

# Mermaid Maritime ESG Report



Financial Year 2021

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S&P Global



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#### About Trucost

Trucost is part of S&P Global. A leader in carbon and environmental data and risk analysis, Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. Companies and financial institutions use Trucost intelligence to understand their ESG exposure to these factors, inform resilience and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation allows us to deliver essential ESG investment-related information to the global marketplace.

#### About S&P Global

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# Background

## About Mermaid

Mermaid provides full turnkey services to oil and gas majors operating offshore through diversified portfolio of subsea vessels, specialized diving equipment and remotely operated vehicles. Mermaid has been in the offshore business for over 30 years and is present in five geographical regions with a team of over 500 professional divers, technicians, surveyors, management and support staff.

Mermaid was founded in 1983 and the headquarter is based in Bangkok, Thailand.

## Introduction

Mermaid engaged Trucost to review reporting of its environmental, social and governance (ESG) impacts for the financial year of 2021 (FY2021), which comprised the period from January 2021 - December 2021. Mermaid is interested in measuring its baseline ESG impact so that it can track progress against ESG-related activities over time. The results from this report are in line with common sustainability reporting frameworks - GRI and SASB and are aligned with TCFD recommendations.

Proactively identifying key materiality issues provides companies with the opportunity to increase their value, both in business and financial terms. Focusing on these material ESG issues can allow companies to positively impact their growth in terms of profit and customers, while failure to address these issues can have a negative effect on a company's reputation and profits. ESG reporting can help Mermaid communicate the company's commitment to sustainable development and its key achievements, practices, and management approaches to its target audiences and stakeholders.

Due to the global COVID-19 pandemic, Mermaid's disclosure in FY2021 may be not fully representative of Mermaid activities in a typical year. The COVID-19 pandemic may have impacted the environmental impact metrics as well as disclosure that relates to employee turnover.

## Scope

Mermaid assessed and disclosed environmental, social and governance impacts for its vessels and operations.

Environmental indicators covered include:

- GHG emissions
- Energy Management
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Ecological Impacts

Social indicators covered include:

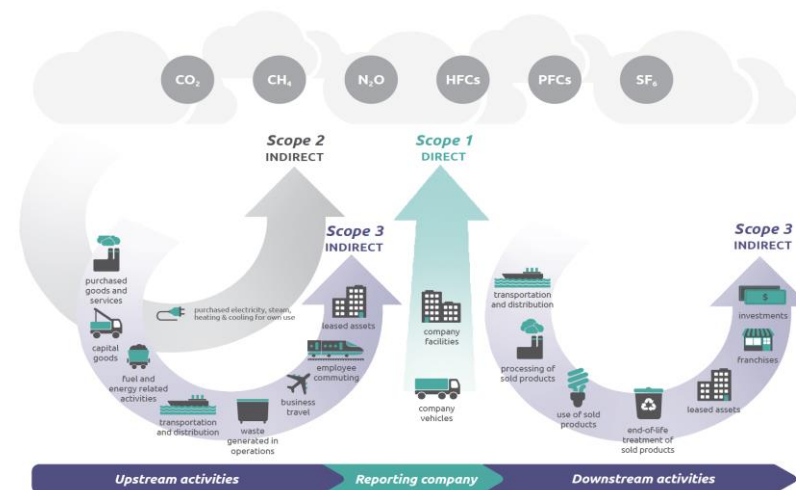
- Employee Engagement, Diversity & Inclusion
- Employee Healthy & Safety
- Labor Practices
- Product Quality & Safety

Governance indicators covered include:

- Data Security
- Business Ethics
- Management of Legal & Regulatory Environment
- Critical Incident Risk Management

The figure to the right summarizes an organization's sources of GHG emissions, across scope 1 (direct emissions), scope 2 (indirect emissions, primarily purchased electricity) and scope 3 (indirect emissions from upstream suppliers and downstream customers).

FIGURE 1: SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT



Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

## Methodology

This report includes material ESG data from all business units, subsidiaries, and operations over which Mermaid has operational control.

Mermaid provided Trucost with vessel related records, fuel and electricity data, water use data, waste data. Based on the information provided, the data covers the sites' full-time and part-time employees.

Trucost calculated Scope 2 emissions from electricity consumption data.

Trucost calculated Scope 3 emissions (business travel) data from total car travel distance data.

The Greenhouse Gas Protocol methodology for compiling GHG data is used to assess carbon footprint. This includes the following material GHGs: CO<sub>2</sub> (carbon dioxide), N<sub>2</sub>O (nitrous oxide) and CH<sub>4</sub> (methane). The following emission conversion factor sources are used in calculations:

- Fuel usage: EPA 2020
- Purchased electricity: EPA 2020 and IEA 2020

All commentary and metrics in the social and governance sections of this report were provided by Mermaid. No additional calculations were required to compile these metrics.

## ESG Materiality

Trucost considered sector-level materiality to identify ESG issues relevant to companies operating in the associated sectors. These themes were identified using SASB and GRI, as well as an assessment of Mermaid peer reporting. Sector-level materiality was identified and refined based on specific activities of the company.

