



Sustainability Report

SHEARWATER GEOSERVICES HOLDING AS

SHEARWATER

Shearwater ESG 2021 Report

We Know the Sub-Seabed!

The geophysical data Shearwater GeoServices AS acquires for our clients are vital to their planning and decision making for long-term value creation and for reducing potential negative impacts of their offshore energy activities.

We believe in increased long-term demand for geophysical data, and our fleet of modern, fuel-efficient vessels equipped with the latest in seismic technology is supported by state-of-the-art processing and imaging software to chart, process and image subsurface structures.

This enables our clients to increase the probability of exploration success, improve well-placement, reduce the number of production wells in the field development phase, and support production optimisation over time to maximise recovery with the smallest possible footprint.

We provide seismic data by using the best technology currently available, supported by a team of highly competent, experienced and dedicated people. We are constantly searching for improvements. Shearwater invests in research, development and production of the next generation of seismic sensors and sources to make data collection more efficient while reducing its impact on the marine environment. We are also preparing the next generation of seismic personnel by employing and educating trainees and cadets.

Measuring and understanding the seabed and geological substructures are key factors for several energy transition and climate initiatives such as carbon capture, utilisation and storage (CCUS) and the development of offshore wind energy production. Deep-sea mining also holds the potential to contribute to the energy transition through potential discovery and extraction of marine minerals to support the electrification of society.

In 2021, we established specific working groups to further explore the opportunities and challenges within these three potential markets and outline how we can leverage our expertise in partnership with our clients to develop new sustainable business solutions. The first project to materialise from this work is a combined deep sea and shallow water CCUS project in Liverpool Bay, UK.

Shearwater supports the Paris Agreement and the UN Sustainability Development Goals (SDGs). Sustainability is a key element of our strategy execution, structured around prioritised areas with the most material impacts.

This report aims to describe the material environmental, social and governance (ESG) factors tied to Shearwater's business operations and how these factors are integrated in the Group strategy for long-term value creation, and in operational and financial risk management.

SHEARWATER



Shearwater's modern fleet, expert imaging teams and innovative software combine to offer exceptional results. The powerful fleet, complete with modern technology, is manned by experienced crews working safely and efficiently in all operating conditions to deliver a cost-effective and high-quality service.

Shearwater is the cutting-edge geophysical services company.

Message From the CEO

Shearwater GeoServices is a global leader in marine seismic acquisition. We have proven our resilience and ability to navigate a worldwide downturn in our core markets and a global pandemic without compromising on our responsibility to conduct operations in a safe, responsible and ethical manner to support long-term value creation for all stakeholders while minimizing negative impacts.

We provide our clients with quality seismic data to support the execution of their strategies by combining global reach, scale and technology leadership with an efficient and financially robust operating platform. A highly experienced team with a strong Shearwater culture and commitment to geophysics is our foundation for delivering operational excellence and creating lasting client and partner relationships for mutual value generation.

Shared Objectives

We continuously focus on developing our ability to impact and improve on our material environmental, social and governance (ESG) factors with an ambition to unlock our full potential through operational efficiencies, technology development and industry collaboration. Together with our clients, partners and the society at large, we share a common objective of minimising the environmental impact of oil and gas exploration and production (E&P) activities while ensuring safe, secure and ethical supply of affordable energy to support economic growth and reduction of inequalities.

The Russian invasion of Ukraine in early 2022 has highlighted the vulnerability of global energy supply. We, our clients and our markets are affected.

Our deepest concerns go out to the Ukrainian people. We have nationals from both countries on our vessels, representing important maritime competence and heritage. As our employees, they are treated equally and continue to work side by side on our vessels, as good colleagues, at their own request. We are however supporting our Ukrainian crew and their families to relocate if they are forced to leave their home country.

Sustainable Business

In 2019, we established a separate committee to oversee and support our ESG work, facilitate anchoring, awareness and high standards across the organisation and the Board of Directors. In 2021 and early 2022, we have further strengthened the sustainability competence and capabilities of Shearwater organisation, including at management and board level. We also further developed our related policies and risk management. Shearwater is an integrated part of the E&P value chain. We rely on a strong and well-established HSEQ framework which has enabled a proactive handling of COVID-19 pandemic. It also serves as a foundation for the integration of sustainability in our business strategy and our continuous work to improve on measuring and transparently report on our development.

Long-Term Opportunities

Oil and gas will remain an important part of the world's energy supply for many decades. At the same time, we collectively work with our clients to transition into a low-carbon society. This is reflected in increased investments in offshore wind, carbon storage, geothermal and other areas.

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Together with our clients, partners and the society at large, we share a common objective of minimising the environmental impact of oil and gas exploration and production (E&P) activities.

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Irene Waage Basili

Irene Waage Basili
CEO, Shearwater GeoServices AS

We are already active within carbon capture and storage, and we are considering the potential in offshore wind and deep-sea minerals. As geophysicists, we are well positioned to capture these new opportunities for Shearwater to grow and develop, while we continue to invest in improving the footprint of what is still our core business.

We see long-term demand for our existing assets and services and are confident that we have the assets, technology and skills to expand into new markets. We are therefore uniquely positioned for a recovering seismic market and fully prepared to transform our business over time to capture value creation opportunities in new emerging low-carbon and energy transition markets.



In 2021, we assigned three project groups representing the research & development, technology and sales departments to consider carbon capture, utilisation and storage (CCUS), marine mining and offshore wind as new business opportunities for by Shearwater.

CCUS is currently seen as the most mature of the business opportunities where we can use existing equipment and personnel to meet our client's expectations. Shearwater is already active in the CCUS market through contracts for Eni in Liverpool Bay and the Northern Endurance Partnership in the North Sea.

We are expanding our focus on CCUS through investments and collaborations with key stakeholders on underwater technology and expertise. There will be a need for geophysical services in the deep-sea marine minerals market, but it is expected that further studies will be required to ensure an environmentally friendly business. We aim to become more relevant to the industry by increasing our investments in cooperation with national research institutions and academia.

We have identified a major potential in the offshore wind business as the wind parks, due to natural causes, will have to be placed in geographical areas where we normally operate. We aim to develop fit-for-purpose technologies and survey designs to increase the efficiency of the offshore wind market.

Sustainability Governance

Shearwater's Board of Directors, management and governance structures aim to ensure compliance with all relevant government requirements, laws and regulations. The Group has established a Code of Conduct and corporate social responsibility policy which supports the safeguarding of the environment, employees and society in general. Ethical, social and environmental considerations are well-integrated in our daily operations, and our values of safety, quality and integrity underpin everything we do.

The Board of Directors has the overall responsibility for aligning Shearwater's strategy and ESG considerations. In 2021, a new member with extensive ESG competence joined the Board.

The day-to-day ESG responsibility lies with the CEO, supported by the Executive management Team. The CEO oversees and reports to the Board on development and progress related to key strategic sustainability-linked objectives. Material topics such as health and safety are subject to review at each board meeting and KPIs related to QHSE performance and emission improvement initiatives are reported monthly to the Board.

In 2021, Shearwater established a Global ESG Manager position. The appointed manager shall develop and implement the Group's ESG strategy and drive the initiatives across the Shearwater Group in cooperation with the ESG Committee. The Global ESG Manager reports to the Group Chief Technology Officer who is a member of the Executive Management Team. The in-house ESG competence has been further increased by the appointment of a dedicated ESG analyst in early 2022 with the responsibility to ensure data quality and to develop our emission reporting in line with applicable rules and regulations.

Our continuous ambition is to ensure the alignment of our strategy for sustainability and ESG with the overall business strategy and improve and expand the scope of our ongoing ESG initiatives.

Our Contribution to the UN Global Compact and Sustainable Development Goals

In 2021 we implemented an Environmental, Social and Governance Policy which commits Shearwater to good corporate social governance by following the ten principles of the United Nations Global Compact.

We also commit to specific ESG initiatives supporting six of the UN Sustainable Development Goals.



Safe Operations and a Healthy Working Environment

OUR POLICY:

We respect and protect labour rights and provide safe and secure healthy working environment for all our employees.

We have implemented a comprehensive QHSE programme to ensure the health and safety for all employees onshore and offshore.

OUR GOALS:

Maintain a safe, secure and healthy working environment for employees and contractors.

OUR TARGETS:

- No fatalities
- No serious incidents
- No lost time incidents



People and Society

OUR POLICY:

We want to build a respectful and value-based corporate culture, improving equality across all levels of the organisation through a diversity of perspectives, experience, cultural backgrounds, genders and views.

We encourage women to pursue a career in our industry.

OUR GOALS:

Develop people, promote diversity and always respect labour and human rights.

OUR TARGETS:

- Compliance with labour practices and human rights
- Active development programmes in all parts of the organisation
- **Offshore:** Increase female workers from 5% in 2020 to 7.5% by 2023
- **Onshore:** Increase female share of three highest management levels from 19% in 2020 to 30% by 2026



Ethical Business Conduct

OUR POLICY:

We respect human rights and universal labour principles and strive for integrity and compliance with the principles of good business ethics throughout all our activities. Our work is intended to create an open and responsible business culture. We take a zero-tolerance approach to corruption and bribes. Continuous training and risk assessments help us increase awareness and act responsibly.

OUR GOALS:

Promote high ethical standards throughout everything we do and maintain strong governance structures.

OUR TARGETS:

- 100% of employees receive training in anti-corruption
- 100% of all reported incidents will be followed up
- 100% of all suppliers assessed/ signed code of conduct



Climate Change and Energy Transition

OUR POLICY:

We want to be a recognised global leader in carbon capture, utilisation and storage (CCUS) monitoring.

By leveraging our data, insights and competencies, our solutions can help customers improving energy efficiency and ease the transition into new energy markets. consumption and waste generation from our operations.

OUR GOALS:

Provide solutions to facilitate the transition towards a sustainable energy future on the environment and energy use.

OUR TARGETS:

- Increase client dialogues to identify CCUS monitoring needs/priorities
- Participation in academic/industry fora to promote CCUS and explore new technical solutions
- Develop new in-house fit-for-purpose acquisition solutions for renewable energy production



Protecting the Environment Via Scale and Efficiency

OUR POLICY:

We apply best practices and follow strict industry standards to conserve the seas and marine resources by constantly seeking more sustainable solutions for reducing emissions, spills, noise and any unwanted impact on marine life from our operations.

