

SOCIAL & ENVIRONMENTAL INFORMATION

Extract from Registration Document 2018

BOURBONOFFSHORE.COM



6. STATEMENT OF NON-FINANCIAL PERFORMANCE

This section of the management report presents the social, societal and environmental information for the fiscal year ended December 31, 2018, required under Article R. 225-105-1 of the French Commercial Code, as amended by Order No. 2017-1180 and Implementing Decree No. 2017-1265, transposing Directive 2014/95/EU of the European Parliament. This year's social and environmental reporting takes a risk-based approach. The group's business model is presented on page 17 of the Registration Document.

In 2005, the group developed a risk map in a bid to ensure that wherever possible, the internal control system as a whole can prevent any risks to which the group is exposed. In 2015, the group redesigned its risk map to enable it to pinpoint the most significant risks it might face. A wide range of potential risks were identified, both at the group level and in terms of its operating activities, including all CSR risks – social, environmental, societal, human rights, anticorruption and tax evasion – resulting from BOURBON's business model. The risk factors are described in detail in section 5. The main non-financial risks addressed are: Employee engagement and competence – Management of vessel maintenance – Compliance with maritime standards (ISM, OSM) – Maritime transport safety (potential accidents and pollution) – Maritime transport security (piracy) – Personal safety – Ethics and compliance, including the fight against corruption – Reputational risk due to poor communication – Industrial disputes – Decline in customer satisfaction.

The inventoried risks are ranked based on their possible frequency (from frequent to improbable) and their impact (negligible to catastrophic), which would require an action plan to be implemented immediately by a crisis unit. The risk map is updated whenever necessary and at least once a year; this information is regularly shared with the Internal Control and Risk Committee and the Audit Committee of BOURBON (see Chapter 5, page 76 of the Registration Document).

All social and environmental information are audited annually by an independent third party. The relevant report can be found at the end of this section (page 108).

6.1 SOCIAL INFORMATION

All social indicators presented in Chapters 6.1 and 6.2 are calculated based on the workforce under contract at the end of December 2018, except for the personnel flows, training and absenteeism indicators, which take into account the entire workforce mobilized in 2018.

6.1.1 Employment

6.1.1.1 Composition and distribution of the workforce

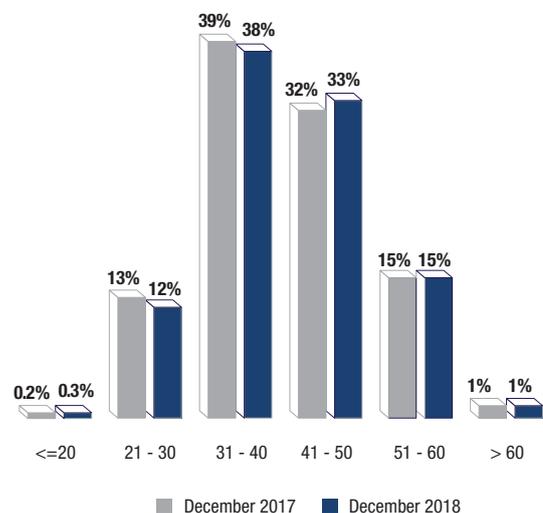
BOURBON's workforce stabilized during 2018.

At December 31, 2018, the service was delivered by around 8,200⁽¹⁾ people, of whom 6,712⁽²⁾ were under contract, with 1,675 people ashore and 5,037 people at sea. Between 2017 and 2018, the group's combined contractual workforce shrank by 2%.

There are three main categories of personnel:

- ▶ seagoing personnel (44% officers and 56% ratings);
- ▶ specialized categories of onboard personnel (mainly crane operators, engineers and ROV operators) who are involved in hoisting operations, ROVs and managing onboard operations;
- ▶ onshore personnel, of whom 20% are managerial staff.

▶ DISTRIBUTION OF WORKFORCE BY AGE⁽³⁾



At the end of 2018, the average age of BOURBON personnel was 41 years and 50% of BOURBON employees were aged 40 or under.

(1) This total workforce includes personnel under contract at the end of 2018, as well as seagoing personnel hired on a non-contractual basis (working rotating shifts and due back on board).

(2) This total workforce includes personnel under contract at the end of 2018 (on a direct contract with a Group entity or with a recruitment or placement agency).

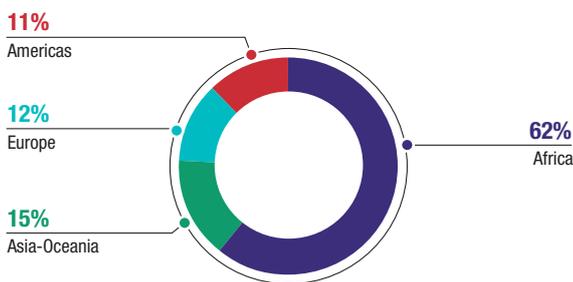
(3) People aged 15-75, representing 99.9% of the headcount.

► **DISTRIBUTION OF WORKFORCE BY GENDER**

Women represent 8% of the group's total workforce and 1% of crews.

SPLIT WOMEN/MEN	WORKFORCE	WOMEN	MEN
Management	10	0%	100%
Seagoing personnel	5,037	1%	99%
Onshore – all categories	1,675	29%	71%
Onshore – Managers	337	19%	81%
TOTAL GROUP WORKFORCE	6,712	8%	92%

► **DISTRIBUTION OF WORKFORCE BY GEOGRAPHICAL AREA AT 12.31.2018**



The share of the BOURBON workforce working in their country of origin continues to grow, up from 64% to 65%.

6.1.1.2 Equal opportunities and fairness

The *monitoring* of gender equality introduced in 2015 has revealed that at BOURBON, like the marine sector in general, women are underrepresented in technical, operational and customer-facing roles. These are all careers in which the necessary skills and experience are by and large obtained in seagoing and vessel command roles, an area that still tends to be male-dominated. In this context, BOURBON is concentrating its efforts on the support functions.