Table 2 shows the ESG materiality results for Mermaid. The material topics shown in the table are identified across three categories – Environment, Social and Governance.

Overall Mermaid had 21 participants from their management level to Operations and Support divisions participating in the materiality assessment. The scores displayed in table 2 represent the average scores from all the participants. When scoring the material topics, Mermaid tried best to include all the departments to consider the possible likelihood and impact on the business both on the company, counterparties and environment.

TABLE 2: MERMAID ESG MATERIALITY TABLE, FY2021

Source	Category	No.	Material Issue	Material to Mermaid Maritime	Score of Importance to Business (10 is high, 1 is low)	Score of Importance to Stakeholders (10 is high, 1 is low)
SASB/GRI	Environment	1	GHG Emissions	Yes	10	10
SASB/GRI	Environment	2	Energy Management	Yes	8	8
SASB/GRI	Environment	3	Water & Wastewater Management	Yes	10	10
SASB/GRI	Environment	4	Waste & Hazardous Materials Management	Yes	10	10
SASB/GRI	Environment	5	Ecological Impacts	Yes	10	10
SASB/Peers	Social	6	Product Quality & Safety	Yes	9	9
GRI/Peers	Social	7	Labor Practices	Yes	9	9
SASB/GRI	Social	8	Employee Health & Safety	Yes	10	10
GRI/Peers	Social	9	Employee Engagement, Diversity & Inclusion	Yes	8	8
GRI/Peers	Governance	10	Data Security	Yes	10	10
SASB/GRI	Governance	11	Business Ethics	Yes	10	10
SASB/GRI	Governance	12	Management of the Legal & Regulatory Environment	Yes	10	10
SASB	Governance	13	Critical Incident Risk Management	Yes	10	10



# Environmental Impact

## Environmental Impact

### Greenhouse Gas Emissions

Trucost reviewed Mermaid’s environmental data for FY2021. Mermaid’s operational greenhouse gas emissions are attributed to onsite energy use and employee travel. The analysis below covers Mermaid’s warehouses, offices and vessel operations in Thailand, Qatar and Saudi Arabia.

TABLE 3: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2021

	Units	2017	2018	2019	2020	2021
<b>Purchased electricity</b>	MWh	2,038	2,133	1,343	1,062	1,474
<b>Total distance travelled</b>	Km	311,801	277,377	138,177	96,907	130,980
<b>Scope 1</b>	tCO2e	37,695	39,061	30,265	28,351	23,607
<b>Scope 2 (location based)</b>	tCO2e	1,227	1,282	733	588	723
<b>Scope 3 (business travel)</b>	tCO2e	N/A	29	24	17	19

FIGURE 4: ELECTRICITY USAGE BY GEOGRAPHY, FY2021

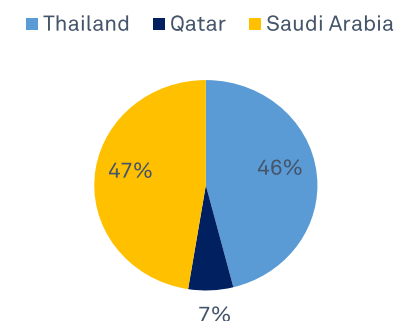


FIGURE 5: SCOPE 1 GHG EMISSIONS ABSOLUTE AND INTENSITY VALUES, FY2017-2021

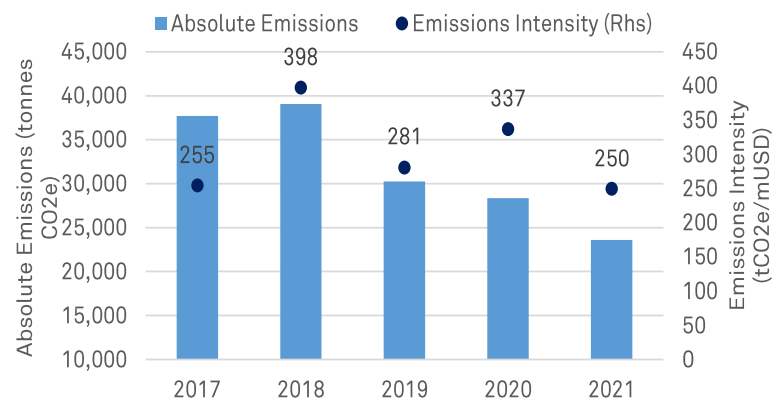
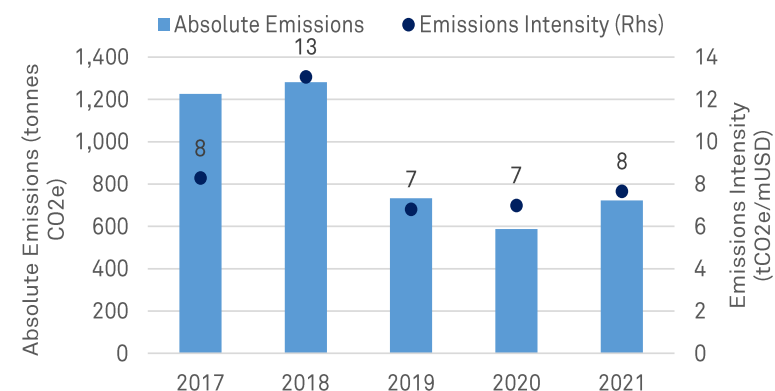


