition	Relevant SDG sub target	BW Energy's contribution
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive, and sustainable growth, full and productive employment, and decent work for all	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<p>Developing targeted recruitment and development program in all locations in which BW Energy operates.</p> <p>Investing in local communities and people where the Company operates through safe jobs and by promoting education and innovation</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse	<p>BW Energy's field development strategy is founded on re-use of existing energy infrastructure, allowing for both increased economic value creation while minimizing field development GHG emissions and waste generation</p> <p>Targeting development of proven oil and gas reservoirs, thereby minimising GHG emissions seabed activity related to exploration drilling.</p> <p>Minimising emissions and waste from offshore assets to align with global efforts to combat climate change and its impacts.</p> <p>Eliminating the use of harmful CFC's wherever practicable</p>
 <p><b>14</b> LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	14.1: By 2025, prevent and significantly reduce marine pollution of all kinds	<p>Conducting regular oil spill response drill on <i>BW Adolo</i> FPSO to test responsiveness and preparedness for unplanned oil pollution events.</p> <p>Ensuring that produced water processed via production facilities meet and exceed minimum water quality standards prior to discharging to sea.</p> <p>Working with local environmental and conservation organisations to monitor the impact of production operations on biodiversity and protected species.</p>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5 Substantially reduce corruption and bribery in all their form	BE Energy works to ensure zero tolerance for corruption throughout the organisation, via implementation of anti-bribery compliance program measures.

# Safety first - zero harm objective for people and environment



## Environment

- Committed to minimising environmental impact
- Business model utilising sunk exploration and newbuild green house gas (GHG) emissions by developing proven reservoirs with existing FPSOs



## Social

- Provider of safe and secure jobs
- Local employer in underdeveloped areas
- Supporting local communities by providing academic tutoring for high school students
- Supported renovations at Omar Bongo University, Libreville Gabon
- Supporting COVID-19 health initiatives



## Sound governance

- Policies in place for responsible and ethical business conduct
- Dedicated risk management and operational integrity functions
- Fair compensation structures
- Significant local tax contributor in Gabon

BW Energy has a zero harm objective for personnel and the environment in all its operations. The Company has established policies for safety, security, occupational health, and environmental management ensuring that the objectives are achieved as well as effective management of major accident hazard risks, mitigation of impact to the environment, while ensuring a sustainable business and taking proper care of company property.

### **Safe and secure energy production**

BW Energy is committed to efficient, reliable, and compliant operations with zero harm to people, the environment, and the communities in which it operates. The Company applies best-in-class as a benchmark for monitoring, assurance and improvement of operational performance and compliance.

BW Energy's Health, Safety, Security & Environmental (HSSE) department is an organisational department that supports BW Energy operations and manages HSSE protocols that enable the Company to meet and exceed mandatory requirements and industry standards.

BW Energy targets being an industry leader, with the lowest reasonably possible frequencies for lost time injuries, high-risk incidents, including spills to the environment and unplanned emissions, and occupational illnesses. The Company monitors trends and takes prompt action to prevent or reverse any unwanted developments. BW Energy gives all employees the explicit authority to stop all actions that they think are unsafe and/or are unsure of, and to initiate a process to define and clarify without any repercussions or questions.

The Company has established processes and tools to demonstrate operational performance and compliance in a transparent manner. The process is based on BW Energy's operational objectives and how the HSSE function supports the organisation in meeting and exceeding these targets through a continuous improvement cycle.



# HSSE framework

The HSSE framework promotes repeatable operational excellence and provides a platform for continuous improvement. It is based on the three core elements: people, process, and plant. This framework is defined within the Company Management System, with the desired outcome of efficient, reliable, and compliant operations delivered with zero harm through a comprehensive assurance program. This assurance program then allows for opportunities for improvement to be identified and realised.

## HSSE Performance

BW Energy monitors Process Safety, Occupational Safety, Environmental and Asset Integrity, that are leading indicators to anticipate future performance issues and take proactive action to improve. The Company follows the International Association of Oil and Gas Producers (IOGP) guidelines for incident reporting, thus allowing for benchmarking with the wider industry.