We shall minimise energy consumption and waste generation from our operations.

OUR GOALS:

Continuously look for ways to improve the efficiency of our operations in terms of our impact on the environment and energy use.

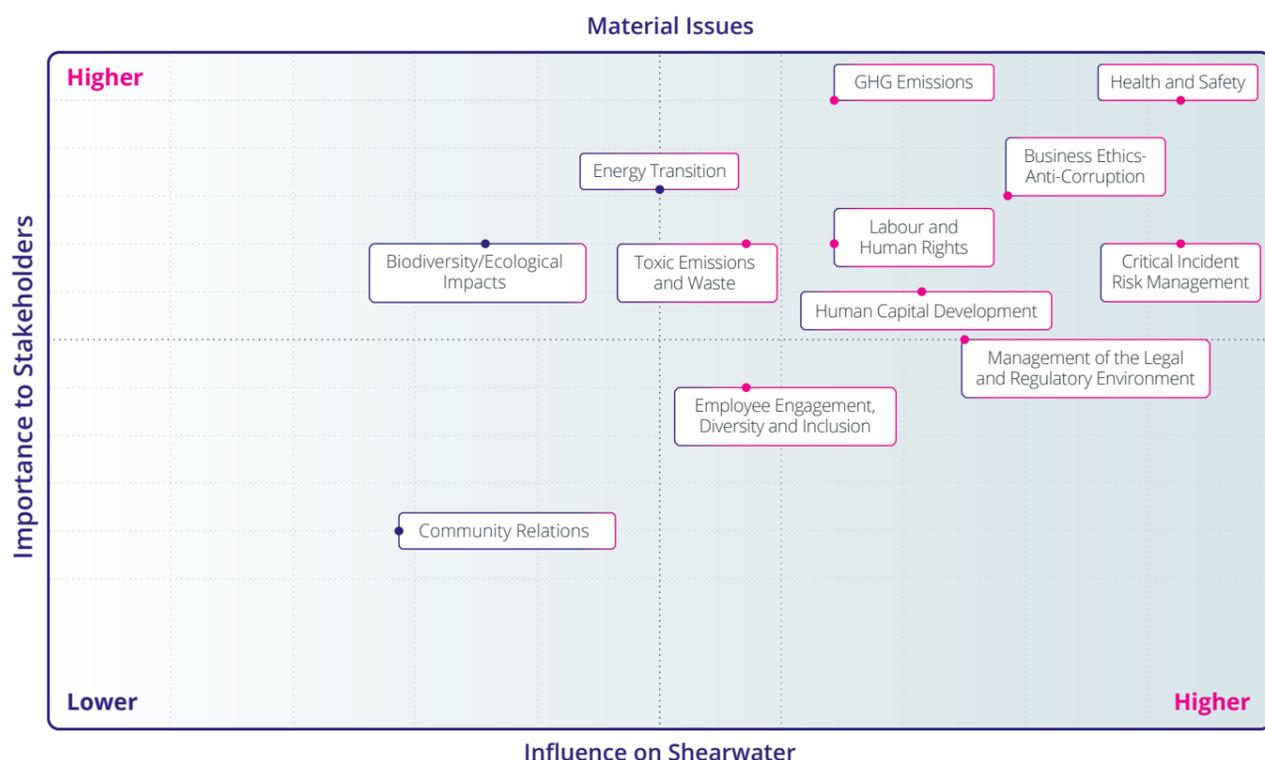
OUR TARGETS:

- Reduce GHG emissions from operations per active vessel month by 20% by 2030
- Optimise fleet planning to reduce transits
- Promote industry partnerships for sustainable technology development and operational efficiencies
- Responsible use, repair and recycling of vessels and equipment

Stakeholder Engagement and Materiality Assessment

The Shearwater materiality assessment ensures the Group prioritise issues that matter the most to its business and stakeholders. Our assessment is based

on continuous dialogue with key stakeholders, such as clients, business partners, employees, suppliers, owners, lenders and regulators.



The following topics have been identified as the most material to Shearwater and our long-term value creation for all stakeholders:

- Safe operations and a healthy working environment
- People and society
- Ethical business conduct
- Protecting the environment via scale and efficiency

These factors are aligned with those highlighted by Sustainability Accounting Standards Board (SASB) Materiality Map® for companies in the Oil & Gas – Services industry.

In 2022, we will revisit the materiality assessment via a stakeholder’s survey to align our material topics with our stakeholders’ prioritisations and expectations.

Social

Safe Operations and a Healthy Working Environment

Safe operations and a healthy work environment are the main elements of a sustainable business. We firmly believe that a strong safety culture is a key enabler for reaching our business aspirations. Shearwater has expanded significantly over the past four years through planned business transactions. Consolidation of all acquired companies have been executed with a high safety focus, however with different approaches.

To establish a homogeneous and generative safety culture, we began implementing a long-term QHSE strategy in 2021, addressing a required Management Systems alignment, based on decision-making, contractor’s performance management, continuous learning and human factors focus.

Underpinning the overall strategy, a tactical QHSE annual planning cycle has been established to deliver key enablers for continuous improvement. These include structured incident investigation training, contractors HSE performance assurance, occupational health (OH) risk management and improved hazard reporting software. We have introduced Bow-Tie¹ software to facilitate risk control measures visualisation and reviews, emergency response and crisis management and a focus on major risks and asset integrity.

In 2021, we launched plans to develop Shearwater’s Behavioural Based Safety (BBS) process. The process implementation started in the first quarter of 2022 with the aim to transform our culture to one safety

commitment, with defined shared values around safety and a focus on proactively reducing exposure. The goal is to build a culture of empowerment, trust and continuous learning, while strengthening the Line Leaders’ coaching and engagement skills.



ZERO HARM
think safety



ZERO LOSS
infinite gain



ZERO REWORK
right first time

¹ The Bow-Tie method is a structured approach to risk identification and management. It focuses on casual links between sources of risk and consequences.

HSE Performance

Safety Onboard

The increased focus on improving the awareness around key health and safety issues in 2020 was reflected in an improved 2021 safety performance. Still, the performance is not yet at a satisfactory level.

We expect that the initiatives of BBS, safe management system improvement plan and QHSE Management system homogenisation that have been launched in late 2021 and in 2022 will contribute to a further improvement of our safety performance.

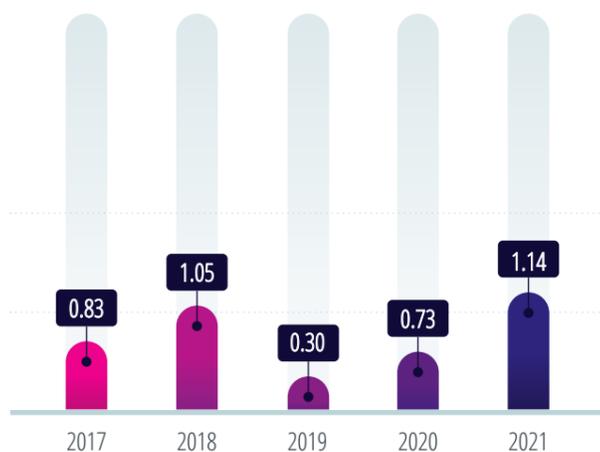
Total Recordable Case Frequency - TRCF



Lost Time Incident Frequency - LTIF



Hight Potential Incident Frequency - HIPO



Covid-19 Response

In 2021, we continued to follow up the good Covid-19 response initiatives implemented in 2020. An inhouse clinical nurse has been assigned to review self-screening of all vessel joiners and advise employees, vessel managers and operation & support managers on best practices to minimize the risk of attracting Covid-19. We continuously seek to improve our Covid-19 protection procedures.

In 2021, we started to offer COVID-19 vaccines to our offshore employees and contractors. This support was well received by our offshore workers who were resident in areas without well-established public vaccination programs at the time. At the end of March 2022, 97% of Shearwater's offshore employees were fully vaccinated.

Occupational Health Onboard

Good Occupational Health (OH) onboard is important to us. All our vessels operate with one to three onboard medics (nurses or doctors), depending upon the project risk assessment. In addition to medical consultations and support, the medics supervise OH and provide relevant training. Shearwater uses UnitedHealthcare Global as its provider of healthcare professionals, topside medical support and medical inventories for each project, often including fast-link telemedicine capabilities.

In 2021, our offshore crews sought 797 clinical consultations, equivalent to 243 days worked offshore per worker per consultation.

Also, in 2021, Shearwater decided to strengthen the OH support function further by employing a dedicated OH Manager. The manager shall provide expert advice, guidance and support on occupational and environmental health issues in line with standards, protocols and business performance monitoring and reporting, as well as undertake OH assessments where required.

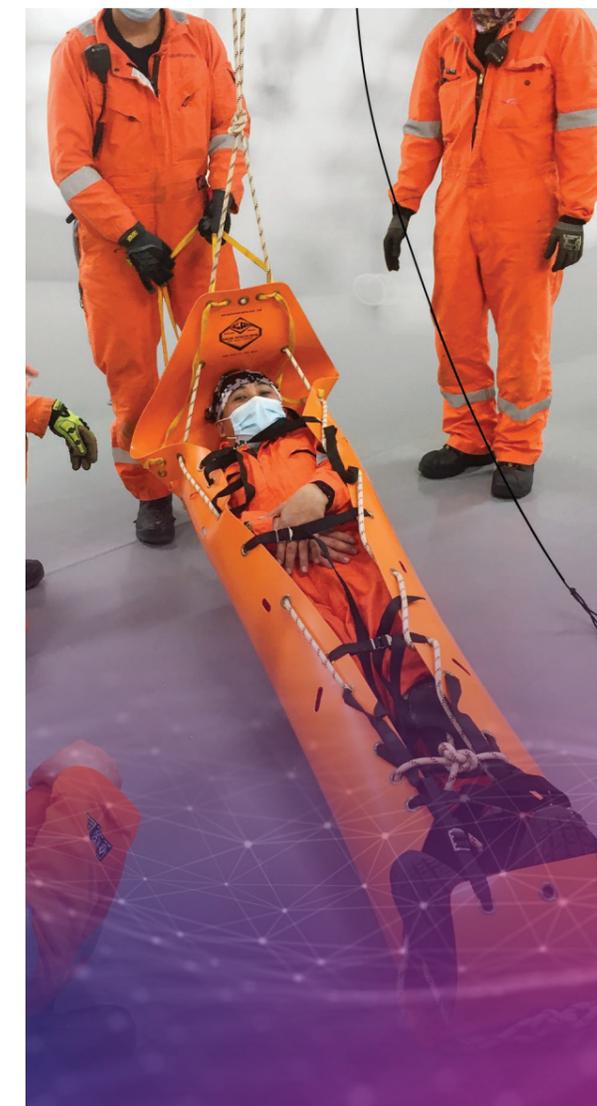
Critical Incident Risk Management

Shearwater maintains a comprehensive set of Emergency Response Documentation at all levels from the Group management down to vessel and land facilities, including task levels.