FIGURE 6: SCOPE 2 GHG EMISSIONS ABSOLUTE AND INTENSITY VALUES, FY2017-2021



## Environmental Impact

### Greenhouse Gas Emissions

Mermaid has been reporting on emissions since 2016. In response to Thailand's updated nationally determined contributions (NDCs) to the United National Framework Convention on Climate Change, Mermaid plans to continue to achieve improvements in emissions reduction. In comparison to 2020, Mermaid's scope 1 emissions decreased substantially by 17% y/y, thanks primarily to reduced fuel oil consumption. However, due to rising purchased electricity, Mermaid's scope 2 emissions rose 23% y/y in FY2021.

#### Direct (Scope 1) GHG Emissions

Direct emissions are GHG emissions from an organization's direct operations. Direct (or scope 1) emissions are derived from consumption of fuels such as natural gas, petrol and diesel. Mermaid's scope 1 emissions during FY2021 were 23,607 tCO<sub>2</sub>e, and the intensities of GHG emissions normalized by revenue and total employees were 249.9 tCO<sub>2</sub>e/mUSD and 153.3 tCO<sub>2</sub>e/employee, respectively.

#### Indirect (Scope 2) GHG Emissions

The second component of Mermaid's GHG emissions relates to indirect (or scope 2) emissions from the consumption of purchased electricity. Mermaid's scope 2 emissions (location-based) during FY2021 were 723 tCO<sub>2</sub>e. 100% of the electricity was purchased from the grid. The intensities of GHG emissions normalized by revenue and total employees were 7.7 tCO<sub>2</sub>e/mUSD and 4.7 tCO<sub>2</sub>e/employee, respectively.

#### Indirect (Scope 3) GHG Emissions

The third component of Mermaid's GHG emissions comes from its employee traveling (scope 3). Mermaid's scope 3 emissions as a result of employee traveling covering warehouses were 22 tCO<sub>2</sub>e during FY2021. The intensities normalized by total employees were 0.15 tCO<sub>2</sub>e. Additionally, Mermaid also had 8 tCO<sub>2</sub>e of scope 3 emissions contributed by travel from third-party vehicles.

## Environmental Impact

### Energy Management

Mermaid realizes that energy usage, such as electricity purchased or generated via gas turbine and diesel engines, could impact environment. Mermaid identifies the main source of energy consumption from its office and its marine operation sites. The company has therefore been monitoring the amount of energy usage and impact at every site and offices. In order to reduce carbon emissions from energy consumption, the management requires the company to manage the energy usage effectively and comply with the updated standards and requirements. As a result, Mermaid's vessel fuel oil consumption further declined in FY 2021 to 8,850 m3 from 9,079 m3 in FY2020, despite a recovery in business activities and vessel operations due to rising client's demand from Saudi Arabia.

Apart from Carbon Dioxide emissions, emissions of Nitrogen Oxides (NOx) and Sulphur Oxides (SOx) are also detrimental to humans and nature ecosystem. Mermaid's vessels follow the MARPOL (International Convention for the Prevention of Pollution from Ships) guidelines and the company has Pollution Prevention Protocol in place to set boundaries and requirements for company equipment to limit emissions of certain key pollutants. Continued efforts in increasing energy efficiency and reducing fuel oil consumption have also led to a decrease in NOx and SOx emissions in FY2021 to 1,011 and 968 tonnes, respectively.

TABLE 7: FUEL OIL USAGE AND ASSOCIATED AIR POLLUTANTS, FY2021

		2017	2018	2019	2020	2021
<b>Fuel Oil Consumption</b>	M3	10,971	11,697	9,692	9,079	8,850
<b>SOx</b>	Tonnes	1,199	1,247	1,061	994	968
<b>NOx</b>	Tonnes	1,211	1,302	1,108	1,038	1,011

