Modern Slavery Statement 2024

1. Introduction

Shearwater GeoServices Holding AS and its subsidiaries ("Shearwater") have prepared this Modern Slavery Statement, applicable for the period 15 June 2023 until 14 June 2024, (the “Statement”) in accordance with section 54 (1) of the United Kingdom’s Modern Slavery Act 2015 (the “Act”). This Statement is issued on an annual basis, following approval by the board of directors. The Statement shall address the previous years’ objectives related to slavery and human trafficking, and detail any further findings thereof, along with any proposed future actions.

2. Our organisation and business structure

Shearwater is a global provider of marine seismic acquisition and processing services, mainly servicing the oil and gas industry worldwide. We provide 2D, 3D and 4D marine seismic acquisitions, imaging products, data processing & imaging software and hold a fleet of modern purpose-built vessels with towed & ocean bottom seismic acquisition capabilities. In addition, we have our own production facility in Penang, Malaysia, which specialises in manufacturing and repair of our marine geophysical equipment and a technology & innovation centre in Oslo, Norway, providing research & development services ("R&D").

3. Shearwater’s commitments and policies

We openly support 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 we obey the laws and regulations of the jurisdictions in which we operate. 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, either directly or indirectly, to all Shearwater board members, managers, employees, hired personnel, suppliers, consultants, agents and other third parties acting on our behalf. 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 &
collective bargaining. Shearwater’s Business Associates and Sanctions Guidelines supplants our 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 supplemented by our Corporate Social Responsibility (“CSR”) Policy and our Environmental, Social and Governance (“ESG”) Policy. The CSR policy states our commitment to conduct our business in an ethically and socially accountable manner. Our ESG policy describes how we work to promote the six UN’s Sustainable Development Goals (“UNSDG”) which we focus on in our business.

Our policies support our commitment to achieve gender equality and promote inclusive & sustainable economic growth and decent work for all, in line with UNSDG’s # 5 and 8, respectively. In addition, we demand our suppliers to adhere to our policies, with the aim to ensure responsible consumption & production, in line with UNSDG’s # 12, both within our own business and throughout our supply chain.

Our core values in Shearwater are empowerment, action, responsibility and curiosity. These values are defined and established by the entire Shearwater organisation and contribute towards our ESG commitment.

Shearwater’s policies are reviewed regularly and are updated when needed, for instance when new legislation comes into force. In turn, any material amendment to our policies is approved by the board of directors. The updated version(s), along with our other main corporate policies, are all located online at: https://www.shearwatergeo.com/corporate-policies.

4. Supplier onboarding model

Shearwater’s supply chain function is located in the UK, Norway, Singapore, Kuala Lumpur and Penang. The supply chain function deals with procurement for either marine, non-marine, R&D or consumables. Irrespective of location or procurement objective, we operate by a global centralised model and all suppliers must abide by Shearwater’s onboarding model.
4.1. Categorisation of suppliers

The first stage of the onboarding model is the supplier being objectively categorised and defined as either critical or non-critical, with the purpose of tailoring the further assessment. Throughout the period of this Statement, this categorisation process has been updated, with the sole purpose of improving our supplier due diligence relating to human & labour rights. Previously, the categorisation was based on the nature of the goods & services being delivered and the importance to Shearwater’s business operations. Whereas now, the categorisation is also based on geographical areas that run a high-risk of human & labour rights violations. Shearwater is using the Walk Free Global Slavery Index, which is also being used by the United Nations Office for the Coordination of Humanitarian Affairs, who, based on their own analysis, has ended up with a list of top 17 countries in the world with highest risk for modern slavery to exist. If the supplier is located in one of these high-risk countries, they will be automatically categorised as a critical supplier.