In total, access to training and internal promotion enabled onshore management positions held by women to reach 19%. Furthermore, surveys and skills assessment methods for onshore personnel help to identify gateways to these operational, technical and customer-facing roles, as well as to managerial positions.

The work performed by BOURBON employees is largely unsuitable for the employment and inclusion of people with disabilities (a fit for duty certificate is required for seagoing personnel, and a significant number of onshore jobs require employees to be able to go onboard the vessels).

6.1.1.3 International recruitment policy

In 2018, BOURBON employed people from 84 different nationalities.

The operational subsidiaries, acting either on their own account or as internal recruitment agencies, managed 73% of the workforce, with 27% of personnel provided by external recruitment and placement agencies.

Outside recruitment and sourcing companies are selected according to criteria of compliance with international standards and BOURBON standards. Internal sourcing and manning agencies meet the same standards. Manning and sourcing agencies are audited in a yearly program, which is defined in BOURBON's quality system. The aim of these audits is to ensure that selection, recruitment, training and management processes meet BOURBON standards and that these agencies meet international standards, including specific MLC certification.

For onshore personnel, BOURBON is improving its recruitment standards by including a skills assessment process and identifying the training needs of all employees occupying new positions within the group.

In 2018, the number of internal promotions recorded was 109 for onshore personnel. This figure confirms the internal sourcing policy in force aiming to capitalize on operational skills acquired within the group in a context of workforce reduction.

6.1.1.4 Hiring and departures

The analysis of changes in the workforce, covering all subsidiaries, shows that the workforce decreased during 2018. The subsidiaries recruited 374 personnel to onshore positions, while 400 personnel from this same category left the group, including 86 due to dismissal or mutually agreed employment termination, i.e. a decrease of 0.2% for onshore personnel.

These subsidiaries also took on 1,997 seagoing or onboard personnel, while in this category 2,128 people left the Company, 364 as a result of a dismissal or mutually agreed employment termination, resulting in a decrease of 3% for seagoing or onboard personnel.

At December 31, 2018, the group retention rate for the workforce as a whole, calculated over two years, was 89%, of which:

- 84% for onshore personnel;
- 87%⁽¹⁾ for seagoing officers.

6.1.1.5 Compensation

In a still-challenging economic climate, BOURBON has maintained its pay freeze policy for the group's onshore personnel. Except as required by law, no organization has implemented a collective pay increase. To safeguard the group's expertise and know-how, organizations have been instructed to focus on developing their employees and encourage their progression in terms of classification and compensation. In 2018, a concerted effort was made to ensure

(1) All officers (deck & engine room) working on supply type vessels.

that employees could apply for vacancies in new organizations, thereby facilitating the development of the group's internal resources.

For onshore personnel, 69% of subsidiaries must adhere to the minima imposed by legislation and 75% have their own salary scales in place.

For seagoing personnel, in accordance with national and international regulations and the applicable company or collective agreements, the subsidiaries – whose role is to recruit and manage onboard personnel – continued their efforts to reduce salaries and/or reorganize periods on board vessels to reduce the cost of crew rotations.

For crews, compensation is established in each organization according to the onboard role and vessel type. Fully 84% of subsidiaries that employ seagoing personnel have an internal pay scale in place.

Over the long term, BOURBON will continue its policy of local compensation management, with each subsidiary being responsible for compliance with the regulations, agreements and practices in force in its area of activity.

The vast majority of variable short-term compensation plans remain suspended in the subsidiaries. For the French companies, profit-sharing agreements were dependent on the group's earnings, which are not sufficient at present to generate bonus payments.

The rate of coverage of onshore and seagoing personnel by private medical insurance during 2018 was 79% for subsidiaries employing seagoing personnel and 75% for subsidiaries employing onshore personnel.

The changes in payroll for all Group employees are presented in note 5.3 to the consolidated financial statements.

6.1.2 A policy to promote operational excellence

6.1.2.1 Organization of the Human Resources policy

The Human Resources policy, approved by the Management, is implemented by the group's Human Resources Department. It defines the guidelines for recruitment, compensation, training and career management for all staff. Policies are then implemented for BOURBON's three main staff categories through the operating subsidiaries that employ them.

The integrated computer system OCS (Onsoft Computer Systems AS) manages the group's personnel (administrative management) and crewing activity (administrative management, planning, training, payroll). HORIZON, a complementary tool from Talentsoft, maps the business and streamlines and documents interactions and interviews on the basis of appraisals, training plans and mobility prospects.

In total, the tools have enabled the integrated management of 93% of the reported workforce (under contract and without contract), as of December 31, 2018.

6.1.2.2 Development of collective competence

BOURBON continues to believe that excellence in service is possible through the development of collectively competent and committed teams. The systems for the evaluation of performance and individual skills are designed to be applied worldwide across all personnel categories.

The need to cut costs has forced the group to limit spending to compulsory training (safety, ISO 9001, BOSIET, etc.) or training that has been contractually agreed with clients, as well as training accompanying the group's transformation process (project management, Lean training). Nearly all training that does not meet these criteria has been postponed indefinitely. In addition, after introducing digital e-learning for onshore personnel, BOURBON has completed the roll-out of this solution to seagoing personnel on board supply type vessels. In 2019, the aim is to introduce e-learning solutions for personnel on board crew boats. Internal skills transfer also draws on a network of in-house trainers who have been identified and trained in the approach.

The training of onshore personnel⁽¹⁾ totaled 8,412 hours in 2018, including 20% in-house training and 80% external training (mainly job training).

In 2018, the proportion of onshore e-learning increased to 21% of the overall training effort.

For onshore personnel, job training made up 64% of this training and mainly involved security and safety (evacuation, fire prevention) and standards and regulations (ISM and ISPS, MLC, ISO 9001, etc.).

