



BUILDING RESILIENCE FOR THE FUTURE

Shearwater is a global marine geoscience and technology business.

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2023 PERFORMANCE AT A GLANCE

Environmental Impact

**38.6%**

Reduction in our CO2e intensity over 2019 levels achieved against our 2030 target of 35%.

**1 Vessel**

Recycled at facilities in compliance with international convention of ship recycling

**40%**

Of our R&D budget spent on initiatives reducing the environmental footprint of our operations.

**40.9 Tons**

Of marine debris picked up from the sea by our offshore fleet.

**178 Isometric Streamer Sections**

repaired on board representing 52% of the total Isometric streamer repairs from offshore in 2023.

**3**

CCUS projects completed, representing a 60% share of the total offshore seismic acquisition market.

**688 Tons**

Of obsolete seismic equipment is responsibly disposed/ recycled by certified facilities.

Responsible Business

**6**

Whistleblowing incidents reported.

**93%**

Completion of bribery and corruption training of our own workforce

**0**

Facilitation payments recorded

**100%**

Code of Conduct acknowledgement & compliance commitment from all suppliers.

People and Society

**0.69**

Lost Time Incident Frequency (LTIF). An improvement of 43% compared to 2022

**1.89**

Total Recordable Injury Rate (TRIR). An improvement of 38% compared to 2022.

**7%**

Female Offshore against our 2030 target of 10%

**20.5% Female**

In the 3 highest management level positions onshore against our 2026 target of 30%

**7**

Volunteering work initiatives supporting our strategic themes of Environmental footprint reductions and Employees giving back to the society.

**39**

Graduate internships at our manufacturing facility in Penang

ESG GOVERNANCE

The report

This year, we have performed our first double materiality assessment in accordance with the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) which will impact how and what we report on.

Shearwater is working towards reducing emissions in alignment with the Paris Agreement and the International Maritime Organization (IMO) decarbonization strategy for the maritime industry.

Our 2023 revised Business strategy drives our sustainability targets and the topics addressed in this report.

The report is also based on our 2022 Task Force on Climate-Related Financial Disclosures (TCFD) assessment, the Global Reporting Initiative (GRI) standards and our emissions reporting is aligned with the Green House Gas Protocol (GHG).

This report has been prepared on a consolidated basis and is a product of extensive research, data analysis, and stakeholder engagement, offering a panoramic view of our sustainability initiatives and their impacts. It serves as a testament to our dedication to fostering transparency and accountability in our operations and along our value chain.

In 2023, we revisited how Shearwater supports the United Nations Sustainable Development Goals (UNSDGs) as part of our sustainability maturity process, and we are currently making a positive contribution to nine of the seventeen goals.



To get a further insight into our sustainability work and standards, including our contributions to the UNSDGs targets, we recommend reading the report in parallel with the Impact & Responsibility section on our [website](#).

Shearwater, being based in an EEA member state that permits the exemption from disclosure of impending developments or matters in the course of negotiation, has utilized this provision as outlined in articles 19a (3) and 29a (3) of Directive

2013/34/EU. This exemption has been employed judiciously to protect the interests of our stakeholders and maintain the integrity of our business operations.

Being ready to report on the CSRD in 2024 is a major task. We therefore decided to frontload the work by developing a new sustainability report in 2023 based on the ESRS standards. We have aimed to address as much as possible of the fundamental structure in the standards, and to align it in the best way possible with relevant parts of our annual report. It is therefore recommended to read the two reports in parallel.

This report and its references form Shearwaters Communication on Progress (CoP) to United Global Compact (UNGC) and reflects our CEO's commitments to support the implementation of the UN Sustainable Development Goals.



Double Materiality & Stakeholder Engagement

Introduction

In 2023, we performed a double materiality analysis (DMA) in accordance with the ESRS as detailed in Annex 1 to the Commission Delegated Regulation (EU) 2023/5303. The DMA identifies which sustainability matters are most material to our organization and our stakeholders by evaluating our impact on environmental, social and governance factors. It also considers how these factors influence our organization financially.

The Assessment is further based on the draft “Implementation guidance for the materiality assessment,” as issued by the European Financial Reporting Advisory Group (EFRAG) in November 2023.

The double materiality assessment is building on the work done by Shearwater in 2022, using our [TCFD disclosures](#) and learnings from our Stakeholder Materiality Survey. This work continues to have the same relevance for 2023. Details of the prior work can be found in our [2022 Sustainability Report](#).

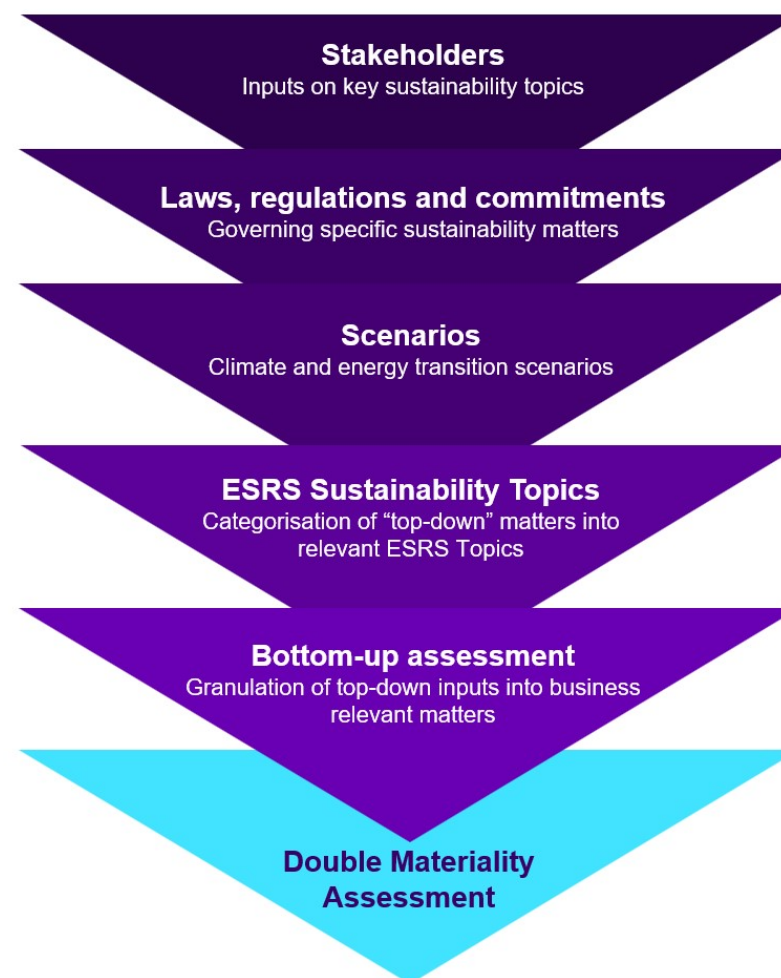
The Impacts, Risks & Opportunities (IROs), were assessed by key stakeholders in the organization and reviewed by key Senior Managers and the ESG (Environmental, Social and Governance) Committee prior to approval by the Management Team and the BoD.

Sources of inputs and input hierarchy:

The Double Materiality Assessment has used four different sets of inputs to determine materiality:

1. Stakeholder inputs
2. Laws, regulations, and commitments
3. Climate and energy transition scenarios
4. Bottom-up operational inputs

This approach ensures that a comprehensive range of aspects are considered and provides a good level of granularity to make the findings directly relevant to the Company’s strategy and business model¹.



¹ Shearwater 2023 Annual report

Our Key Findings

The DMA has identified fifty-three sustainability matters which are considered material to Shearwater from a gross list of eighty-six. Twenty-three are material from an impact perspective and thirty are material from a financial perspective.

The sustainability topic ``Climate change`` dominates the impact spectrum due to our current business (90%), which is mainly related to the oil & gas value chain, and the Greenhouse gas (GHG) emissions from our vessel operations.

The identified material risks are scenario driven. Transition risks are tied to net zero by 2050 scenarios, while physical risks are driven by less aggressive energy transition scenarios with elevated levels of physical climate risks as a result.

As Shearwater generates more than ninety percent of our revenue from the oil & gas sector, we are exposed to significant transition risks in case fossil fuels are phased out. The magnitude of such a risk depends on the pace of a potential phase out, which in the case of a net zero scenario is rapid and in case of The International Energy Agency (IEA) Announced Policies Scenarios is slow.

The opportunities work in the opposite direction, as a net zero scenario creates significant opportunities in renewable energy and carbon capture for Shearwater. In a net zero scenario, carbon capture is forecasted to grow by twenty- six percent per annum between 2022 and 2040, with installed carbon capture capacity expected to be nearly 70 times higher in 2040 than today.

Business conduct ranks highest in terms of financial materiality as we operate on a worldwide basis and in a plethora of jurisdictions exposing us to risks of corruption and bribery and potential negative impact on key stakeholders from workplace harassment, forced labour, and insufficient pay. Retaining and developing supplier relationships and ensuring that they act in accordance with our Code of Conduct will minimize the risk that any of our employees and value chain workers are exposed to and any negative financial impact for the company.

The fostering of a strong corporate culture is also incredibly important not just for profitability reasons, but also for the ability to conduct safe and sound operations.

Environmental topics already well-regulated have high levels of materiality for both axes (pollution, marine resources, biodiversity, circular economy). Any accident leading to a major bunker or oil leak from a vessel will have a negative impact on the marine environment in the local area. The potential financial impact is high in case the company faces legal actions or vessel detentions as a consequence of violating any pollution regulations. We also make a positive impact to the marine environment by our vessels picking up ghost net and any other marine debris our

vessels come across and secure proper disposal of the waste. Using virgin material in our seismic equipment can adversely impact biodiversity. We are actively working towards managing our value chain impacts through recirculation, equipment repairs, implementation of circular economy at our production facilities and searching for alternative materials.

Health & Safety, plus the need to attract and retain qualified personnel, make both our own workforce and workers in the value chain (due to 3rd party Contractors) highly relevant topics. Our offshore personnel are performing high risk operations. In addition, we buy services related to maintenance of our vessels where value chain workers are exposed to potentially high risk operations. An accident can cause personal injuries and in the worst case lead to a fatality. Such incidents will have consequences for any person affected, their families and sometimes their communities. In case people do not feel safe working with Shearwater or any of our suppliers, it can potentially have a negative impact on access to qualified personnel and subsequently affect our ability to deliver our services. We keep high safety standards and are actively following up on our suppliers to minimize the risk of any work or operations performed by our personnel, contractors and value chain personnel.

Many of our operations require highly qualified personnel. To deliver our services, we are depending on attracting and retaining motivated employees fulfilling the current and future competence requirements. Our diversity is our strength as it gives equal opportunities to people across the globe. It also gives us access to recruit from a wide pool of potential candidates. Investing in people, their career development and providing safe and secure jobs is material for Shearwater to keep our high quality services and fulfil the goals of our business strategy.

Affected communities have, for the time being, an indirect link to financial impacts on the company due to an increase in challenges to receive environmental permits for oil & gas activities in general.

Any impact related to climate change and affected communities identified by our DMA are well addressed in our 2023 business strategy through Diversify & Disrupt for good.

Disclosures in relation to special circumstances

The financial impacts are assessed separately for the short term (0-2 years), medium – term (3-8 years) and long- term (<8 years). Our definition of these horizons deviates from the default definition of ESRS 1- 6.4 to better fit the cycles of our business, as well as to conform with important milestones that are used in the energy transition scenarios.

During the previous year, we undertook a process to identify and expand on our reporting capabilities. We continuously build on our previous reporting efforts to ensure our Scope 1 and Scope 2 emissions are fully identified. We also strive to build on our Scope 3 awareness.

This has resulted in additional reporting of Scope 2 locations and Scope 3 categories. We will continue to expand on our inclusion of our Scope 3 value chain emissions.

As we gain access to additional data, this may highlight the need to correct or expand previously reported figures. A threshold of 5% has been set to determine when recalculation of our reported sustainability performance data or base year calculations should be initiated.

DMA Results- Impacts, Risks and Opportunities (IRO) related to ESRS material topics				
ESRS Material Topics		Shearwater material focus areas	Description	Shearwater related targets
Climate change mitigation	Environment	Greenhouse gas (GHG) emissions and climate impact	<p>The IMO decarbonization strategy states that shipping represents 2-3% of global CO2 emissions. Shearwater is working towards reducing emissions in alignment with the IMO decarbonization strategy for the maritime industry. We will focus on the solutions available today in parallel of working with relevant stakeholders to find alternative energy or emission mitigating solutions for our vessels.</p> <p>Offshore CCS is recognized as a key emission mitigation initiative and identified as an opportunity for Shearwater.</p>	<p>Shearwater climate Targets</p> <p>Working towards the maritime industry's achievement of the IMO indicative checkpoints in 2030 and 2040.</p> <p>Diversify our business into the Carbon Capture and Storage market.</p> <p>Accelerating actions on emissions by the seismic industry.</p>
Climate change adaption				
Energy consumption				
Pollution of air				
Pollution of water		Waste management and pollution	<p>Shearwater operates vessels carrying oil, chemicals and equipment made by plastic materials. Spill or loss of equipment create an inherent risk of pollution to water.</p> <p>We operate our vessels in waters which are infected by ghost nets and other marine debris.</p>	<p>Zero pollution.</p> <p>Zero entry to Marine Protected Areas.</p> <p>Remove marine debris from the sea.</p>
Resource use and circular economy		Biodiversity loss and protection		
		Waste management and pollution	<p>We have a good understanding of the waste coming from our offshore vessels. This is well documented and highly regulated by IMO and MARPOL Annex V. Onshore, Shearwater has inherited vast amounts of outdated and obsolete seismic, technical and safety equipment stored in multiple warehouses and at our production facilities. We produce our own seismic equipment such as streamers and nodes. Our R&D division and our production facilities are collaborating to ensure we use recycled or recyclable material in our products where possible.</p>	<p>Zero waste spill.</p> <p>Recycle obsolete equipment in our warehouses and production facility.</p> <p>Implement circular economy at our production facilities.</p>
Health and safety	Social	Safety and occupational health	<p>Our activities, offshore operations in particular, expose our people to safety risks. This is why safety is the number one priority in our operations. We have set clear targets and actions to ensure that all employees and people working for Shearwater are safe. Healthy employees demonstrate a healthy organization. It is important for our business execution to ensure all people engaged with our operations are working in a healthy environment.</p>	Zero Loss Time Injuries.

