



UN GLOBAL COMPACT
COMMUNICATION
ON PROGRESS 2022



WE SUPPORT

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FOREWORD

In 2021, Xodus has continued to live by our values of Trust, Responsibility and Excellence to strive towards our vision that ‘Together we will deliver a responsible energy future’.



Steve Swindell, Managing Director

In support of this aim, we have made considerable progress in many areas of our business. Some highlights include establishing an energy transition sprint team to focus on developing new digital tools and services to support our oil and gas clients in their sustainability journey; establishing our new Japan office to further our offshore wind and hydrogen aspirations; and launching X-Academy to upskill new graduates and skilled oil and gas workers in energy transition.

“Xodus is also proud to be a net zero emissions company, having offset the 2021 residual emissions amount of 344 tonnes CO₂e.”

During a year where many of our staff have continued to work from home in response to the COVID pandemic, we have learned new ways of communicating, collaborating, and making the most of our increasingly diverse workforce and the intellectual capital this brings. Xodus is now embracing hybrid office and home working and encouraging a flexible approach to work which places focus on enabling our people’s professional success, wellbeing, and sense of belonging.

While we have made considerable progress along our sustainability pathway and have recently celebrated the fact that now around 20% of our entire revenue comes from renewables projects, we have much to achieve in 2022. We are committed to embedding sustainability at the core of our business and frequently tracking and assessing progress towards this goal.

Xodus will continue to use our skills and experience to assist our clients and influence the industries where we work, to make impactful changes in support of the United Nations Global Compact and the Sustainable Development Goals.



CORPORATE SUSTAINABILITY GOVERNANCE & LEADERSHIP

Communication on Progress

Xodus became a participant in the UN Global Compact in 2019. This document serves as our second annual Communication on Progress (CoP) to the Compact. This report covers the year 2021 and provides up to date information on our sustainability-related policies, programmes, and performance. It is classed as an Active CoP.



CORPORATE SUSTAINABILITY GOVERNANCE & LEADERSHIP

Our leadership team is committed to promoting the UN Global Compact Ten Principles, as well as focusing on the delivery of activities to support the Sustainable Development Goals (SDGs).

Our leadership team has launched strategic sustainability focus areas, each with structured plans. Different cultures and issues specific to the locations in which we operate have been taken into consideration in the development and communication of these commitments and plans. As with our vision and values, the leadership team has ensured programmes are cascaded throughout the business.

Embedding The Ten Principles – The Way We Work

We are embedding sustainability practices into the way we work with multiyear programmes across our global business. Raising awareness and embedding the UN Global Compact culture within Xodus has continued in the last year through internal information sessions known as Launchpads, to inspire ideas and learning on sustainability, innovation, and the energy transition.

Divisional update meetings are also used as a platform to highlight commitments to the Ten Principles and the SDGs and demonstrate how the activities we undertake in Xodus is supporting their delivery. A company-wide, fortnightly topic focused on individual SDGs, was also rolled out through the Xodus intranet.

Embedding the Ten Principles – Systems & Processes

We are continuing to embed sustainability into our business management systems and processes through:

- Improved digital reporting and investigation of incidents
- A new intranet platform for internal communications on progress
- Reviewing our value chain process against the UN Global Compact and developing a road map for improvements.

Value chain progress has been made with a gap analysis against the Compact Principles in supply chain requirements and the development of a new procurement process. We are also now communicating our commitments to the Compact to clients in all proposals. Further to this, our online management system, XBOS, will be upgraded to a new version with sustainability requirements for business relationships and transactions embedded in the system.

Quality Assurance

The business continues to hold certification for quality (ISO 9001), environment (ISO 14001), and health and safety (ISO 45001). We will progress our commitment to the Compact principles by developing an assurance plan for our systems and processes. The objective will be to review how effectively the ten principles have been embedded into our work.