In 2018, the training courses that are mandatory under international regulations (STCW, MLC) represented 54% of the training effort for seagoing personnel, which stood at 74,177 hours. This effort also includes training on the standards of the offshore industry and standards established by BOURBON for its workforce. BOURBON's standards are especially focused on the training of newly recruited crew boat personnel. Lastly, e-learning is continuing to be rolled out and accounts for 4% of the offshore training effort.

6.1.2.3 Organization of work

6.1.2.3.1 Organization of work

Seagoing personnel and specialized onboard personnel work a shift pattern that alternates between periods at sea and onshore rest periods. These patterns vary according to the operating zone and type of vessel, and depend on the company or collective agreements in force. During onboard periods, the work of seagoing personnel is organized in a way that respects the rest times required by the conventions (STCW, MLC) and the regulations of flag authorities. Vessel captains and onshore teams are responsible for ensuring compliance with these regulations.

The organization of work and rest time of onshore personnel depends on the legislative framework applicable and on the collective agreements entered into at a sector specific or local entity level.

In 2018, 65% of subsidiaries reported that they referred to internal rules and 43% to collective agreements for managing the working time of their seagoing and/or onshore personnel.

(1) All mobilized onshore personnel, payroll & contracted.

In 2018, 54% of the subsidiaries declared that they had adapted the hours of their onshore personnel, notably with the use of teleworking for 8% of the subsidiaries, part-time working for 19% of subsidiaries and flexible hours for 30% of subsidiaries. Some technical functions on the operational support bases require a continued presence. The personnel in these roles work according to specific shift systems alternating work and rest periods. During continuous working time, daily rest periods are respected and weekly rest time caught up on. The shift system was adopted by 11% of subsidiaries in 2018.

6.1.2.3.2 Professional relations, collective agreements and organization of social dialog

Compliance with the social and welfare protection rules applicable in countries where BOURBON employs staff is the responsibility of the management of each entity. The audits and training campaigns carried out by the Compliance Department are designed to prevent, detect and if necessary address any non-compliance.

In addition to rules arising from law, professional relations are also governed by operational management standards, notably for seagoing personnel. For onshore personnel, internal regulations clarify the rights and duties of each person.

Across the group, organizations apply collective agreements negotiated at national level, at branch level (Oil & Gas or Marine) or internally. Internal agreements can cover a particular category of employees (seagoing or onshore) or all employees of an organization.

A total of 71 agreements have been identified across the group:

- ▶ 25 national agreements, 14 of which relate to seagoing personnel and 11 to onshore personnel;
- ▶ 46 internal agreements, 27 of which relate to seagoing personnel and 19 to onshore personnel.

In 2018, 9 new agreements or amendments to existing agreements were signed, covering working hours, organization of work and pay. These new agreements concern organizations in Nigeria, the Democratic Republic of the Congo, Gabon, Italy and France. In 2018, BOURBON elected a Director representing employees and an alternate, in accordance with the legislation in force.

In matters of health, safety and working conditions, there are strict standards and internal policies applicable to seagoing professions and the Oil & Gas sector that govern this area. It is not necessary therefore to establish additional agreements in HSE matters.

6.1.2.3.3 Absenteeism and occupational illnesses

In 2018, the absenteeism rate was assessed for all subsidiaries and consolidated by category of personnel:

- ▶ seagoing and specialized categories of onboard personnel;
- ▶ onshore personnel.

For onshore personnel⁽¹⁾, absence due to sickness or occupational accident was measured, as was the number of unexplained absences. The observed rates were 1.84% for absence due to sickness or accident, and 0.35% for unauthorized absences. To ensure that the consolidated information was consistent, all subsidiaries calculated their absenteeism rate using the same method. Overall, the absenteeism rate recorded for onshore personnel was 2.5%.

For offshore personnel, the absenteeism rate was measured by considering the following scope: personnel directly contracted by Group subsidiaries under a permanent contract. The rate of absenteeism for the group on this scope was 5.50%, for absence due to sickness and accident combined.

When it comes to occupational illnesses and their official recognition, this varies considerably depending on the country and the staff categories concerned (seagoing or onshore personnel). Regardless of this, BOURBON was keen to extend its reporting to all subsidiaries in 2018.

As part of the annual HR survey launched at the end of 2018, the subsidiaries reported six cases⁽²⁾ of occupational illnesses officially recognized by the relevant authorities. In 2018, the total number of days' absence came to 563. Of these, four were due to lumbar, articular and periarticular complaints, one was due to hearing loss and one was due to a lung condition.

Alongside the campaigns implemented at Group level (e.g. the "Safety Takes Me Home" campaign and use of personal protective equipment (PPE)), the subsidiaries have developed local safety or awareness campaigns both for onshore and seagoing personnel, designed to prevent operational risks and the health problems that could result (e.g. tropical diseases, correct movement and posture, water quality, vaccination, etc.).

6.1.2.3.4 Compliance with the fundamental conventions of the International Labour Organization (ILO) and human rights

The MLC, Maritime Labour Convention, which was ratified within the ILO in 2006, entered into force in August 2013.

This convention, which is a pillar of international maritime regulations after STCW, MARPOL and SOLAS, is similar to a Seafarers Charter. It sets minimum working standards onboard vessels of over 500 UMS. It brings together over 60 existing international conventions or regulations. All vessels must carry a maritime labor certificate delivered by flag authorities, to prove that the convention is complied with. This certificate is valid for five years. An interim audit is organized every two and a half years.

As in previous years, a survey was carried out at the end of 2018 to ensure that all subsidiaries still comply with the fundamental conventions of the ILO on freedom of association, non-discrimination, elimination of forced or compulsory labor, and the effective abolition of child labor.

(1) Onshore personnel directly contracted by one of the group subsidiaries (payroll).

(2) For one entity, the illness was reported in 2017 but was not recognized until 2018.

6.1.3 Focus on safety

Identified as a major risk to its activity, operational safety is paramount for BOURBON. The group strives to ensure that operations are safe, efficient and reliable for clients, who themselves have increasingly strict requirements to adhere to.