A Lost Time Injury (LTI) is an injury in the workplace that means the injured person is unable to resume normal duties in their next shift or subsequent shifts. Total Recordable Injuries (TRI) are the sum of lost time injuries, restricted work cases and medical treatment cases. A High Potential Incident (HPI) is an incident not causing harm or damage but that, under slightly different circumstances, could have realistically resulted in one or more fatalities or major damage.

BW Energy registered one LTI (Lost Time Injury) in 2021 including subcontractors. There were five LTIs in 2020 and zero LTIs recorded in 2018 and 2019.

## HSSE Compliance

The *BW Adolo* FPSO that produces for BW Energy on the Dussafu license is certified in accordance with the requirements of the International Ship and Port Facility Security (IPSS) code. The security policy of the Company, related assets and premises is to prevent unauthorised access and the introduction of weapons and other dangerous devices or substances. The security policy underpins the commitment to ensure zero harm to personnel and prevent damage to the Company's assets. The Company had no material security incidents in 2021.

## Continuous Improvement

BW Energy considers failures as an opportunity to learn and improve. An effective process has been established to identify root causes of deviations and transform these into real improvements, which allows the Company to progressively build on experience and strengthen its performance.

BW Energy's actions for continuous improvement involves:

- Regularly monitoring leading and lagging health and safety indicators
- Periodic review of risk assessments and control measures
- Conducting incident investigations to identify improvement actions
- Circulating safety alerts to the wider organisation
- Implementing health and safety initiatives
- Audits, verifications and inspections
- Facilitating senior management oversight

## Future priorities

BW Energy priorities for 2022 include further development of additional HSSE awareness campaigns and actively engaging with BW Energy contractors with the clear objective of maintaining a leading LTI performance. In addition, the BW Energy Environmental Management System will be subject to continuous improvement to ensure continued compliance with the Equator Principles requirements, a financial industry benchmark for determining, assessing and managing environmental and social risk in projects.





HIBISCUS ALPHA  
PORT VILA

Drydock

# Environmentally conscious operations

BW Energy is committed to contributing to a sustainable environment. The Company recognises that its operations may have wide-ranging impacts on the environment and therefore applies risk management to identify, assess and mitigate actual or potential environmental impacts. BW Energy integrates environmental management within the overarching BW Energy HSSE management system to ensure environmental risks are appropriately planned for, controlled, and monitored. In unplanned circumstances, the risk management system ensures measures are in place to effectively respond to and mitigate the impacts. Continuous improvement is achieved via feedback cycles within the management system framework.

BW Energy operates in a highly regulated industry with a growing body of environmental legislation and emerging industry best practice. The Company engages with industry and regulatory bodies to ensure that all significant environmental aspects are identified and appropriately managed. The environmental management system identifies and integrates all relevant regulatory compliance requirements and industry best practice. BW Energy monitors emerging environmental issues, technologies, and practices to ensure it remains compliant, relevant, and positioned to operate sustainably in the future. Environmental management is led by the Company's senior management and cascades down throughout all business operations and activities.

## Environmental performance

BW Energy environmental impact is determined by assessing the operational performance of its exploration and production activities against key performance indicators. The key environmental aspects of all operating assets are digitally recorded through the daily reporting process and these aspects are continuously reported and monitored. Field development asset operators ensure that their facilities are effectively operated in accordance with the corporate environmental management system and performance standards. Refer to the table on page 23 for data that quantifies the environmental performance of the *BW Adolo* FPSO.

## Air emissions and climate action

BW Energy recognises the threats and challenges climate change poses to society and the environment. BW Energy shares the global commitment towards cleaner, affordable energy sources for all and is committed to reducing greenhouse gas emissions.