## Environmental Impact

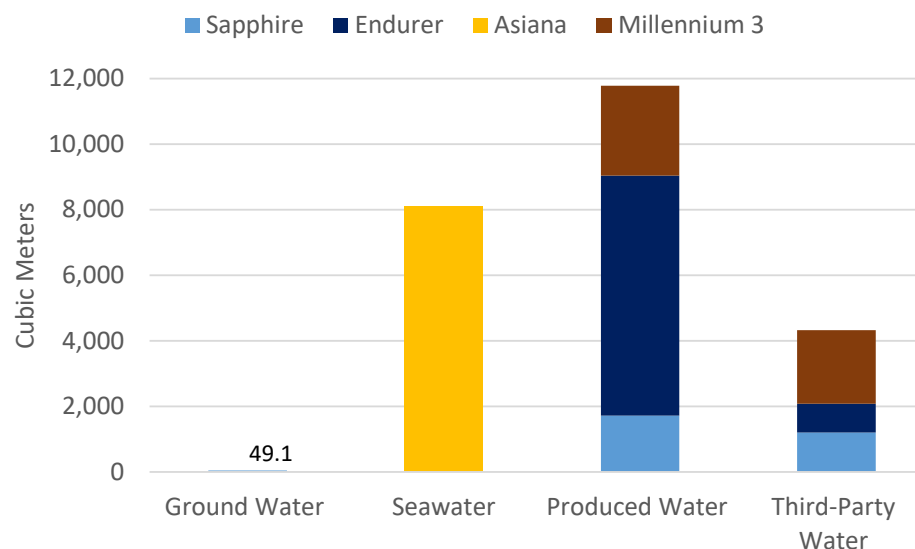
### Water & Wastewater Management

Mermaid’s water consumption comprises usage in vessel operations and warehouse operations. On vessel operations, total water consumption reached 16,043 m3 in FY2021, with 24,262 m3 water withdrawal and 8,219 m3 water discharge. The water discharge purely came from vessel Endurer. Mermaid does not operate in regions where fresh water is scarce. The biggest source of water came from water produced on board, accounting for 49% of total water withdrawal. Vessel Asiana withdrew water from seawater directly.

TABLE 8: WATER USAGE FOR VESSELS OPERATIONS CUBIC METRES (M3), FY2021

Water Usage by Vessels	2021
<b>Water Withdrawal</b>	<b>24,262</b>
• Sapphire	2,975
• Endurer	8,204
• Asiana	8,101
• Millennium 3	4,983
<b>Water Discharge</b>	<b>8,219</b>
• Sapphire	-
• Endurer	8,219
• Asiana	-
• Millennium 3	-
<b>Water Consumption</b>	<b>16,043</b>
• Sapphire	2,975
• Endurer	(15)
• Asiana	8,101
• Millennium 3	4,983

CHART 9: WATER WITHDRAWAL BY SOURCE, IN BREAKDOWN BY VESSELS



# Environmental Impact

## Water & Wastewater Management

Mermaid’s water consumption for warehouse operations reached 3,578 m3 in FY2021, 24% y/y higher than FY2020, which could be in part due to a recovery of business activities. Chart 10 shows total water consumption during FY2017-2021 and also water consumption intensity based on million USD revenue. The bulk of water consumption took place in Thailand, and Qatar and Saudi Arabia shared the rest (36%). Mermaid manages its water footprint by ensuring the efficient usage of water and the management of produced wastewater.

CHART 10: WATER WITHDRAWAL BY TYPE AND BY WAREHOUSE, FY2021

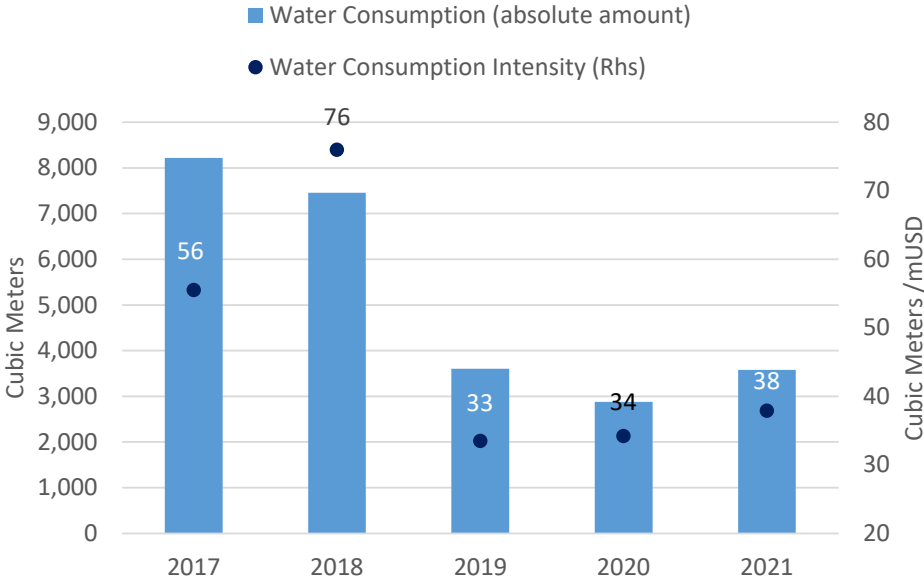
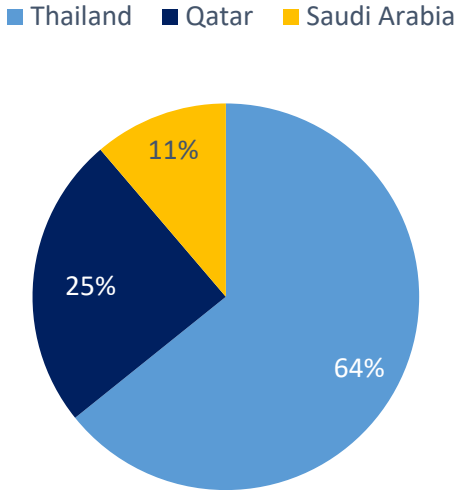


CHART 11: WATER CONSUMPTION IN WAREHOUSE BY GEOGRPAHY, FY2021



## Environmental Impact

### Waste & Hazardous Materials Management

Mermaid is conscious of the need to preserve the marine environment and has identified the main source of waste generation as from office (general waste) and the marine operation sites (chemicals). Mermaid produces both hazardous and non-hazardous waste. It adheres to ISO 14001 requirements and guidelines for vessel-specific garbage management plans.