Safety at BOURBON includes safety of employees, that of the clients and of all those who work at or for the group, as well as the protection of assets and the environment. In 2018, approximately 2.7 million passengers were transported to and from offshore sites.

To better meet the increasingly stringent requirements of its clients, BOURBON continues to implement its Operational Safety Management (OSM) standard at all its subsidiaries, which is aligned to the offshore industry program. This modern system integrates the complete operations management chain, defining the responsibilities and individual responsibilities required for safe, efficient operations.

BOURBON's aim is to have zero incidents that could harm personal health and safety. To do this, the group is constantly developing tools and indicators to educate and raise awareness on accident prevention and to encourage best practice. Thus, in 2018, BOURBON continued to develop its latest monthly accident prevention tool called "Safety Post". This accident prevention tool is presented in the form of a one-page cartoon and tells of a real incident that occurred in one of the group's places of work. These A4 sheets, distributed regularly to all operational bases and vessels in the fleet, are in addition to the existing material made available in recent years as part of the first, second and third "Safety Takes Me Home" campaigns. In addition to these accident prevention tools, BOURBON has developed e-learning training courses dedicated to safety, such as the "Safety Group Induction" module or the "Pre-Task Planning" module.

- ▶ The objective was to raise the awareness of all employees so that they adopt a responsible and proactive attitude.

According to data from the IMCA (International Marine Contractors Association), which includes the main offshore oil and gas maritime services players, BOURBON's safety performance is very good.

- ▶ Lost Time Injury Rate (LTIR): Frequency of accidents causing a stoppage of work per million hours worked;
- ▶ Total Recordable Incidents Rate (TRIR): Frequency of reported accidents, including accidents with stoppage of work, injuries requiring time off or physical rest (reassignment, reduced hours, etc.), and injuries requiring appropriate medical care and monitoring, but which do not require time off or stoppage of work. This frequency is also expressed per million hours worked.

In 2018, the LTIR was 0.63, and the TRIR was 1.00.

For 2018, BOURBON recorded 19 Lost Time Injuries (LTI), four Restricted Work Cases (RWC) and seven Medical Treatment Cases (MTC). As a reminder:

- ▶ LTIs are accidents resulting in injuries which do not have after effects involving a temporary stoppage of work (Lost Work Cases

or LWC), with partial permanent aftereffects (Permanent Partial Disability or PPD), with full aftereffects (Permanent Total Disability or PTD), or fatalities (or FATs);

- ▶ RWCs are cases where the injured person is able to continue working but in an adapted or restricted form;
- ▶ MTCs are cases where the injured person is able to resume their work as normal, but the type of injury they have sustained requires medical intervention as defined by oil industry rules.

In 2018, six cases of occupational illnesses were reported to the group by the subsidiaries. BOURBON draws particular attention to the risks posed by the malaria, Ebola and Zika viruses by publishing educational material on its intranet.

6.1.4 Focus on security

6.1.4.1 Preventing maritime risk

Maritime piracy has been a major concern for all maritime operators for several years now. BOURBON has therefore put in place various measures and collaborative arrangements to fully assess this risk in its vessels' operating and transit zones, overseen by the group's Security Manager.

Based on the risk assessment, BOURBON applies:

- ▶ general security measures common to all vessels in accordance with the International Ship and Port Facility Security (ISPS) Code, as well as establishing a "citadel" on board each vessel, as recommended by the International Maritime Organization;
- ▶ a set of procedures specific to BOURBON and adapted to the operating zone, in view of the recommendations of the International Maritime Organization, and specifically its Best Management Practices. These measures may include having private security guards on board;
- ▶ additional protection measures put in place by oil companies (clients) which are specific to the field of operation, which may include site protection and transit escort vessels.

In the Gulf of Guinea – the region most at risk of piracy in recent times and the group's main operating zone – a specific permanent arrangement has been put in place (in Nigeria). A Security Manager manages this set-up, consisting of an onshore team and a team at sea. Their mission is to monitor operations, crew preparation and compliance with procedures by vessels and clients (site audits.) This entails an anti-piracy training program for officers.

A security risk assessment is conducted for each operating site in Nigeria.

Together these measures help to reduce risk exposure for the group's crews and vessels.

6.1.4.2 Preventing onshore risk

In accordance with the group's security policy, BOURBON has also set up an information, awareness-raising and training program for employees moving or working abroad.

This program is based on a variety of tools:

- ▶ an online space for all employees on the group intranet to make them aware of security-related issues;
- ▶ a special e-learning module which is compulsory for all travelers and which must be repeated every two years;
- ▶ information pages for travelers with a “security passport” (country advice) for high-risk areas;
- ▶ a security handbook with traveler checklists and fact sheets on what to do in the event of a terrorist attack;
- ▶ a specific routine briefing for staff traveling to high-risk countries such as Nigeria.

Lastly, subsidiaries based in high-risk areas must draw up a security plan, including an evacuation procedure for local employees and expatriates.