DMA Results- Impacts, Risks and Opportunities (IRO) related to ESRS material topics				
ESRS Material Topics		Shearwater material focus areas	Description	Shearwater related targets
Diversity within own workforce	Social	Diversity, inclusion and equal opportunities Learning & development	Shearwater, being a global company where everyone's opinion matters, take pride in our diverse workforce. It represents 70 different nationalities who bring value to our company with their different background and competence when they feel engaged and included. We firmly believe this balance make Shearwater a more robust, innovative and sustainable organization. Investing in employee development drives our company forward, motivates our employees and stimulates ambition.	30% gender diversity in the three highest management level positions onshore by 2030. 10% gender diversity offshore by 2030. Leverage the diversity we have within our workforce and securing engagement from our people for long-term outcomes.
Equal treatment and opportunities for all				
Working conditions for own workforce and workers in the value chain		Human and labour rights	Our global presence means we operate in numerous regions and countries where we can have an impact on people's well-being. We seek to making a positive impact for people in our value chain and the areas we operate in. We fully respect the UN Declaration on the rights of Indigenous Peoples. The rights might restrict the areas where our Clients can operate which can make a financial impact on our business.	No violation of human rights related to our business and where we can have an impact.
Rights of indigenous peoples				
Corruption and bribery	Governance	Ethical business conduct	Business conduct ranking highest in terms of financial materiality clearly demonstrate the importance of keeping a high standard on our governance processes. Any violation of law, regulations and ethical guidelines on part of Shearwater's business relations, may have serious consequences for the company, and our co- workers who are subject to criminal liability.	Zero corruption/ Bribe/ facilitation pay.
Management of relationships with suppliers		A healthy Supply chain	A healthy supply chain is essential to satisfy our customers' needs. We must minimize our own sustainability risk exposure, reaching our emissions reductions ambitions, meet our scope 1 emission targets, contributing to our customers' scope 3 emissions goals and ensuring compliance with new legal requirements and social expectations.	Shearwater climate targets No violation of human rights related to our business and where we can have an impact. Zero corruption/ Bribe/ facilitation pay.

Moving Forward

This materiality assessment forms the cornerstone of our strategic sustainability initiatives for the coming years. Over time, our process will undergo revisions to incorporate feedback from stakeholders and lessons learned from previous experiences. These revisions are aimed at enhancing the effectiveness and relevance of our materiality assessment, ensuring that it remains aligned with the evolving sustainability landscape.

In 2024, the DMA process has been assessed by a third party and we will further perform a new stakeholder materiality survey and a review of our TCFD analysis.

Stakeholder Engagement

At Shearwater, we are aware of the pivotal role that stakeholder engagement plays in sculpting a resilient and sustainable business model. Our stakeholder engagement strategy is crafted to foster open dialogue and collaboration, thereby facilitating the seamless incorporation of diverse perspectives into our business strategy. This strategy is not static but evolves continually to reflect the changing dynamics of our business environment and stakeholder expectations.

At Shearwater we have identified several key stakeholders, including employees, investors, customers, suppliers and communities. Our engagement with these stakeholders is not sporadic but occurs at regular intervals, ensuring a continuous flow of feedback and insights as described in the ESG Stakeholders and engagement table below.

These engagements foster collaboration and partnerships and identifying areas for improvement and innovation. The outcomes of these engagements are not just documented but are actively integrated into our business strategies. This includes the incorporation of feedback into product development and service improvement and the formulation of policies and strategies.



ESG Stakeholders and engagement

	Employees	Investors	Customers	Suppliers	Community
Examples	Permanent employees, Contractors, potential employees, students	Owners, banks, analysts,	National Oil Companies (NOCs), International Oil Companies (IOCs), Oil Majors	Ship & logistic suppliers, support vessels, port agents, ship chandlers, shipyards, bunker suppliers, insurance companies	Government, regulators, media, general public, associations, seminars, conferences, social media
Main Topics	Safe & healthy working environment Engagement ESG ownership Training & development Career & personal development Recruiting & onboarding	Safety, Quality and ESG performance Emissions data	Safety, Quality and ESG performance Emissions Satisfaction Data handling	Safety, Quality and ESG performance Contribution to emissions reductions, Human Rights impact, waste, circularity	Climate and social impact, safety & security, Energy transition, Governance, Compliance, employment
Engagement	Internal communication Line Managers & annual appraisals ESG initiatives & workshops Works Council & Unions Quarterly Labor Committee meetings Policies Online training programs Social Committees and activities Annual Offshore employee conferences Quarterly Townhalls Whistle blow system Vessel and site visits Internships Mentor programs Trainee programs	Annual and quarterly reports Bank and Capital market days Press releases Investor meetings Road shows	Emission reports Sustainability rating submissions Daily dialogue Industry events	Policies Pre- qualifications/ Screening Responsible Procurement ESG workshops Code of Conduct principles Supplier visits Contracts Audits Event reporting and handling Procurement collaboration	Participation in associations and partnerships, Shipowners' Association, Visits, presentations, Active media and social media contact, Signatory and collaboration with UNGC, Website and reporting, dialogue with and support to NGOs, visits and collaborations with educational institutions

Role and Composition of Administrative, Management and Supervisory bodies

At Shearwater, we have meticulously structured our administrative, management, and supervisory bodies to embody rich diversity and a wealth of experience. The composition of these bodies is a testament to our commitment to fostering inclusivity and expertise at every level of our organization.

Our executive team forms nine members, with a gender ratio of four females to five males, bringing a balanced perspective to our leadership. Our Board of Directors forms seven members, maintaining a ratio of two females to five males. Four of the Board members (57%) are independent.

The roles and responsibilities of our administrative, management, and supervisory bodies, presented in the diagram are clearly delineated to ensure effective oversight of sustainability matters.

These roles and responsibilities are clearly outlined in our company's governance documents and sustainability policies, providing a structured approach to managing our sustainability initiatives. The management's role in these processes is delegated to the Chief Technology Officer and the Global ESG Manager who report regularly to the BoD and the Management Team on the progress and developments in our sustainability initiatives, identified risks, opportunities.

Furthermore, our Management Team oversees the setting of targets related to material impacts, risks, and opportunities, monitoring the progress towards these targets on a half- yearly basis, ensuring a systematic and structured approach to achieving our sustainability goals.

At Shearwater, we are committed to ensuring that our administrative, management, and supervisory bodies have the necessary skills and expertise to oversee sustainability matters effectively. We have put in place mechanisms to ensure that these bodies can either directly have or leverage sustainability-related expertise, for instance, through access to industry experts or regular training programs. The majority of our Business Units are represented in the ESG Committee who discuss, review and action ESG initiatives, risks and opportunities on a monthly basis



Actions, resources, and targets in relation to material sustainability matters

Shearwater calls for action on sustainability matters through our business strategy supported by an ESG strategy and specific strategies for each business unit. We set annual KPIs on all strategy levels associated to ESG initiatives which are measured and reviewed on a quarterly basis. Sustainability performance measures are currently not linked to the Company's incentive schemes.

The progress of our sustainability performance is supported or facilitated by dedicated resources in the organization such as the Global ESG Manager and our ESG Analyst.

Our Policies adopted to manage sustainability matters are addressed in the report under their relevant subchapters and are reviewed on an annual basis.

In the case where Shearwater has not yet set any measurable outcome-oriented targets, we are committed to maintaining transparency and accountability in our sustainability journey. We are in a constant process of evaluating the feasibility of setting such targets.

We are actively considering the establishment of measurable outcome-oriented targets and anticipate setting these targets within the next two years. Our approach is grounded in a thorough analysis of the potential impacts, risks, and opportunities associated with each sustainability matter as we mature our DMA.

Shearwater remains committed to tracking the effectiveness of its policies and actions concerning material sustainability-related impacts, risks, and opportunities. Our tracking processes are characterized by a defined level of ambition, utilizing both qualitative and quantitative indicators to evaluate progress from a base period established in 2019.



Statement of Due Diligence

Following the guidelines outlined in ESRS 1 Chapter 4, Shearwater has instituted a robust sustainability due diligence process that serves as a cornerstone in assessing the material impacts, risks, and opportunities associated with our business operations. This process is not confined to our immediate operations but extends to both upstream and downstream elements of our value chain, encompassing our products, services, and business relationships. It is an ongoing practice, dynamically responding to and potentially instigating alterations in our business strategy, model, and various operational contexts.

The core elements of our due diligence process, as reflected in the disclosure requirements set out in ESRS 2 and the topical ESRS, are illustrated in the Statement of Due diligence table below.

Statement of Due diligence		
Core elements of due diligence	Addressed under ESRS topic	Reference page
a) Embedding due diligence in governance, strategy and business model	i) ESRS 2 GOV-2: Information provided to, and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies. ii) ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes. iii) ESRS 2 SBM-3: Material impacts, risks, and opportunities and their interaction with strategy and business model.	i) Role and Composition of Administrative, Management, and Supervisory Bodies section. ii) Role and Composition of Administrative, Management, and Supervisory Bodies section. iii) Strategy and BoD report sections
b) Engaging with affected stakeholders in all key steps of the due diligence	i) ESRS 2 GOV-2: Involvement in governance processes. ii) ESRS 2 SBM-2: Addressing the interests and views of stakeholders. iii) ESRS 2 IRO-1: Specific requirements pertaining to stakeholder engagement. iv) ESRS 2 MDR-P: Reflecting various stages and purposes of stakeholder engagement throughout the due diligence process. v) Topical ESRS: Detailed guidelines on stakeholder engagement throughout the due diligence process;	i) Sustainability report and Statement of Due diligence sections. ii) Stakeholder engagement and Due diligence sections. iii) Double materiality & Stakeholder section. iv) Stakeholder engagement section. v) Stakeholder engagement section.
c) Identifying and assessing adverse impacts	i) ESRS 2 IRO-1: Including application requirements related to specific sustainability matters in the relevant ESRS. ii) ESRS 2 SBM-3: Addressing the identification and assessment of negative impacts.	i) Double materiality & Stakeholder section. ii) Double materiality & Stakeholder section.
d) Taking actions to address those adverse impacts	i) ESRS 2 MDR-A: Guidelines on actions to be taken to address negative impacts. ii) Topical ESRS: Reflecting the range of actions, including transition plans, through which impacts are addressed.	i) Action, resources and target sections and the ESG performance table. ii) Environmental, People and Responsible business sections, ESG performance table- Transition plan under development.
e) Tracking the effectiveness of these efforts and communicating	i) ESRS 2 MDR-M: Guidelines on monitoring the effectiveness of actions taken. ii) ESRS 2 MDR-T: Setting and tracking metrics and targets. iii) Topical ESRS: Detailed guidelines on metrics and targets to track the effectiveness of efforts.	i) ESG performance table. ii) Sustainability report. iii) ESG performance table

EU Taxonomy

The EU Taxonomy is a classification system designed to promote sustainable economic activities. It aligns with the EU's commitment to climate protection, environmental sustainability, and achieving climate neutrality by 2050.

The EU Taxonomy covers six environmental objectives:

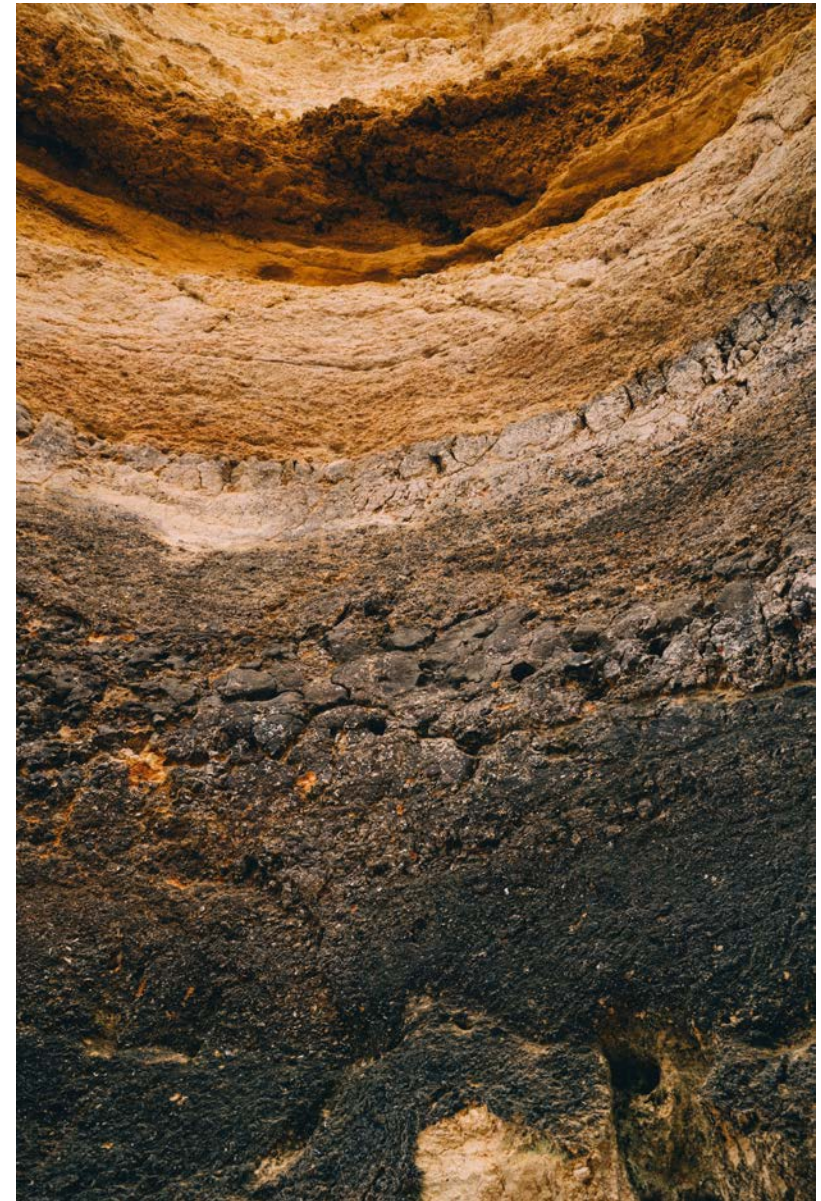
1. Climate Change Mitigation
2. Climate Change Adaptation
3. Sustainable Use and Protection of Water and Marine Resources
4. Transition to a Circular Economy
5. Pollution Prevention and Control
6. Protection and Restoration of Biodiversity and Ecosystems

We are addressing the six environmental objectives in our 2023 report as they all are identified as material in our DMA process.