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

At the core of our commitment to the UN Global Compact are the Ten Principles in support of human rights, labour, environment and anti-corruption. Our actions within the following areas have an impact on multiple principles.

INTERNAL POLICIES:

Code of Conduct

The Code of Conduct details our responsibilities related to protection of human rights, treating people with respect, anti-corruption, and protection of the planet.

Human Rights, Labour, Environment & Anti-Corruption Principles

Statement of Principles

In addition to addressing corruption, labour issues and the environment, our Statement of Principles has been updated to include respect for human rights.

Speak Up

The Speak Up phone line was launched this year for employees to confidentially report illegal behaviour or behaviour that breaches our Code of Conduct.

Human Rights, Labour, Environment & Anti-Corruption Principles

Internal Reporting

We have initiated quarterly reporting to the leadership team on progress against the principles. Reporting will occur within divisions on a monthly basis.

Living Wage

We achieved Living Wage standards across the organisation, with internal audits occurring in the UK and Australia.

Human Rights & Labour Principles

Crisis & Risk Management

As the company grew globally and prepared for post-COVID working patterns, several actions were made in the area of crisis and risk. The Traveller Crisis Management response was reviewed and communicated across the business. The Travel Risk Assessment scope was reviewed and expanded to cover all work activities, including offshore field work and auditing. Gaps identified in the review will be filled in the coming year. In addition, a new guideline was created for handling crisis situations involving employees working overseas.

e-Learning

We added additional courses to our internal e-learning intranet site, including anti-bribery and occupational health and safety topics.

Labour & Anti-Corruption Principles



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

➤ MOVING FORWARD

Clients & Vendors

We are working to ensure all external parties are aware of and engaged in the standards that Xodus expect when we do business. Our external website will be updated to be more transparent in relation to our anti-corruption policies and expectations. New supplier terms will be drafted, and we are creating a link between our supply chain and our code of conduct. The Living Wage standard will form part of new vendor and contract renewal processes. Assurance will be carried out to confirm our supply chain complies with our terms. In addition, the guidelines for hospitality and gifts will be reviewed and updated if necessary.

Within Xodus

We will develop and launch a hybrid working assessment so that as we move to a hybrid working model, we accurately assess hazards and mitigate risks. The Health, Safety and Environment assessment will be extended to all sites across the globe. We will ensure completion of anti-corruption / anti-bribery training and awareness modules.

To provide more detail on our progress with the principles, we have chosen four focus areas to present in this report: **Diversity & Inclusion, Wellbeing, Training and Emissions.**



DIVERSITY & INCLUSION

We've put Diversity & Inclusion (D&I) in the spotlight, beginning with the appointment of a D&I Transformation manager.

The Baseline

Our D&I programme has focused on establishing how we currently perform, culminating in our Baseline D&I Report. The process involved seeking feedback from internal sources via company-wide and leadership team discussion sessions. In addition, external engagement was sought with Axis and the UN Target Gender Equality.

Internal Engagement

We've engaged our people with training initiatives, incorporating unconscious bias and language awareness. We've established Employee Resource Groups, giving all employees the chance to have their say on people and gender topics.

Pay & Conditions

We launched our new global parental leave policy, providing improved benefits such as leave applicable from day one of service to all employees in all countries. The UK Gender Pay Gap report was published, and the Australian Gender Pay Gap

results were reported internally, informing the next steps towards our 2025 ambition to halve the gap. See the SDG page for more details of action on gender equality.

Recruitment

Our recruitment processes have begun to be revised, beginning with including our flexible approach to working hours clearly in advertising and posting on a more diverse range of websites.

Moving Forward

We have identified five focus areas for the coming year: leadership, realisation of business value, female inclusion, ethnic representation, and neurodiversity awareness. These focus areas have been supported with individual action plans and inclusion in the 2022 training programme. We will be building a D&I framework, as well as implementing metrics and reporting on them quarterly to the leadership team.