6.2 SOCIETAL INFORMATION

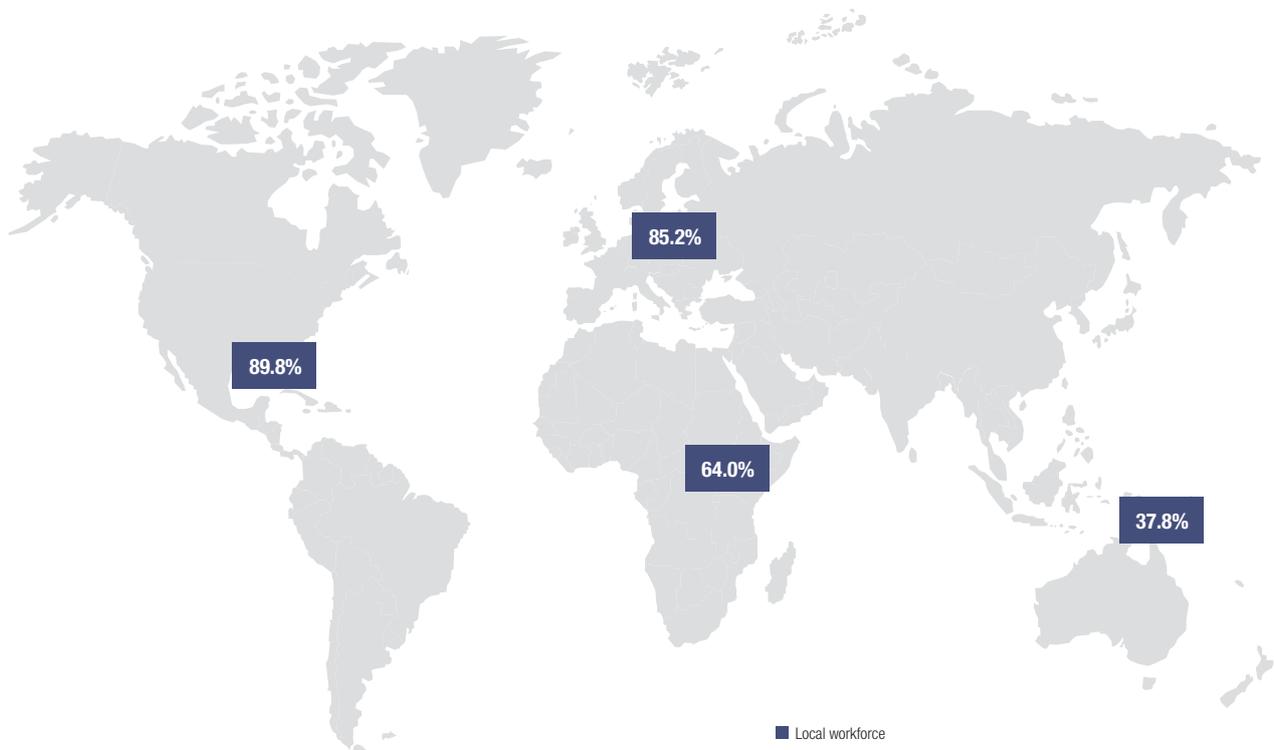
6.2.1 Involvement in the socio-economic development of countries and relationships with stakeholders

6.2.1.1 Local establishment

This is a core value of BOURBON that generates a positive, and responsible, economic and social impact in those countries where it provides services. 65% of the workforce in a country are nationals, up 1% from 2017. This figure rises to 79% for onshore positions.

Regional establishment⁽¹⁾ account for 76% of the group’s workforce.

▶ PERCENTAGE OF LOCAL WORKFORCE FOR EACH OPERATING ZONE



(1) Regional establishment: staff originating from the geographic region in which they work (Asia 81%, Americas 91%, Europe 97% and Africa 68%).

6.2.1.2 Partnerships/sponsorships in France and overseas

The mission of the BOURBON Foundation, under the aegis of the *Fondation de France*, is to develop and sponsor general-interest projects with direct links to education, training, health and local development, in France and abroad. As the commitment to IECD in Nigeria has come to an end, the Foundation's Executive Committee decided to:

Current projects:

- ▶ Strengthening its engagement with the Baan Dek Foundation, its longstanding partner in Thailand. This is primarily aimed at giving Burmese migrants access to childcare and has been increasingly successful. More than 1,450 migrant children from 57 different communities have been able to join a public school program and receive educational support on topics such as hygiene, health and the environment;
- ▶ Developing a new partnership in Kenya to provide care (health, nutrition, mental wellbeing, etc.) and education to 21 children working at the Dandora dumpsite in Nairobi.

Finally, the open days held in 2018 showcasing the assistance, salvage and pollution remediation tugs operated by the company Les Abeilles along the French coast raised more than €21,000 which will be shared between:

- ▶ the Association Œuvres Sociales de la Marine (Brest);
- ▶ the Association Œuvres Sociales de la Marine (Cherbourg);
- ▶ the Caisse des Pêris en Mer de Cherbourg (Cherbourg);
- ▶ Recherche Contre la Mucoviscidose (Brest).

6.2.1.3 Relations with stakeholders and fair practice

BOURBON has identified its stakeholders as all people and organizations able to influence or be influenced by the group's decisions and activities. The group has maintained a close dialog with its employees, clients and shareholders, i.e. its main stakeholders over a period of some years (e.g. by providing a free phone number for shareholders, asking clients to complete a satisfaction survey after each contract, etc.). This close collaboration permitted BOURBON to improve its global performance, particularly in committing itself to continuous improvement through CSR with this method.

In its Code of conduct, BOURBON defines the rules that apply to all Group employees and other stakeholders (suppliers, partners and clients), ensuring that they work together to respect local cultures, people, laws and ethics. The principles it contains show the way forward for ethical conduct. A supplier Code of conduct sets out the commitments that the group expects from its suppliers and subcontractors, particularly regarding respect for fundamental rights at work, health and safety, environmental protection, anti-corruption, and promoting economic and social development. At the group level, local procurement is favored as much as possible to build lasting

relationships with local suppliers and boost the local economy. The Code of conduct is routinely included in contracts and is published on BOURBON's website.

6.2.1.3.1 Local purchases

BOURBON attaches particular importance to the impact of its activities in the areas where it operates, especially with regard to the social and economic aspects. As part of its overall strategy, BOURBON is continuing to develop local partnerships by integrating quality and international safety standards.

In 2018, local procurement accounted for around 58% of purchases of parts and supplies (unchanged from the previous year) and directly helped to support the local economy. The proportion of local purchases developed as far as possible in the various geographical zones where BOURBON operates.

This type of procurement mainly focuses on routine supplies and services for vessel maintenance (engine oils, spare parts, services, ship repair yards) and operations (catering and other services). Prioritizing local procurement offers significant added value in terms of response times and overall purchasing costs (including logistics).