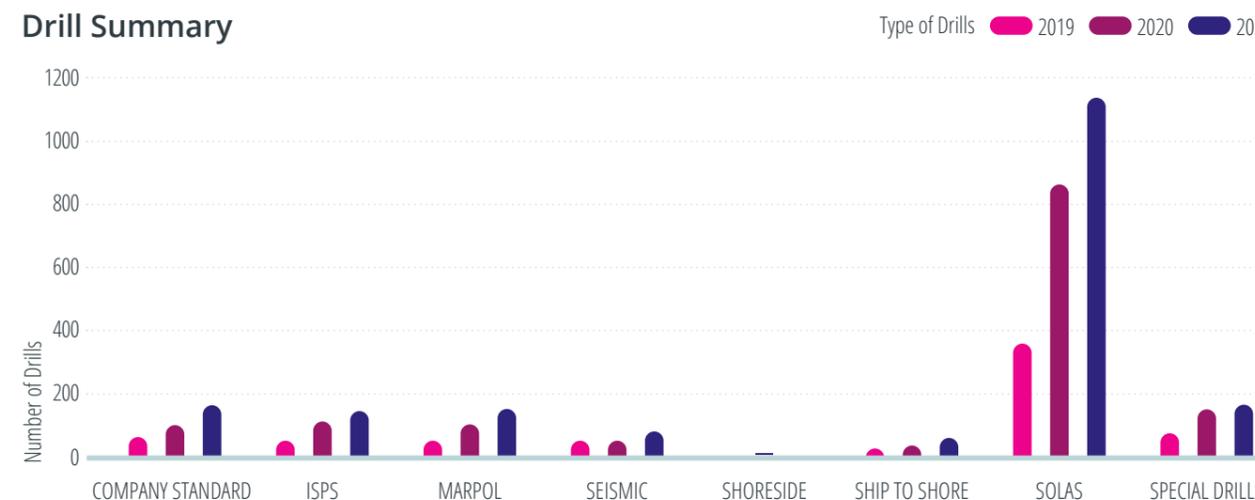
Potential hazards are systematically identified as soon as any new task or project is undertaken. After peer and subject matter expert (SME) reviews, the risk management documentation is published in our document management system (SWConnect).

Regular ship-to-shore drills are scheduled every quarter covering different safety and security scenarios to ensure that the shore organisation is fully capable to handle any emergency situation at all levels.

In 2021, we implemented an emergency drill and training standard which ensures that all vessels have an identical drill process in accordance with applicable regulations and Group specific requirements. We have a three-year ship-to-shore drill plan published in our safety management system, which is based on the regulatory drill requirements by the Flag states.



Drill Summary



People and Society

Throughout 2021, Shearwater maintained its focus on retaining the employee population as the Covid-19 pandemic continued to impact both our lives and our industry. The hiring freeze introduced in 2020 came to an end and we successfully resumed active recruitment, expecting to add further new employees during 2022.

Values

The Group has seen significant growth and change since it was established in 2016. Moreover, when returning to the 'new normal' in 2021, there has been a need to redefine our common culture and values to fit with today's world. All employees were asked to provide feedback on the current culture programme "FOCUS."

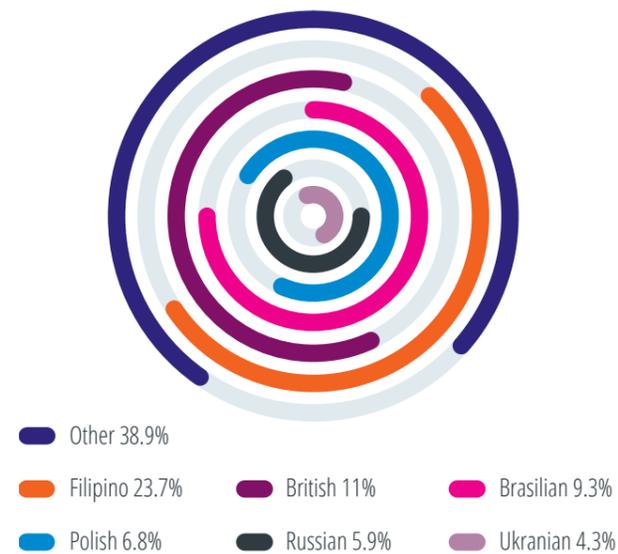
A committee representing different areas and levels of the organisation subsequently gathered to review the answers and workshops were held in our offices and onboard our vessels around the world to try to capture the most important values within the entire organisation. The new values will be announced in the near future.

Diversity and Equality

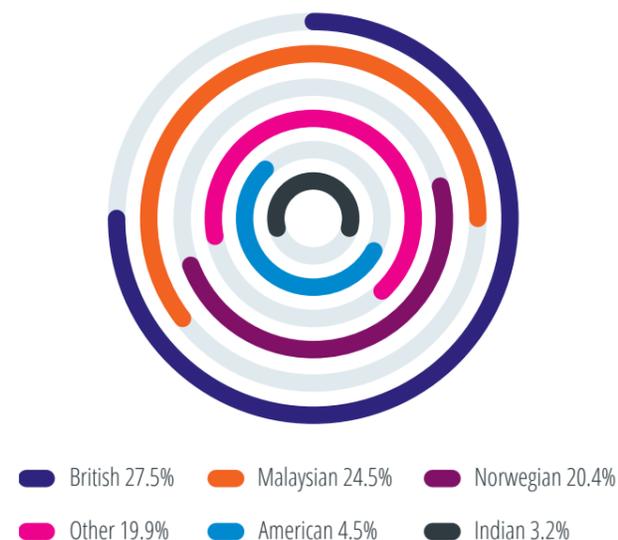
We are proud of our diverse workforce, which consisted of employees from 76 unique nationalities during 2021, 68 working offshore and 44 onshore. As a truly global group, it is important that different nationalities are represented as part of our inclusive work environment.