As of now, the EU requires reporting on climate change mitigation and adaptation objectives for fiscal year 2023 for larger listed companies. Shearwater will be required to report under these regulations for the fiscal year 2024.

In 2023, we have screened and shortlisted economic activities considered as eligible for Shearwater based on the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485)

In 2024, we will review the shortlist against the taxonomy technical criteria to identify if any of the activities qualify as environmentally sustainable, ensure that they comply with the minimum social safeguard criteria and set KPIs to measure our performance.





IMPACT AND RESPONSIBILITY

ENVIRONMENTAL IMPACT

Sustainability requires a balance of environmental, societal equity and economic demands on our planet. Shearwater acknowledges our responsibility to recognize and proactively address our sustainability challenges. This means we are making commitments toward continued development of innovative technologies which will foster sustainable economies.

We recognize that our activities have an impact on the environment. It is also important to acknowledge that our business contributes to affordable and reliable energy which is synonymous with access to good standard of living, good health, good education, and good prospects for communities.

To optimize the deliverables on climate change and reliable access to energy, we seek to minimize the environmental impact of our operations. This is a critical component of our business strategy through Diversify & Disrupt for good.

We monitor, manage and report on three material topics related to our environmental impact:

- Greenhouse gas (GHG) emissions and climate impact
- Waste management and pollution
- Biodiversity loss and protection

You will find out more about our progress in [APPENDIX 01 - Sustainability Performance Data](#) of this report.

Greenhouse Gas (GHG) emission and climate impact

Why it matters

Shearwater is working towards reducing emissions in alignment with the Paris Agreement and commits to the 10 principles of the United Nations Global Compact, working towards the UN Sustainability Development Goals. In addition to this our emission reduction targets are aligned with the IMO's revised decarbonization strategy (2023) to reach a net zero GHG emission for the maritime industry by or around 2050.

Our approach

As our business encompasses vessel operations, manufacturing, research & development, equipment handling & storing, software development & data analytics, our environmental impact is facing multiple factors which must be addressed.

The [IMO decarbonization strategy](#) represents the benchmark to our emission targets and progress.

In 2022, we defined a 35% emission intensity reduction target from our Well to Wake (WtW)² offshore operations by 2030 relative to 2019. We will achieve this target through deployment of technical & operational efficiency initiatives and innovative solutions. There are various measures we can deploy, some applicable to maritime in general, others more specialized to our marine seismic acquisition techniques. By implementing these initiatives to reduce our carbon intensity, not only will we reduce our GHG emissions, but we will also benefit from greater cost efficiencies, resulting in a positive financial impact.

We also take into consideration the end use of our services. Acknowledging that our core services traditionally result in extraction of oil and gas, we are actively focusing on, participating and accelerating, where possible, the transition and increasing our market share in uses towards storage such as CCS (Carbon Capture & Storage) and renewable service end uses.

Shearwater defines its organizational boundary using the operational control consolidation method. All entities in its corporate structure and all vessels owned or chartered have been included regardless of length of charter. The decision to include chartered vessels on short term charter (such as guard vessels) is based on the level of control exercised by Shearwater over all vessels when in operation on a prospect.

2019 remains our base year for Scope 1 and Scope 3 emissions. 2020 is our base year for our Scope 2 emissions due to data availability.

Scope 1 represents 77.6% of our emissions. The main contribution of this is carbon dioxide (CO₂) from our offshore vessel operations. The nature of our vessel activities will vary on a project basis, and the configuration of our seismic equipment or mode of operations will have a different impact on our emissions. We are continuing to learn how these various configurations can contribute to our overall footprint and which elements we can control and therefore improve on. In 2023 we have also taken steps to identify Scope 1 usage at our onshore sites and conclude it does not contribute significantly.

² "Well-to-wake" refers to the entire process of fuel production, delivery and use onboard ships, and all emissions produced therein

Scope 2 represents 1.7% of our emissions, and comes from purchased electricity at our onshore locations. In 2022 we identified our need to expand our scope 2 reporting to cover all Shearwater locations. We now have access to consumption data or reasonable estimates of consumption for our locations globally, including offices, warehouses, manufacturing center and data centers. We report our Scope 2 using both market- based and location-based methods of calculation.

Scope 3 represents 20.7% of our value chain emissions. In 2023 we expanded our reporting to include GHG Protocol category 1: cloud services from our Google Cloud services, 6: hotel stays booked through our main travel provider, and 7: working from home, in addition to categories 3: well to tank, 6: offshore and corporate business flights.

Our performance

Recognizing that our offshore vessel operations are the largest source of our GHG emissions, we have identified and categorized four areas where reduction measures can be implemented offshore: operational measures, equipment and geophysical upgrades, vessel upgrades and industry collaborations. For example, on average, 82% of a typical vessel year is spent performing on site activities, 12% is in transit, and 6% is spent alongside. This knowledge has helped us focus on what measures we can take to implement and when, to make the most significant impact.

To further broaden our understanding, we have entered a Joint Industry Project (JIP) with the ambition to develop relevant metrics to monitor energy and emission efficiency for the seismic sector. This project, currently in the data collection phase, aims to deepen our understanding on how the types of activities performed contribute to the intensity of the emissions caused.

In addition to the JIP, we have actively been preparing for the upcoming EU Emission Trading Scheme. This will require effective measuring and reporting of emissions which can be verified by a 3rd party. We have collaborated with our offshore project management software provider, to work towards becoming a Veracity Integrated Partner with DNV. This will enable us to move to a more robust means of digital reporting of our emissions data.

In 2023, we have captured our carbon footprint data in one centralized platform. We will continue to aggregate our emissions data into the platform as it becomes available and look forward to using the strong analytic tools now available to us. In addition, the platform also provides us with access to any relevant emission factors, which can now be easily managed and applied to all our locations and updated each year. This results in an adjustment to our previously calculated emissions. The changes are within our 5% tolerance threshold, and reflect better

accuracy provided by use of relevant annual emission factors. We have included data from 2019 to the present date.

The emission factors for our calculation basis of Scope 1 use UK DEFRA (Department for Environment, Food and Rural Affairs) annual conversion factors, which yield CO₂, N₂O, CH₄ and our Scope 3 Well to Tank numbers. We have confirmed that our vessel specific NO_x factors are calculated as per the Norwegian NO_xFund recommendations and are currently auditing the application of this across our fleet and support vessels. In 2023 we increased our ability to report on the SO_x content of our fuel and can now account for various levels of Sulphur content in our fuel.

THE WORLD IS YOUR OYSTER

**UP TO 6 TIMES
MORE NODES IN A
SINGLE ROV LOAD**

**30% MORE TIME
EFFICIENT TO
DEPLOY**

**150 CONTINUOUS
RECORDING DAYS**

**DEEP AND
SHALLOW WATER
OPERATIONS**

Efficiency and flexibility

Whatever the conditions, Pearl can give you larger and denser spreads, longer listening times and better signals – to let you to see things you couldn't see before. Backed by the power of shearwater Reveal and the depth capability of shearwater's fleet, Pearl gives you access to unparalleled potential in efficiency and flexibility.

With up to 150 nodes for each trip compared to an industry standard of 20-30, Pearl's smaller size also means more nodes can be onboard our vessels ready to be deployed, and easily shipped around the world

Examples of measures we have successfully implemented in 2023 are: increasing engine loads by use of closing switchboard bus-tie when possible, fairing maintenance, hull cleaning and propeller polishing, antifouling of hull and in-sea equipment, steaming management, trim settings optimized during transits and efficient support vessel management.

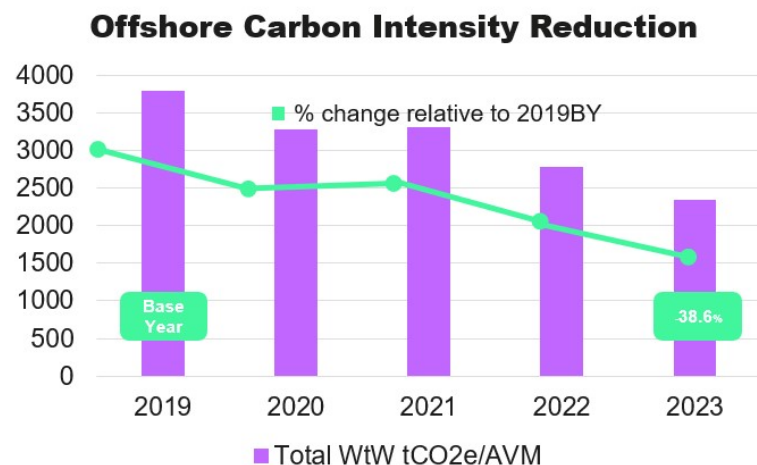
Equipment and geophysical highlights in 2023 are our Pearl Nodes, which after successful trials are now commercially deployed and enjoying multiple efficiency gains. We have also increased our lead in length, achieving 1600 meter wide tow on Amazon Conqueror. By achieving a wider tow, we can reduce the overall

duration of a project by acquiring more data in one pass. We have successfully implemented triple source string configurations in our node operations, decreasing survey times by 33% compared to dual source acquisition.

We have completed various vessel upgrades, including turbo and camshaft upgrades on Amazon Conqueror which should accommodate a 3-5% reduction in emissions.

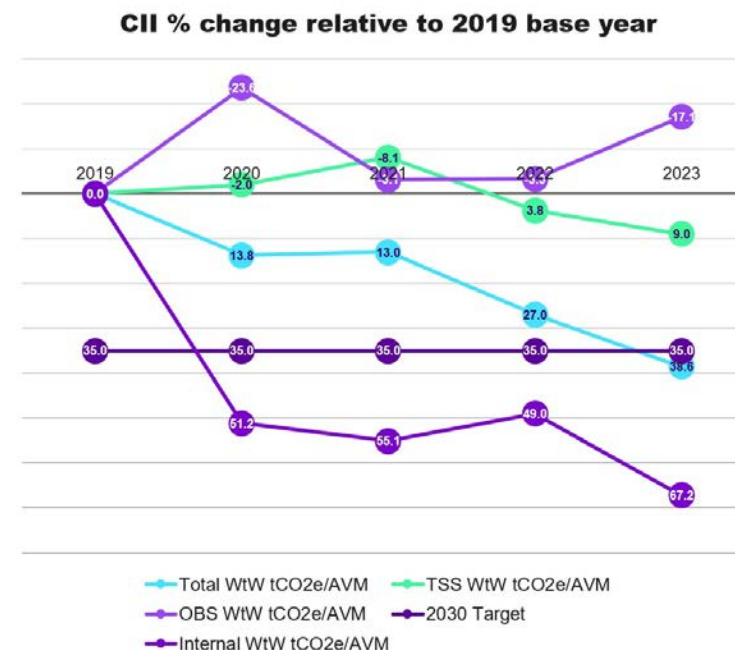
Our most noticeable vessel upgrade is the recent conversion of SW Tasman to an ROV vessel. This investment has effectively reduced dual vessel operations to single vessel operations.

Our actions taken throughout 2023 have resulted in a 38.6% reduction of carbon intensity (CII) from our offshore operations compared to 2019. This reduction surpasses our 2030 target, but we do expect it to fluctuate over the coming years.



This metric, tons of CO2 equivalent emission / Active Vessel Month (tCO2e/AVM), is influenced by the type of activity taking place and the presence of seismic personnel onboard illustrated in the CII% graph (change relative to 2019 base year). In 2023 we experienced a higher amount of internal activity while alongside, which still required seismic personnel onboard. We acknowledge we must gain a better understanding of this metric at a more granular level and are currently looking at ways to develop per service type intensity metrics.

Our location-based scope 2 emissions clearly highlight the impact we can make by transitioning to a renewable grid source of energy at our manufacturing center in Penang as their energy consumption currently is based on non-renewable energy sources. In 2023 we investigated the most effective way to implement a positive change. We concluded on applying to Green Energy Tariff (GET), the Malaysian government renewable energy certificate (REC) program. We were able to secure RECs for 5MWh. In 2024 we have been granted access to purchase 100% renewable energy from solar power by paying an extra premium to our electricity consumption. The Malaysian Government will spend the extra premium to invest in further increase of renewable energy sources. By supporting the GET program Shearwaters overall scope 2 emissions will be greatly reduced, up to 90% in 2024 when using location-based emission factors.



In 2023, after successful proof of concept in 2022, we transferred our data center activity from UK to Iceland. There were multiple factors in this decision such as cost and access to reliable renewable energy.

We have taken steps to implement energy reductions such as installing automatic sensors for the lighting in our Oslo and Bergen locations.