6.2.1.3.2 Suppliers and subcontractors

In 2014, the group Purchasing function was completely reorganized to improve international supplier management and to deploy tools and processes common to all subsidiaries worldwide.

This enabled procedures and tools to be introduced to improve monitoring of suppliers, with the implementation of purchasing strategies by product category, supplier quality management and performance measurement through regular assessments and risk analysis. All of these processes factor in quality standards and ethical issues.

BOURBON has defined a single scope for its suppliers and subcontractors. This includes, in addition to the procurement of parts and supplies, the following categories: fuel, classification societies, flags, freight forwarders, telecommunications, travel agencies and external manning agents. Of these, two categories (external manning and ship repair yards) account for more than 13% and 10% of purchases respectively. In terms of risk management, therefore, it is essential that BOURBON prioritizes its actions with these suppliers:

- ▶ firstly, external staffing agents: these subcontractors are closely monitored since they manage a significant percentage of the group's workforce. They comply with international standards and with BOURBON's standards (see section 6.1.1.3 on international recruitment policy) and undergo annual internal audits;
- ▶ secondly, ship repair yards: they perform maintenance on vessels in the fleet, which are the group's major assets. The nature of the work carried out by these subcontractors requires strict safety management. Accordingly, HSE criteria are given a higher weighting during annual appraisals.

6.2.1.3.3 Challenges in tackling corruption

Unethical behavior and behavior which infringes anti-fraud, corruption or any other applicable legal provisions, is likely to expose BOURBON or its employees to criminal and civil penalties. Such events may damage the group's reputation and decrease the value of its shares. The group's policy is to conduct its activities with strict adherence to legal and ethical obligations as stated in the group's Compliance and Ethics Policy.

In 2013, the group decided to strengthen its policies, procedures and training with regard to ethics and compliance, especially anti-corruption. The group has put in place a dedicated compliance program for all its entities. BOURBON's compliance program is closely monitored and regularly updated to improve its effectiveness and to keep pace with regulatory change.

BOURBON's compliance program is composed of seven pillars:

- ▶ Tone at the Top: the General Management Committee has undertaken to promote compliance and maintain a culture of ethical decision-making within the group;
- ▶ risk assessment: by identifying all risks of non-compliance, the tools, techniques and corrective measures necessary to prevent these risks can be developed; the group's risk assessment also includes corruption risk. Since 2015, the specific non-compliance risk map has been updated at least once a year;
- ▶ policies and procedures: the establishment and deployment of specific guidelines ensures that adequate compliance processes exist within the group;
- ▶ communication: all employees are kept regularly informed of the program's roll-out;
- ▶ in 2015, the group also successfully launched an e-learning compliance program aimed at all onshore and offshore employees; this program continued during 2018;
- ▶ coordination and monitoring: a centralized compliance function is in operation and coordinates the group's entire compliance program;
- ▶ penalties: any infringement of the compliance rules is taken extremely seriously and the appropriate penalties are imposed where necessary.

In 2014, the group implemented a dedicated compliance organization with 26 compliance managers across the group's subsidiaries and which report to the group's compliance team.

BOURBON employees and stakeholders may need support on the application or interpretation of the code of conduct. Since 2017, BOURBON has strengthened its ethical approach by providing its employees and stakeholders with an ethics alert line available 24/7 enabling anyone to report behavior contrary to the BOURBON code of conduct.

Tackling corruption risk is also dependent on the control environment within the group (detailed in note 4 of the Registration Document) and the organization and implementation of internal control in the context of accounting and financial procedures, particularly with regard to the segregation of duties.

6.2.1.3.4 Challenges in combating tax evasion

The group is committed to operating in accordance with the tax regulations in force in all its host countries, including measures designed to combat tax evasion and fraud.

For 2018, BOURBON paid €6.548 million in income tax in the countries in which the group operates.

From a tax perspective, the risk review is carried out when the risk map is updated (at least once a year), in conjunction with the group Tax Department.

In accordance with its legal obligations, the group has been producing a country-by-country reporting statement since 2018. This gives a breakdown of earnings, taxes and activities by geographical area.

6.3 ENVIRONMENTAL INFORMATION

6.3.1 General environmental policy

Five subsidiaries of the group were certified ISO 14001. This was due to a harmonized approach towards operational safety and efficiency, with a whole section on the environment. The aim is for all BOURBON entities to have a tool enabling them to measure and improve their management systems, via a self-assessment based on KPIs derived from industry best practice, both for onshore and offshore operations.

An application to collect operational data (Operational Data Application) has been installed on board supply and crew boats over 32 m. This application collects vessel operations daily, as well as engine hours that are directly linked to diesel consumption. Fuel, water, oil and waste consumption data are also collected daily. This data is automatically shared internally with over 500 users (Management and Captains/Head Mechanics) using dashboards developed by the "Fuel Management" and "Business Intelligence" teams. This information makes it possible to optimize consumption and minimize the environmental impact of BOURBON's maritime activities.

Since the client remains the initiator for operations, the scope for action may seem limited. Nevertheless, best practices have been introduced on board vessels to optimize consumption, reduce engine hours and lower emissions.

In 2018, crew training in good operational practices continued, the aim being to minimize fuel consumption and therefore greenhouse

(1) OSM: Operational Safety Management – defined by the Oil Companies International Marine Forum (OCIMF).

gas emissions as much as possible. For example, captains are automatically notified by email when best practice for efficient vessel management has not been followed.

Finally, the reference officers provide onboard training in modules on the BOURBON intranet. Reference officers and Internal Auditors also stress the importance of the quality of reporting for data reliability. All seagoing personnel have access to the various environmental regulations applicable on their vessel. All these measures raise the awareness of seagoing personnel on environmental protection.

The daily monitoring of consumption on vessels and monthly monitoring on the rest of the fleet makes it possible to distinguish consumption by vessels during chartering and non-chartering periods, and also enables figures to be fed back on waste generation and freshwater consumption. The recommendations made by international bodies in this regard, particularly the International Maritime Organization (IMO), have been respected.