The total waste in FY2021 rose to 570 metric tonnes, with waste oil, plastic and soda lime being the top 3 biggest sources. Compared to FY2020, Mermaid effectively reduced waste volume in sludge. The bulk of the non-hazardous waste generated on vessels was disposed of ashore by port reception facilities while the hazardous waste mostly went to landfill.

In addition to vessel waste, 288 metric tonnes of office waste were generated in FY2021. These are composed of a mix of waste such as food, paper, plastics etc.

CHART 12: WASTE BY COMPOSITION, FY2020-2021

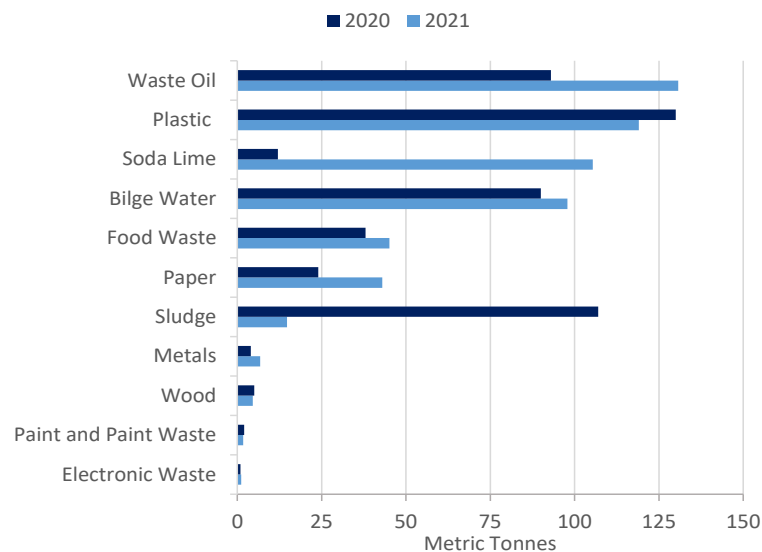
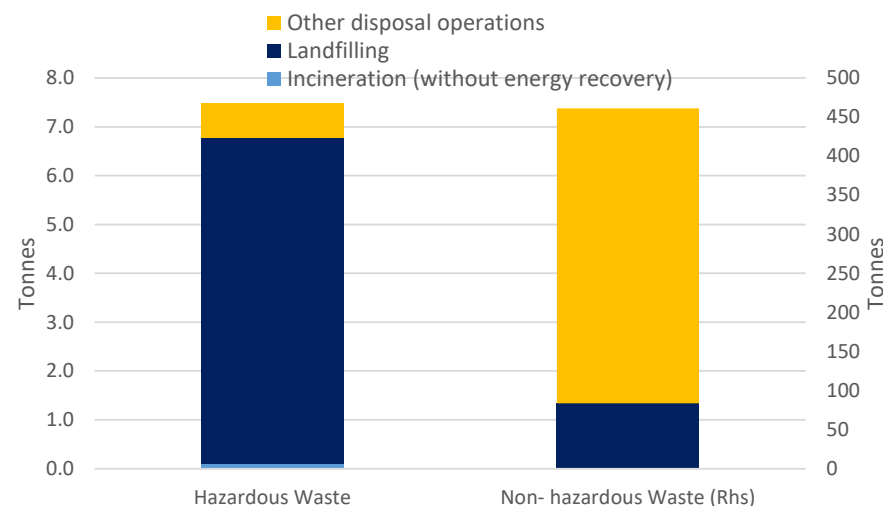


TABLE 13: WASTE DIRECTED TO DISPOSAL BY DISPOSAL OPERATIONS



## Environmental Impact

### Ecological Impact

Mermaid is fully aware the ecological impact from its marine business operations. The fleet vessels are complied with IMO requirement and Ballast Water Management. Flag approval on Ballast Water Management Plan are available onboard for individual vessel.

Ballast water exchange is defined by Regulation D1 of the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM) and requires that ships performing ballast water exchange do so with an efficiency of at least 95 percent volumetric exchange of ballast water. Ballast water treatment includes implementation of an integrated system of ballast water treatment equipment that is approved by the U.S. Coast Guard or by another governmental administration to meet the performance criteria in Regulation D2 of the BWM.

Mermaid Endurer is complied with D2 requirement. Ballast Water Management Plant is installed onboard. Mermaid Asiana and Mermaid Sapphire are complied with D1 (Exchange method). Plan to install Ballast Water Management Plant within 2022.