This work supports the Labour Principles





WELLBEING

Our Wellbeing strategy is designed to ensure Xodus is an organisation that looks after its people. Addressing work-related stress is a key aspect of this.

Wellbeing and stress were identified as key risks to company performance in delivering energy transition support, so we have taken a variety of steps to analyse the issue and improve outcomes.

Our Health and Wellbeing survey was undertaken to measure perceptions of health and safety at Xodus. Working groups were established and tasked with finding the root causes of stress in the organisation. A gap analysis was carried out for stress practices, which informed development of our stress management plan. Wellbeing improvements are now tracked and communicated through the employee intranet.

To support wellbeing, we have:

- An Employee Assistance Programme available to all employees to support mental health
- Company private medical plans available in the UK, USA and UAE

- Online exercise classes available to all employees
- A program called Wellbot to encourage small behavioural changes.

We also rolled out Xodus Time Out, a company-wide shutdown which provided two days of additional leave for all employees and initiated resilience sessions and blended learning on mental health for employees in Australia.

Moving Forward

We will develop our existing wellbeing strategy to incorporate effective interventions and we will implement the actions identified as a result of the working groups focused on stress. We have appointed a senior leader to oversee future wellbeing surveys and plans, and to promote wellbeing at Xodus.

This work supports the Labour & Human Rights Principles





TRAINING

In addition to training our own people, Xodus has been creating training opportunities for the broader industry. Internally, we're identifying gaps and launching programmes to train and develop our staff, while externally, we have launched X-Academy to develop the skills needed for the energy transition.

Xodus has increased the number and variety of training and coaching programmes available to our people. Following a review of company training needs, a training matrix has been developed and access to training and development has been enhanced. Training in auditing and occupational health and safety has been carried out, and programmes have been introduced to develop coaching skills.

We have taken steps to ensure our people have strong connections to the industry at large. In the UK, we have been actively involved in the ECITB Energy Transition Technology Leadership training programme and Train to Retain scheme, which aims to keep graduate engineers in the industry. Accredited ICHME and IMECHE charterships have been made available to employees.

Moving Forward

We will continue to adapt what we are doing as a result of the training gaps identified and the evolving needs of the energy transition. Our induction processes will be updated, including a revised focus on our vision, our values and our commitments to the Compact. Finally, a new online Learning Management System will be launched as a platform for training and resources.



We're developing industry skills and tackling net zero in a new placement initiative.

We've launched X-Academy to mentor and develop the next generation of energy sector professionals. The goal of X-Academy is to broaden participants' skills while applying knowledge across the energy spectrum. The programme is supported by Energy Transition Zone (ETZ) Limited and ScotWind consortium partners BP and EnBW.

X-Academy has recruited the first cohort of 20 UK-based individuals to the two-year placement. The group comes from diverse backgrounds, including engineering, physics, education, the armed forces, and product design.

X-Academy will provide on-the-job training to deliver the foundational technical, behavioural, and analytical skills needed in the energy sector over the coming decade. Participants will work with Xodus staff on projects to reduce emissions and accelerate the energy transition.

X-Academy is a long-term, multi-year programme aimed at helping to deliver net zero and beyond. New trainees are currently being recruited, with two additional intakes planned for 2022.

 **ACADEMY**

This work supports the Labour & Environment Principles



EMISSIONS

We're focusing on emissions reductions to drive our commitment to the environment principles.

Current Status

We have been able to take immediate action to achieve net zero greenhouse gas (GHG) emissions for our operations. Our 2021 Scope 1 and 2 emissions and material Scope 3 emissions were quantified to establish our first GHG emissions inventory. We do not have any Scope 1 emissions and our Scope 2 emissions relate to power supply to our offices.

In the past year we have:

- Eliminated Scope 1 emissions from our inventory
- Reduced our identified material Scope 3 emissions to as low as practicable
- Achieved net zero emissions globally, by offsetting our residual emissions of 344 tonnes CO₂e to a verified standard.