Main Nationalities Offshore

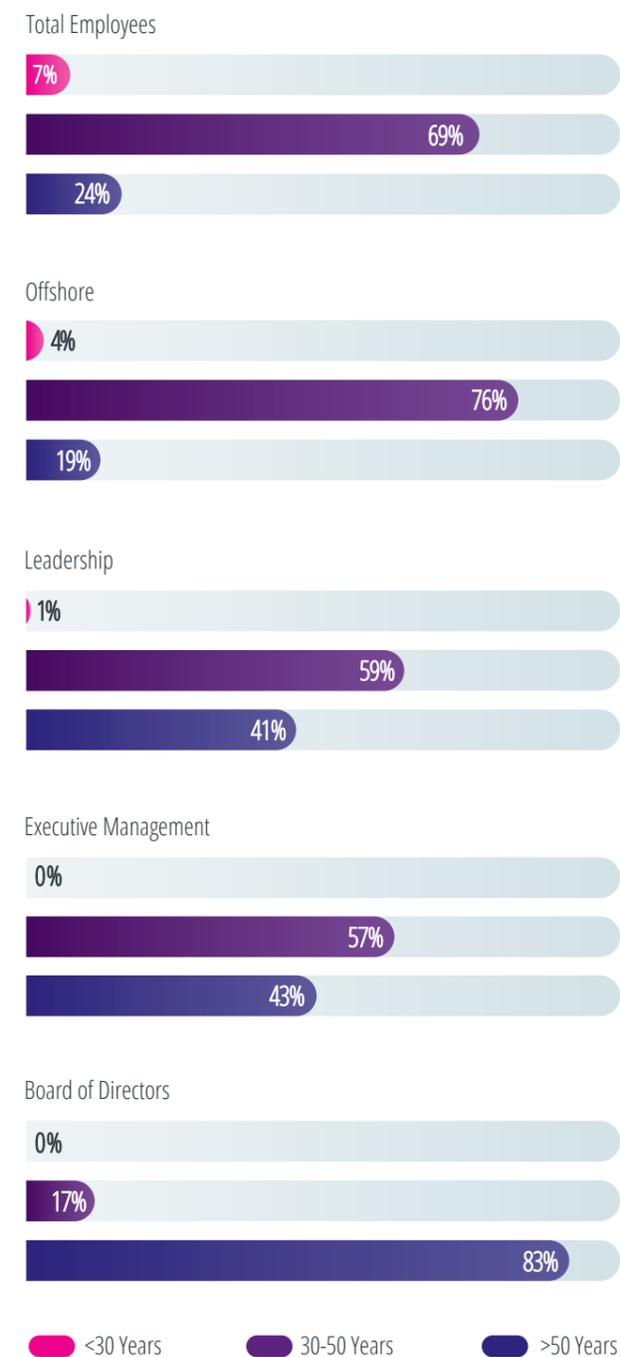


Main Nationalities Onshore



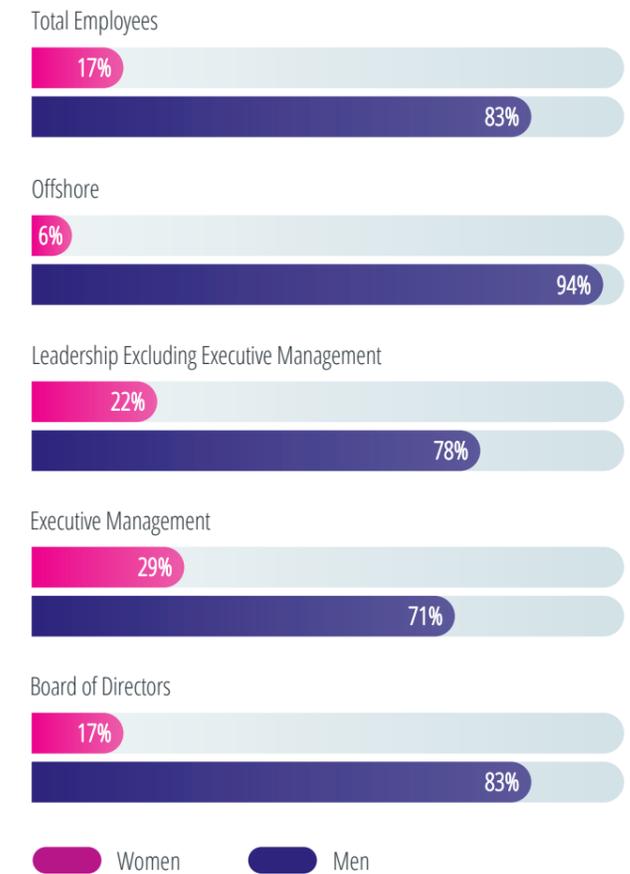
Age Balance

Diversity in age is an important factor to stimulate development and exchange competencies and experiences. Most of our employees are in the age category 30-50 years, which reflects the long history of our industry. Our response to this is to increase our entry level recruitment efforts to inspire the next generation to join and further develop the industry.



Gender Balance

At year-end 2021, Shearwater had 884 permanent employees, 163 temporary contracted personnel, and 9 permanent part time employees. The workforce was split between 467 offshore and 417 onshore employees.



Women Offshore

The female proportion of seafarers in the maritime industry is today at 2%². When compared with this, Shearwater proportion is at 6 %well above the benchmark. We will continue our active work towards increasing the share of female employees even further, as a major and responsible player in our segment.

In 2021, we started sponsoring “Women Offshore”³ and actively engage in their events and initiatives. Women Offshore is a non-profit organization that empowers the careers of female seafarers worldwide.

Shearwater also took part in the Women Offshore recruitment event in 2022, an important platform to engage in attracting more female talent to the Group.

An important launch following this was the Group’s introduction of its first Cadet- and Trainee programme in 2021, where 42% of the trainees and cadets employed in 2021 and first quarter of 2022 were female.

Going forward we will continue to actively engage in attracting more women through recruitment and employer branding.

² Women seafarers | ITF Seafarers

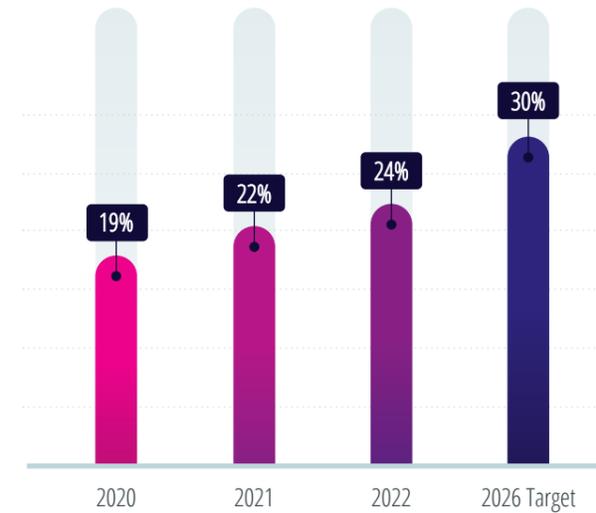
³ <https://womenoffshore.org/>



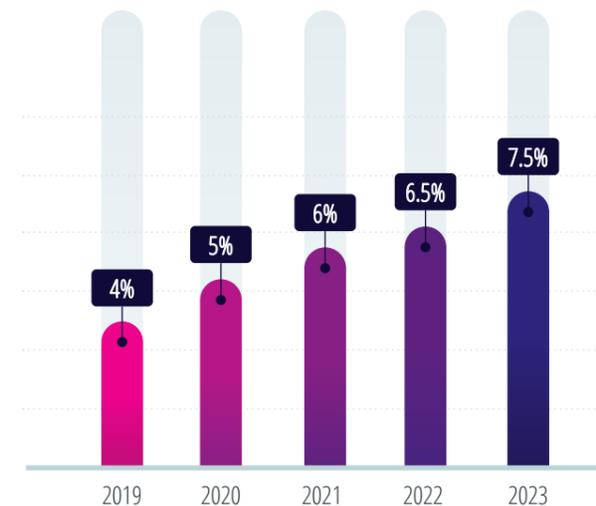
Female Proportion of Offshore Workforce and Management

In 2020, the Group set a target to increase the female representation in the three highest management levels to a minimum of 30% by 2026. We also set a target of 7.5% female representation in our offshore workforce by 2023. We are experiencing a steady progress towards these targets.

Percentage of Women in the Top Three Highest Management Levels



Percentage of Female Employees in the Offshore Population



In 2021, a major focal point has been gender-inclusive recruitment and gender-neutral wording of job adverts. We strongly believe that, to recruit the best candidates, we need to appeal to the full candidate pool. Therefore, our HR department has developed guides and training on inclusive wording, as well as hosted a “Lunch & Learn” on the topic of science-based inclusive recruitment to the entire Group.

To reach our target of 30% female representation in management by 2026, we will combine the development of the female talent we already have in the organisation with attracting and hiring female candidates at the entry level.

To this end, Shearwater has introduced several internships both for summer engagements and full-year employments to form part of a relevant degree, with a focus on inspiring more people to join the industry.

In 2022, we have also welcomed a Talent Attraction Specialist to the HR team, who will focus specifically on our employer branding in the recruitment process.

We will combine the development of the female talent we already have in the organisation with attracting and hiring female candidates at the entry level.

Ardenna - Shearwater's Gender Inclusivity Network

No Shearwater employee should experience that their gender is holding them back at the workplace. In December 2021, Shearwater launched our very own gender inclusivity network, Ardenna. 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. Prior to the launch, a survey was sent to all personnel to help identify their needs and wishes regarding gender balance. Ardenna hosts bi-monthly events, both casual meeting points and formal seminar events, which create arenas for the sharing of experiences, ideas and challenges. Ardenna will play a crucial role in implementing initiatives to drive the gender balance targets of the Group.



In 2022, Ardenna plans to launch three larger projects contributing to this goal, each with a sponsor from the Shearwater executive management team. Firstly, Ardenna plans to introduce a mentorship programme in 2022, further contributing to our philosophy that sharing experiences and knowledge across the organisation is key to maintaining and inspiring talent. Secondly, there will be a focus on industry outreach and collaboration with external vendors and educational institutions. This is an important step in attracting graduate talent to the Group. Thirdly, Ardenna wishes to expand its events series into the external world, collaborating with clients and industry professionals to attract participants to events where topics surrounding diversity, inclusion and gender balance in our industry will be the main focal point.

Work-Life Dynamic

A healthy work-life dynamic is important at Shearwater. We therefore offer all employees parental leave in relation to the birth, adoption or fostering of a child. A total of 15 employees took parental leave in 2021, of which 73% were women and 27% were men. On average, the women were on leave 38.6 weeks, and the men 9.4 weeks. Offshore, we have improved the opportunity for family leave.

We also improved the Group policy to allow expecting women to increase self-determination on the duration of their stay onboard in the early

stages of pregnancy if desired, in line with doctor's recommendations and dialogue with HR and their line management.

Human and Labour Rights

Shearwater supports the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the UK Modern Slavery Act 2015 and the standards advocated by the International Labour Organisation. We comply with the above legislation and principles and adopt them in our agreements with our suppliers. This is also clearly stated in our Code of Conduct⁴.

Applying Technology and Training To Realise Human Resource Potential

Shearwater recognises that development and training our people is an investment to drive our Group forward. Learning and development motivates our employees and inspires employee ambition, and we firmly believe that this increases productivity and efficiency and supports safe operations. At the same time our headcount is growing in size, variety of skills, diversity and complexity.

During 2021, we implemented "SW People", a new, cloud-based Human Resource Information System, as a central tool to extract the full potential from our human resources. SW People provides systematic and easy access to individual HR data, including development, talent and skills. It is being integrated with our other platforms and systems for training, personnel development, performance appraisal, compensation, crewing and knowledge management.

A new Shearwater training platform – "SWtrain" was fully deployed in 2021 and is integrated into SW People. The scalable and in-house developed platform is available to all employees and hosts mandatory training and individual learnings plans.

Some of these have been developed in partnership with a professional training group. SWtrain's functionality is subject to continuous development to ensure that we grow the platform along with the Group. Contractor access to the platform will be launched in 2022.

The integration of SW People and SWtrain is used to improve our appraisal processes, through the application of the metrics available in in SW People in a new, science-based personnel appraisal approach.

The updated appraisal process was launched in December 2021, based on a continuous performance and development discussion between employee and line manager that concludes with an end-of-year discussion. The employee performance appraisal includes dedicated training-related questions and feedback that identify employees' training needs and helps guide the Group in determining current and future training resources.

During 2021, we also started using a new software solution and methodology for global job grading and fair compensation. This is based on mapping current roles in the organisation to a global grade, allowing for the alignment of roles with equal impact. Going forward, this allows for a conscious use of compensation mechanisms, ensuring that all employees receive equal remuneration for similar roles and responsibilities. Moving into 2022, a key focus area will be to create skills profiles for different roles within the Group to help inform career paths and employee development.

A new Employee Development Standard has been created and published in Shearwater's knowledge management system, SWConnect. The standard sets out the resources Shearwater has in place to support its objective of a culture where everyone is encouraged to achieve their full potential. It also highlights the responsibilities that employees (at all levels) have in relation to adopting practices that drive continuous learning and professional development.

Shearwater is focused on organic growth. We remain committed to primarily "promote from within" and to support continuous employee development. We have made several promotions and transfers in the period 2021-22 and anticipate continued high activity in the short term.