# Social Impact

## Social Impact

### Engagement, Diversity and Inclusion

Overall, the company has 78% male and 22% female representation. This split is mainly due to the 24% female representation for Non-Executive position. The largest age group in the company are employees between 30-50 (47%), followed by staff under 30 (39%).

TABLE 14: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION (ACTIVE EMPLOYEES), FY2021

<i>Diversity</i>		<i>Board</i>	<i>Executive</i>	<i>Non-Executive</i>	<i>Total</i>
Gender	Male	100%	100%	76%	78%
	Female	0%	0%	24%	22%
Age Group	Under 30	0%	0%	42%	39%
	30-50	17%	67%	47%	47%
	Over 50	83%	33%	11%	14%

FIGURE 15: GENDER REPRESENTATION, FY2021

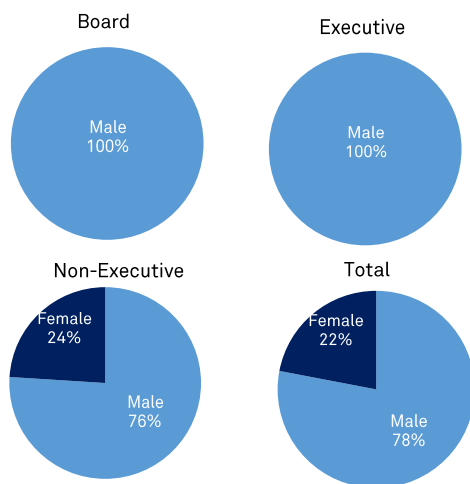
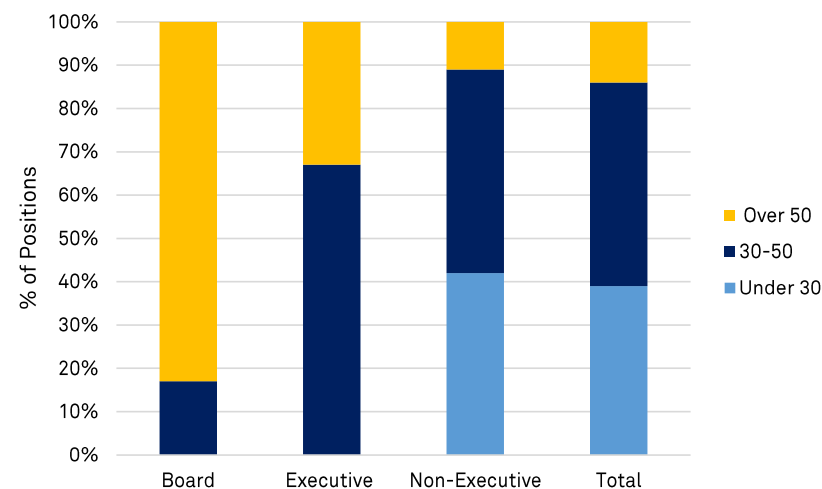


FIGURE 16: AGE GROUP BREAKDOWN BY POSITION, FY2021

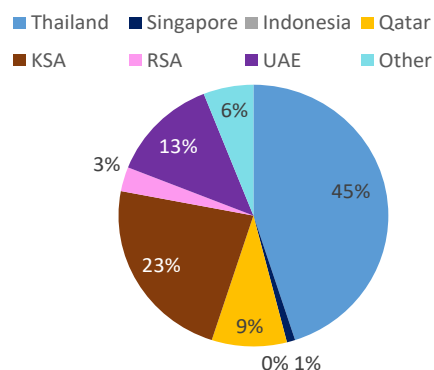


## Social Impact

### Diversity and Inclusion

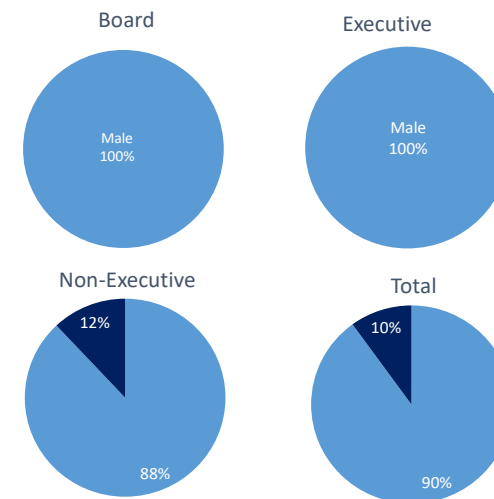
Overall, the company has a workforce comprised of 45% from Thailand, 23% from Southwestern Asia, 13% from UAE, 9% from Qatar, and rest from Singapore (1%), South Africa (3%) and other countries (6%).

FIGURE 17: ETHNICITY REPRESENTATION, FY2021



The company's ratio of basic salary and remuneration by gender is 9:1 for male vs female. The difference is mainly due to the differences between male (88%) vs female (12%) for Non-Executive position.