Employee Engagement

In addition, the business has been looking at creative ways to engage employees. We have reviewed staff benefits to find ways to encourage environmentally friendly technologies, such as salary sacrifice for electric cars. We have re-launched our volunteering committee post-COVID with environmental sustainability as a new focus area.

Moving Forward

We will embed the GHG Management Plan which includes further review of low carbon / green benefits this year within the organisation and implement the reduction opportunities already identified. We will drive decarbonisation and emission reduction goals internally with clients and vendor chain to embed new behaviours and drive the culture change required to combat the global climate emergency. We will support clients with information that will accelerate their net zero emissions efforts and work with vendors to ensure their own supply chains have emissions reduction activities.

A more ambitious and detailed set of targets have been created to monitor our progress on the environment principles.

Scope 1 – Maintain zero Scope 1 emissions in the business.

Scope 2 – Source 100% of our office energy from renewables and offset any Scope 2 emissions that we cannot source from renewable energy.

Scope 3 – Drive deep decarbonisation through our focus on our Scope 3 emissions and behaviours:

- Extend, measure and reduce our Scope 3 emissions year on year until we can achieve net zero for this scope
- We will offset our material Scope 3 greenhouse emissions until we achieve net zero for these scopes
- Influence our value chain by embedding carbon reduction in our new vendor chain process by the end of 2023 and working with vendors to embed carbon emissions reduction ways of working in their own supply chains.

This work supports the Environment Principles



SUSTAINABILITY AMBITIONS

We have continued to focus on the nine ambitions put forward in our first CoP. These ambitions have guided our actions and progress, as detailed in the previous sections, during the 2021 reporting year.

- 1 Zero incidence of human rights abuse or complicity resulting from Xodus activities or business relationships.
- 2 Zero tolerance for discrimination, racism, or harassment in any form.
- 3 Continual performance improvement in inclusivity, diversity and gender balance across all levels of Xodus.
- 4 100% of workforce and contracted office service workers earn a Living Wage, extending to other vendors and countries as appropriate.
- 5 Continue to develop and improve the employee Wellbeing support program.
- 6 Zero incidence of preventable, reportable work-related injury or physical or mental health conditions throughout the organisation.
- 7 Provide staff with quality technical, commercial, professional skills training and development, and accreditation opportunities in recognised chartership programmes.
- 8 Set an ambitious target to reach net zero emissions before 2045 and take urgent action to maximise reductions, neutralise any residual emissions and potentially compensate for climate change impacts in line with evolving global standards and criteria.
- 9 Zero tolerance for any breach of Xodus Anti-Bribery and Corruption and / or Code of Conduct rules by Xodus personnel, clients, vendors, or other parties representing the company.



UN SUSTAINABLE DEVELOPMENT GOALS



Our business activities are driving progress on the UN Sustainable Development Goals (SDGs). As Xodus navigates the energy transition with our clients, our business activities continue to align well with the six SDGs we have prioritised.

We support the development of clean energies, sustainable infrastructure, responsible energy production and decarbonisation through innovation, digitalisation, and energy efficiency improvements.

Gender Equality

With the focus on Diversity & Inclusion in the past year, some significant steps have been taken to help reach our 2025 Ambitions.

As outlined in the D&I page, the UK and Australian gender pay gap results were published, laying the groundwork for action towards our 2025 Ambitions. We are participating in the UN Target Gender Equality programme to accelerate our performance on gender. As part of this programme, we have used the WEPs Gender Gap Analysis tool to establish a baseline score on gender equality. We will use this tool to monitor

progress ongoing and use the data to prepare an action plan to advance to Achiever status by mid-2022.

Our 2025 targets are as follows:

- We will have a 50/50 female/male graduate intake across all divisions
- Women will make up at least 30% of our business at all levels
- We will halve our gender pay gap
- We will appoint a director of a BAME identity to the leadership team
- We will make it possible for project managers to work part time.