Health, Safety and Social Factors

	Unit	2019	2020	2021	Target	Target Year
HEALTH AND SAFETY						
Man-Hours	mill.	3.3	4.1	4.4		
Lost Time Injuries	#	1	2	2	0	Annual
Restricted Work Case	#	1	1	4		
Medical Treatment Case	#	2	9	1		
Total Recordable Incidents	#	4	12	7		
High Potential Incidents	#	1	3	5		
Fatalities	#					
Total Recordable Case Frequency - TRCF	#	1.93	2.92	1.59		
Lost Time Incident Frequency - LTIR	#	0.31	0.49	0.46		
High Potential Incident Frequency - HIPO	#	0.30	0.73	1.14		
Emergency Response Drills Conducted		628	1405	1855		
Sick Leave	%	1.13 %	0.92 %	1.34 %		
- Offshore	%	1.29 %	0.85 %	1.30 %		
- Onshore	%	0.97 %	0.82 %	1.35 %		

	Unit	2019	2020	2021	Target	Target Year
DIVERSITY AND EQUALITY						
Number of Nationalities Offshore	#	n.a.	62	68		
Number of Nationalities Onshore	#	n.a.	41	44		
Total Employees	#	708	805	884		
- Male	%	84 %	84 %	83 %		
- Female	%	16 %	16 %	17 %		

	Unit	2019	2020	2021	Target	Target Year
DIVERSITY AND EQUALITY						
Total Employees	#	708	805	884		
- Male	%	84 %	84 %	83 %		
- Female	%	16 %	16 %	17 %		
Offshore						
- Male	%	94 %	95 %	94 %		
- Female	%	6 %	5 %	6 %	7.5 %	2023
Leadership Excluding Executive Management						
- Male	%		82 %	78 %		
- Female	%		18 %	22 %		
Executive Management						
- Male	%		71 %	71 %		
- Female	%		29 %	29 %		
Three Highest Management Levels						
- Male	%		81 %	79 %		
- Female	%		19 %	21 %	30 %	2026
Board of Directors						
- Male	%		100 %	83 %		
- Female	%		0 %	17 %		
Part Time and Temporary Workers	#		15	172		
- Male	%		27 %	74 %		
- Female	%		73 %	26 %		
Parental Leave						
- Male	% / weeks		35% / 6	27% / 9		
- Female	% / weeks		65% / 32	73% / 39		
		95	156	144		
New Hires						
- Male	%	75%	92%	72%		
- Female	%	25%	8%	28%		

Governance

Ethical Business Conduct

Shearwater recognises that strong governance and risk management structures are fundamental to commercial success and long-term value creation for our employees, owners and other stakeholders. Sustainable governance requires good and healthy business practices, compliance with legislation and regulations, supported by transparent and reliable reporting and communication. Shearwater has established policies and procedures to ensure its organisation is governed in the best interest of all stakeholders.

Code of Conduct

Shearwater is committed to promoting transparency, accountability and ethical behaviour in all aspects of its business. We obey the laws and regulations of the jurisdictions in which we operate. We recognise that through our global operations we are exposed to activities in nations and regions with underdeveloped frameworks of human rights and corruption.

The Group has developed a Code of Conduct which provides basic principles for behaviour and business practice. This Code of Conduct applies to all Shearwater board members, managers, employees, hired personnel, consultants, agents and other third parties acting on behalf of Shearwater. It describes our main principles on issues such as human and labour rights, health and safety, business ethics, legal compliance and other relevant issues related to the Group's operations. The Code of Conduct is available on the Group website, Group intranet, posted on Group notice boards and part of the induction for new hires. It is also attached as an annex to all our contract templates. A training module on these policies is in the process of being developed for the Shearwater training platform and will be mandatory for everybody working for Shearwater.

Whistleblowing

We encourage a free, open culture, and recognise that effective and honest communication is essential for our success. Our Whistleblowing Guidelines are designed to provide guidance to all individuals who may, from time to time, feel that they need to speak up about and report any serious wrongdoing, failing, unacceptable Group practice, circumstance or act which conflicts with legal obligations, the Code of Conduct or any other Shearwater policies or guidelines, without the fear of being subject to detriment for doing so.

An individual wishing to make a report can do so in writing, verbally in person or alternatively using the Shearwater whistleblowing tool (MyVoice), which was launched early in the second quarter of 2022. By using the Shearwater whistleblowing tool, an individual can choose to be anonymous.

Any employee or individual making such a disclosure is protected from detrimental treatment by Shearwater or any of its representatives. During 2021 Shearwater received no whistleblowing reports.

Anti-Bribery and Corruption

Shearwater opposes all forms of corruption and works actively to ensure that it does not exist in our business. Corruption undermines legitimate business, distorts competition, is detrimental to business reputation and exposes Shearwater and our representatives to risk.

As a Norwegian group, Shearwater is subject to the provisions of the Norwegian Penal Code. Shearwater also adheres to the Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and other applicable international anti-corruption laws. Shearwater closely monitors corruption risk and pays strict attention to operations in high-risk countries.

Facilitation payments are payments made to expedite or secure the performance of a routine or necessary action to which the payer has a legal or other entitlement. Such payments are most often small but can also be substantial. Shearwater recorded zero facilitation payments and had no fines or no-monetary sanctions in 2021.

Shearwater's Anti-Corruption Guidelines supplement other compliance procedures, including the Code of Conduct and the Business Associates and Sanctions Guidelines and provide further details on Shearwater's commitment to combat corruption. A training module on anti-bribery and corruption is in the process of being developed for the Shearwater Training platform and will be mandatory for everybody working for Shearwater.

In 2021, we hosted a lunch and learn session on anti-bribery and corruption for onshore and offshore personnel where 20% of our workforce participated. In 2022, we will launch an anti-bribery and corruption training module in SWtrain to ensure increased awareness of the topic and 100% training compliance.

Enterprise Risk Management

Shearwater has an established policy for Enterprise Risk Management which describes the related processes, responsibilities and reporting structure from input to review and presentation. Risks and associated opportunities are identified and evaluated through input from various levels of the organisation and categorised in five main categories; Strategic and ESG, Operational, QHSE, Compliance and Financial risks. All risks identified are evaluated based on their severity and probability in a risk matrix approach.

The management performs periodic reviews of corporate risks identified by the organisation which are reported to the Board of Directors on a semi-annual basis.

The risk reporting ensures management and Board dedication to initiatives introduced to reduce risks and provides the organisation with a reporting tool to increase attention to risks, initiate measures and monitor the development of risks.

New contracts, entry into new countries and engaging with new clients, agents or cooperating partners are considered by a Corporate Risk Committee to identify risks and mitigation efforts before project start-up. The Corporate Risk Committee consist of representatives from various departments in the organisation to provide a broad experience-based risk assessment before decisions are made.

Supply Chain Management

The standards and actions of Shearwater's business associates have an impact on our own business. All business associates are expected to have implemented ethical standards corresponding to those of Shearwater.

Shearwater's Business Associates and Sanctions Guidelines supplement Shearwater's Code of Conduct and Anti-Corruption Guidelines and provide details on Shearwater's commitment to comply with applicable laws and to ensure the ethical conduct of its business associates. Prior to entering any form of business relationship, Shearwater assesses the level of risk associated with such a relationship.

To conduct this risk assessment, business associates are subject to a Dow Jones screening, and suppliers, partners and agents must complete an on-boarding questionnaire. Subject to the responses and documentation received, this may result in further due diligence being required. Any "red-flags" or other findings of concern are brought to the immediate attention of the Legal Department to determine how to proceed.

During 2021, we implemented additional procedures for supplier onboarding, supplier management, and the tendering and selection of support and guard vessel to improve supplier compliance and the effective management of our suppliers. We require all our suppliers to acknowledge that they have read and will comply with Shearwater's Code of Conduct. During the first half of 2022, Shearwater is implementing a monitoring tool available through Dow Jones that will allow us to monitor up to 1,000 suppliers on an ongoing basis.

Corporate Governance

As a Norwegian private limited group, Shearwater must comply with the Norwegian Private Limited

Liability Companies Act and all other applicable laws and regulations. Shearwater endorses the Norwegian Code of Practice for Corporate Governance which is reflected in the Group's corporate governance policy.

The policy is designed to establish a basis for good corporate governance to support the achievement of the Group's core objectives on behalf of its shareholders including sustainable profitability. How Shearwater is governed is vital to the value creation over time. Shearwater believes that good corporate governance involves openness and trustful cooperation between all parties involved in the Group: the shareholders, the Board of Directors and executive management, employees, customers, suppliers, public authorities and the society overall.

	Unit	2019	2020	2021	Target
GOVERNANCE FACTORS					
Whistleblowing Incidents	#		1	0	0
Facilitation Payments Recorded	#		0	0	0
Anti-Corruption Training (% of Workforce)	%			20	100

Environment

Protecting the Environment Via Scale and Efficiency

As the owner of the world's largest fleet of high-end seismic vessels with operations in all major offshore basins of the world, we acknowledge our environmental responsibilities and are committed to minimising the negative impact of our activities. We are a technology leader within the marine seismic industry and several of our solutions contribute to directly reduce our own, and indirectly our partners,' greenhouse gas (GHG) emissions, as well as the impact of our operations on life below sea.

We require all vessels to continuously seek operational improvements to prevent pollution, minimise other negative external impacts and to comply with relevant laws and regulatory requirements in the countries of operation. The scale of our fleet gives us an opportunity to lay up vessels close to our main operational areas, which reduces the steaming distance to the projects we engage in after reactivation, thereby lowering fuel consumption.

Our ambition goes beyond compliance with regulatory requirements and industry guidelines. Our main environmental impacts are related to air emissions from vessel operations, noise emissions from the execution of seismic surveys and potential spills to the sea.

We are committed to investing in technology development over the industry cycles, leveraging our strong in-house competencies, often in direct partnership with our customers.

New solutions for data acquisition, processing and imaging benefit us, our partners and the environment. Our ability to respond to changing industry needs is one of our competitive advantages and a driver for long-term value creation. This is also reflected in our common corporate culture.