## Scopes 1, 2, and 3 emissions

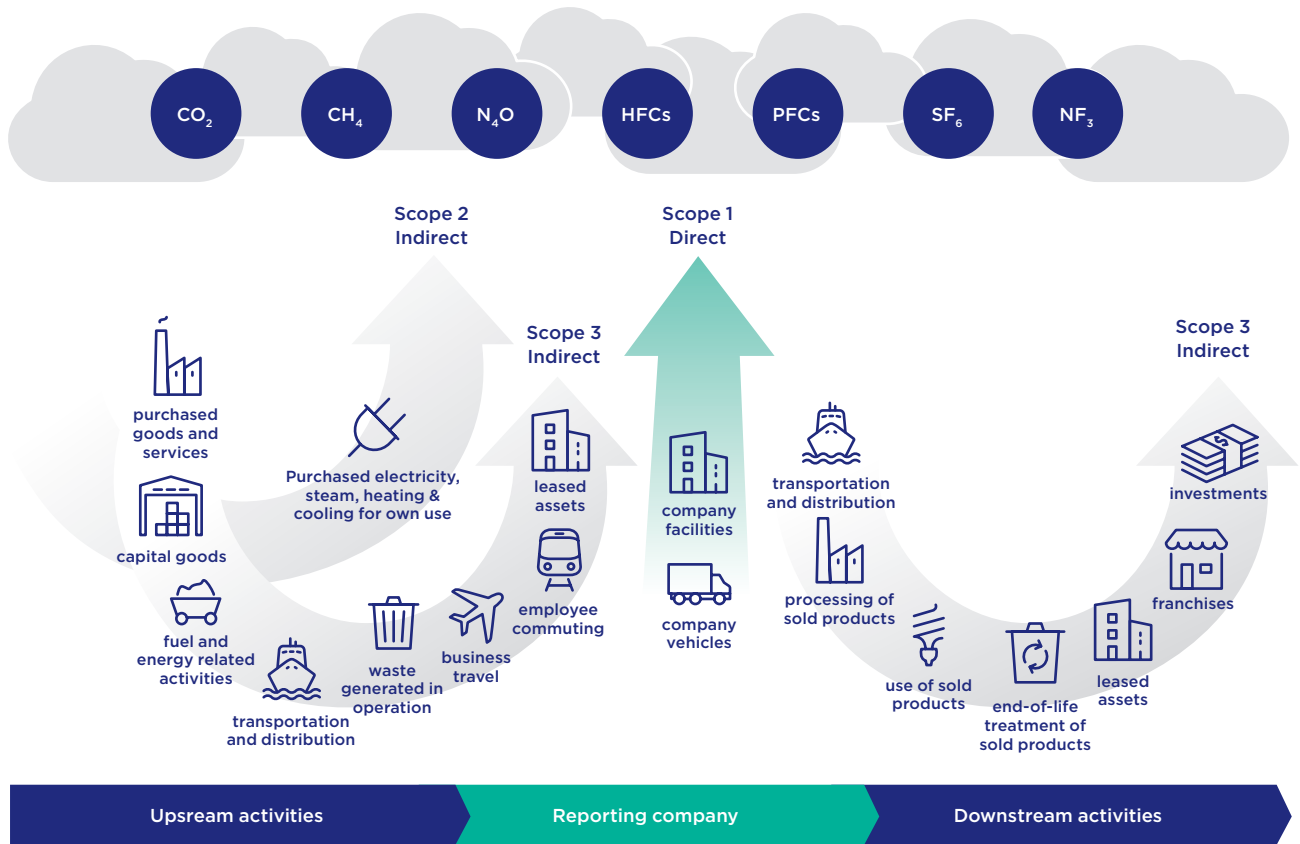


Figure 2: Description of Scopes 1, 2, and 3

During 2021, the total amount of Scope 1 GHG emissions of 122,107 tons of CO<sub>2</sub> equivalents from combustion sources was estimated to comprise the following:

- Flaring 54%
- Fuel gas combusted in boilers 24.3%
- Diesel combustion 21.7%

GHG emissions arising from the use of fluorinated gases on *BW Adolo* are part of the FPSO operator’s Scope 1 emissions and are therefore calculated and reported by BW Offshore and not by BW Energy.