To provide more detail on our progress with the SDGs, we have chosen the following focus areas: **Offshore Wind Energy, Electrification, Industry Emissions** and **Marine Geospatial Planning**.



SDG 5 Achieve gender equality and empower all women and girls



SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all



SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



SDG 12 Ensure sustainable consumption and production patterns



SDG 13 Take urgent action to combat climate change and its impacts



SDG 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development



OFFSHORE WIND ENERGY



As the energy market

evolves, we foster innovation and build expertise to support the new infrastructure and processes required for the transition to clean energy.

We recognise investment in renewables is required to push down long term energy prices. We have directly contributed to 16 GW of potential new offshore wind development through the ScotWind seabed leasing process. We have also been helping Total, Shell and BP in their transition to sustainable solutions.

We have been working with clients including Scottish Enterprise, Offshore Renewable Energy Catapult

(OREC) and Northern Powerhouse to develop an industry approach to local content. In addition, we have been driving developers towards ambitious targets in the ScotWind Supply Chain Development Statement and Contracts for Difference supply chain plan process.

Case Study – ScotWind

Xodus has been building the skills and knowledge needed to support wind energy projects through our involvement in ScotWind.

We worked with our clients to help them win greenfield offshore wind development sites, supporting them in their sustainable energy ambitions. The ScotWind competitive leasing round afforded us the opportunity to work on multiple projects using project walls and ring fenced teams to maintain confidentiality.

This approach allowed us to establish a large work volume that supported diverse recruitment and training of colleagues from across the oil and gas sector. We developed a standardised approach to local content modelling to establish an industry baseline, published initially through OREC, and then used by each developer to calculate and cost the baseline and ambition targets for Scottish content.



74 applications from bidders

17 projects selected

7,000 km² total seabed area offered as options



ELECTRIFICATION OF OFFSHORE OIL & GAS ASSETS



Achieving net zero will require a suite of both technology and process changes. We use our technical understanding of the oil and gas industry, as well as renewables, to progress with emissions reductions via electrification.

Xodus believes electrification will be crucial to deliver emissions reductions targets. Around 70% of emissions are related to power generation, which can be replaced by more efficient or low carbon sources of electricity. In some locations, reaching net zero has the potential to be accelerated if oil and gas operators collaborate to take advantage of scale.