FIGURE 18: RATIO OF BASIC SALARY AND REMUNERATION FOR MEN AND WOMEN, FY2021



### Training and Development

TABLE 19: DIVERSITY AND INCLUSION MANAGEMENT PRACTICES

Employee Group	Category	Average hours of training that the employees have undertaken during the reporting year	Percentage of total employees who receive a regular performance review and career development review during the reporting period
Gender	Male	0.40	100%
	Female	0.50	100%
Age Group	Under 30	0.00	100%
	30-50	0.60	100%
	Over 50	1.00	100%

Labor who lack practices will impact business directly. Mermaid is well-aware of the importance of workers' training and development. The company will have employee performance review annually and will share and update employees for improvement areas.

Besides the employees' performance, Mermaid also checks and discusses with employees for the status of each department to ensure that we have a good teamwork. The investigation will be in place if the organization finds out any conflicts in the company, so the company will have improvement continuously.

## Social Impact

### Employee Health & Safety

There were 3 recordable medical treatment cases in 2021 leading to a Total Recordable Injury Rate (TRIR) of 0.34. There were zero case of Loss Time Incident and zero fatality rate. There were 16 Near Miss cases globally in FY2021.

Mermaid is committed to safety, the prevention of injury or loss of life, and the protection of its employees, the environment and all personnel, directly employed or subcontracted, who work within the framework of the Company and its subsidiaries. In line with this commitment, this Safety, Health and Environment Policy (the “Policy”) aims to inform all employees and Company associated personnel of our commitment to health, safety and protection of the environment. MSS assesses all identified risks to its vessels, personnel and the environment and has established appropriate procedures and safeguards.

TABLE 20: TOTAL RECORDABLE INJURY RATE, FY2017-FY2021

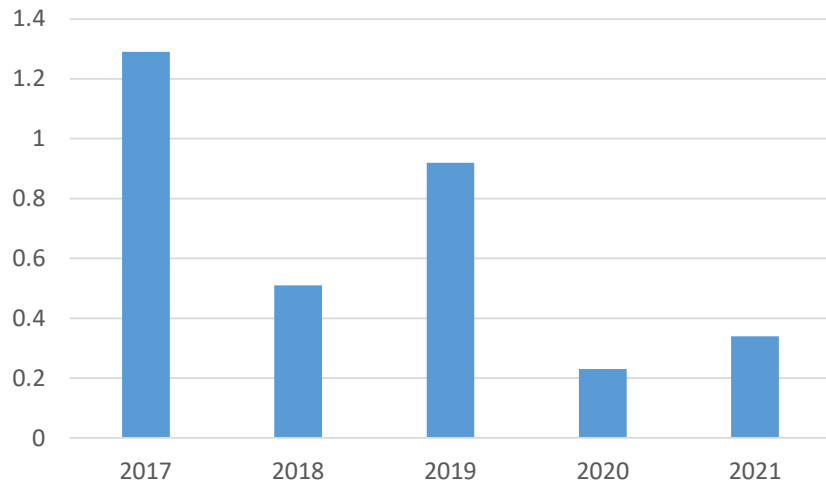
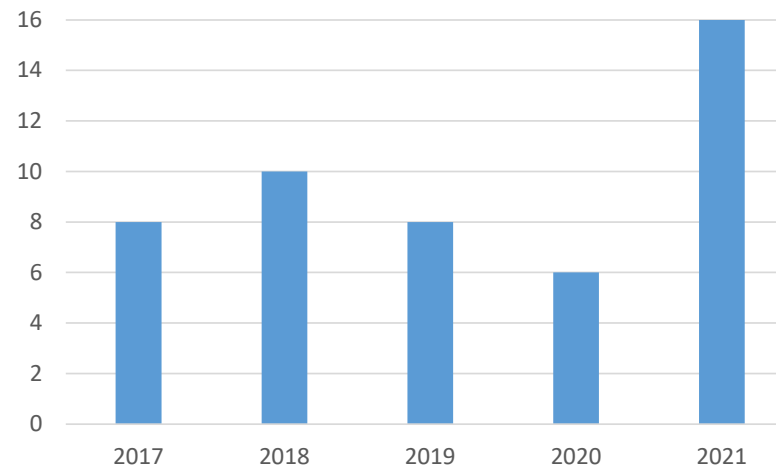