Air Emissions & Fuel Consumption

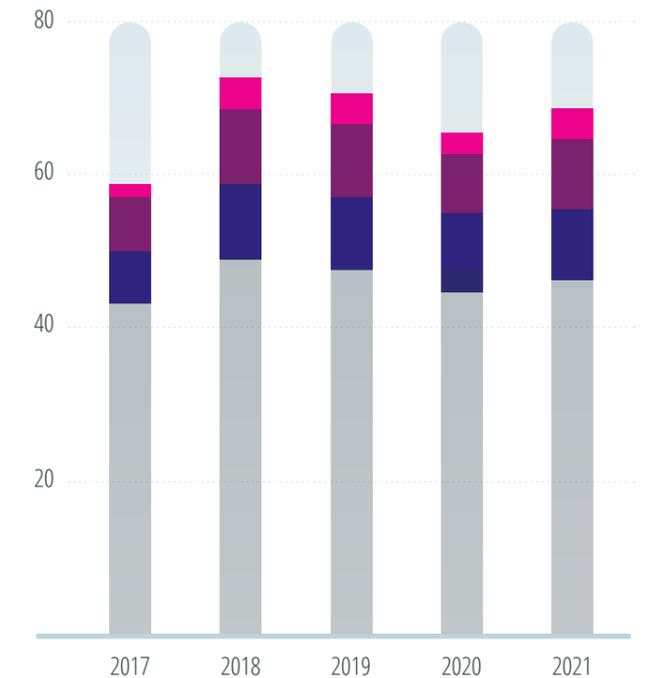
The main environmental impact from marine operations is related to GHG emissions to air, measured in units of Carbon Dioxide equivalent (CO₂e).

We have set a preliminary 2030 target to reduce our emission per active vessel month by double digit percentage compared to our 2020 levels. In 2022 we will formalize the target in line with the IMO EEXI (The Energy eXisting ship Index), and reinforce ongoing initiatives in our ESG strategy to secure we fulfil our commitments.

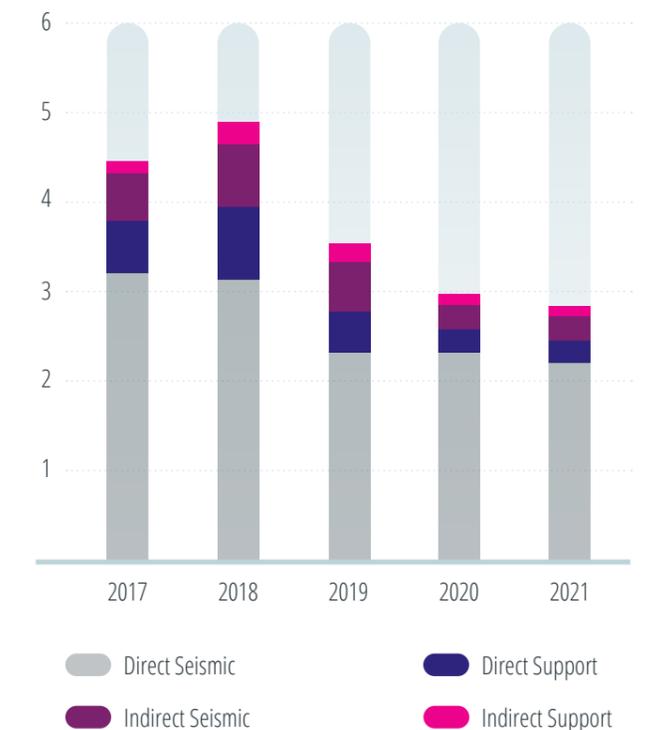
We perform propeller polishing and hull cleaning when activating vessels and prior to a vessel starting transit from one operation area to the next. In 2021 we started installing weather routing systems on board our vessels to optimize our transits between operation areas.

EnerGeo Alliance, the global trade alliance for the energy geoscience industry, is working towards a standardised guideline for measuring and reporting scope 1-3 GHG emissions. Shearwater is actively engaging in this work to establish a common standard to increase focus and promote further emission reductions in the industry. The standard is expected to be published in the second quarter of 2022.

Kg CO₂e/CMP km



kT CO₂e per Active Seismic Vessel Month



Emissions Reduction Project:

Barnacle Scraping to Minimise Equipment Drag Through the Sea

During most seismic acquisition projects offshore tropical waters, our in-sea equipment is slowly but surely colonised by barnacles that would continue to grow unchecked, if not dealt with. Barnacle growth increases drag from the equipment as it is towed through the water, which increases fuel consumption and therefore emissions.

Shearwater has followed a "Barnacle Management Plan" during its tropical projects

for many years, thus minimising unnecessary emissions, along with the likelihood of losing equipment to sea from exceeding maximum tension limits.

Streamer-cleaning is carried out by a small boat crew using our purpose-built workboats. This is carried out without the need to recover the streamers to the vessel but by simply bringing them to the surface during line-changes when safe access is possible.

Vessel Operations and Technology in Use

Shearwater operates one of the industry's most modern seismic fleets. Our fleet of 23 vessels provides diversity, scale, and flexibility to minimise long vessel transits between projects and improve planning of vessel locations relative to demand. This reduces fuel consumption and emissions tied to long inter-regional transits.

By having full ownership and control of all our vessels, we ensure quality throughout all operations. By focusing on our core business of marine contract seismic, we avoid implicit waste from utilisation driven multi-client surveys. In 2021 we purchased six vessels built in 2009/ 2010, providing us with an opportunity to replace some of the older tonnage in

the fleet. By medio second quarter 2022, five vessels have been recycled and one vessel divested for use outside of the seismic market.

All our vessels are equipped with an intelligent power management system which controls the engines and generators based on set load limits to optimise operations and minimise consumption, running hours and emissions. Shearwater has a Ship Energy Efficiency Management Plan (SEEMP) in place, in compliance with IMO Guideline of MEPC 59/24 Annex 19. All vessels in the fleet have an approved IMO SEEMP Part II Ship Fuel Oil Collection Plan as stated in MARPOL Annex VI, Reg. 5.4.5. By application of the Quality Management System, Shearwater continuously improves practices and equipment reliability, thereby reducing re-work and infill.

Our fleet of 23 vessels provides diversity, scale, and flexibility to minimise long vessel transits between projects and improve planning of vessel locations relative to demand.

SHEARWATER



Noise Emissions

The potential environmental impact of noise emitted by marine seismic energy sources during seismic operations has been subject to considerable focus in recent years. Shearwater is working proactively with industry associations and various regulatory authorities to increase focus on scientific analysis of the impact of noise emissions. In parallel, we continue to invest and promote environmentally friendly technologies which reduce any potential impact to marine life from its operations.

Marine Mammal Observers (MMO's) and Passive Acoustic Monitoring (PAM) Operators are placed onboard our vessels to ensure everyone onboard is aware of the job-specific mitigation guidelines in place for the protection of marine mammals and turtles and to ensure these guidelines are adhered to. Where possible, local individuals are trained and used for MMO, PAM roles, including for our 2021 offshore campaigns in Angola.

We comply with the frameworks and mitigation measures prescribed by regulatory bodies such as the US Minerals Management Service (MMS), the UK's Joint Nature Conservation Committee, the Australian Government Department of Environment and Heritage, and the Canada - Newfoundland and Labrador and Nova Scotia Offshore Petroleum Boards.

Shearwater offers an integrated survey design service. In areas where regulations prohibit certain survey geometries, we can propose alternative designs and technologies like eSource, which may unlock opportunities for better acquisition designs.

Technology and Innovation

Shearwater has embedded environmental responsibility and efficiency within all its marine acquisition technology projects.

New technology projects are aimed towards improving productivity and efficiency on acquisition surveys and lowering the overall environmental footprint in air and noise emissions. New technology investments also consider extended applications towards new energy solutions, specifically the applicability within carbon storage monitoring.

Our technology and innovation projects continued to make good progress through 2021, despite the challenges posted by COVID-19, creating new value in the areas of improved survey efficiency, improving turnaround time, widening of operational windows and lowering cost. Environmental aspects are key elements in engineering design. This includes choice of materials, the possibility to re-use design and components, manufacturing processes and disposal after shelf-life.

Project BASS

- Marine Vibratory Technology:

Shearwater continued its development plans for marine vibratory source technology in collaboration with Equinor and the Research Council of Norway. In 2021, Vår Energi and Lundin Energy Norway joined the project partnership, providing further support to our technology development and alignment on value creation areas. Marine vibratory energy sources, as compared to the commonly used pneumatic energy sources are non-impulsive and emit energy over a longer time.

Vibratory sources also allow substantially improved control over the emitted acoustic energy into the water, and creative use of such control is estimated to enable several times higher productivity in marine seismic acquisition, resulting in faster surveys and reduced emissions. Furthermore, the non-impulsive mode of energy emission is expected to reduce the potential impact from seismic data acquisition on marine life.

The BASS technology is under development at the Shearwater Technology & Innovation Center in Oslo. In 2021, a new prototype was designed, manufactured and successfully tested at Seneca Lake in the US.

Pearl Marine Seismic Node:

Seismic nodes placed on the seabed provide superior data quality over towed streamer acquisition methods. However, lower survey efficiencies and higher data acquisition costs have to date limited a wider adoption of the technology.

Shearwater has developed a new compact seismic node named "Pearl" which provides significant efficiencies in seabed data acquisition and reduced costs. More importantly, it will enable more creative survey designs, provide superior imaging results and lower drilling uncertainty.

We plan to launch the Pearl seismic node in the summer of 2022 with production of commercial volumes set to start from the second half of the year.



Pearl will enable more creative survey designs, provide superior imaging results and lower drilling uncertainty.

Ocean Bottom Seismic is considered the 'gold' standard in marine seismic data quality resulting in superior images of the subsurface, which reduces uncertainty and allows improved decision making. Despite this, the adoption of Ocean Bottom Seismic in data acquisition is relatively low for reasons of efficiency and cost. With Pearl, those rules are changing.

Pearl is Shearwater's proprietary ocean bottom node system that brings unparalleled value in Efficiency and Flexibility in Ocean Bottom Seismic Surveys. By virtue of its Compact size and Long batter life, combined with a completely Wireless interface the Pearl opens for unprecedented value creation in survey design, automation and digitalization.

