Transparency Statement 2024

Introduction

Shearwater GeoServices Holding AS and its subsidiaries ("Shearwater") have prepared this joint Transparency Statement for the period of 1 January 2023 – 31 December 2023 (the "Statement"), 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 ("DD 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 negative impact on fundamental human rights and decent working conditions. Further, we are to consider and implement appropriate measures to cease, prevent or mitigate such negative impacts.

In the Statement, we will give account for how we have progressed with our internal procedures on due diligence related to human & labour rights since publishing our first Transparency Statement in 2023, and which specific areas related to our business that we need to focus on going forward.

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 2D, 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 production facility in Penang, Malaysia, which specialises in manufacturing and repair of our marine geophysical equipment, and a technology and innovation centre in Oslo, Norway, providing R&D services.

The Shearwater group consists of 30 entities 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 entities, which are all directly or indirectly owned by the parent company Shearwater GeoServices Holding AS. The ultimate owners of the Shearwater group are Rasmussengruppen AS, GC Rieber AS and Schlumberger Norge AS.

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 we obey to 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 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 & 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 CSR policy 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 describes 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.

Our core values in Shearwater are empowerment, action, 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 of directors.

Procedure for Due Diligence Assessments

The main focus since last statement was published, has been to establish a tailored procedure for DD Assessments related to fundamental human rights and decent working conditions. The procedure has now been created and formalized in the Shearwater Guidelines for Due Diligence Assessments under the Transparency Act (the “Guidelines”).

The Guidelines are structured in accordance with the OECD Guidelines for Multinational Enterprises. They clearly state the chronologically order of the various steps of the assessment and the deadlines throughout the year. Further, the Guidelines formalize how the tasks and responsibilities are divided between various stakeholders within the organisation, with the overall responsibility placed on the board of directors. Lastly, they go through how the
DD Assessment is to be carried out, both the risk mapping and the risk analysis, and the system for implementing measures when identifying negative impact.

The Guidelines apply to the entire Shearwater group. Seeing that the administration around the business conducted in the Shearwater group is run in a centralized manner, we have found it useful to split the DD Assessments between our various business lines instead of splitting between the group entities. When carrying out the risk mapping, we therefore split the mapping between Marine Acquisition, SP&I, Technology & Innovation and Manufacturing.

Going forward, the main focus will be for the new procedure to be implemented in the organisation and embedded in our daily operations and strategic assessments. We have allocated more resources to work with corporate compliance, including facilitating the work related to the DD Assessments. A compliance advisor will assist during the assessment, also being responsible for documenting it, ensuring progress and follow up in accordance with the Guidelines. If needed, the risk assessments will be escalated to the management team and potentially the board of directors. As part of embedding the new procedure in the organisation, we will consider the need for establishing a due diligence committee.

Before going into the risk mapping, information related to human & labour rights need to be collected. How we go about this, will be covered in the following sections.

Screening of suppliers

The supply chain department of Shearwater deals with procurement for either marine, non-marine, research & development or consumables around the world. 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 and defined as either critical or non-critical, with the purpose of tailoring the further assessment. During the period of the Statement, the categorisation process has been updated, with the sole purpose of improving our supplier due diligence related to human & labour rights. Previously, the categorisation was based on the nature of the goods and services being delivered and the importance to Shearwater’s business operations. As of now, the categorisation is also based on high-risk geographical areas looking at potential breach of human & labour rights. If the supplier is located in a high-risk country\(^2\), they will automatically be considered a critical supplier. By doing so, we ensure assessing risks not only relating to our own business, but also risks of negative consequences in a bigger context.

Onboarding model and TCC

The onboarding model consist of an initial screening 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. During the period of

\(^2\) Based on the Walk Free Global Slavery Index.
the Statement, the questionnaires for both critical and non-critical suppliers have been updated to better cover topics related to fundamental human rights and decent working conditions. The questionnaire for critical suppliers has a section specifically for corporate social responsibility topics, which requires the suppliers to further divulge its policies and processes. For both supplier categories, we require the suppliers to also address how they ensure compliance in their supply chain.

Simultaneously, we are performing a trade and customs 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.

We also consider the collaborative approach towards our suppliers to be the best way of ensuring screening throughout our entire supply chain, by making our tier one suppliers accountable and ensure adequate due diligence towards their own suppliers. As long as our suppliers can demonstrate a proper procedure on own supplier screening, we will build on the information collected from this screening in our own DD Assessments.

**Dynamic screening**

After a supplier has been onboarded and the engagement has started, to make sure we have up to date information on our suppliers, they need to undergo our 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.