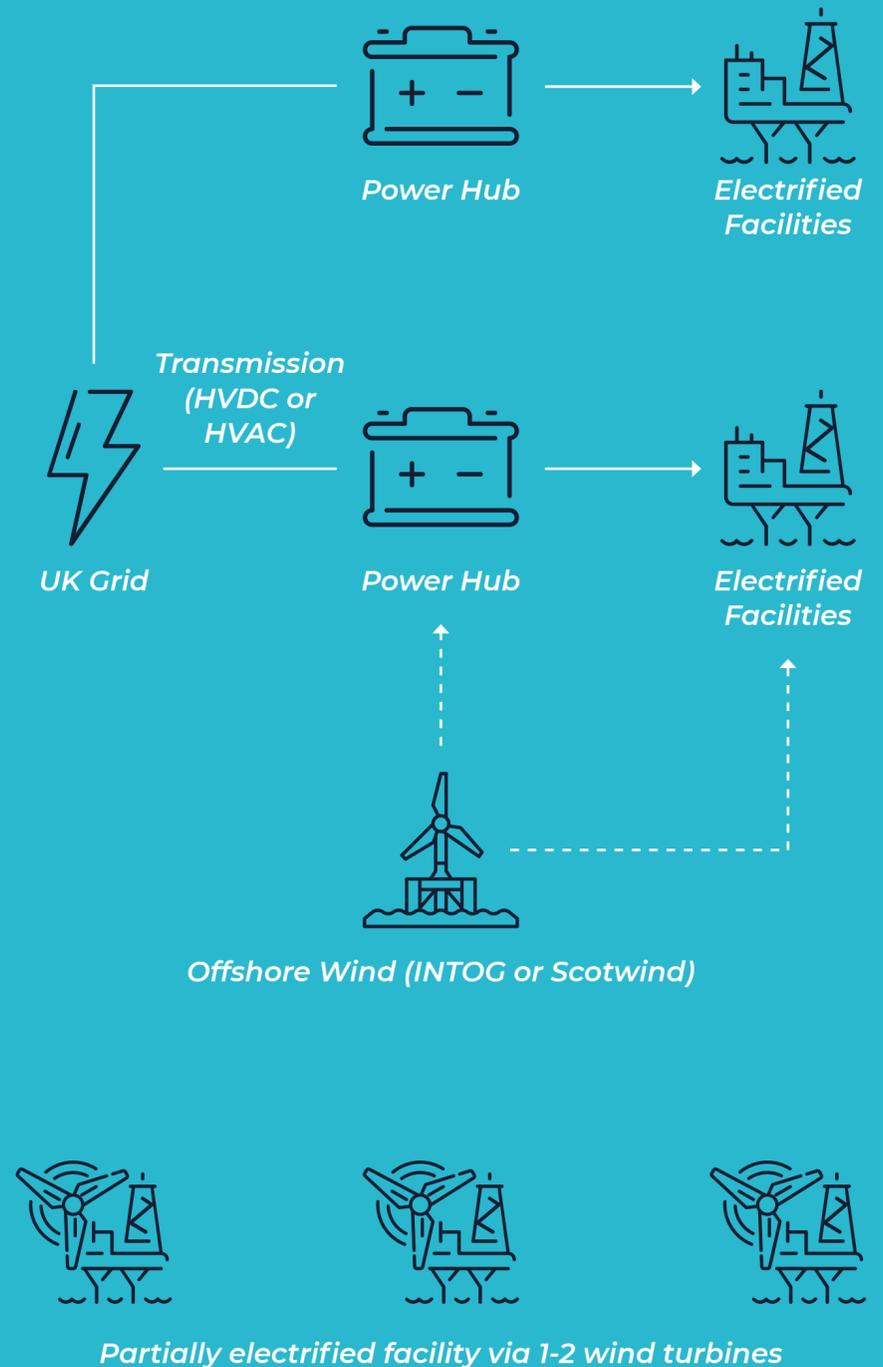
With a focus on the North Sea, we have advised oil and gas organisations on the commercial and emissions reduction impacts, and therefore viability, of different electrification schemes. We have supported a large North Sea Operator in evaluating electrification options for their assets, considering nearby third-party assets.

We have partnered with industry body Net Zero

Technology Centre to evaluate smaller, off-grid wind electrification opportunities for more isolated assets. To ensure our learnings in electrification are leveraged broadly, Xodus has shared the knowledge from this work with the Oil and Gas Authority, Offshore Energies UK, and other industry entities.

Moving Forward

In the coming year, we will continue supporting and advising the energy industry on electrification opportunities. In addition, we will be actively working to support current customers to move concepts through to actionable projects. We will use our experience in the UK to seek international opportunities where electrification has the potential to accelerate net zero.





INDUSTRY EMISSIONS REDUCTION



Existing resource producers will require changes to ensure that while production continues, it happens responsibly and sustainably. We are working with clients to find ways to monitor and reduce emissions.

As governments around the world strengthen legislation and stakeholders increasingly expect action and accountability, our industry partners are seeking our expert advice. Our approach to emissions reduction comes from a broad range of perspectives. We have used this expertise to advise industry organisations, develop new technology and guide clients.

Industry Involvement

In the UK, we have been working with Offshore Energies UK to develop their methane action plan guidance, within their emissions reduction framework.

Technology & Tools

We have been developing new technologies to assist clients with emissions work. We have developed and implemented virtual metering on a major operator's high pressure flare system to facilitate day to day quantification and optimisation.