The Pearl is designed and developed at the Shearwater Technology and Innovation Center in Oslo, Norway and manufactured at Shearwater's Product Center in Penang, Malaysia.



Emissions and Spills to Sea

Shearwater is committed to preserving the health of the oceans. During day-to-day operations at sea, we may directly impact the marine environment through emissions and spills. Managing related risks, reducing our negative impact, and using our competencies and capabilities to contribute to cleaner oceans are key focus areas going forward.

All our vessels have externally certified Shipboard Oil Pollution Emergency Plans (SOPEP) in place and perform oil spill drills based on a pre-defined regular schedule. Any spill incidents or near incidents are reported into the main reporting and remedial action database, SWIMS (Shearwater integrated management system) and Port State. This also includes Shearwater's volunteer initiative to report on any gear lost to the sea.

During 2021, most spills were confined to secondary containment onboard, however, three minor separate incidents resulted in the accidental release of 21 liters of hydraulic oil, 11 liters of Noxious liquid and 0.1 liters of oily water to sea.

Ballast Water

Ballast water is essential to control the trim, list, draught, stability, or stresses of a seismic vessel. However, ballast water may contain aquatic organisms or pathogens which, if introduced into the sea, may create hazards to the environment, human health, property, resources, impair biological diversity or interfere with other legitimate uses of such areas.

Our ballast water plan is in accordance with the requirements of Regulation D-2 of the International Convention for the Control and Management of Ships' Ballast Water and Sediments of 2004 and the associated Guidelines. The Convention entered into force on 8 September 2017.

The purpose of the plan is to meet the requirements for the control and management of ships' ballast water and sediments in accordance with the Guidelines for Ballast Water Management and the Development of Ballast Water Management Plans resolution MEPC.127(53).

Ship Recycling

Shearwater is committed to the responsible use, repair and recycling of vessels and equipment. We have adopted a Sustainable Ship Recycling Policy to ensure that we recycle our assets in an environmentally responsible manner. Shearwater will use international conventions and ship recycling facilities which comply with:

- i. The 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships
- ii. EU (European Union) Regulation (EC) No 1013/2006 and Regulation (EU) No 1257/2013 on ship recycling; and
- iii. All local and national rules and regulations.

In February 2021, an agreement was reached with a Turkish recycling yard for the sale of Western Trident. The yard is compliant with the EU (European Union) and Hong Kong regulations. The vessel was delivered to the yard in June 2021. Later in the year, four additional vessels were sold for recycling in Turkey at a yard compliant with EU and Hong Kong regulations.

Prior to departure, we prepared the vessels with thorough hull cleaning to save energy required to tow the vessels to their destination. All four vessels were delivered to the recycling yard in the second quarter of 2022.

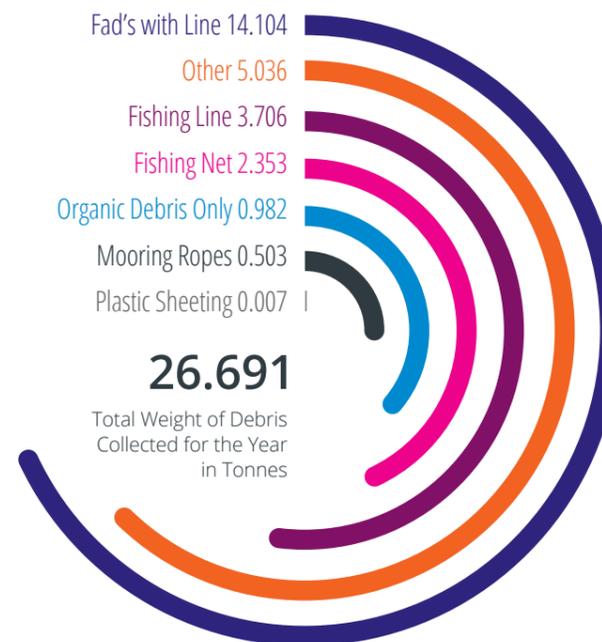
Ghost Net Initiative

The Shearwater fleet is used as a platform for reducing the amount of plastic in the world's ocean and we participate in the EnerGeo Alliance's Ghost Net Initiative⁵. A total of 26.69 tonnes of assorted debris were safely recovered by our crews at sea in 2021. The amount we manage to pick up will depend on the area we operate in.

All vessels in our fleet, including our auxiliary support vessels, support this industry-wide initiative. The recovered debris was processed onboard according to waste-handling procedures, segregated, before being put ashore for safe disposal.

On occasions, entangled wildlife was rescued and released as part of our work to collect marine debris.

Ghost Nets Recovered by Debris Type in Tonnes

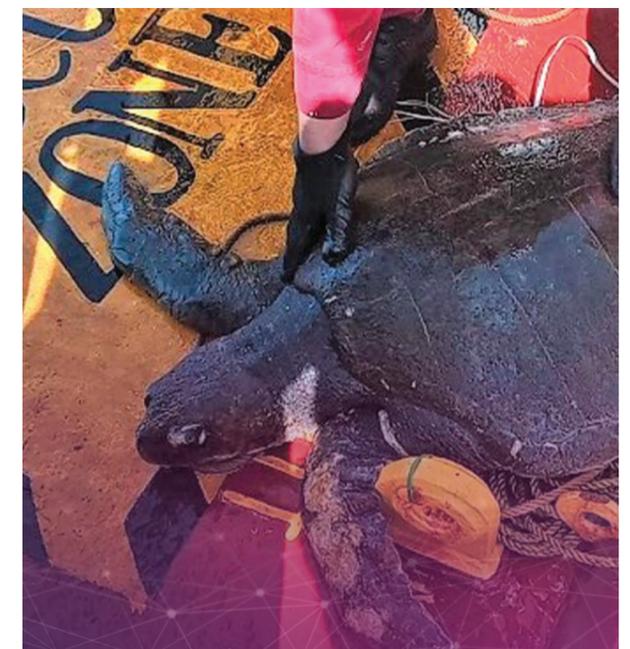
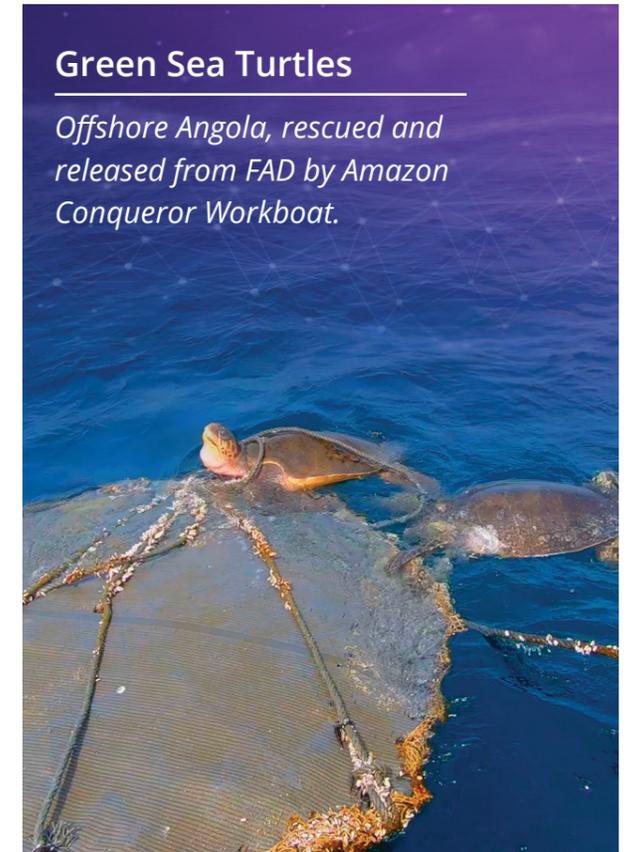


⁵<https://energeoalliance.org/policy-issues/ghost-net-initiative/>

*Fishing Aggregation Devices (FAD)

Green Sea Turtles

Offshore Angola, rescued and released from FAD by Amazon Conqueror Workboat.



Green Sea Turtle

Offshore Angola, rescued and released by Support Vessel Mainport Cedar.

Environmental Factors	Unit	2019	2020	2021	Target	Target Year	Base Year
ENERGY CONSUMPTION							
Fuel				1233.98			
- HFO	GWh			0.00			
- MGO	GWh			1230.04			
- MDO	GWh			3.94			
Electricity			11.08	18.10			
- Office	GWh		1.07	1.49			
- Warehouse	GWh		4.99	11.60			
- Manufacturing	GWh		3.07	4.03			
- Onshore Processing	GWh		1.96	0.99			
Total Energy Consumption		0	11.08	1252.08*			

AIR EMISSIONS

Emissions of Nox	kT	3.76	4.76	4.42			
Emissions of Sox	kT	1.35	0.22	0.29			

EMISSIONS OF CO2E

Direct Emissions (Scope 1)	kT		350.66	338.76			
- Seismic vessels	kT		299.14	288.69			
- Support vessels	kT	48.40	51.52	50.07			
- Office & Warehouse Sites	kT	<0.1	<0.1	<0.1			
Other Emissions (Scope 2)	n.a.	2.8	3.3				
- Electricity and Office & Warehouse Sites	kT	n.a.	2.8	3.3			
Indirect eEmissions (Scope 3)	kT	68.4	86.0	84.5			
- Well-to-tank Fuel	kT	60.9	79.9	77.3			
- Business travel	kT	7.5	6.1	7.2			
Total CO2e Emissions	kT	335.4	439.8	426.8			

Environmental Factors	Unit	2019	2020	2021	Target	Target Year	Base Year
EMISSIONS OF CO2E							
Active Vessel Months	#	98	148	144			
CMP km	mill km	3.7	4.8	4.6			

CO2E INTENSITY

- per Active Vessel Month	kT/m	3.4	2.9	2.9	2.9	2030	2020
- per CMP	kg/km	73	67	72			

OTHER MEASURES

Spills to Sea	#/ litres		2 / 18	3 / 32			
Recovered Ghost Nets/ Marine Debris	T		35.0	26.7			

WASTE

Vessels (1000 m3)	1000 m³			3.8			
- Delivered to Shore	1000 m ³			2.6			
- Incinerated Onboard	1000 m ³			1.1			
- Organic Waste to Sea	1000 m ³			0.1			



Appendix

Taskforce for Climate-related Financial Disclosure (TCFD)

Shearwater started preparing disclosure pursuant to the TCFD for the 2020 Annual Report. The Group is now advancing its reporting along with an increased focus on climate-related risks and opportunities and in anticipation of the enhanced climate-related risk-disclosure requirements that are part of EU Regulations expected to be implemented in the coming years.