We have collaborated with our suppliers to better measure and manage our Scope 3 emissions. We have added to our data sets, incorporating emissions from our hotel stays from our key providers. We have also secured emission data for our Google Cloud services.

How will we improve?

Reaching the 2050 target will be subject to available zero emission technology and fuel alternatives for the next generation of seismic vessels allowing us to safely operate to our clients' requirements and international regulations.

To achieve this, we are continuously reviewing the potential to upgrade and/or refit our current fleet in parallel with our actions already initiated to reach our 2030 target, and actively engage with the maritime community through the Green Shipping Program and their Pilots focusing on establishing the world's most efficient and environmentally friendly shipping.

Projects we have in progress or under review include the use of biofuels and hybrid battery upgrades, efficient steaming management by utilizing optimized transit routing. We are working on better towing simulation software, which will incorporate emission estimations based on our seismic equipment configuration. We will continue to promote responsible energy consumption at all sites onshore and offshore. We will increase our focus on the end use of our services, helping to identify suitable storage sites for carbon and nuclear waste. We will also aim to develop new markets for our services, supporting the development of renewable energy sources.

2024 goals for Scope 3 are to include logistic measures from our onshore and offshore sites (purchased goods and services, transportation & distribution and waste generated).

Waste management

Why it matters

Shearwater supports responsible consumption with respect to the operation of our fleet, and the production of our seismic equipment. With the vast accumulation of asset inventories during recent expansions, we acknowledge the requirement to streamline this equipment, while responsibly recycling and/or properly disposing of any obsolete or end of life equipment.

Recycling and/or reusing any waste that is generated benefits the environment by lessening the need to extract resources and lowers the potential for contamination. It also has a positive impact on our cost base.

Our approach

Shearwater has identified the need to better understand, measure and manage our waste management systems.

We have a good understanding of the waste coming from our offshore vessels, as this process is well documented and highly regulated by IMO and MARPOL Annex V (Prevention of Pollution by Garbage from Ships). Our commitment to comply with and action these regulations is stated in our Code of Conduct and enforced in our ESG and QHSE Policies.

In 2023 we started a campaign to catalogue, consolidate and recycle our obsolete asset inventories onshore. The equipment is stored in multiple warehouse locations and has a negative impact on our environmental footprint. This consolidation and reduction of stored equipment will reduce waste, emissions, and cost. We expect this campaign to last for several years due to the sheer volume of the equipment and the capacity of our partners to recycle it in a responsible manner.

We are striving to find alternative uses for equipment we have acquired that is not suitable for our use. In some cases, we are happy just to donate to others who can benefit from taking over this equipment rather than seeing it become a waste.

Our performance

We obey the requirements of [IMO MARPOL](#) and its technical Annexes.

MARPOL Annex V Prevention of Pollution by Garbage from Ships deals with various types of garbage and how they are to be managed. Our offshore fleet must carry out a garbage management plan, log and report the volume of waste from the vessels using the garbage record book by categories of Delivered to Shore, Incinerated Onboard, Organic Waste to Sea. Pollution Control also requires the reporting of any spill to sea, what and how much was spilled, contained, breached. This annex entered into force 31 Dec 1988, and imposed a complete ban on disposal into the sea of all forms of plastics.

MARPOL Annex VI Prevention of Air Pollution from Ships entered into force 19 May 2005 and sets the limits and designated control areas on sulphur oxide and nitrogen oxide emissions from ships exhausts.

Vessel SW Diamond has been recycled in compliance with international conventions and at a ship recycling facility which complies with 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, EU Regulation (EC) No 1013/2006 and Regulation (EU) No 1257/2013 on ship recycling; and all local and national rules and regulations.

Onboard our vessels we are taking actions to responsibly dispose of our waste types. For example, we planned accordingly when we knew our vessel Oceanic Vega would have the opportunity to dispose of obsolete IT equipment. Instead of disposal in a port where it might have been difficult to recycle, it was held onboard until the vessel was able to offload in the Netherlands, and the equipment was transferred to a certified preferred facility for treatment and preparation for re-use purpose of the components.

In 2023 our onboard IsoMetrix streamer repair team was able to repair 52% of damaged sections onboard. That means 178 sections totalling 17.8km in length, or 6 shipping containers of streamer did not require any shipment for repair, a large savings of both emissions and cost.

Of other notable performance this year, our vessels have been reducing their footprints by testing products that substitute virgin plastics with recycled plastics, or ocean bound plastic products. For example – Geo Coral and SW Tasman have been testing various forms of pallet wrap and packaging materials used in our shipments going off the vessels. Shearwater has also collaborated with our key suppliers to make similar substitutions on the shore side of our shipments.

Another great initiative we have seen is the increase of use of 3D printing capabilities onboard. This can be of great use for fabrication of smaller parts onboard and case studies are underway.

Onshore as part of our campaign to catalogue, consolidate and recycle our obsolete asset inventories, we have been measuring our progress. We have disposed of over 667 tons of obsolete seismic equipment through our preferred facilities at 3 locations worldwide. They have insured that proper disposal has been documented to meet any required regulations. For example, control items such as hydrophones must have accompanying certificates of destruction. These facilities also ensure that recycling is performed whenever possible. Our preferred facility in Malaysia has recycled over 84.6 tons of materials from our manufacturing center in Penang.

How will we improve?

We will continue to improve by taking steady steps in measuring our waste generated within our operations both offshore and onshore, so we can effectively reduce the amount of waste generated.

We will continue to promote substitution of any products used at our locations with alternatives made from recycled plastics, ocean bound plastics, or any other more sustainable product.

We will include a circular approach when making new products during the research and development phase.

Biodiversity

Why it matters

Biodiversity is essential for the processes that support healthy ecosystems.

We recognize our operations risk impacting on biodiversity by carrying invasive species in our ballast water and through hull fouling. Our seismic activity might also impact on marine mammals.

Our global activities also give us an opportunity to positively contribute to the marine environment by cleaning the sea of marine debris and waste we come across.

Our approach

We operate our fleet to comply with IMO MARPOL to prevent pollution of the maritime environment by ships from operational or accidental causes. Our commitment to comply with and action these regulations is stated in our Code of Conduct and enforced in our ESG and QHSE Policies.

Shipping has been identified as a major pathway to introduce invasive non-native aquatic species to new environments in the marine ecosystems. Ballast water is a critical element to control vessel stability, but we also recognize the risk to biodiversity this can pose. Shearwater adheres to the IMO International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM), to prevent the spread of harmful aquatic organisms from one region to another.

Shearwater complies with strict adherence to any environmental permitting requirements received from government or regulatory bodies, obeying entry to areas based on migration routes, fishing and spawning seasons and hosting local Fisheries Officers onboard. In 2022 we implemented a way to log our proximity/entry to Marine Protected Areas, with zones defined as Inside, Adjacent (<1km), Close (1-5km) and in the vicinity (5-20km). We have no recorded proximity to work performed near any Marine Protected Area in 2023.

Shearwater acknowledges that our operations contribute to noise emissions. From the noise caused by the ships' propellers to the noise caused by our energy sources. We comply with all local frameworks and regulatory bodies regarding noise emissions and mitigation.

Shearwater takes our responsibility to the marine ecosystem seriously. We strive to provide innovative solutions that will reduce our impact with offerings such as Harmony and Bass which enable lower frequencies, while emitting energy only where it is needed.

Steps are taken to reduce our impact on the environments we operate in specifically regarding the equipment in use. We clean and apply antifouling coatings to the hull and seismic equipment which reduces growth of algae and barnacles. We attach turtle guards to equipment to prevent entrapment, we attach covers to connection areas on the streamers to help prevent barnacle attachment and growth. We also must perform barnacle cleaning in tropical areas, to maintain the buoyancy of the equipment.

We are proud participants of the [EnerGeo Alliance Sustainable Seas Initiative](#). This is an ocean debris removal project that all members participate in by recovering encountered marine debris or ghost nets during our projects, when safe to do so. These items are safely recovered and properly disposed of, removing the threats posed to marine life and their habitats.

Our performance

2023 saw the successful sea trial of the project BASS marine vibrator. This stems from a fruitful technological collaboration between Shearwater and Equinor, Lundin Energy and Vår Energi. Petrobras has now entered a multi-year strategic partnership based on the significant gains in operational efficiency, seismic data quality and reduced sound emissions expected from BASS when compared to traditional methods.

In 2023, Shearwater has safely recovered and properly disposed of 40.9 tons of ghost nets and marine debris. Four instances of wildlife recoveries were reported including the successful release of this dolphin and crab shown here.



How will we improve?

Our multi-year strategic partnership with Petrobras, will allow for the industrialization of our BASS marine vibratory source technology. This paired with our Pearl node technology will elevate our operational efficiency, innovate geophysical gains and provide superior control of the seismic frequencies emitted.

Looking ahead we are investigating the use of various coatings that could be applied to or incorporated within the surfaces of hulls, propellers and seismic equipment.

PEOPLE AND SOCIETY

At Shearwater, we are committed to engaging our workforce actively and integrating their interests and views into our business strategy. Shearwater's success is inherently linked to the safety, well-being and satisfaction of our employees, contractors and non- employees serving on our facilities.

During 2023 we have developed our re-defined Purpose, Vision and Values to reflect the boldness of our ambitions more accurately and to provide clarity to address feedback we received from employees regarding how our values are communicated and interpreted. Our values reflect what is important to us, guide us on “how” we should interact with colleagues, our clients, and all external partners.

The Shearwater Behavioural Framework defines how all employees can contribute to the success of the Company, providing a set of core behaviours that provide clarity on how our employees are expected to approach their work.

Our values of Empowerment, Action, Curiosity and responsibility actively demonstrate how Shearwater employees have fostered the foundations of our workplace environment and brought to life in words what this looks like across all our global operations.

Being a responsible employer includes ensuring our workforce receives adequate wages and is covered by appropriate social protection benefits and is entitled to adequate leave.

In addition, our vessels are MLC – 2006 (Maritime Labour Convention) certified and hold an ITF (International Transport Workers) Blue Certificate to ensure that our offshore employees and contractors are secured fair employment. Our manning agencies commit to comply with our appropriate policies and standards, and the agencies providing maritime contractors must be MLC- 2006 certified.

We monitor, manage and report on five material topics related to our people:

- Safety and occupational health
- Human and labour rights
- Diversity, inclusion and equal opportunities
- Learning & development
- Social responsibility

The topics support the key findings of Health & Safety, Business conduct and attracting & retaining qualified personnel in our 2023 DMA.

We are keeping a steady pace on improving our gender balance by reaching 7% female offshore compared to our 2030 target of 10% and 20,5% female in the top three level positions against our 2026 target of 30%.

You will find out more about our progress in [APPENDIX 01 - Sustainability Performance Data](#) of this report.

Safety and occupational health

Why it matters

Our activities, particularly offshore operations, expose our people to safety risks. This is why safety is the number one priority in our operations.

Healthy employees demonstrate a healthy organization. It is important for our business to ensure all people engaged with our operations are working in a healthy environment.

Our approach

Our Code of Conduct emphasizes that all activities shall be planned and executed in a safe manner to ensure protection of human life and health, and that we all are responsible to ensure we maintain a strong safety culture. This is enforced through our QHSE Policy addressing how we shall create a QHSE Culture, Our Lone working Policy, our Risk Management Standard and our Occupational health standard. Our QHSE committees, internal and external audits oversee improvements across all locations.

In addition, we have implemented a five- year QHSE strategy supported by annual tactical plans.

In our corporate commitment to safety and well-being, we prioritize the protection of individuals within our workforce and the communities where we operate globally. Our operations, spanning offshore and onshore activities such as marine seismic operations, manufacturing, logistics, data processing, and administration, are conducted with a strategic focus on mitigating health and safety risks.

At the forefront of our operations, we emphasize a culture of safety and compliance, guided by behavioral-based safety principles. We embed health, safety, and environmental (HSE) responsibilities into every job description, ensuring that each colleague is aware of their duty to keep a secure workplace

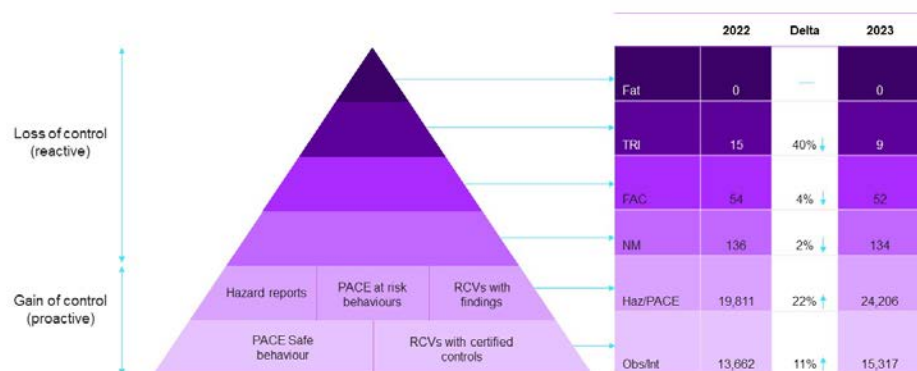
environment. Our annual appraisals include discussions on individual actions supporting these responsibilities.

We take proactive measures to assess and address potential risks inherent in our operations, aiming for optimum protection standards. Our structured risk management methodology targets the elimination, isolation, mitigation, and control of risks, aligning with industry benchmarks such as ISO 9001, International Association OF Oil & Gas Producers (IOGP), EnerGeo Alliance, and International Marine Contractors Association (IMCA) standards.

We engage external Crew Management agencies to ensure compliance with our policies and industry regulations, safeguarding both our personnel and the environments where we operate.