BW Energy continued to monitor Scope 2 of purchased electricity and emissions arising from its offices in Gabon and Houston, Texas. These sources were calculated to contribute approximately 147 tons of CO<sub>2</sub> equivalents, equal to 0.12% of the Scope 1 GHG emissions for the year.

Certain activities that contribute to BW Energy’s indirect Scope 3 emissions are monitored and calculated, however, in keeping with Ipeca current guidelines, are not within the scope of this report. These include contracted services for: offshore drilling, support / supply vessels and personnel transfers offshore / onshore by helicopter.

Consistent with the commitment to continuous improvement, air emissions calculations for 2022 will be expanded to include emissions from non-combustion sources such as from fugitive sources and venting.

### **Consumption, wastes and materials management**

In 2021, BW Energy and the FPSO operator continued to measure and monitor wastes generated offshore and shipped to shore. Plastic wastes are considered harmful to the environment particularly in countries where waste management challenges may lead to excessive use of landfill, reduced local air quality through from waste-burning or direct pollution to land or water resources through dumping. Poor waste management impacts the wellbeing and livelihoods of local communities and ecosystems. From 2022, BW Energy will implement a program with the goal of eliminating single-use plastics across all operations by 2025.

### **Emissions to sea**

The most significant, short-term threat posed to the marine environment and coastal biodiversity by BW Energy's offshore oil and gas operations is a potential significant oil spill event. BW Energy as field operator and BW Offshore as FPSO owner and operator, have jointly conducted an annual oil spill response drill on the *BW Adolo* FPSO to test responsiveness and preparedness for unplanned oil pollution events.

Produced water is a by-product of the offshore oil production process. Onboard the *BW Adolo* FPSO, produced water is processed via the production facility to an acceptable water quality standard prior to discharging to sea. Since commencing production at the Dussafu Field, produced water discharges to sea have been well within permit limits.

### **Management of marine environmental impacts**

BW Energy is committed to play its part towards protecting and conserving the local habitats and wildlife in the areas where it operates. BW Energy continues to work with local environmental and conservation organisations within Gabon to monitor migratory patterns and the impacts of production operations on biodiversity and protected species. BW Energy is responsible for the environmental license for the Dussafu field Development, which requires environmental management and monitoring plans to be implemented.

### **Field development strategy**

BW Energy has a strategy for long-term value creation for all stakeholders by developing already proven offshore oil and gas reserves by re-using existing energy infrastructure. The strategy allows for low risk phased offshore developments with a relatively short time span from investment decision to first oil, which increase the potential for financial returns.

The strategy also offers inherent environmental benefits by 1) utilising already "sunk" CO<sub>2</sub> emissions as it minimises the need for exploration drilling, 2) supporting a circular economy by re-using and extending the useful life of existing offshore production infrastructure and 3) thereby significantly reducing field development GHG emissions tied to construction of new production facilities. A study based on the *BW Adolo* FPSO, factoring in CO<sub>2</sub> emission tied to steel consumption and operations, identified an estimated 70%-80% of GHG emission-savings realised by upgrading an existing FPSO for redeployment compared to constructing and new production unit.

### **Future priorities**

BW Energy continues to participate in various initiatives to study sea creature habitats and migrations in addition to exploring new ventures and opportunities to re-use existing equipment and facilities and other means of reducing emissions.



# A strong governance framework

Ethics and Compliance are key factors in BW Energy's business approach and success

BW Energy complies with all applicable laws and regulations in every country in which it operates. Wherever appropriate BW Energy operations also follow international norms and standards.

Ensuring ethical business behavior is of great importance to the Company's stakeholders. BW Energy actively engages with local authorities to ensure such expectations are met. In addition, BW Energy expects its employees and service providers to model ethical behavior in all their business activities. BW Energy is also a fair and non-discriminating local employer, and its activities generate substantial local revenue in terms of salaries and tax revenues.

BW Energy opposes any and all forms of corruption and is, together with the other Companies related to the BW Group, committed to an industry free of corruption that enables fair trade to the benefit of society at large.