Shearwater participates in the global energy supply chain, which is critical to the world economy. As reflected in the past year's surge in energy prices, the energy supply chain is vulnerable to geo-political events, socio-economic events (such as the COVID-19 pandemic), climate-related policy efforts regarding energy mix, as well as physical climate impacts. Shearwater therefore keeps a keen eye on the potential climate-related risks and opportunities that relate to Shearwater's role in ensuring adequate supply of energy, how climate change will influence the global energy mix, as well as our own climate impact. Shearwater's business activities are primarily within exploration and production of oil and gas and material financial exposure to the energy transition tied to GHG (Greenhouse Gas) emissions may therefore develop over time. Moreover, our assets are operated at sea and subject to potential long-term physical risks related to climate change.

Governance

The organisation's governance around climate-related risks and opportunities

The Board's oversight of climate-related risks and opportunities

The Board of Directors has the ultimate oversight of climate-related risks and opportunities and consider these an integral part of the Board's strategic agenda. Along with general matters pertaining to sustainability and strategy, climate-related risks and opportunities are reviewed semi-annually by the Board of Directors.

The management's role in assessing and managing climate-related risks and opportunities

To ensure sufficient implementation of the Board's strategy at management level and in the organization as such, Shearwater has established an internal ESG Committee comprising eight representatives from across the Group with a mandate to guide and support the Group's work, anchor commitment and ensure high standards at both strategic and operational levels to support integration of ESG factors, including climate change and associated risks and improve performance over time. The committee meets at least once a month and reports to the entire management group. During 2021, Shearwater also appointed an ESG Manager to ensure adequate resources are allocated to the overall ESG sphere, as well as climate-related matters, on a day-to-day basis, supported by a new ESG analyst position.

Risk Management

Identifying, assessing and managing climate-related risks

Processes for identifying and assessing climate-related risks

The Board of Directors, together with the Executive Management, is responsible for identifying and assessing climate-related risks, which are considered an integrated part of other risk factors and part of the Group risk management framework. Risks are reported monthly to management and are identified and categorised in five main categories; Strategic and ESG, Operational, HSE, Compliance and Financial risks and all risks are evaluated based on their severity and probability.

While some of the long-term trends have already been identified and are reflected in the strategic repositioning outlined above, Shearwater intends to use a more thorough analysis of climate-related risks and opportunities to strengthen the basis for decision making and strategic prioritization further.

Processes for managing climate-related risks

See comment above.

Integration with the overall risk management

See comment above.

Strategy

Actual and potential impacts of climate-related risks and opportunities related to Shearwater's strategy, business operations, and financial planning operations, and financial planning

Climate-related risks and opportunities identified over the short, medium, and long term

See risks and opportunities table below

Shearwater has started a structured process to identify the most material climate-related risks and opportunities in connection with an overall strategic review aiming to integrate climate-related risks and opportunities, as well as other material ESG matters, into the overall corporate strategy. The ambition is to be able to quantify these factors so that the Group can provide a transparent overview to its stakeholders and inform itself of important elements related to its strategy going forward.

Identified climate-related risks and opportunities and impact on strategy, business operations and financial planning

Shearwater is considering several climate scenarios relevant to its business. One scenario that provides adequate granularity for our business is DNV's "Energy Transition Outlook," which represents DNV's view of "most likely way forward" when it comes to changing the world's energy supply towards a renewable and climate-neutral future.

This scenario, which points to 2.3 global warming by 2100, is then compared to other scenarios that imply a tighter timeline for changes to be implemented, such as IEA's "Sustainable Development Scenario" and "DNV's Pathway to Net Zero", pointing towards 1.5 global warming. Shearwater believes it is important to factor in the possibility of a more rapid implementation of net zero commitments and pledges by countries and companies, with a corresponding accelerated roll-out of carbon-pricing schemes and other regulations that may impact the hydrocarbon sector at an earlier stage.

On the other hand, one must observe the increased focus on energy security, which has become more important as a result of the ongoing war in Ukraine.

The main differences between these scenarios relate to factors such as:

- Carbon pricing
- CCS technology development and uptake
- Fossil fuel phase out
- Bioenergy
- Nuclear power

Overall, these scenarios indicate reasonably steady conditions for Shearwater's current operations in the next 10-15 years.

Strategy - Continued

Actual and potential impacts of climate-related risks and opportunities related to Shearwater's strategy, business operations, and financial planning operations, and financial planning

Resilience of strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

During 2022, Shearwater aims to widen the analysis of climate-related risks and opportunities and to establish clear strategic priorities and targets, as well as operational parameters to be implemented across the organization.

This includes an ambition to improve quantification of the financial impact of the risks and opportunities in the CCUS, marine mining and ocean wind markets.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Key climate-related metrics metrics

GHG emissions from operations are measured as kiloton CO2 equivalent per active vessel month (kT CO2e/Active Vessel Month) and as kilogram CO2 equivalent per CMP km (kg CO2e/CMP km).

Disclosure of Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks

GHG emissions are reported for 2021 on page 24.

Climate-specific targets

Reduce GHG emissions from operations per active vessel month by 20% by 2030

Overview of Identified Climate-Related Risks & Opportunities

CLASSIFIC.	RISK DESCRIPTION	MAGNITUDE OF FINANCIAL IMPACT			MITIGATION
		Short Term	Mid Term	Long Term	
PHYSICAL					
Acute	Increased severity and frequency of extreme weather leading to disruption of operations, damage to assets and/or spills and emissions to the environment	●	●	●	<ul style="list-style-type: none"> Emergency response systems that can handle more severe weather conditions Continuous improvement of HSEQ and risk management systems Contract terms, insurance
Chronic	Wave heights and marine heat waves	○	●	●	<ul style="list-style-type: none"> Continuous improvement of HSEQ and risk management systems
TRANSITION					
Policy & Legal	Increased costs and investment costs to meet new operational requirements	●	●	●	<ul style="list-style-type: none"> Efficient operations Measuring emissions and seeking new ways of minimizing operational impact
	Carbon pricing mechanisms result in lower demand for hydrocarbons	●	●	●	<ul style="list-style-type: none"> Develop business within renewable energy, CCUS and marine mining
	Carbon pricing mechanisms result in increased operating costs	●	●	●	<ul style="list-style-type: none"> Fuel efficiency measures, alternative fuel
	Access to capital (EU Taxonomy)	●	●	●	<ul style="list-style-type: none"> Grow proportion of business within renewable energy

○ N/A ● Low ● Medium ● High

Overview of Identified Climate-Related Risks & Opportunities

CLASSIFIC.	RISK DESCRIPTION	MAGNITUDE OF FINANCIAL IMPACT			MITIGATION
		Short Term	Mid Term	Long Term	
TRANSITION					
Technology	New market requirements for low-emission vessels and equipment	●	●	●	<ul style="list-style-type: none"> Introducing more emission efficient solutions Improve survey designs to increase efficiency and reduce emissions
Market	Potential decline in demand for hydrocarbons after 2030	●	●	●	<ul style="list-style-type: none"> Develop business within renewable energy, CCUS and marine mining Focus on scale and efficiencies within existing business
	Reduced E&P investments	●	●	●	
	Stigmatization of oil and gas sector resulting in weaker personnel recruitment and retention	●	●	●	<ul style="list-style-type: none"> R&D to support new business in CCUS, offshore wind and marine mining
Reputation	Stigmatization of oil and gas sector resulting in higher financial costs or lack of capital	●	●	●	<ul style="list-style-type: none"> Resource allocation to support growth in CCUS, offshore wind and marine mining
	Stigmatization of oil and gas sector resulting in increasing stakeholder concerns	●	●	●	<ul style="list-style-type: none"> Technology improvements to improve operations in existing markets Transparency of external impacts and strengthening ESG management

○ N/A ● Low ● Medium ● High

Opportunities

TYPE	DESCRIPTION	MAGNITUDE OF FINANCIAL IMPACT			DRIVERS
		Short Term	Mid Term	Long Term	
RESOURCE EFFICIENCY					
Energy efficiency	Reduce energy use per CMP or vessel month	●	●	●	<ul style="list-style-type: none"> Improve vessels' fuel efficiency through digitisation and smart systems Improve survey designs to increase efficiency
Recycling	Recycling of onboard waste materials	●	●	●	<ul style="list-style-type: none"> Clear KPIs on waste management
ENERGY SOURCES					
Use of new technologies	Smart systems, IoT, digitalisation	●	●	●	<ul style="list-style-type: none"> Optimise operational efficiency
Development of new products and services through R&D and innovatio	Develop substantial presence in services related to CCUS, offshore wind and marine mining	●	●	●	<ul style="list-style-type: none"> R&D spending Resource allocation
PRODUCTS AND SERVICES					
Diversification	Develop substantial presence in services related to CCUS, offshore wind and marine mining	●	●	●	<ul style="list-style-type: none"> R&D spending Resource allocation Establish new business unit
Access to new markets	Develop substantial presence in services related to CCUS, offshore wind and marine mining	●	●	●	<ul style="list-style-type: none"> R&D spending Resource allocation Establish new business unit
MARKETS					
Participation in new markets	Perform surveys for CCUS projects, offshore wind farm location and marine mining	●	●	●	<ul style="list-style-type: none"> R&D spending Resource allocation Establish new business unit

● N/A ● Low ● Medium ● High

Shearwater's strategy is to engage in mutually complementary activities to provide our clients with the services they need to understand the properties of the earth.



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Marine
Acquisition



Processing
& Imaging



Reveal
Software



Technology
& Innovation

SHEARWATER