As the feedback which the suppliers provide in the onboarding questionnaire does not get reviewed under the DS, we see the need to run a separate up-to-date screening of this information, by asking them to reconfirm their original responses and running a new TCC check. We are currently conducting this exercise towards our critical suppliers.

**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 critical 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. These ratings are a useful source of information for our further DD Assessments.

Internal screening

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.

Corporate Risk Committee

Shearwater’s Corporate Risk Committee (“CRC”) has the purpose of assessing potential high-level risks related to both commercial and operational aspects of our business, for further recommendations to the management team. For instance, tenders from clients which meet certain criteria will be presented in a CRC meeting, where relevant stakeholders from the organisation discuss potential risks related to the client project and their impact on Shearwater, prior to decision of bidding on the tender. If needed, external advice from subject matter experts is collected and will be part of the CRC assessment. The information collected and assessed under this procedure will be useful also in the DD Assessments, especially when mapping risks related to our clients.

Due diligence results and measures

The initial mapping under the procedure for DD Assessments, which is to be concluded by end of September 2024, already identifies risks related to our various business lines that need to be further assessed, in order to disclose potential negative impacts. Both likelihood and consequence are crucial elements of this prioritized risk analysis. The main findings so far will be presented below, structured based on our business lines, in addition to implemented and
planned measures to prevent potential negative impact on fundamental human rights and decent working conditions. The measures addressed below apply in addition to the general onboarding model as presented above, which in itself qualifies as a measure.

For our Marine Acquisition business, which consists of offshore seismic surveys, we face risk of negative impact on fundamental human rights and decent working conditions in several parts of the business. In our supply chain, suppliers within the shipyard industry are critical suppliers to Shearwater’s business. It is commonly known that shipyards in specific geographical areas have underdeveloped conditions with regard to human & labour rights, for instance working hours and health & safety. Physical inspection of the shipyards is an implemented and highly useful measure used in Shearwater, which gives us firsthand information on the supplier.

Further, the health & safety aspect presents itself within our own business as well. Due to the various risks associated with offshore work, marine QHSE is an important internal focus area, and injuries are being recorded and followed up on closely. As a measure, we have invented PACE (Preventing Accidents by Controlling Exposure). This is a behavioural-based safety process aiming to transform our culture towards increased commitment to safety, with defined and shared values on safety, and focusing on reducing exposure to risk.

The last main finding under Marine Acquisition, is the high volume of hired crew from manning agencies. Even though hired crew is subject to the same conditions as our own crew when on contract for Shearwater, we do not have control over the periods when the hired crew is without contract. To mitigate the risk of negative impacts on the hired crew in between contracts, we ensure close and long-term collaboration with our manning agency, in addition to physical inspections and documentation review.

On the Manufacturing side, Shearwater has its own production centre in Penang, Malaysia, for production of own developed seismic equipment. Conflicting minerals are part of our manufactured equipment, however, we do not use any raw materials in our own production, only transformed products. The main focus is therefore proper supplier due diligence, which also is recommended by OECD\(^3\) as an important first step in mineral supply chains. We are only transacting with reputational and authorized suppliers. Further measures in accordance with OECD recommendations will be assessed for our Manufacturing business going forward.

A general measure which applies for all our suppliers is however the commitment to adhere to Shearwater policies. 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 and accountable. If our DD Assessments uncovers negative impact 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

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applicable contractual obligations that are either equivalent or more stringent than Shearwater’s policies.

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.

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.

Summary

The procedure for DD Assessments is working as intended and is already giving us good indication on which part of our business and supply chain we need to focus on going forward. The ongoing DD Assessments are due end of September this year. Based on the results, we will focus on assessing and implementing additional measures to prevent negative impact on fundamental human rights and decent working conditions throughout H2 2024.

However, the Guidelines and the procedure for DD Assessments are still new to the majority of people in our organisation. Due to this, a focus area going forward will be to conduct training for relevant stakeholders, in addition to general awareness on the importance of the work towards both employees and suppliers.
SIGNED AND APPROVED BY THE BOARD AND MANAGING DIRECTOR OF THE FOLLOWING ENTITIES 27 JUNE 2024:

Shearwater GeoServices Holding AS

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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

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Kristin Færøvik
Board member

__________________________
Irene Waage Basili (CEO)
Oceanic Seismic Vessels AS

Irene Waage Basili  
Chairperson and CEO

Andreas Hveding Aubert  
Board member

Shearwater GeoServices Assets V AS

Irene Waage Basili  
Chairperson

Andreas Hveding Aubert  
Board member

Peter Allan Hooper (Managing Director)

Reflection Marine Norge AS

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