Our performance

In 2023, we saw considerable progress compared to the previous year, as indicated by our Year-on-Year benchmarking. Our key performance indicators highlight a notable decrease of 40% in the numbers of recorded injuries, alongside increased proactive reporting and intervention. This proves that our priority on institutionalizing risk management practices into sustainable measures and building on those to continually improve performance has had the desired effect.



Our manufacturing operations in Penang achieved a milestone with a year free of recordable injuries, alongside securing ISO 9001 certification without findings.

As part of our commitment to continuous improvement, we analyse both successes and setbacks. Our workforce shows their commitment to safe practice through increased proactive measures such as robust reporting, rigorous audits, risk assessments, inspections, and timely corrective actions. Additionally, we provide comprehensive training.

One of the key initiatives driving our performance is the implementation and refinement of our behavioural safety observations and intervention process. This process empowers our workforce to address at-risk behaviours proactively and intervene to prevent recurrence. Furthermore, it reinforces safe behaviours through positive reinforcement.

Our investigations have revealed recurring factors contributing to injuries, such as at-risk behaviours stemming from equipment maintenance issues and suboptimal work environment design. There are opportunities for improvement, particularly in handling electrical and high-pressure/tension equipment. Additionally, challenges in routine small boat operations, worsened by maintenance deficiencies, require attention in the current fiscal year.

How will we improve?

Our ongoing objective is to maintain this momentum by striving for even lower injury rates and addressing the root causes of recurring incidents.

To further improve our safety performance, we will focus on strict adherence to essential procedures like Permit to Work and Energy Isolation protocols. Additionally, we recognize the importance of refining our processes for safe design, especially with substantial modifications to our asset design on the horizon.

Human and labour rights

Why it matters

Our global presence means we operate in numerous regions and countries. It is therefore critical for our company and stakeholders to understand how we impact people's well being.

As we are committed to respect and comply with human and labour rights across our business lines in any country and region we operate, Shearwater openly supports the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the standards advocated by the International Labour Organization, Norway's Enterprises' Transparency & Work on Fundamental Human Rights & Decent Working Conditions (Transparency Act), the Modern Slavery Act and the Maritime Labour Convention (MLC - 2006).

This Human and labour rights section encompasses our compliance with and reporting of the requirements of the Norwegian Transparency Act and the UK's Modern Slavery Act statement, which can be seen on our website.

Our approach

Our Code of Conduct (CoC) provides basic principles for behaviour and business practice. The Policy applies to all Shearwater board members, managers, employees, hired personnel, suppliers, consultants, commercial agents and other third parties acting on behalf of Shearwater. The Policy describes Shearwater's main principles and reinforces its ethical practices and compliance with the global frameworks of human rights and anti-bribery & corruption on issues such as human & labour rights, health & safety, business ethics, legal compliance and other relevant issues related to Shearwater's operations.

Human and labour rights are further addressed in our Corporate Social Responsibility to underline Shearwater's commitment to conducting its business ethically and in a socially accountable manner across the globe.

We ensure our approach to Human and labour rights are respected and followed through internal and external audits, regular vessel and site visits by senior management representatives, dedicated shore representatives employed by Shearwater and Trade Compliance Control that is all governed by our Trade Compliance Policy.

We also have an online Whistleblowing system in place, where one can report non-compliance on a topic impacting people's well-being.

Our performance

We remain stable on 6 reported whistleblowing incidents compared to 2022. Given the 20% increase of our workforce in 2023, this might indicate that our whistleblowing system has not yet reached the entire organization as intended.

We regularly review our CoC and associated Policies and standards to ensure they properly address the human and labour standards addressed by international declarations, laws and regulations.

The Policies are supported by internal procedures and follow actions to ensure they are properly implemented.

In 2022, we implemented an audit process of our critical agents which include following up human and labour rights. The audit program started in 2023 and will be completed in 2025.

We provide online training on Modern Slavery and Human Trafficking, which is mandatory for all our employees, contractors and suppliers.

Our CoC has a separate section on discrimination and harassment, which is supported by our Workplace Bullying and Harassment policy. We also provide mandatory online training on the subject, to ensure all employees and new hires fully understand how important this is for Shearwater.

How will we improve?

Maintaining our high standards on human and labour rights requires continuous focus and awareness on:

- Shearwater's policies which address human rights and ensure they are implemented in all parts of our company and towards our suppliers.
- Continuing to expand our stakeholder engagement to a wider group of internal stakeholders and consulting external stakeholders such as NGOs (Non-Governmental Organizations), industry network and Human Rights expertise.
- Regularly review and update human rights scenarios and initiate mitigating actions.
- Strengthening our assessment and monitoring of risks related to human rights in our operations.
- Involve our management and the board through regular updates.
- Whistleblowing system implementation.

Diversity, inclusion and equal opportunities

Why it matters

In Shearwater, being a global company where everyone's opinion matters, we take pride in our diverse workforce. It represents 70 different nationalities who bring value to our company with their different background and competence when they feel engaged and included.

As an evolving Company, we are continuously improving our solutions to develop current and future talent. We are confident that through ongoing investment in targeted initiatives for early careers, increasing our female population, and improving access to employees with restricted mobility or physical disabilities, we will improve the balance in, and performance of our organization.

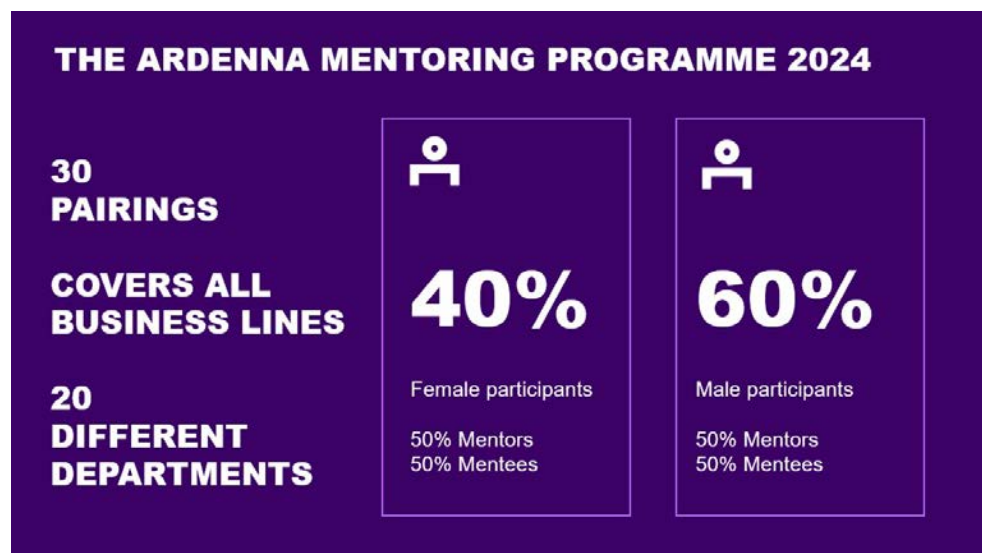
Our approach

The responsibility and importance of diversity, inclusion and equality to Shearwater is defined in our Code of Conduct. It is further enforced through our People, Employee development and ESG Policies.

To support the understanding and modern practice of inclusion and equality, we provide mandatory online training on Unconscious Bias.

Ardenna is our first DEI (Diversity, Equity, and Inclusion) network. Established in 2021 and born from an idea conceived offshore, the Ardenna network's mission is to act as thought leaders to help inform the rest of the business about inclusivity best-practice and development. The network is based on a "by employees, for employees" approach.

Following its inception, Ardenna has gone on to launch an internal mentorship program for all employees. In 2023 the six-month program was conducted for the second time after great pilot feedback. This has now been expanded into a third season in which we will have participation from all business lines and an even gender balance of mentors and mentees.



To reach our business strategy goal of being the place where the bright and the bold are empowered to drive change, we have revised our people strategy to align our people objectives with our culture vision and values. In doing so, we are embedding these principles across the employee lifecycle to develop and improve our diversity, inclusion, and equal opportunities.

Our performance

In 2023, we successfully completed our office accessibility audits in Norway and UK. Going forward we will action changes we can make internally to improve office access for current and future colleagues.

We are making good progress on our gender balance targets, reaching 7% female offshore and 22.5% female in our top three management level positions.

We started our first Waves Program for new colleagues joining as a graduate, apprenticeship or an entry level role. This two-year program is designed to enhance their technical and professional skills, whilst increasing their knowledge of our global business and to grow their network throughout our diverse organization.

We provided 39 internships at our production facilities in Penang which adds value to their capability on pursuing their professional career.

Ardenna hosted an International Women's week at Shearwater, celebrating the International Women's day 8th March. Ardenna is also active outside our organization bringing together women's networks from the industry.

Promoting equal opportunities, we successfully launched a Job Grading structure in the company in 2023. This has enabled a structure for ensuring fair and equitable pay, as well as creating international alignment that enables global careers.

Unlike many other companies, Shearwater has made the conscious decision to make the grading structure visible for all employees enabling them to drive their skills development.

Global Gender Pay Gap

With the global job grading structure in place, we conducted an equal pay and gender pay gap analysis for all permanent Shearwater employees.

By end of 2023, Shearwater employed more than 1200 people and had a global female representation in our workforce of 28.5%. Because of the gender imbalance in the organization, which reflects that of our industry as a whole, we anticipated that the results would show a gender pay gap.

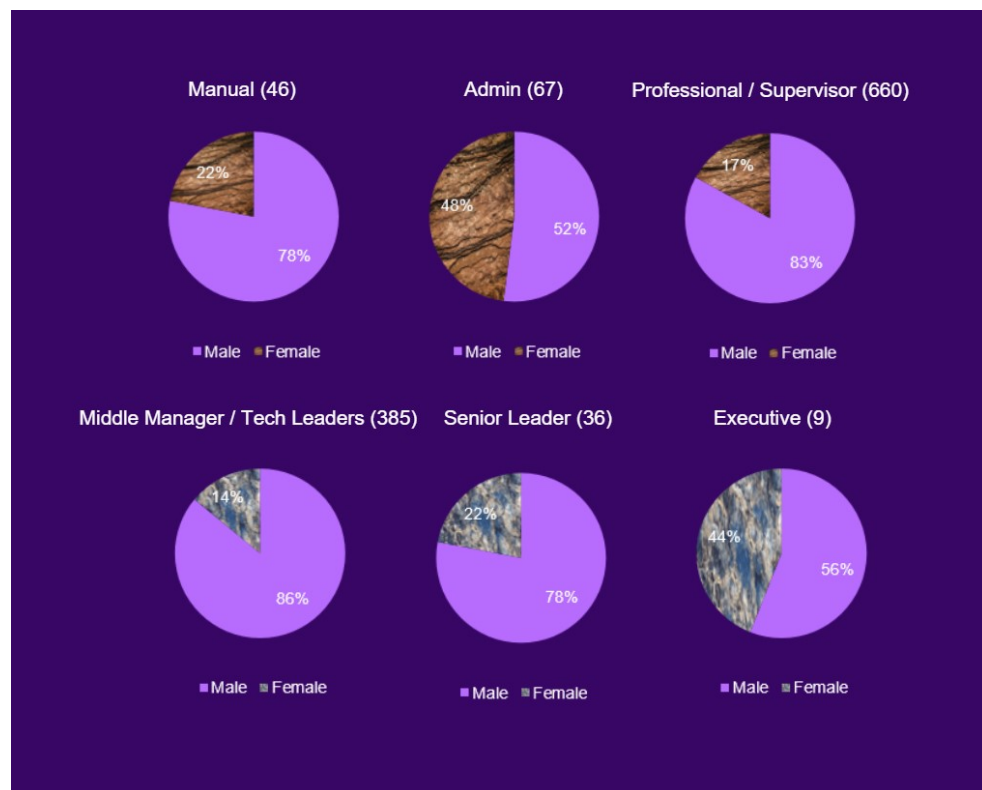
The results reported this year are based upon employee base salary as of 31 December 2023 and show a gender pay gap of 27.7%. We are addressing our gender balance through several corporate KPI's which we expect over time will improve the gender pay gap.

In parallel we conducted a global equal pay audit to ensure that we have equality of terms between men and women performing equal work based on the base salaries as of 31 December 2023. Of those 30 investigations, only one case of unequal pay was identified. This will be rectified through the annual pay review process.

Why we have a gender pay gap

Uneven gender representation

At all levels within Shearwater, except Administration and Executive levels, female representation is under 25%. Increasing the female representation will be a key factor to improve our gender pay gap and we remain focused on driving forward progress on our gender balance targets.



Roles with higher pay are male dominated

The three management levels below our Executive team have a high representation of males. These employee populations include technically skilled STEM roles that have historically been male dominated career paths. These roles also command higher rates of pay vs. the female counterparts overrepresented in Support Function roles where the market rate for those positions is lower by comparison.

At our Executive level we have increased our female representation from 22% in 2021 to 44% in 2023. At this level we now have a gender pay gap due to two

female entrants within this group at an earlier stage in their careers vs. their male counterparts and both performing support function roles.

Employee work locations include countries with developing economies

The results by regions identified that we have a higher gender pay gap in Asia Pacific. The reason is that our female representation is predominately located in Malaysia, where employee salaries are much lower compared to developed countries within the same region. Males performing roles at the same level were located in countries such as Australia and Singapore, where the market rates of pay for the same type of positions are much higher. In addition, as mentioned above, the male counterparts are also in highly technically skilled roles and not performing equal work.

How will we improve?

With our equal and gender pay reporting principles in place, we will expand this analysis next year to include variable compensation elements to offer great insight that will ensure we are maintaining fair pay practices in all areas of our compensation model.

In 2024, we continue our Ardenna mentoring program supporting diversity and inclusion. We have extended the period from six to nine months to bring out the full potential from the program and included additional training mentors and mentees on how to empower inclusive working environments.