The consumption of fuel (Marine Gas Oil) and lubricant oil in 2018 was 227,870 m³, and 2,464 m³ respectively.

The gross emissions for 2018 are presented in the table below:

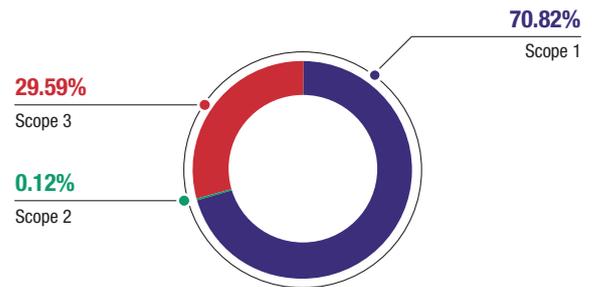
(in metric tons)	2018	2017	2016
Emissions of CO ₂	919,739	1,002,705	1,158,888
Emissions of SO _x	1,086	1,716	1,646
Emissions of NO _x	14,144	22,423	25,390

Decree No. 2016-1138 on environmental information was published as part of the implementation of Article 173-IV of the French energy transition law. Accordingly, BOURBON has evaluated its indirect emissions throughout the entire value chain, in addition to the direct emissions already reported earlier in this document. This means that the emissions including those upstream and downstream of the group's activities have been taken into account in reference to the Greenhouse Gas (GHG) Protocol. The objective of this protocol is to standardize the fight against climate change on a global scale. It is divided into three levels that correspond to specific emission scopes.

The tool provided by the GHG Protocol therefore calculates CO₂ emissions based on financial data. In 2017, it gave a breakdown of

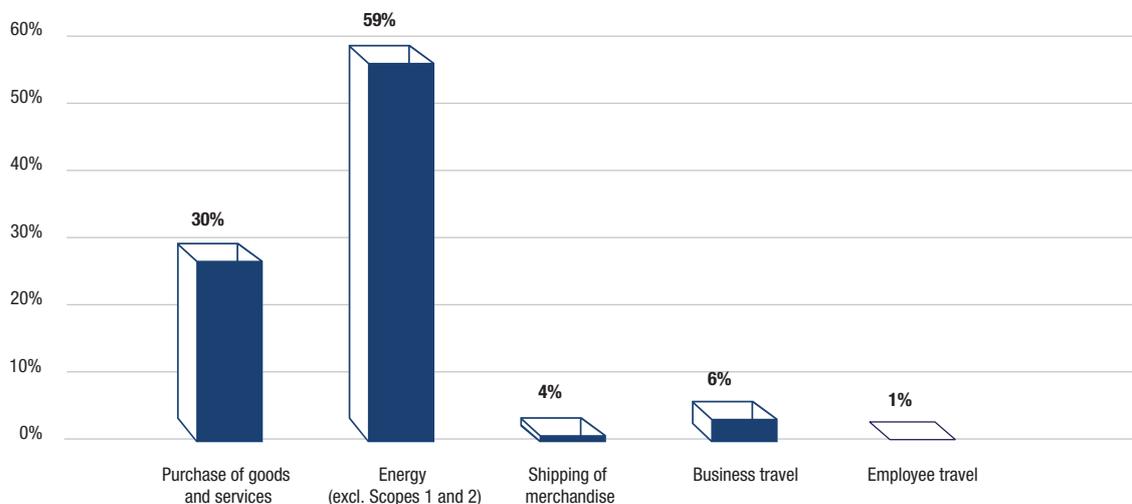
emissions by scope and by main emissions category, which were on a similar scale in 2018:

► DISTRIBUTION OF CO₂ EMISSIONS BY SCOPE



Scope 1: direct emissions relating to the business
 Scope 2: indirect emissions relating to energy consumption
 Scope 3: other indirect emissions

► MAIN CATEGORY OF INDIRECT EMISSIONS



The most significant categories for emissions in scope 3 are:

- ▶ category 3 “Energy”, which represents emissions associated with energy not included in scopes 1 and 2 (extraction, production and transportation of the energy sources used by BOURBON);
- ▶ category 1 “Purchase of goods and services”, which represents emissions associated with Group purchases (extraction, production and transportation).

Currently, climate change has no impact on the activities of BOURBON vessels. Depending on changes, emergency procedures will be reviewed and updated.

To date, BOURBON's accounts contain no significant provision that represents an environmental risk. BOURBON's position in this area is described in section 5.2 of the management report.

Each vessel also has the “Emergency and Contingency Plan” on Board which lists all the decontamination exercises done on board. BOURBON requires each of its vessels to do at least four of these decontamination exercises per year. The officers issue instructions for each exercise.

6.3.2 Management of resources

BOURBON operates a fleet of modern vessels, for the most part equipped with diesel-electric propulsion technology that significantly reduces consumption and atmospheric emissions for offshore oil and gas marine services. A dedicated Fuel Management team is responsible for reporting, monitoring and analyzing the environmental data and has designed ways to feed data back to the crews and various land-based teams (HSE, operations, central functions). The implementation of dashboards makes it possible to monitor environmental indicators every month (Marine Gas Oil, lubricant oil, waste, emissions etc.). This enables the group to adopt operational behavior which is increasingly responsible.

The consumption of fresh water on board the vessels includes water for sanitary use as well as water intended for rinsing vessel equipment. It was 184,234 m³ across the whole fleet excluding crew boats under 32 m. The consumption of bottled drinking water has not been reported, and neither has the indirect consumption of (electrical) energy by all the offices of the operational subsidiaries.

6.3.3 Pollution and waste management

As far as the prevention of environmental risks is concerned, BOURBON applies national and international rules as outlined in section 5.2 of the management report.

Special attention needs to be paid to polluting waste that is accidentally discharged into the sea. In 2018, BOURBON did not log a single major incident⁽¹⁾ such as to cause environmental harm.

