Transparency Statement 2023

Introduction

Shearwater GeoServices Holding AS and its subsidiaries ("Shearwater") have prepared this joint Transparency Statement (the "Statement") for the period of 1 July 2022 – 31 December 2022, in accordance with § 5 of the Norwegian Transparency Act of 2021 (the "Act"). Within the Shearwater group there are several Norwegian entities falling within the scope of the Act\(^1\), but also both Norwegian and foreign entities falling outside the scope of the Act. However, Shearwater runs a highly integrated business, with a central-based management. Thus, we find it useful with a joint statement for the entire group. The Statement will nevertheless cover the various parts of our business in an adequate manner, and wherever needed, refer to either geographical, organisational or service-related distinctions.

In accordance with the Act, we are to perform due diligence assessments within our own business, as well as within our entire supply chain. The aim is to identify and assess actual and risk of potential adverse impact on fundamental human rights and decent working conditions. Further, we are to consider and implement appropriate measures to cease, prevent or mitigate such adverse impacts.

In the Statement, we will give account for our initial work on the Act and how we plan to work on promoting respect for fundamental human rights and decent working conditions going forward. As part of this, we will give an introduction to the due diligence processes we have in place today and highlight some relevant results of our due diligence work.

The Statement will as a minimum be issued annually and is to be updated whenever Shearwater faces substantial changes to its ongoing risk assessments, following approval by the board of directors.

Our business and structure

Shearwater is a global provider of marine seismic acquisition and processing services, mainly operating within the oil and gas industry and the maritime industry worldwide. We provide 3D and 4D marine seismic acquisitions, imaging products, data processing and imaging software, and hold a fleet of modern purpose-built vessels with towed and ocean bottom seismic acquisition capabilities. In addition, we have our own product centre in Penang, Malaysia, which specialising in manufacturing and repair of marine geophysical equipment, and a technology and innovation centre in Oslo, Norway, providing R&D services.

The Shearwater group consists of 27 companies located in Norway, England, The United States, Singapore, Malaysia, India, Brazil, The Netherlands, Ghana and Australia. The different services we provide are divided between all of these companies, which are all directly or indirectly owned by the parent company Shearwater GeoServices Holding AS. The main owners of the Shearwater group are Rasmussengruppen AS, GC Rieber Shipping ASA and Schlumberger Norge AS.

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Shearwater’s Commitment and Policies

Shearwater openly supports the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the standards advocated by the International Labour Organisation.

Shearwater is committed to promoting transparency, accountability and ethical behaviour in all aspects of our business, and obeys the laws and regulations of the jurisdictions in which it operates. We also recognise that through our global operations we are exposed to activities in nations and regions with under-developed frameworks for fundamental human rights and decent working conditions.

Shearwater’s Code of Conduct provides basic principles for behaviour and business practice. It applies to all Shearwater board members, managers, employees, hired personnel, suppliers, consultants, agents and other third parties acting on behalf of Shearwater. The Code of Conduct describes Shearwater’s main principles and reinforces our ethical practices and compliance with fundamental human rights and decent working conditions, such as health & safety and freedom of association and collective bargaining. Shearwater’s Business Associates and Sanctions Guidelines supplements Shearwater’s Code of Conduct. These guidelines provide details on Shearwater’s commitment to comply with applicable laws and to ensure the ethical conduct of our suppliers.

Shearwater’s Code of Conduct is also supplemented by both our Corporate Social Responsibility (“CSR”) Policy and our ESG policy. The Shearwater CSR states our commitment to conduct our business in an ethically and socially accountable manner. Our ESG Policy further points out six of the UN’s Sustainable Development Goals (“UNSDG”) which we focus on in our business and how we work to promote these.

Our policies support our commitment to provide equal and fair employment for our employees in line with UNSDG’s # 5 and 8. In addition, as we are demanding our suppliers to adhere to our policies, we aim to ensure responsible consumption and production, in line with UNSDG’s # 12, both within our own business and throughout our supply chain. This will be covered more closely below.

Our core values in Shearwater are empowerment, collaboration, responsibility and curiosity. These values are defined and established by the entire Shearwater organization and contribute to our ESG commitment.

Shearwater’s policies are reviewed regularly and we make sure to provide updates when needed, e.g. due to amendments to applicable laws. Any material amendment to our policies is to be approved by the board.

Supply chain due diligence

The supply chain department of Shearwater deals with procurement for either marine, non-marine, research & development or consumables. Shearwater engages with approximately 2 000 suppliers located around the world, as we are operating globally. Irrespective of the specific procurement objective or geographical location of the supplier, Shearwater now operates by a centralised model and all suppliers (including agents who operate on our behalf) must abide by Shearwater’s onboarding model. Further under this section, we are addressing both suppliers and business partners, cf. the Act § 3 d. and e., as “supplier”.
Categorisation of suppliers

Before being assessed under our due diligence procedure, our suppliers are being categorised, with the purpose of tailoring the further assessment. As of today, the categorisation is based on the nature of the goods and services being delivered and the importance to Shearwater’s business operations, and the suppliers are divided into critical or non-critical.