## **BW Energy's Ethics and Compliance Program**

BW Energy's Compliance Program consists of five components: (1) Compliance Standards and Policies; (2) Employee Training and Communication; (3) Confidential Reporting and Investigation; (4) Third-party Management, and (5) Continuous Program Monitoring. This Program is implemented by the Company's Head of Compliance who reports directly to the CEO. The Head of Compliance also provides quarterly updates to the Company's Audit Committee.

## **Compliance Standards and Policies**

The Company has developed internal policies which provide a basis for the attitudes and principles that govern the culture at BW Energy. BW Energy's internal procedures and guidelines are designed to assist BW Energy employees avoid even the appearance of impropriety. Many of these policies, procedures and guidelines are summarized in the Code of Ethics and Business Conduct which applies to all employees in BW Energy, and to all BW Energy Board members, officers, temporary employees, intermediaries and others who act on behalf of BW Energy.

BW Energy does not make political contributions, nor does it authorise any personnel or representatives to do so on its behalf.

When BW Energy provides sponsorship, charitable contributions and/or donations aimed at improving the lives and welfare of the local communities in which it operates, it does so only after ensuring that the contributions are legal, vetted, and properly recorded in its books and records.

## **Employee Training and Communication**

BW Energy requires all employees to complete training on anti-bribery and corruption matters. This training is provided through computer modules and in-person sessions. Training covers topics such as Gifts & Hospitality, and Conflicts of Interest. BW Energy employees must follow a reporting and approval process that monitor the giving or receipt of gifts or hospitality. In addition, BW Energy requires its employees to report any potential conflicts of interest on an annual basis. Such declarations include relationship to public officials or politically exposed personnel.

As of year-end 2021, 94% of the employees have participated in Anti-Bribery and Corruption training.

### **Confidential reporting and investigations**

BW Energy has implemented an anonymous reporting channel (the Speak Up Channel) which is hosted by an independent third party. The Speak Up Channel allows employees, business partners and relevant stakeholders to report any concern they might have, including violations of BW Energy's Code Ethics and Business Conduct.

BW Energy is committed to ensuring that no retaliation is taken against individuals that make a good-faith report to the Speak Up Channel. All reports will be treated confidentially and will be investigated promptly and fairly. Information related to reports received through the Speak Up Channel is communicated to the BW Energy Board on a quarterly basis.

Verified breaches of BW Energy's Code of Ethics and Business Conduct may result in disciplinary action up to and including termination.

In 2021, there were no BW Energy related reports registered.

### **Third-party management**

A key focus of BW Energy's Compliance Program is the assessment of external vendors and service providers, also known as third-party providers (TPPs). All TPPs are assessed for compliance with relevant laws and regulations, and compliance with the principles of the BW Energy Code of Ethics and Business Conduct. It is the expectation of BW Energy that all TPPs will observe equivalent anti-corruption principles when conducting businesses with BW Energy, and for this reason BW Energy has adopted a Supplier Code of Ethics and Business Conduct.

BW Energy's Supplier Code of Ethics and Business Conduct emphasizes all of BW Energy's TPPs should support the UN's Universal Declaration of Human Rights and the standards advised by the International Labour Organisation. It also firmly establishes that BW Energy expects its TPPs to ensure that child labour and forced labour is not used in the performance of their activities. The Supplier Code of Ethics and Business Conduct can be found on BW Energy's website.

### **Continuous monitoring**

To assist BW Energy's management in its operational responsibilities, and to ensure compliance with all applicable money laundering, corruption, and anti-bribery legislation as well as the Company's ethics principles, BW Energy has established a Compliance Committee. This Compliance Committee assists the Company's Head of Compliance to consider emerging compliance risks and to measure the progress on existing compliance risks.

### **Report on payments to governments**

To provide for enhanced transparency on payments made to governments, BW Energy prepares a separate report disclosing material payments made to governments in the countries in which the Company operates. The report is made on an annual basis at field and country level including additional contextual information, consisting of certain legal, monetary, numerical and production volume information. The report is available on the Company's website [www.bwenergy.no](http://www.bwenergy.no).