We have developed new technology which enables understanding, tracking, optimising and accurate reporting of emissions. One of the tools developed identifies emissions reduction and optimisation opportunities using digital simulations and machine learning algorithms. We have also collaborated on externally developed technology, which detects and monitors fugitive emissions.

Client Guidance

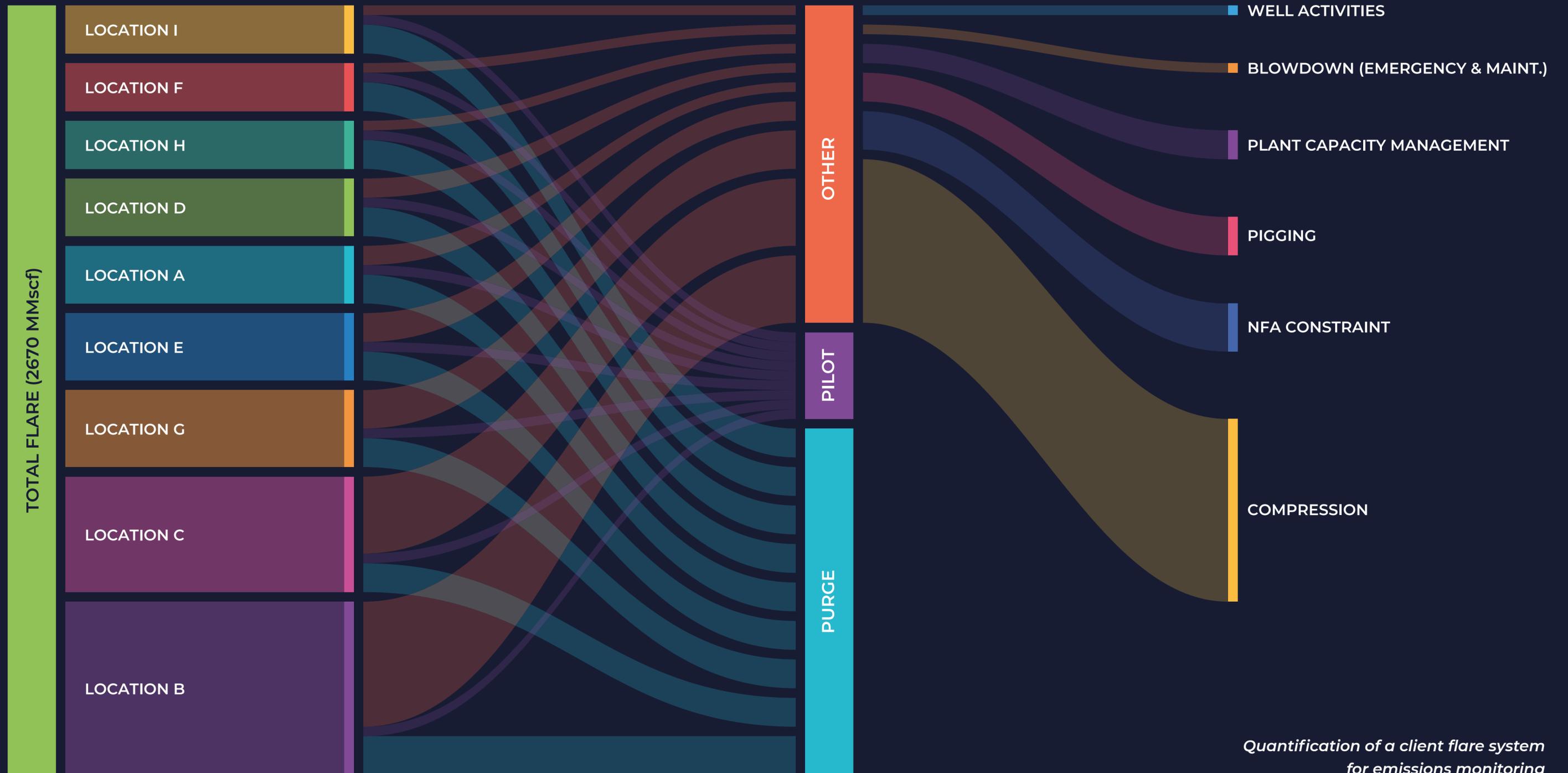
We have worked extensively with clients to progress their move towards emissions reduction. We have conducted turbine exhaust stack sampling and assessment, and offshore energy assessment surveys for several operators.