We are currently in the process of reviewing and expanding the categorisation process, by looking at other non-business-related factors as basis for how to categorise a supplier. The aim is to make sure we are screening our suppliers also from a human and labour rights perspective. Geographical areas where these rights are at high risk of being violated (high-risk countries) will be one factor added to the assessment. Indexes established by globally acknowledged organisations will be used for this purpose. Another factor being considered is high-risk industries, as Shearwater acknowledges the variety of workers’ rights within maritime-related industries around the world, for instance at shipyards.

Onboarding model and TCC

The onboarding model consist of an initial due diligence of the supplier, before we start transacting with them. The first step is for the supplier to complete an onboarding questionnaire and to provide us with information on their business and structure.

The onboarding questionnaire used for critical suppliers are more extensive than the questionnaire used for non-critical suppliers and covers various topics. Until now, the suppliers have been asked to provide information on their work related to corporate social responsibility on a more general level, in addition to human trafficking and forced labour. We are currently in the process of including specific questions on fundamental human rights and decent working conditions, which require the suppliers to divulge its policies and processes on compliance on these topics. This will apply not only to the supplier’s own business, but the supplier’s supply chain as well.

Simultaneously, we are performing a trade compliance check (TCC) on the supplier, using Dow Jones, an online third-party screening provider. The purpose of this is to check whether the supplier is subject to any denial list or sanctions, associated with news related to financial crime or reputational risk, or associated with any politically exposed person.

Any findings of concern discovered under the onboarding model will be manually reviewed and assessed on a case-by-case basis before moving on with the supplier. We believe in collaboration with our suppliers to secure human and labour rights and is of the opinion that we have a greater chance of making a difference together. If we find it necessary, such findings will therefore be raised directly with the supplier, which needs to evidence how to accommodate our concern.

Our goal is for the collaboration with our suppliers to continue throughout our due diligence procedure. The Act requires us to perform due diligence on our entire supply chain. As part of this, we plan to make use of our suppliers’ own supply chain due diligence, as long as they give us reason to believe that their assessments are made on a proper and adequate basis. With our suppliers being required to inform us on their due diligence processes within their own supply chain already at the onboarding stage, are able to consider the quality of our suppliers’ due diligence work early on.
Suppliers’ adherence to Shearwater Policies

As a main rule, a supplier must sign up and adhere to Shearwater’s Policies, which includes our Code of Conduct. This is further reinforced in Shearwater’s contract templates which state specific obligations for the supplier to comply with Shearwater’s Policies.

By including adherence to Shearwater policies as an obligation on our suppliers, we can hold our suppliers responsible. If our supply chain due diligence uncovers non-compliance on fundamental human rights or decent working conditions with any of our suppliers, this can qualify as breach of contract. This is in itself an important incentive for our suppliers to be compliant.

However, there are instances where a supplier transacts only on its own terms and conditions. This may occur because the supplier’s terms and conditions are specifically tailored and therefore more suited to the goods and/or services it provides. These suppliers and its terms and conditions are assessed on a case-by-case basis and fundamentally, Shearwater ensures that the supplier has suitable policies and/or processes in place that are reinforced by the applicable contractual obligations that are either equivalent or more stringent than Shearwater’s policies.

Dynamic screening

After a supplier has been onboarded and the engagement has started, the next part of our due diligence procedure is dynamic screening (“DS”). DS is an annual automatic re-run of the TCC performed on the suppliers. This enables Shearwater to monitor up to 1,000 of our suppliers on an ongoing basis, using the Dow Jones screening tool. The DS automatically notifies on any new adverse media, sanctions or denial lists related to the supplier, which enables us to act promptly and follow up directly with our suppliers.

As of today, all our critical suppliers, commercial agents and top spend suppliers are automatically added to the DS. In case of renewal of any supplier contract, the supplier will also undergo DS. Going forward, as we are reviewing the categorisation of our suppliers, we aim to increase the number of suppliers being subject to DS. This is to make sure all the suppliers representing potential risk to human and/or labour rights are subject to an ongoing TCC screening.