The *Bourbon Liberty 150*, *Bourbon Liberty 300*, *Bourbon Explorer 500*, *Bourbon Evolution 800*, *PX 105* and *P 105* series meet the *Oil Recovery* classification. This classification indicates that these

vessels can contain pollution and retrieve and store on board the hydrocarbons responsible for this pollution.

BOURBON's vessels are equipped with waste treatment systems that are compliant with the international regulations in force, in particular those of the IMO. The total volume of waste generated in 2018 was 7,679 m³. The volume of used oil treated⁽²⁾ amounted to 2,465 m³ across the fleet, excluding Crew Boats under 32 m. The waste generated and used oil discharged on land are processed by approved companies.

The *Bourbon Liberty 300*, *Bourbon Explorer 500*, *Bourbon Evolution*, *P 105* and *PX 105* series of vessels meet the requirements of the Cleanship classification. These vessels have been designed and constructed to address the stringent requirements of protecting fuel reserves, treating waste water and general waste, limiting discharges into the water and the risk of water pollution as well as the impact on biodiversity.

6.4 NOTE ON SOCIAL AND ENVIRONMENTAL REPORTING METHODOLOGY

6.4.1 External standards

The group draws on Article R. 225-105-1 of the French Commercial Code, amended by Order No. 2017-1180 and Implementing Decree No. 2017-1265, transposing Directive 2014/95/EU of the European Parliament for the reporting and monitoring of social, environmental and societal indicators.

6.4.2 Tools used

The Onsoft Computer Systems AS integrated information system was used to collect and process the social data for 2018 sent by the local entities. This information system was combined with the decision-making information system Business Intelligence, and the annual survey Human Resources - Crewing.

The environmental data are obtained from the *Surfer Reporting Application* for Surfers below 32 m, while the Operational Data Application (ODA), a daily reporting tool launched in 2014, covers BOURBON's fleet of supply vessels and Surfers above 32 m.

6.4.3 Social indicators

BOURBON's social reporting is carried out over the fiscal year (January to December). The scope of the social indicators includes subsidiaries controlled operationally by the group and employing staff, as well as three associate subsidiaries (Bourbon Gulf, Bourbon Marine Services Manila Ltd, and Sonasurf (Angola)). The other three associate subsidiaries (EPD Yangzhou, EPD Asia, Southern Transformer and Magnetics) are not included within the scope of the social indicators, as these subsidiaries are no longer trading.

(1) Major incident: release of more than 500 liters of products into the sea.

(2) The reported quantity of treated used oil does not include the quantity of used oil incinerated onboard.

Regional and local establishment are determined according to the geographical assignment of employees and their nationality.

The reporting of training hours covers 95% of the onshore workforce and 93% of the offshore workforce, excluding two organizations (Naviera Bourbon Tamaulipas and Les Abeilles). In order to exclude weekends, the following conservative approach was applied this year: training courses lasting less than five days were considered as calendar days and, for training courses of more than five days, only the business days were considered.

The reporting of the absenteeism rate covers all directly contracted onshore personnel (payroll), i.e. 85% of the onshore workforce, in theory without excluding any subsidiaries. The reporting of the absenteeism rate covers all directly contracted offshore personnel (excluding the subsidiaries Naviera Bourbon Tamaulipas and Les Abeilles) on a permanent contract (permanent contract payroll), i.e. 25% of offshore workforce.

The reasons for absence included in the calculation of absenteeism rate are: illness, accident, unauthorized absence, absence for industrial reasons (strike, etc.). Unpaid leave is also included for onshore personnel only.

Accidentology indicators (LTIR, TRIR) are calculated using the OSHA's (Occupational Safety and Health administration) benchmark. Accidents giving rise to disembarkation for medical reasons are not classified as LWC if the seafarer is able to resume work the day after the accident. Work-related accidents recognized by the competent national authorities are counted only if their characteristics are also confirmed according to the rules defined by the standards of the OCIMF.

Formula for calculating hours worked by offshore personnel: for subsidiaries for which all activities of offshore personnel are entered in OCS HR: Number of days of working activity of offshore personnel * 24 hours of work per day.

For the other subsidiaries having offshore personnel: number of days when the vessel is in the fleet* 24 hours of work per day x theoretical average number of persons on board x 105%. The theoretical average number of persons on board is defined in a table depending on the vessel sub-type and status.

Formula for calculating the hours worked by onshore personnel: 8 hours of work per day x average workforce over the year, pro-rated on a full-time/part-time basis, x number of theoretical days worked. The number of theoretical days worked is defined in a table based on the legislation and collective agreements in force in each country where onshore personnel work. It excludes weekend days, national holidays and annual leave.

In terms of occupational illnesses, the scope covers the entire Group, i.e. 100% of the workforce at the end of the period.

6.4.4 Environmental indicators

The group's environmental performance has been followed on the basis of relevant indicators with regard to its activities.

The indicators have been calculated on the following principles:

- ▶ CO₂: fuel consumption, with an applied mass coefficient of 3.206, in compliance with circular MEPC/47111 of the International Maritime Organization (IMO). Fuel consumption is reported using the Surfer Reporting Application (SRA) and the Operational Data Application (ODA) by seagoing personnel;
- ▶ SO_x emissions are calculated on the basis of fuel use and the average sulfur rate;
- ▶ NO_x emissions are calculated on the basis of engine rating, hours of machine operation, load factor and emission factor of each engine;
- ▶ the fuel density is reported by crew or, failing this, estimated using the ratio 0.85 metric ton/m³.

6.4.5 Additional information on the application of the provisions of Article L. 225-102 of the French Commercial Code

Given the specific nature of its business, BOURBON does not consider the following issues referred to in Article L. 225-102 of the French Commercial Code to be applicable, in view of their irrelevance with regard to the group's operations: consumer health and safety, consumption of raw materials, land use, noise pollution, circular economy, food waste, tackling food poverty, animal welfare, and responsible, fair and sustainable food.