The Executive team will define our Talent Philosophy to create clear guidelines for all managers on how we want to manage performance and talent development practices. With our talent principles defined, we will then adjust our existing practices to ensure our approach aligns with the business strategy and our Diversity, Equity and Inclusion (DEI) targets.

Finally, we will conduct a Global Employee Engagement survey. The feedback and insight from our employees will enable us to measure the effectiveness of the initiatives we have implemented and give Managers tools to impact their teams.

Learning & development

Why it matters

Employee development is an investment that drives our company forward, motivates our employees and stimulates ambition. We are committed to developing a strong learning culture in which everyone is encouraged to achieve their full potential. We encourage employees to commit to continuous learning throughout their employment and expect managers to work in partnership with their team members to support their professional development.

Our approach

Our employees are our number one asset, and their knowledge, skills and abilities decide our collective future success. Our Employee Development Policy describes Shearwater's commitment to the learning and development of all employees.

Employee development is an investment that drives our company forward, motivates our employees and stimulates ambition. We are committed to developing a strong learning culture in which everyone is encouraged to achieve their full potential. We encourage employees to commit to continuous learning throughout their employment and expect managers to work in partnership with their team members to support their professional development.

Our performance

SWTrain is our in-house developed learning management system that provides all employees with access to a broad range of e-learning and facilitator-led course topics to support their technical and professional skill development. During 2023, we increased the number of course topics available from 150 to over 300. In addition to this, we also extended the portal access from employees only to include contractors, subcontractors and affiliates. This was an important step for us to improve our ability to deliver mandatory training to individuals that work with Shearwater and must comply with company procedures and practices.

Alongside the 2023 annual performance review process kick-off at the end of the year, we launched the Development Lab – a professional skills course curriculum with 8 topics available to all employees to enrol in facilitator led courses either in-person or virtually. The pilot curriculum includes courses to build skills in critical thinking, communication, problem solving, and influencing others. We have experienced high levels of engagement for the courses rolled out and will be conducting evaluations post course completion to measure effectiveness.

We intend to continue to build upon this offering based on employee feedback during 2024 and provide additional learning content through a variety of methodologies to improve the learner's experience.

How will we improve?

In 2024 we are enforcing our employee development investments by employing a dedicated Global Learning & Development Manager who will handle designing and implementing our professional development learning for all employees. As part of their remit, they will be tasked with reviewing our existing mandatory and compliance training practices to drive engagement within our workforce and be a key contributor to the evolution of our talent management practices. A key focus for the Learning & development function in 2024 will be to review training system functionality, with a focus on improving the ability to track and report training hours

completed by employees and provide greater insight that will drive more accurate training needs analysis.

Our current dedicated training team will fully focus on the training and development for offshore operations, to further ensure we foster a safe and competent workforce on our complex and specialized vessels.

Social responsibility

Why it matters

Shearwater commits to engage with the communities we operate in.

We believe that this is beneficial to our employees, as it is an opportunity to gain new skills, connect with new people and give an overall feeling of accomplishment beyond delivering on daily tasks and responsibilities.

The engagement also creates opportunities for Shearwater to aid people facing difficulties such as poverty and access to proper education which supports our values of inclusion and equal opportunity.

Our approach

We are currently developing a Volunteering work Policy which will give clear guidelines on how we can support the community in line with our purpose and values.

We have a very engaged workforce who actively engage in their communities on an individual and team basis.

In addition, Shearwater has a program to contribute to foundations in India who do good for their local communities with 2% of our annual profit made in the country.

Our performance

Shearwater was very active contributing to our social responsibility in 2023. In this report we are addressing some initiatives proving the diversity of the engagement we experience across our organization.

Our employees at our production facilities in Penang have been highly active volunteering in 2023. They have engaged themselves in beach clean-up initiatives were also family members participated, supporting Women's Center for Change to promote Men's role in violence against women and helping a local autism center with housekeeping and maintenance of their facilities.

Colleagues in our offshore group spend their time off supporting a Moringa tree planting initiative outside Dubai under the aegis of WWF/ Emirates Foundation.

Besides being a green belt initiative, the trees will have an economic benefit for the local farmers.

In India, one of our offshore Contractors is spending much of his time off supporting the Signature Foundation – El Badalti Soch located in the Karjat area of Maharashtra state of India. The foundation supports underprivileged children particularly through educational initiatives and skill programs. They provide scholarships to eligible individuals and organize workshops covering health, hygiene, and topics beyond traditional education. In addition, the foundation has established a Gaushala for cow sheltering, Biogas production, Solar energy systems, a Plant Nursery and rainwater harvesting which acts to spread sustainability among local villagers. It also gives the children a better chance in life through education. Shearwater contributed to this initiative with the 2% from our 2023 profit made in India which will be used to set up and maintain a school nursery and improve the classroom facilities.

Our UK employees have planted 367 trees, removed 15 kg of plastic from the Ocean, and donated 310 meals and 63KL of water.

How will we improve?

Inspired by the 2023 performance, we aim to include more of our workforce to actively engage in social responsibility.

We expect that the implementation of the Volunteering work policy will make a positive difference.

For our 2024 employees bonus program, we have implemented a new mechanism to decide the level of bonus award that is granted to employees based on annual EBITDA achievement. If the Company's EBITDA performance is between 0.01% – 4.99% of the maximum award range, instead of granting this money to employees, Shearwater will create a global fund to be donated to charity. The charity chosen will be selected by asking all employees to vote for shortlisted options, ensuring that everyone can influence the decision on how the award they have contributed to is donated.

In India we are actively collaborating with our partners to identify where our 2% annual profit contribution will make the best difference.



RESPONSIBLE BUSINESS

As Shearwater's operations are global in scope, we abide by multiple laws and regulations in many jurisdictions regarding trade, corruption and bribery, competition and payments & compliance reporting.

Our ongoing governance and compliance processes, such as our mandatory training and workshops are therefore key to ensuring we are committed to our obligations and compliance as a business generally and individually as employees. We are mitigating the associated risks related to our business activities.

We monitor, manage and report on two material topics related to Responsible business:

- Ethical business conduct
- A healthy Supply chain

The topics support the key findings of Business conduct in our 2023 DMA.

You will find out more about our progress in [APPENDIX 01 - Sustainability Performance Data](#) of this report.

Ethical business conduct

Why it matters

In accordance with our DMA, business conduct is ranking highest in terms of financial materiality, which clearly demonstrates the importance of keeping a high standard of our governance processes. Any violation of law, regulations and ethical guidelines may have serious consequences for the company and our co-workers who could be subject to criminal liability.

Maintaining a high standard on ethical business conduct can also build greater trust and strengthen our relationships to our stakeholders on every level, including our Clients, Suppliers, Employees, third-parties, investors and the communities we operate in, which we believe generate greater value over time.

Our approach

At Shearwater, we are deeply committed to fostering a corporate culture that is anchored in transparency, integrity and ethical business practices, as described in our Code of Conduct.

We also emphasize a strong commitment towards keeping a transparent, responsible and ethical operational framework. This framework is formalized in our

Trade compliance, Corporate Social Responsibility, ESG and Intellectual Property Policies, and associated procedures are described further in guidelines on Whistleblowing, Anti-Corruption and Competition, Business Associates & sanctions, Auditing of Local Partners and Competition Law compliance. Based on this framework, we can actively address the identification, management and remediation of our material impacts, risks and opportunities related to business conduct matters.

We have established clear channels for identifying, reporting and investigating concerns about unlawful behaviour and/or conduct that contradicts our code of ethics. These channels include a dedicated trade compliance team and a corporate risk committee, in addition to our integrated management system and online whistleblowing system. These measures accommodate inputs from internal and external stakeholders, ensuring transparency and accountability in our operations.

In line with the applicable Whistle blowing legislation, Shearwater has established procedures to promptly, independently, and objectively investigate incidents involving corrupt practices.

The management body takes an active role in the operational implementation of the policies set forth by the administrative body. This includes setting sustainability goals, monitoring progress and fostering a workplace culture that emphasizes ethical conduct and environmental stewardship. Through active collaboration with various departments, our management body ensures that business conduct aligns with our sustainability objectives.

The Audit & Sustainability Committee, on behalf of the Board, oversees the company's compliance with the regulatory landscape.

We are promoting responsible behaviour, continuous development and evaluation of our corporate culture through periodic reviews, employee training and stakeholder engagements.

Our organization conducts regular training on business conduct, including the Board, our employees and suppliers. The training covers a wide range of topics such as anti-corruption, ethical business practices and corporate social responsibility. This training is designed to deepen the understanding and implementation of our business conduct policies and ensure they are being followed.

Our performance

In 2023, we implemented an audit program for all our Commercial agents, which has now been completed.

ESG Governance	Environmental Impact	People and Society	Responsible Business	Appendix
<p>All our suppliers need to adhere to the Shearwater Code of Conduct, which is secured by performing a due diligence process on all new suppliers as part of our supplier onboarding procedure.</p>			<p>environmental impact, social governance, economic viability and criticality to our business.</p>	
<p>We implemented a Trade Compliance Policy and reviewed all the relevant Policies related to our ethical business conduct framework.</p>			<p>We are in the process of inviting all our Critical Suppliers to submit their response to an external provider of business sustainability ratings. The purpose is to partner with our suppliers to identify and address sustainability challenges we might have in common and share best practice.</p>	
<p>Shearwater did not experience any incidents, convictions or fines of corruption and bribery in 2023. In this regard, incidents include where actors in Shearwater's value chain were involved, however, only Shearwater or its employees were directly implicated.</p>			<p>It also gives us a great opportunity to review the health of our own Supply chain and our sustainability processes and practice, find improvement areas and action them.</p>	
<p>How will we improve?</p> <p>As stated above, we have established a solid foundation for ensuring we run our business ethically. However, for this to work in practice, we need to ensure awareness and adherence on an ongoing basis.</p>			<p>We host sustainability workshops with suppliers who can have a significant impact on our scope 3 emissions or support us in reaching our ambitions for the reduction of our scope 1 emissions.</p>	
<p>To achieve this, we must constantly be working on emphasizing and implementing our approach to ethical business as stated in our policies, both internally and towards our suppliers and customers. This will be enforced by keeping the pressure on annual awareness training, improving internal procedures and holding third parties accountable.</p>			<p>Shearwater actively considers social and environmental criteria in the selection of our suppliers. Our Supplier Code of Conduct mandates adherence to stringent environmental standards and respectful and inclusive workplace practices.</p> <p>Potential suppliers undergo a thorough vetting process where their sustainability practices are reviewed.</p>	
<p>To succeed our entire organization needs to participate. To accommodate for this, secure and easily accessible channels for feedback are crucial, for instance a solid whistleblowing tool. Maintaining and improving such channels will be a focus going forward, to ensure that our people are being heard and feel that their contributions make a difference.</p>			<p>At Shearwater, we are dedicated to fostering positive and ethical relationships with our suppliers, which include many small and medium-sized enterprises (SMEs). We closely monitor our payment practices to ensure that we adhere to both contractual and statutory payment terms.</p>	
<p>A healthy supply chain</p>			<p>Payment to suppliers is governed by Shearwater General Terms & Conditions which is standard for all the suppliers. To prevent overdue payments, especially to SMEs, Shearwater has implemented strict payment processes.</p>	
<p>Why it matters</p> <p>A healthy supply chain is essential to satisfy our customers' needs, while minimizing our own sustainability risk exposure, reaching our emissions reductions ambitions, meet our scope 1 emission targets, contributing to our customers' scope 3 emissions goals and ensuring compliance with new legal requirements and social expectations.</p>			<p>Our performance</p> <p>Over the past year we have continued to standardize the supplier onboarding process, which will enhance our supplier compliance and due diligence control. We have introduced third-party software to help us manage this process and improve its efficiency.</p>	
<p>Our approach</p> <p>We recognize that maintaining strong and transparent relationships with our suppliers is a cornerstone to achieving a sustainable business model. We engage in continuous dialogue with our suppliers to identify, assess, and manage any potential risks and impacts within our supply chain. This includes aspects such as</p>			<p>We also continued to standardize procurement processes which will improve visibility and cost control over spending. We are implementing new procurement software which will streamline our purchasing processes and empower our purchasers with more control and visibility of our purchase order by integrating with our freight forwarder system.</p> <p>Shearwater continued to use our best endeavours to monitor and settle invoices from suppliers according to the contractual or statutory payment term.</p>	

How will we improve?

We continue to investigate opportunities for improvement in our processes to increase our efficiency, enhance regulatory compliance and minimize associated risks related to our supply chain.

In our procurement process, we are prioritizing the local purchases in the place we operate instead of importing from overseas to reduce emission from transportation. Each order request is reviewed by making sure the localizations are maximized. Orders are also being consolidated and shipped together as much as possible to reduce single urgent shipment. We have also started to collect data from these practices to build a base line for KPI which will enable monitoring of its performance in the future.

We look forward to having more dialogues with high impact suppliers such as fuel bunkers and freight forwarders to identify opportunities to reduce emissions. We will continue to maintain a strong and transparent relationship with our suppliers to achieve a sustainable business model while fulfilling our customer needs.