The report meets the requirements of the Norwegian Securities Trading Act §5-5 and of the Norwegian Accounting Act §3-3d for entities which are active in extractive industries with regards to disclosure of direct payments to governments, including payments made by subsidiaries, joint operations and joint ventures, or on behalf of such entities involved in extractive activities.

**Governance structure**

BW Energy has developed a corporate governance structure and adheres to the Norwegian Corporate Governance Board (NUES) Code of Practice, in force as of 14 October 2021. Please refer to the Corporate Governance section of the Annual Report for more details.

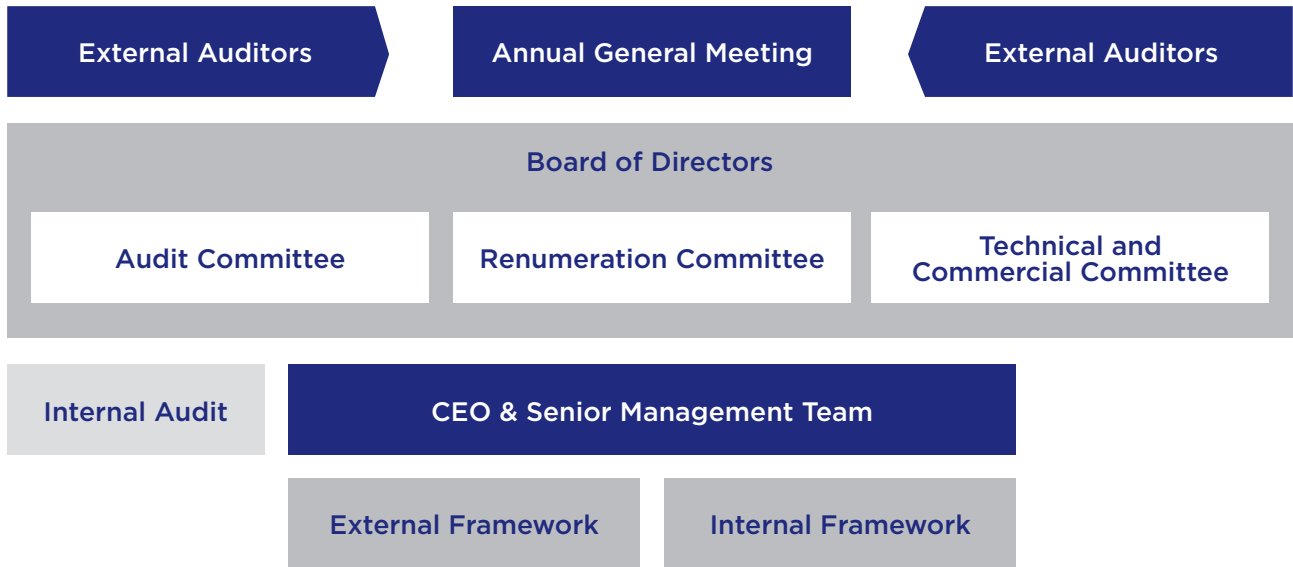


Figure 3: Corporate Governance

**Future priorities**

The Company will continue to monitor and address any Compliance issues that arise.

# A non-discriminating and fair employer

BW Energy focuses on its employees and organisation, and the opportunities it can provide for the wider community. The Company is deeply aware of the importance of its people and their contribution to meeting operational and financial objectives. Ensuring the safety and wellbeing of its employees is BW Energy's greatest responsibility; therefore, all processes seek to leverage human performance and a strong culture of care.



## Human rights, anti-discrimination and fair employment

The Code of Ethics and Business Conduct represent the commitment to respect for the individual, upholding human rights and instituting fair and ethical employment practices. BW Energy's human capital policies with routines and procedures are aligned with ethical and compliant business practices, such as rules for transparent recruitment and provision of employment agreements establishing its personnel's rights and entitlements..

The Company is committed to treating all persons with dignity and respect in the conduct of their duties and responsibilities. BW Energy prohibits unlawful discrimination based on ethnic or national origin (including protection for indigenous peoples), age, gender identity or expression, sexual orientation, marital status or family structure, religion, or disability. Inappropriate workplace conduct, such as harassment, violence or discrimination is not tolerated.