EcoVadis – ESG due diligence tool

Towards the latter end of 2022, Shearwater engaged with EcoVadis, who, on Shearwater’s behalf, collects data and performs a sustainability assessment on our suppliers. The aim is to evaluate how well each of them has integrated the principles of and processes related to environment, human and labour rights, ethics and sustainable procurement into their business and management system. In collaboration with EcoVadis, Shearwater has made sure that the criteria being used in the assessment suit the business we operate within and the type of suppliers we engage with. EcoVadis collects relevant data from our suppliers and perform the initial assessment, which results in specific ratings on the above-mentioned topics and areas for improvements for each of the suppliers. Based on this, Shearwater can assess and decide upon which suppliers to focus on and initiate appropriate and tailored actions to improve potential negative impacts in collaborations with the supplier.

To become subject to EcoVadis screening, the supplier must accept an invitation to be part of the process. The supplier will then receive a scorecard, which tracks and keeps record of the supplier’s ratings. Currently, the EcoVadis tool is only applicable to Shearwater’s critical suppliers. However, as we are reviewing the categorisation of our suppliers, we plan to invite more suppliers to become a part of EcoVadis. We find EcoVadis to be a practical and relevant tool for this type of screening, and the
long-term intention is to include the screening under EcoVadis as a part of our onboarding model for our suppliers.

**Due diligence within Shearwater**

**SWIMS – Shearwater’s Integrated Management System**

Any concerns, complaints or issues from a Quality, Health, Safety and Environment ("QHSE") perspective can be logged onto Shearwater’s Integrated Management System (SWIMS). This can be related to both Shearwater internal work and services performed by a supplier.

SWIMS is available for the entire Shearwater organisation, but is particularly important for our offshore operations, as there are constant QHSE risks related to the ongoing work at our vessels. QHSE training and awareness is a major part of our day-to-day business, as well as to learning from mistakes and incidents. A well-functioning management system is important for handling and tracking of this work. SWIMS is easily accessible for everyone working on our vessels and ensures rapid handling of the matter, by competent Shearwater personnel.

**MyVoice – internal whistleblowing tool**

MyVoice is Shearwater’s internal whistleblowing tool. The tool is a part of our whistleblowing procedure and allows all our employees and hired personnel to file a report on any wrongdoing or unacceptable conditions, both anonymously and identified. This secures the opportunity to raise concerns, also related to potential violation of human and labour rights in our organisation or within our supply chain, without having to do so openly.

All disclosures reported in MyVoice are being investigated and assessed by relevant personnel of Shearwater, in order to improve the matter at hand as soon as possible and by someone knowing the specific part of our business.

**Internal focus on ESG**

In Shearwater we have both a dedicated ESG Manager, ESG Analyst and an ESG Committee, constantly working on promoting awareness and accountability on ESG within Shearwater. To ensure participation and contribution from our entire organisation, Shearwater has established an ESG initiative platform, giving all our employees the opportunity to share initiatives for improving Shearwater’s ESG contribution. All the initiatives are being assessed by the ESG committee, and the required resources are being allocated to ensure implementation of initiatives considered to be useful.

Shearwater is currently also conducting an ESG culture workshop for managers, with the purpose of the managers forwarding the message within their department in a manner relevant for the day-to-day work in that specific department.

In Shearwater we also have our own gender inclusivity network called Ardenna. The mission of the network is to act as thought leaders to help inform the rest of our organisation about inclusivity best-practise and development. Ardenna is based on a “by employees, for employees” approach, and invites the entire organisation to take part in our work on inclusivity and non-discrimination.

During 2022, Ardenna launched a Mentorship program in collaboration with Administrativt Forskningsfond (AFF). The goal was to connect mentees and mentors, of all genders from across the
company, to network, share experiences and learn from each other. We consider the program as a good meeting point for our people to discuss matters for improvement.

**Due diligence results and measures**

As mentioned above, Shearwater is in the process of expanding our due diligence procedure to be tailored for assessing how our business impact fundamental human rights and decent working conditions, on the basis of the processes we already have in place today. The data we have collected and the assessment we have made on the subjects so far, have addressed what to focus on going forward.

The results from our trade and compliance screening give us important indicators on who Shearwater wants to do business with, both on the supplier side and on the client side, and we have examples of us deciding not to engage with both a supplier and a client after the initial screening.

A MyVoice reporting also uncovered non-compliance on decent working conditions with a supplier of personnel, which led us to prompt actions. Shearwater initiated dialog with the supplier and required further investigation. We monitored the investigation closely and the supplier could in the end provide a conclusion on the matter to our satisfaction.

The ESG ratings of our suppliers assessed under EcoVadis show that many enterprises still have some work to do in order to ensure proper compliance on human and labour rights. Overall, lack of policies and due diligence procedures on these topics are found to be a common challenge for our suppliers.

On a general basis, we aim to make use of other measures before potential termination of supplier contract, and collaboration with our suppliers is our main strategy for improvement. Even though Shearwater requires all suppliers to adhere to our policies, we aim for our suppliers to get in place their own policies and processes ensuring respect for fundamental human rights and decent working conditions. Solid policies and processes, which are properly anchored in the company, are fundamental as a starting point to be able to work on these matters. As we see a gap on this, our initial approach will be to get in dialog with the suppliers, addressing the challenges we see and agree upon a plan for improvement together. If the supplier is not interested in such collaboration, we will in the end have to reconsider further engagement with them.