4.2. Supplier screening

When the criticality of the supplier has been assessed, the next step is for the supplier to provide information on their structure and business by completing an onboarding questionnaire. The onboarding questionnaire for critical suppliers is more extensive than the non-critical supplier questionnaire, however, questions relating to modern slavery topics are covered in both. During the period of the Statement, both questionnaires have been updated to cover further topics relating to fundamental human rights and decent working conditions. The questionnaire for critical suppliers now has a section specifically for CSR and requires the supplier to divulge its policies and processes on this topic. For both critical and non-critical questionnaires, we also require suppliers to provide detail on how they ensure compliance in their own supply chain, such as onsite audits. By taking a collaborative approach towards our suppliers, we ensure screening throughout our entire supply chain in the best manner. In turn, our suppliers are accountable for due diligence in their own supply chains.

4.3. Adherence to Shearwater terms & conditions

Both critical and non-critical suppliers must agree to transact on Shearwater’s terms and conditions ("T&Cs"), which further reinforces compliance with our corporate policies and places further contractual obligations upon the supplier to comply with anti-bribery & corruption and human trafficking laws.

If the goods and/or services provided by a supplier are bespoke or niche, it may be the case that a supplier’s T&Cs are therefore better suited for the transaction. If this is the
case, we review the supplier’s policies and compliance procedures to ensure that they are either equivalent or more stringent than ours. This means that if we do transact under their T&Cs, we are not reducing our compliance or legal obligations.

When T&Cs are up for renewal, i.e. the contractual term is coming to an end and we still require transacting with the supplier, we include any new legal and compliance obligations, by way of variation to the T&Cs. This means that the T&Cs remain current and compliant with any amendments to human rights legislation.

4.4. Trade & Customs Compliance
As part of the onboarding process, the supplier is also subject to a trade & customs compliance check (“TCC”) performed by Dow Jones, an online third-party screening provider. This TCC risk assessment, which is performed in real-time, searches the supplier against denial lists, news relating to financial crime or reputational risk, as well as adverse media, the identification of sanctions risk and politically exposed persons.

4.5. Onboarding model summary
Any ‘red flags’ or other findings of concern raised throughout the onboarding model will prevent the supplier from being onboarded until these are manually reviewed and assessed on a case-by-case basis. If we find it necessary, such findings will be raised directly with the supplier, who needs to evidence how to accommodate our concern, prior to completing their onboarding. It is our opinion that collaborating and working together with our suppliers provides for a better opportunity in securing human & labour rights and in making a difference.

5. Shearwater’s Additional Compliance Processes and Checks
The following describe the additional compliance processes in place to complement the onboarding model, with the aim of strengthen our due diligence on human & labour rights both within our own business and our supply chains.

5.1. Dynamic Screening
In addition to the TCC, Shearwater has continued with the dynamic screening (“DS”) of all critical suppliers, commercial agents and top-spend suppliers, using the Dow Jones screening tool. DS is an automatic re-run of the TCC for already onboarded suppliers that takes place on an annual basis. It notifies us automatically of any new adverse media or denial lists for its suppliers, which enables us to follow up directly with the supplier in the
event of any changes that would otherwise have not been notified to us without repeating the due diligence process.

Due to the fact that re-running the TCC neither requires the supplier to re-confirm its original responses provided in its onboarding questionnaire, nor does it include non-critical or low-spend suppliers, we are facilitating retrospective screening on all our suppliers, by re-performing the TCC and the supplier confirming its original responses provided in the onboarding questionnaire. This exercise is also performed at point of a supplier’s contract renewal, irrespective of the category of supplier.

5.2 Shearwater Reporting Tools

5.2.1 MyVoice / Mittvarsel

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 violations of human & labour rights in our organisation or within our supply chains, 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.

5.2.2 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. Fundamentally, irrespective of whether the supplier is part of the DS list, anything logged on SWIMS concerning a supplier’s
(non)performance is addressed on a case-by-case basis and if needs be, a supplier is removed from Shearwater’s supplier portfolio.