BW Energy supports the United Nations Universal Declaration of Human Rights and the standards advised by the International Labour Organisation. Slavery, forced labour, child labour, torture and other violations of human rights are totally unacceptable.



Third parties providing goods and services to BW Energy are expected to comply with human rights and relevant employment practices. Contractor due diligence is conducted as part of efforts to ensure that the various supply chains operate in an ethical and responsible manner to prevent slavery, human trafficking, forced or child labour and any other violations of human rights and labour standards.

### **Working for BW Energy**

The headcount in BW Energy reflects a highly efficient corporate structure based on a core team supported by specialist competence and capacity, partially subcontracted from BW Offshore. On 31 December 2021, BW Energy had approximately 140 employees, including contractors and consultants.

### **Workforce diversity and equal opportunity**

BW Energy consists of people with a wide range of experiences, backgrounds, and characteristics. The Company continues to build a diverse workforce by attracting, recruiting, developing and retaining people of regardless of gender identity, sexual orientation, nationality, religion, and age, across all types of positions.

BW Energy believes that diversity promotes healthy collaboration and positive development of the Company's capabilities and operates with multinational teams at all offshore and onshore locations.

The Company's strategy is to deliver local content to meet and exceed local requirements. Developing local content and competencies strengthens the Company's position and operational abilities. A strong local connection provides knowledge, widens the available competence base, and supports the development of a joint company culture.

BW Energy continuously invests in employee training and competency in cooperation with BW Offshore. This includes the BW Academy, which is an internal e-learning platform, currently offering over 166 courses which are available for all employees. In addition to e-learning, the Company supports personal development and training by internal or external courses, within the categories of Leadership development, induction training, internships, professional and technical training.

### **Performance Management**

BW Energy holds performance dialogues with all employees to formalise the performance management process as an important element of leadership and development for both managers and employees. The process ensures open discussion on expectations, feedback on achievements, and positive and constructive feedback between managers and employees, as well as setting objectives for the coming period.

### **Fair compensation structures**

BW Energy applies a meritocratic approach to ensure that the compensation framework supports the Company's long-term business strategy and delivers a total compensation that fairly reflects each Employee's contribution and performance. The salaries and benefits offered by the Company and by subcontractors on the operated fields operated are significantly higher than local minimum wages.

The Remuneration Committee is appointed by the Board to assist the Board by making recommendations and otherwise preparing the basis for Board decisions regarding executive remuneration and the benefits strategy of the Company. Executive remuneration and variable compensation schemes are subject to annual review and the discretion of the Board in accordance with the Company's governance.

BW Energy takes a holistic view of various factors to determine and ensure that total employee compensation is fair and above the minimum legal requirements in the various locations in which the Company operates. Factors included when determining compensation are position, competence and results and performance. The compensation model consists of a base salary and cash compensation that is aligned and competitive in the markets in which the Company operates. Additional compensation may be paid through:

- Variable Compensation Schemes based on the annual performance related to the Company (financial and sustainability results) and the Employee's individual performance.
- Long-term Incentive (LTI) programmes with stock-based compensation to incentivise long-term value creation for the Company, and to align the interests of the participating employees with the interests of the shareholders.
- Benefits, representing pension plans and insurance schemes, for employees in all locations are aligned with or above local legislations and markets.

### **Collective bargaining agreement**

BW Energy is committed to supporting Freedom of Association and Collective Bargaining. This is clearly stated in the Code of Ethics and Business Conduct. Collective Bargaining is a negotiation process between the Employers and unionised Employees to regulate the terms and conditions, which include wages, working conditions, benefits and other aspects of workers' compensation and rights for workers. Currently, BW Energy has no employees covered under Collective Bargaining agreements.

### **Supporting local communities**

As a prudent and responsible operator, BW Energy is committed to develop safe and long-term stable production from the Dussafu license while maximising recovery for the Gabonese state and partners. As a socially responsible corporation, BW Energy supports the region by contributing to the Gabonese Hydrocarbon Support Fund as well as to local training and social programs.