APPENDIX 01 - SUSTAINABILITY PERFORMANCE DATA

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
Environment							
Greenhouse Gas (GHG) emission and climate impact							
Gross location-based Scope 2 greenhouse gas emissions, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-49-(a)		3,856.32	3,564.70	3,255.47	2,780.83	345.90
Gross market-based Scope 2 greenhouse gas emissions, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-49-(b)		7,833.35	8,284.16	8,019.08	4,507.82	99.65
Total energy consumption related to own operations, Gigawatt hours	E1-5	302-1	1,364.75	1,352.44	1,380.39	1,315.04	1,030.85
Fuel consumption from crude oil and petroleum products, Gigawatt hours	E1-5	302-1	1,349.30	1,336.04	1,361.91	1,303.78	1,029.50
Total energy consumption from renewable sources, Gigawatt hours	E1-5	302-1	1.06	1.02	0.99	1.75	1.08
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources, Gigawatt hours			1.06	1.02	0.99	1.75	1.08
Total energy consumption from fossil sources, Gigawatt hours	E1-5	302-1	1,363.68	1,351.42	1,379.40	1,313.28	1,029.76
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources, Gigawatt hours	E1-5	302-1	15.37	15.39	17.49	9.50	0.26
Percentage of renewable sources in total energy consumption, Percentage	E1-5	302-1	0.08	0.08	0.07	0.13	0.11
Percentage of fossil sources in total energy consumption, Percentage	E1-5	302-1	99.92	99.92	99.93	99.87	99.89
Total energy consumption from activities in high climate impact sectors, Gigawatt hours	E1-5	302-3	1,364.75	1,352.44	1,380.39	1,315.04	1,030.85
Fuel consumption from renewable sources, Gigawatt hours	E1-5	302-1	0.00	0.00	0.00	0.00	0.00
Fuel consumption from other fossil sources, Gigawatt hours	E1-5	302-1	0.00	0.00	0.00	0.00	0.00
Fuel consumption from natural gas, Gigawatt hours	E1-5	302-1	0.00	0.00	0.00	0.00	0.00
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue), Percentage	E1-5	302-3	100.00	100.00	100.00	100.00	100.00
Gross Scope 1 greenhouse gas emissions, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-48-(a)		348,087.02	346,041.28	356,656.17	341,433.08	270,596.73
Gross Scopes 1 emissions - GHG emissions per scope [table], Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6	305-3,305-1,305-2	348,087.02	346,041.28	356,656.17	341,433.08	270,596.73
Gross Scopes 1, 2, 3 and Total GHG emissions - total GHG emissions - value chain [table], Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 52		448,596.50	444,919.88	453,908.08	430,518.90	337,388.42
Percentage of contractual instruments used for sale and purchase of unbundled energy attribute claims in relation to Scope 2 GHG emissions, Percentage	E1-6-AR 45-(d)		0.04				
Percentage of market-based Scope 2 GHG emissions linked to purchased electricity bundled with instruments, Percentage	E1-6-AR 45-(d)		4.70	4.30	4.14	10.94	79.12
Percentage of contractual instruments, Scope 2 GHG emissions, Percentage	E1-6-AR 45-(d)		4.74	4.30	4.14	10.94	79.12
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 3, Business travel, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		11,628.71	10,667.89	7,053.05	6,007.32	7,500.00
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 3, Cloud services, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		115.00				

ESG Governance

Environmental Impact

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Responsible Business

Appendix

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 3, Well to tank, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		80,926.68	79,923.68	82,175.89	78,568.25	59,192.05
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 3, Working from home, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		5.74				
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Bergen, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		2.77	1.96	1.10	1.75	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Farsund, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		29.08	29.44	33.27	37.66	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Gatwick, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		21.22	15.03	60.36	57.28	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Houston, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		16.16	16.16	64.40	191.74	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Kuala Lumpur, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		7.64	0.67			
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, La Marque, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		20.41	16.99	75.29	99.55	99.65
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Lyngdal, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		15.39	29.88	17.87		
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Mumbai, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		0.58				
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Oslo, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		3.89	5.77	3.24	1.41	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Penang, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		3,654.84	3,367.36	2,757.29	2,006.87	
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Perth, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		21.26	21.03	22.24		
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Redhill, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		61.74	59.50	219.44	343.59	246.25
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Reykjavik, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		0.09	0.004			
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Rio de Janerio, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		0.40	0.07	0.13	0.06	

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
GHG emissions - by country, operating segments, economic activity, subsidiary, GHG category or source type - Scope 2, Singapore, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-AR 41		0.83	0.83	0.83	0.34	
Gross Scopes 2 emissions - GHG emissions per scope [table], Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6	305-3,305-1,305-2	3,856.30	3,564.70	3,255.50	2,780.80	345.90
Percentage of GHG Scope 3 calculated using primary data, Percentage	E1-6-AR 46-(g)		99.99	100.00	100.00	100.00	100.00
Gross Scope 3 greenhouse gas emissions, Business traveling, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-51		11,628.71	10,667.89	7,053.05	6,007.32	7,500.00
Gross Scope 3 greenhouse gas emissions, Cloud computing and data centre services, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-51		115.00				
Gross Scope 3 greenhouse gas emissions, Employee commuting, Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-51		5.74	2.87	3.90	2.44	
Gross Scope 3 greenhouse gas emissions, Fuel and energy-related Activities (not included in Scope1 or Scope 2), Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-51		80,922.09	79,923.68	82,175.89	78,568.25	59,192.05
Gross Scopes 1, 2, 3 and Total GHG emissions - financial and operational control - Consolidated Accounting Group [table], Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6-50		448,596.50	444,919.88	453,908.08	430,518.90	337,388.42
Percentage of Scope 1 GHG emissions from regulated emission trading schemes, Percentage	E1-6-48-(b)						
Gross Scopes 3 emissions - GHG emissions per scope [table], Metric tons of carbon dioxide equivalents (tCO ₂ -e)	E1-6	305-3,305-1,305-2	92,676.13	90,594.44	89,232.84	84,578.00	66,692.05
Group (Scope 1 & 2), tCO ₂ e/\$milUSD			386.20	488.30	685.61	586.64	632.62
Data Centers (Scope 2), tCO ₂ e/TFLOP			0.03	0.12	0.11	0.20	0.19
Offshore Vessel Operations (WtW), tCO ₂ e/AVM			2,327.87	2,766.79	3,294.82	3,267.84	3,789.32
Intensity per Project Type (WtW) 2D, tCO ₂ e/km			0.61	0.54	—	0.58	0.78
Intensity per Project Type (WtW), 3D, tCO ₂ e/km ²			3.05	3.71	3.59	3.41	2.62
Intensity per Project Type (WtW), 4D, tCO ₂ e/km ²			4.59	14.47	12.76	7.57	6.89
Intensity per Project Type (WtW), OBS, tCO ₂ e/km ²			11.06	19.24	18.33	9.55	49.77
Waste management, pollution, biodiversity loss and protection							
Emissions to air by pollutant, Nitrogen Oxides (NOx), Metric tons (t)	E2-4	305-7	5,318.59	5,240.25	5,301.62	5,298.88	4,369.68
Emissions to air by pollutant, Sulphur Dioxide (SO ₂), Metric tons (t)	E2-4	305-7	196.20	212.72	219.24	209.88	1,363.61
Offshore Vessel Waste, Incinerated Onboard, 1,000 m ³			1.06	1.00	1.11		
Offshore Vessel Waste, Delivered to Shore, 1,000 m ³			3.25	3.10	2.58		
Offshore Vessel Waste, Organic Waste to Sea, 1,000 m ³			0.02	0.10	0.07		
Offshore Vessel Waste, Total, 1,000 m ³			4.34	4.20	3.77		
Onshore Asset Disposal, Kilograms			667,908.00	51,950.00	43,787.00	38,494.00	
Volume of Spills to Sea, Spilled, Liters			111.80	33.72	43.10	809.80	102.80
Volume of Spills to Sea, Contained, Liters			86.20	20.00	40.00	793.80	102.80
Volume of Spills to Sea, Breached, Liters			25.60	13.70	3.10	16.00	
Number of Spills to Sea, Number			15	3	4	13	4
Recovered Ghost Nets / Marine Debris, Metric tons			40.93	15.01	26.69	35.04	9.66
Resource use and circular economy							
Total Waste generated, Metric tons	E5-5	306-3	667.91	51.95	43.79	38.49	

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
Non-hazardous waste directed to disposal by landfilling, 1000m³	E5-5-37-(c)-ii		3.25	3.10	2.58		
Non-hazardous waste directed to disposal by incineration, 1000m³	E5-5-37-(c)-i		1.06	1.00	1.11		
Governance							
Responsible business							
Whistleblowing Incidents, Number			6	6	0	1	
Facilitation Payments Recorded, Number			0	0	0	0	0
Bribery & Corruption Training, Percentage			93%	82%	20%		
Competition Law, Percentage			82%	81%			
Number of confirmed incidents of corruption or bribery, Number	G1-4-25-(a)		0	0	0	0	0
Number of outstanding legal proceedings for late payments, Number	G1-6-33-(c)		0	0	0	0	0
Code of Conduct acknowledgement & compliance commitment, Percentage			100%	100%	100%		
Trade Compliance Due Diligence, Percentage			100%	100%	100%		
Number of convictions for violation of anti-corruption and anti- bribery laws, Number	G1-4	3-3,2-27	0	0	0	0	
Percentage of functions-at-risk covered by training programmes, Finance, Percentage	G1-3	205-2	66%				
Percentage of functions-at-risk covered by training programmes, Human Resources, Percentage	G1-3	205-2	73%				
Percentage of functions-at-risk covered by training programmes, Sales and Marketing, Percentage	G1-3	205-2	79%				
Percentage of functions-at-risk covered by training programmes, Supply Chain Management, Percentage	G1-3	205-2	100%				
Social							
Human and labour rights							
Number of incidents of discrimination, Age, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Disability, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Ethnic, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Gender, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Nationality, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Other, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Religion, Number	S1-17	406-1	0	0	0	0	0
Number of incidents of discrimination, Sexual orientation, Number	S1-17	406-1	0	0	0	0	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises, Number	S1-17-104-(a)		0	0	0	0	0
Number of severe human rights issues and incidents connected to own workforce, Number	S1-17-104-(a)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Age, Number	S1-17-103-(b)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Disability, Number	S1-17-103-(b)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Ethnic, Number	S1-17-103-(b)		0	0	0	0	0

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
Number of complaints filed through channels for people in own workforce to raise concerns, Gender, Number	S1-17-103-(b)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Nationality, Number	S1-17-103-(b)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Religion, Number	S1-17-103-(b)		0	0	0	0	0
Number of complaints filed through channels for people in own workforce to raise concerns, Sexual orientation, Number	S1-17-103-(b)		0	0	0	0	0
Information about reconciliation of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors with most relevant amount presented in financial statements, Number	S1-17	2-27	0	0	0	0	0
Percentage of employees entitled to take family-related leave, Female, Percentage	S1-15	401-3	100%	100%	100%	100%	100%
Percentage of employees entitled to take family-related leave, Male, Percentage	S1-15	401-3	100%	100%	100%	100%	100%
Percentage of employees entitled to take family-related leave, Total, Percentage	S1-15	401-3	100%	100%	100%	100%	100%
Safety and occupational health							
Number of fatalities in own workforce as result of work-related injuries and work-related ill health, Employees, Number	S1-14	403-8,403-9	0	0	0	0	0
Number of fatalities in own workforce as result of work-related injuries and work-related ill health, Non-employees, Number	S1-14	403-8,403-9	0	0	0	0	0
Number of fatalities in own workforce as result of work-related injuries and work-related ill health, Value chain workers on employer's sites, Number	S1-14	403-8,403-9	0	0	0	0	0
Number of recordable work-related accidents for own workforce, Employees, Number	S1-14	403-8,403-9	11	15	7	12	4
Rate of recordable work-related accidents for own workforce, Employees, Number	S1-14	403-8,403-9	1.89	3.06	1.59	2.92	1.93
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines, Employees, Percentage	S1-14	403-8	100%	100%	100%	100%	100%
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines, Non-employees, Percentage	S1-14	403-8	100%	100%	100%	100%	100%
Percentage of people in its own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines, Value chain workers on employer's sites, Percentage	S1-14	403-8	100%	100%	100%	100%	100%
Diversity and inclusion							
Number of employees (head count) at top management level, Female, Number	S1-9	405-1	6				
Number of employees (head count) at top management level, Male, Number	S1-9	405-1	20				
Number of employees (head count) at top management level, Total, Number	S1-9	405-1	26				
Percentage of employees at top management level, Female, Percentage	S1-9	405-1	23%	19%	22%	19%	
Percentage of employees at top management level, Male, Percentage	S1-9	405-1	77%	81%	78%	81%	
Percentage of employees at top management level, Total, Percentage	S1-9	405-1	2%				
Number of employees (head count) between 30 and 50 years old, Percentage	S1-9	405-1	68%				
Percentage of employees under 30 years old, Percentage	S1-9	405-1	10%				
Percentage of employees over 50 years old, Percentage	S1-9	405-1	22%				
Percentage of entitled employees that took family-related leave, Female, Percentage	S1-15	401-3	54%	64%	73%	65%	