5.3. EcoVadis
Towards the latter end of 2022, Shearwater engaged with EcoVadis, who, on Shearwater’s behalf, collects data and performs a sustainability assessment on our critical suppliers. The aim is to evaluate how well each of our suppliers has integrated the principles of and processes related to environment, human & labour rights, ethics and sustainable procurement into their business and management system. In collaboration with EcoVadis, we have made sure that the criteria being used in the assessment suits 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. These ratings are a useful source of information for our further due diligence.

5.4. Agent Screening
As detailed in last year’s Modern Slavery Statement, Shearwater uses 10 commercial agents that operate on our behalf. We are pleased to announce that the retrospective TCC and onboarding compliance actions for these agents, which was an action to fulfil in 2023, has been completed without any concerns. In addition, we are conducting physical audits on all our commercial agents, with 3 audits completed in 2023 and the remaining planned for 2024/2025.

Along with the DS performed on agents, an audit also takes place at least once within the third year of engagement. More frequent audits shall be performed if a trigger event takes place, which is one of the following: a client requirement, a concern over service delivery, a change in ownership/management and/or following up from the previous audit.

5.5 Low-value purchases outside the onboarding model
There are a limited number of instances where Shearwater purchases low-value office consumables and other low-value single purchases. In order to facilitate a swifter transaction with suppliers of such goods and services, these are not part of our ordinary onboarding model. Where possible, we use our onboarded agents for these types of purchases. These agents perform the transaction on our behalf and under our auspices, which we consider to be a secure solution for these types of low-value purchases, seeing that the agent adheres to our legal & compliance requirements.
In some cases, it is not possible to go via an agent and in such limited circumstances we do accept single purchases by use of credit card. Such Non-Purchase-Order-Transactions are only permitted if the transaction falls under our criteria that the purchase is: (i) less than £5,000 in value; (ii) a commodity; (iii) from a supplier not located in a high-risk country; and (iv) it is approved in accordance with Shearwater’s finance approval matrix, which is based on seniority and the fiscal amount concerned.

6. **Statistics**

As mentioned in section 4 above, the United Nations Office for the Coordination of Humanitarian Affairs has listed the top 17 countries in the world with the highest risk for modern slavery to exist, based on the Walk Free Global Slavery Index.

Throughout the period of this Statement, Shearwater ordered from 42 suppliers located in six out of these 17 countries, which is the same number of countries as per last year’s Modern Slavery Statement, but an extra 18 suppliers. This number of orders placed with suppliers located in high-risk countries equates to 9.12% of the total amount of orders placed globally, which is an increase from 2% in last year’s Modern Slavery Statement.

Although the number of suppliers in high-risk countries has increased, such suppliers have been subjected to and approved by the onboarding process. Suppliers located in high-risk countries are automatically categorised as critical and are therefore subject to increased and more stringent due diligence.

7. **Training**

As per last year’s Modern Slavery Statement, Shearwater’s mandatory training modules for ‘modern slavery & human trafficking’ and ‘anti-bribery & corruption’ were successfully completed by 84% of Shearwater employees. For the period of this year’s Statement, this figure now stands at 91%, taking into account that Shearwater has recruited an additional 170 employees since the last year’s statement. The aim is that 100% of employees will have completed this training by next year’s statement. These training modules will be revisited and updated regularly to reflect any legislative changes or updated internal procedures.
Summary
As further detailed in this Statement, Shearwater has a comprehensive and centralised onboarding model that seeks to prevent modern slavery existing in any of our supply chains, irrespective of the supply chain procurement function or its location, or the category of supplier.

We recognise that we operate within geographical areas and industries with under-developed framework for fundamental human rights & decent working conditions and there will always be room for further improvement. Our continued efforts and due diligence is a necessity to our business and compliance commitments. Shearwater and its suppliers will continue working towards preventing slavery & human trafficking from taking place in any of our supply chains or in any part of our business.

APPROVED BY THE BOARD OF SHEARWATER GEOSERVICES HOLDING AS 27 JUNE 2024

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CEO