### **Future priorities**

BW Energy continues to support nationalisation programs to increase the percentage of local workforce offshore and onshore as well as health health initiatives in the communities in which BW Energy employees work and live.



In 2021, BW Energy continued its local initiatives in Mayumba, a village located nearby the Dussafu field, the Company provided academic support for students taking High School Degree exams resulting in a success rate of approximately 95%. In July, BW Energy supported renovations at Omar Bongo University in Libreville of a library and amphitheatre. These activities are part of a long-term commitment to further support the development of Gabon.

## 2021 ESG KPIs

Health and Safety		2021
<b>HEALTH &amp; SAFETY STATISTICS</b>		
TRI		2
LTI (including Contractors)		1
2021 Hours Worked - BWE, Contractors, BW Adolo FPSO		1,072,159
<b>SECURITY &amp; ENVIRONMENT STATISTICS</b>		
Environmental Spills > 1 bbl		0
Security Incidents		0

Table 1: Health and safety Performance KPIs

Environmental Performance	Unit	2021
<b>ENERGY</b>		
Energy consumption offshore	GJ	802,866
<b>GREENHOUSE GAS EMISSIONS</b>		
CO2 equivalent	Te	122,107
N2O	Te	5.7
CH4 (Methane)	Te	214
CO2	Te	114,604
CO2 equivalent per barrel produced	kg/bbl	29.6
<b>NON-GREENHOUSE GAS EMISSIONS</b>		
CO	Te	155
NOx	Te	77
SO2	Te	32.9
nmVOC	Te	213
<b>FLARING</b>		
Flared Gas	mmscf	485
<b>MARINE DISCHARGES &amp; CHEMICAL MANAGEMENT</b>		
Produced Water Discharged to sea	bbl	884,347
Oil in Water Content	ppm	7.5
<b>WASTE</b>		
Total waste	m3	1,955
General Waste	m3	1,608
Recyclable Waste	m3	DNR
Hazardous Waste	m3	347

Table 2: Environmental KPIs

People - Gender (Female / Male)	2021
Management	0% / 100%
Board of Directors	20% / 80%
Total Employees and Long-Term Contractors = 140	34% / 66%

Table 3: Social KPIs

Note: Comparative figures have not been included as methodology has changed. Refer to Additional information on Calculations of Environmental KPIs.

DNR - data not recorded

# Additional information on Calculations of Environmental KPIs

BW Energy recently became a member of the International Association of Oil and Gas Producers (IOGP) and a decision was taken to align reporting with the environmental and social guidelines endorsed by IOGP and produced jointly with American Petroleum Institute (API) and Ipieca. The reporting perimeter selected is based on operational control and not equity share.

During the course of this reporting period, BW Energy implemented several initiatives to improve the consistency, transparency and overall integrity in the monitoring and reporting of the environmental performance of BW Energy operations.

Some of the key improvement measures implemented during 2021 included:

1. The capability to separately monitor and report both the low pressure (LP) and high pressure (HP) gas streams in the *BW Adolo* FPSO flare stack.
2. The Company is opting to base calculations of facility energy consumption and Scope 1 (see Figure 2) air emissions on laboratory analysis of the actual gas streams on the *BW Adolo* FPSO. This calculation refinement results in a marked increase in both the calculated energy consumption and Scope 1 GHG emissions for 2021 compared with previous years.

Gas Parameter	2019 & 2020 **	2021
Calorific content (Lower Heating Value) of fuel gas in GJ / 1mmscfd:	1,085	1,582
Density of fuel gas in kg/m <sup>3</sup> :	0.7	1.248
Density of HP flare stream* in kg/m <sup>3</sup> :	0.7	1.248
Density of LP flare stream* in kg/m <sup>3</sup> :	0.7	1.915

Table 4: Calculation Methodology Comparisons

\* In previous reporting periods, the calculations contained no distinction between the HP and LP flare streams on *BW Adolo*

\*\* Published default values







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