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
Percentage of entitled employees that took family-related leave, Male, Percentage	S1-15	401-3	46%	36%	27%	35%	
Percentage of entitled employees that took family-related leave, Total, Percentage	S1-15	401-3	16%				
Number of employee who have left undertaking, Number	S1-6	401-1	38	56	43	83	
Percentage of employee turnover, Percentage	S1-6	401-1	4%	6%	5%	10%	
Number of employees in countries with 50 or more employees, APAC, Number	S1-6	2-7,405-1	182	141	96	89	82
Number of employees in countries with 50 or more employees, Europe, Number	S1-6	2-7,405-1	357	306	278	240	232
Number of employees in countries with 50 or more employees, NALA, Number	S1-6	2-7,405-1	51	40	34	27	27
Number of employees in countries with 50 or more employees, Offshore employees, Number	S1-6	2-7,405-1	610	534	467	449	376
Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees, Female, Number	S1-6	2-7,405-1	223	184	149	129	100
Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees, Male, Number	S1-6	2-7,405-1	977	837	726	676	617
Average number of employees in countries with 50 or more employees representing at least 10% of total number of employees, Total, Number	S1-6	2-7,405-1	1,200	1,021	875	805	717
Percentage of employees that participated in regular performance and career development reviews, Female, Percentage	S1-13-83-(a)		92%				
Percentage of employees that participated in regular performance and career development reviews, Male, Percentage	S1-13-83-(a)		92%				
Percentage of employees that participated in regular performance and career development reviews, Total, Percentage	S1-13-83-(a)		92%				
Gender pay gap, Administrative, Percentage	S1-16	405-2	28%				
Gender pay gap, Manual, Percentage	S1-16	405-2	7%				
Gender pay gap, Executive, Percentage	S1-16	405-2	15%				
Gender pay gap, Senior Leader, Percentage	S1-16	405-2	15%				
Gender pay gap, Med Man/Tech Lead, Percentage	S1-16	405-2	16%				
Gender pay gap, Prof/ Sup, Percentage	S1-16	405-2	28%				
Percentage of own workforce who are covered by health and safety management system based on legal requirements and (or) recognised standards or guidelines and which has been internally audited and (or) audited or certified by external party, Percentage	S1-14	403-8	100%	100%	100%	100%	100%
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, HIPO, Number	S1-14	403-8	0.34	0.61	1.14	0.73	0.30
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, HPI, Number	S1-14	403-8	2.00	3.00	5.00	3.00	1.00
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, Lost Time Injuries, Number	S1-14	403-8	4.00	6.00	2.00	2.00	1.00
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, LTIF, Number	S1-14	403-8	0.69	1.21	0.47	0.50	0.33
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, TRIR, Number	S1-14	403-8	1.89	3.03	1.65	3.02	1.32
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, Medical Treatment, Number	S1-14	403-8	4.00	2.00	1.00	9.00	2.00

	ESRS Reference	GRI Reference	2023	2022	2021	2020	2019
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, Restricted Work Case, Number	S1-14	403-8	3.00	7.00	4.00	1.00	1.00
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, TRI, Number	S1-14	403-8	11.00	15.00	7.00	12.00	4.00
Percentage of male offshore, Percentage	0	0	93%	94%	94%	95%	
Percentage of female offshore, Percentage	0	0	7%	6%	6%	5%	
Number of workforce exposure hours, Number	0	0	5,800,000	5,700,000	4,400,000	4,100,000	3,300,000
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites, Number	S1-14	403-8,403-9	—	—	—	—	—
Percentage of non-employees paid below adequate wage, Offshore employees, Percentage	S1-10	202-1	—	—	—	—	—
Percentage of employees paid below the applicable adequate wage benchmark, Offshore employees, Percentage	S1-10	202-1	—	—	—	—	—
Emergency Response Drills Conducted, Number			2,411	1,891	1,855	1,405	628

APPENDIX 02 - TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD)

Introduction

Shearwater has matured its TCFD disclosures over the last 3 years by progressively implementing the TCFD recommendations. This report intends to provide stakeholders with a clear understanding of Shearwater's strategy, plans and commitment to addressing the challenges and opportunities presented by climate change.

TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURE (TCFD)	
GOVERNANCE	The Board of Directors oversee Shearwater's strategy and efforts in assessing climate related risks and opportunities. See section ESG Governance of the Sustainability Report for a discussion of sustainability governance at Shearwater including governance of climate-related risks and opportunities. Climate related risk and opportunities and the impact on Shearwater are subject to the same governance processes as other corporate risks and opportunities.
RISK MANAGEMENT	Shearwater acknowledges that climate change poses risk to our business. Our approach to managing climate related risks follows our enterprise wide risk management (ERM) process. We continue to mature our understanding of these risks and our responses. The ERM process includes a bi-annual risk assessment which collects, categorises, and evaluates identified risks from various layers of the organisation. Risks are clustered into categories including a climate-related category. All risks are evaluated based on their severity and probability. Responses are identified as potential barriers to action and timelines for implementation. The bi-annual process also serves as a monitoring tool for progress on agreed response implementation. The results are shared and discussed with the Board of Directors.
STRATEGY	<p>As the leading and largest marine seismic company in the industry Shearwater is committed to joining forces with our clients and partners to provide safe, affordable, and responsibly sourced energy to meet the planet's needs. We are focused both on minimizing the impact of our core business and exploring ways to bring our technology, experience, and competencies to new markets.</p> <p>See our Table of Risks and Opportunities that follows for details of the material risks and opportunities, our assessment of impact, our identities responses and scenario relevant considerations.</p>
	<p>Resilience</p> <p>In 2022 we continued our journey toward incorporating scenario analysis into our evaluation of climate related risks and opportunities. Our approach continues to be qualitative for the time being. For this reporting period we considered the scenarios listed below. These public scenarios were selected because they provide assumptions relevant to our business. Shearwater operates in a marine environment so it is important to consider the impact of climate change on the oceans and coastal areas in terms of physical and transition risks. The RCPs (Representative Concentration Pathways) provide a good back drop at the low and high end to assess our business strategy in terms of physical risks and to consider any mitigations necessary to remain resilient. Equally, with the focus on the energy industry, the IEA scenarios provide us the opportunity to consider the impact of a scenario of aggressive mitigation and one of low mitigation.</p> <p>We believe that our strategy includes a robust climate change response plan and is resilient. Our table of Risks and Opportunities includes relevant scenario considerations.</p> <p>Scenarios Considered:</p> <ol style="list-style-type: none"> 1. RCP 2.6 (low emission, Paris aligned) and RCP 6 (High to medium emission) for Physical Risks 2. International Energy Agency (IEA) Stated Policies Scenario (STEPS) and IEA Announced Pledges (APS) (not likely to exceed 2°C) for Transition Risks
METRICS AND TARGETS	<p>Please see Appendix 1 for our Sustainability performance data. This includes our Scope 1 and 2 emissions and the additional metrics we report on.</p> <p>We have committed to reducing the carbon intensity of our offshore operations, by 35% by 2030 relative to 2019.</p>

For the purposes of these disclosures Shearwater defines the Short Term as 0-2 years, Medium Term as 3-8 years, and the Long Term as 8+ years.

Risks

Risk category			Impact			Response		Scenario
		Risk	Timeframe	Vulnerability	Potential financial impact	Response	Actions	Considerations
Physical	Active	Increased severity and frequency of extreme weather potentially leading to: -impacted transits -disruption of operations, more downtime -damage to assets, shorter asset life, decreased effectiveness of equipment -spills to the environment -increased risk to crew -stranded assets						<p>We consider this risk to be potentially relevant in an RCP 6, high emission scenario and with potential impact in the very long term currently outside our strategic planning horizon.</p> <p>We consider our current equipment capabilities together with support tools and business models resilient in terms of weather impact.</p>
Transition	Policy	Emissions regulations restricting or penalising emissions from operations (e.g. mandatory carbon offset schemes)	Short - Term ↑ mid to long term	High	<ul style="list-style-type: none"> ▪ increase costs (fees, penalties, insurance) ▪ increase cost of capital ▪ cost of adaptation ▪ cost of compliance 	Comply Mitigate Share	<ul style="list-style-type: none"> ▪ robust decarbonization plan ▪ improved reporting ▪ low carbon technologies ▪ diversify to new markets ▪ engage with regulators 	<p>We anticipate minor changes in this cluster of risks under the Stated Policies Scenario (STEPS) and consider our response and actions sufficient.</p> <p>Under the Announced Pledges Scenario (APS), we would expect this cluster of risks to intensify both in terms of pace and scope. In parallel we would expect to see increased opportunities in new energy and low carbon markets. In this scenario we would increase the pace and breadth of our response to keep in step with regulatory and market demands.</p>
		Permits, License to Operate	Short Term ↑ mid to long term	High	<ul style="list-style-type: none"> ▪ increase costs ▪ more detailed emission regulations ▪ increased demand to reporting, documentation and control 	Comply Mitigate Share		

ESG Governance

Environmental Impact

People and Society

Responsible Business

Appendix

		Increased regulation designed to limit capital flow to activities deemed not sustainable	Short Term ↑ mid to long term	High	<ul style="list-style-type: none"> ▪ increase cost of capital ▪ access to capital 	Mitigate		
	Market & Technology	Growing market requirements for low-carbon/low impact equipment and lower carbon operations and options	Medium Term	High	<ul style="list-style-type: none"> ▪ increase R&D investments ▪ increased Capex ▪ increased Opex 	Mitigate Share	<ul style="list-style-type: none"> ▪ collaborate with industry ▪ share cost of adaptation ▪ pricing to reflect increase costs ▪ leverage technology (e.g. ocean bottom nodes, low frequency source, marine vibrator) ▪ could be an opportunity for new services & solutions 	<p>We anticipate minor changes in this risk under STEPS and consider our response and actions sufficient.</p> <p>Under APS we would expect an increase in demand for low carbon/low impact solutions and options. We would also expect greater willingness to pay by customers. In this scenario industry collaborations, technology partnerships and shared cost of adaptation become even more important.</p>
		Reduced investment in oil & gas	Mid to Long term	High	increased investment to support diversification	Mitigate	▪ diversify	<p>We anticipate minor changes in this risk under STEPS and consider our response and actions sufficient.</p> <p>Under APS driven by an accelerated transition to non-fossil fuels and tighter regulations we would expect to see a more aggressive shift of capital away from oil and gas. In this scenario we would expect an earlier impact from this risk. In parallel we would expect to see greater investment in alternative energies. In this scenario we would accelerate our response and action.</p>
		Decrease in demand for hydrocarbons	Long term	High	<ul style="list-style-type: none"> ▪ initial increase in revenues from prior under investment and timed exploration and production horizon ▪ eventual decrease in revenue from exploration but potentially balanced by increase in revenue from development focus, infrastructure led exploration, seismic for CCS, 	Mitigate	<ul style="list-style-type: none"> ▪ diversify ▪ could present a near term opportunity 	<p>Under STEPS natural gas demand reaches a plateau by the end of the decade and oil demand peaks in the mid-2030's, with total demand for fossil fuels falling to around 60% of the energy mix by 2050. We do not expect a change in our response to this scenario.</p> <p>Under APS demand for oil and gas declines faster and we would expect an earlier impact from this risk. In parallel we would expect to see greater investment in alternative energies. In this scenario we would accelerate our response.</p>

ESG Governance		Environmental Impact			People and Society		Responsible Business	Appendix
		Rising energy costs	Short to Mid term	Medium	▪ increase operating costs	Mitigate Share	<ul style="list-style-type: none"> ▪ better more efficient equipment ▪ lower cost, alternative energy locations for our data center (.e.g. Iceland) ▪ diligent monitoring of power usage effectiveness (PUE) 	We do not expect a change to our response and actions in either STEPS or APS.
		Geopolitical Instability	Ongoing	High	▪ market volatility, prices	Accept		We do not expect a change to this risk in either STEPS or APS
	Reputation	Stigmatization of oil and gas sector impacting: -access to capital -stakeholder concern -talent appeal -people	Short Term	High	<ul style="list-style-type: none"> ▪ increase costs of communication ▪ increase cost of training ▪ increase cost of retention 	Mitigate	<ul style="list-style-type: none"> ▪ well developed employer brand and value proposition ▪ effective marketing and communication ▪ successfully implement mitigation measure for regulatory, market and technology risks ▪ invest in competency mapping and reskilling of people 	We do not expect a change to our response and actions in either STEPS or APS

* *Vulnerability – degree of exposure to the risk*

Opportunities

Several of the risks identified also represent opportunities. Below we list the opportunities we have identified as relevant to Shearwater.

Opportunity category		Impact		Response		Scenario analysis
Resource Efficiency	Opportunity	Timeframe	Potential financial impact	Response	Actions	Considerations
	Reduce Carbon Intensity of offshore operations	short -term	<ul style="list-style-type: none"> decreased operating cost driven by increased efficiency 	Pursue	<ul style="list-style-type: none"> Committed to reducing carbon intensity of our offshore operations measured as CO2e/Active Vessel Month, by 35%relative to 2019. Aligned with IMO decarbonisation strategy. <p>To be achieved through a combination of efficient initiatives.</p>	We do not expect a change to our response or action in either STEPS or APS.
	Reduce movement of equipment and goods to and from vessels	short-term	<ul style="list-style-type: none"> decreased operating cost 	Pursue	<ul style="list-style-type: none"> We have adopted a KPI to map movement, measure impact and set reduction target. 	We do not expect a change to our response or action in either STEPS or APS.
Markets , Products & Services, Technology	Develop new technologies, solutions and services that achieve lower carbon outcomes and/ or reduced ecological impact (e.g. marine vibrator, eco-options, data repurposing, fully invested multi-data platform)	on going	<ul style="list-style-type: none"> new revenue streams increased revenue from value add options 	Collaborate Monitor Plan	Put in place appropriate structure and adequate investment	<p>We do not expect a change to our response or actions in STEPS.</p> <p>In APS we expect to see an increase in demand for these technologies, solutions and services matched by greater interest to collaborate and greater willingness to pay. In this scenario we would accelerate and potentially expand our response.</p>
	Diversify into new markets	short-term now	<ul style="list-style-type: none"> new revenue streams 	Pursue	Structure company to support diversification and expansion	<p>We do not expect a change to our response or actions in STEPS</p> <p>In APS we expect to see an increase in demand and investment in alternative energies and markets and we would accelerate our response to keep in step with market developments.</p>
	Higher entry barriers for new entrants into seismic industry	medium - long	<ul style="list-style-type: none"> greater security of revenue streams 	Ignore	No action required	We do not expect a change to this opportunity in ether scenario
	New Clients	short-medium	<ul style="list-style-type: none"> new revenue streams 	Pursue	No specific action, will follow diversification and expansion	This will follow market developments
	New Geographies for exploration	medium -long	<ul style="list-style-type: none"> increase revenues 	Monitor	No specific action required at the moment	In APS we would expect this opportunity not to materialise
	Reskilling of People	medium - long	<ul style="list-style-type: none"> decrease costs of recruiting and 'poor fit' selection 	Monitor	Competency mapping and development for resource planning and utilization	We do not expect a change to this opportunity in ether scenario

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