**Due diligence going forward**

As the above shows, Shearwater is performing due diligence on its suppliers through various procedures, in addition to providing internal channels for reporting of potential negative impact. We do, however, see the need for a more formalised and tailored procedure for due diligence on topics under social sustainability, including human and labour rights.

As mentioned, we are specifying the information we collect from our suppliers to be able to perform assessments specifically on fundamental human rights and decent working conditions. Further, we are creating and implementing an internal process for ongoing assessment of the data being collected from our suppliers, a process which is to be embedded in our day-to-day business. The process is to be governed by a risk-based approach. In practice, this entails more thorough due diligence on matters where Shearwater has a greater risk of being the direct reason for or contributing to negative impact. As a part of this, we will be using new indicators for categorising a supplier as high-risk and how to consider our own operations as high-risk.
Today’s review of any questionable findings, either from our supply chain due diligence or internal findings, will be structured and expanded. First of all, a due diligence committee will be formed. We find it useful to involve representatives from both supply chain, legal, HR and ESG, and will look at how to best form a suitable group of people. In order to assess the findings from all relevant angles, to propose suitable measures and to cooperate with the supplier, we need people with different backgrounds. A representative with sufficient executive power will also be needed, for instance a member of the Shearwater Management team, as Shearwater may be required to make rapid decisions of a material commercial or ethical character. Some matters may also be of more long-term strategic importance, which would require a decision of the entire Management team, or even at board level.

After an assessment has been completed for the specific findings, the due diligence committee is to decide on an action plan, including measures to be taken and how. Further, tracking and documentation of the actions taken are crucial, ensuring that both Shearwater and our suppliers follow up on its responsibilities. The work of the due diligence committee will be performed in close cooperation with our ESG committee.

Within end of 2023, we aim to have established a new ongoing ESG due diligence procedure, which is tailored for how we run our business and in accordance with the OECD Guidelines for Multinational Enterprises.

Summary

As shown above, Shearwater already has several policies and routines in place which commit us to respect of and compliance on various standards and legislation related to human and labour rights, in addition to due diligence within our own business and towards our suppliers. This creates a solid foundation for due diligence in accordance with the Act. We are currently working on extending our due diligence procedure to include assessments specifically on fundamental human rights and decent working conditions and embedding this into our day-to-day business. One example of this is how we define our suppliers as high-risk.

We acknowledge that we operate within geographical areas and industries with under-developed framework for fundamental human rights and decent working conditions. The overall results from our due diligence on the topics also show that our suppliers still have some work to do in order to establish the foundation they need for working on human and labour rights within their business. As the commitment stated in our policies clearly shows, we take our responsibility seriously and we hold our suppliers accountable. Shearwater will therefore continue to work together with our supply chain to mitigate risk of adverse impact on fundamental human rights and decent working conditions. In addition to this, ESG is constantly on the agenda in Shearwater, with the aim of awareness in all parts of our organisation.

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SIGNED AND APPROVED BY THE BOARD AND MANAGING DIRECTOR OF THE FOLLOWING ENTITIES
20 JUNE 2023:
Shearwater GeoServices Holding AS

Robert Scott Hobbs
Chairperson

Vijay Babu Kasibhatla
Board member

Stein Vidar Håland
Board member

Trygve Lauvdal
Board member

Lars Erik Larsson
Board member

Cathrine Lund Larsen
Board member

Kristin Færøvik
Board member

Irene Waage Basili (CEO)
Shearwater GeoServices AS

Robert Scott Hobbs
Chairperson

Vijay Babu Kasibhatla
Board member

Stein Vidar Håland
Board member

Trygve Lauvdal
Board member

Lars Erik Larsson
Board member

Irene Waage Basili (CEO)
Shearwater GeoServices Norway AS

Irene Waage Basili
Chairperson

Andreas Hveding Aubert
Board member

Peter Allan Hooper (Managing Director)
Shearwater GeoAssets AS

Irene Waage Basili
Chairperson and CEO

Andreas Hveding Aubert
Board member
Global Seismic Shipping AS

Irene Waage Basili
Chairperson and CEO

Andreas Hveding Aubert
Board member
Geo Vessels AS

Irene Waage Basili
Chairperson and CEO

Andreas Hvæding Aubert
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Oceanic Seismic Vessels AS

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Andreas Hveding Aubert
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Shearwater GeoServices Assets V AS

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Peter Allan Hooper (Managing Director)
Reflection Marine Norge AS

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Peter Allan Hooper (Managing Director)