In the UK and the Middle East, we have partnered with clients across their entire portfolios for in depth identification of emissions reductions opportunities. Reduction opportunities were identified and assessed through the facilitation of workshops, desktop reviews and site surveys. Our input has included flare and vent management plans, emissions reduction action plans, a carbon plan, and clear, sustainable corporate strategies for emissions reduction.

Significant opportunities for energy and emissions reduction have been identified for these clients. For one client, over 350 new emissions reductions opportunities across five assets were identified. More than 35% of these were assessed to require no or low capital expenditure. The initiatives agreed to by the client represent a reduction of at least 80,000 tonnes of CO₂e. For another client, 20-30 opportunities were identified for each asset, representing a 20% decrease in total Scope 1 CO₂e emissions and a reduction in 10MW of energy.



INDUSTRY EMISSIONS REDUCTION



Quantification of a client flare system for emissions monitoring



MARINE GEOSPATIAL PLANNING



Marine environmental protection is at the core of our environmental division's philosophy. We are committed to harnessing the potential of technology to promote sustainable and responsible development in the marine energy sector.

By combining our environmental expertise with cutting-edge Geographic Information System (GIS) approaches, we create novel solutions that place ecological and climate concerns at the centre of our work in offshore energy.

We advise our clients on all manner of Marine Spatial Planning (MSP) matters across the project lifecycle, ranging from site selection, concept development, marine survey, impact assessment, environmental management and decommissioning. Holistic, integrated and data-driven decision making is key to delivering robust MSP and the role of GIS is crucial. Location is the universal theme in real-world projects and we have leveraged this to create a suite of digital tools that unite our diverse topic experts and allow comprehensive assessment.

Our spatial Multi-Criteria Analysis (sMCA) model, which was developed for the ScotWind process, identifies suitable offshore wind farm development sites and cable routes that minimise environmental impact whilst ensuring economic and technical viability. The tool synthesises extensive and complex environmental, socioeconomic, technical, and commercial data into a single composite output layer representing the distribution of development suitability / constraints.

The output provides fast, efficient, and transparent frameworks that use automation to make it possible to assess a large number of alternative options or designs. A mechanism is also provided to exhaustively test different scenarios including environmentally-weighted-design, commercially-weighted-design and options that balance both.

Critically, the tool brings environmental concerns to the fore at the earliest stage, ensuring truly holistic decision making that embeds sustainability goals into the project design.

Our sMCA tool was used extensively throughout our work on the ScotWind Leasing Round to aid in offshore wind farm site-selection and refinement, and is currently being used for global offshore wind suitability analysis, as well as MSP assessment and advisory work to support long term planning.



Simplified, illustrative output of sMCDA tool



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Experts with Energy

As a leading global energy consultancy, we help clients overcome challenges, add value to opportunities and maximise returns on investments, responsibly.

Our values of trust, responsibility and excellence underpin our vision. They are at the heart of decision making and inform our future strategy.

In offering expert advice and solving complex problems, our multi-skilled specialists work across the energy spectrum to address industry problems. By combining technology with our knowledge, we create better business outcomes whether it is advisory, project development or in operational support.

Together, we will deliver a responsible energy future.

Headquartered in Aberdeen, Scotland with a global operations centre in London, Xodus has offices in the United Kingdom, United States, Australia, Egypt, Dubai, Abu Dhabi Japan and Malaysia.