TABLE 21: NEAR MISS CASE, FY2017-FY2021



## Social Impact

### Employee Health & Safety

Description	Details
Commitment of MSS	<p>MSS is committed to:</p> <ol style="list-style-type: none"> <li>1. Providing safe and healthy working conditions for the prevention of work-related injury and ill health.</li> <li>2. These conditions are appropriate to the purpose, size and context of our organization and specific to the nature of the OH&amp;S risks and opportunities that we face;</li> <li>3. Providing a framework for setting OH&amp;S objectives;</li> <li>4. Fulfilling legal and other requirements;</li> <li>5. Elimination of hazards and reduction OH&amp;S risks;</li> <li>6. Continual improvement of the MSS Group SHEQS Management System;</li> <li>7. <u>Extended Consultation and Participation of workers, and workers' representatives</u></li> </ol>
Impact to Stakeholders and Management	<p>The Company realizes the importance of this topic including cause and impact to the Employee Health/Safety Aspects.</p> <p>The management insists the company must manage these Safety Aspects effectively and comply to all updates on standards, requirements, laws and regulations related along with proper dissemination management.</p> <p>All employee must follow the policies and protocols while communications to suppliers and customers along with the publication for all the updates of standards and certificates shall be kept up-to-date.</p>
Risk Management	<p>MSS has determined the context of organization as outlined in: MSS-SHEQS-ML-150 Context of Our Organization, Also known as contextual intelligence, this approach is not completely new to MSS and has been part of our planning and strategic development, but it is new in terms of its specific inclusion to the MSS SHEQS System and ISO 9001:2015 / ISO 14001:2015.</p> <p>Our organization has identified and assessed all internal and external issues that could impact upon our Employee Health &amp; Safety (SHEQS) ability to deliver its intended results. MSS-SHEQS-ML-155 Risk and Opportunities Register.</p> <p>This system has and will continue to develop, over time, an understanding of the key internal and external factors that influence our business and has allowed us to set up processes to monitor and review these issues.</p> <p>The Context, Risk and Opportunity (CRO) monitoring / review shall be completed on a bi-yearly basis by the MSS QHSE Department in association with the COO and department heads.</p>

## Social Impact

### Labor Standards

FIGURE 22: VOLUNTARY AND INVOLUNTARY EMPLOYEE TURNOVER BY GENDER

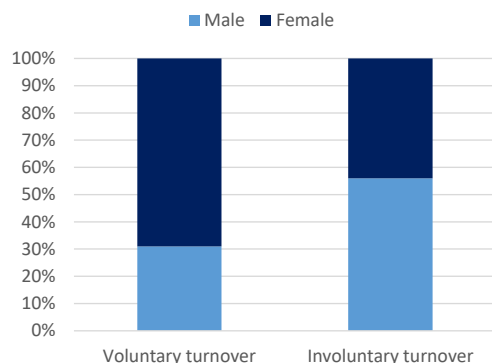


FIGURE 23: VOLUNTARY AND INVOLUNTARY EMPLOYEE TURNOVER BY AGE

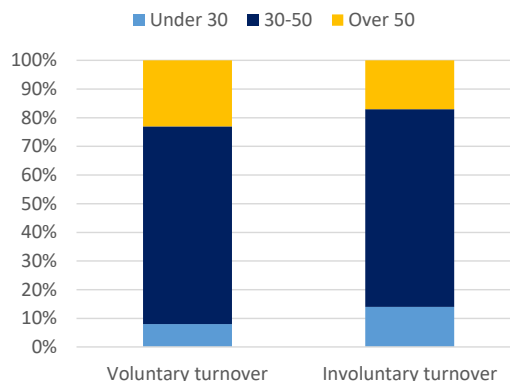
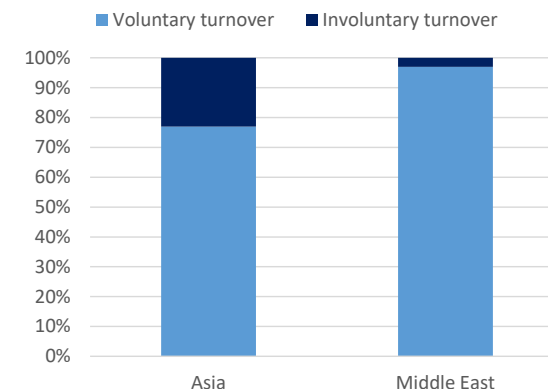


FIGURE 24: VOLUNTARY AND INVOLUNTARY EMPLOYEE TURNOVER BY GEOGRAPHY



Labor who lack practices will impact business directly. Mermaid takes labor The subject is very important to focus for better improvement. The group will have employee performance review annually, to share and update employees for motivating and alerting on improvement areas.

Voluntary and Involuntary turnover rates are highest for employees between 30-50 and lowest for the age group below 30. By gender, voluntary turnover rates are much higher for female while involuntary turnover rates are higher for male than female. Overall, in both Asia and Middle East, voluntary turnover rates are much higher than involuntary turnover rates.

Employees are able to escalate issues within the management structure. The company has a whistle-blowing policy in place that enables all employees to provide their complaints/feedback via email.

All employees earn at least the minimum wage. There are no child labor or young workers in the Company.

There was zero monetary losses reported as result of legal proceedings associated with labor law violations and/or employment discrimination for FY2021.

## Social Impact

### Product Quality and Safety

Description	Details
How Mermaid understands this material topic	<p>The Company is committed to maintaining all standards, requirements, laws and regulations in relation to the final deliverable 'product' Quality (inclusive of both Assurance and Control) without sacrificing Safety in any way. For example, The company is actively monitoring Customer feedback in relation to Quality Assurance and Control. Key Performance Safety indicators are updated and are also monitored on a daily basis by the Environmental, Health &amp; Safety or Quality Management System's (SHEQS) Department, information from which is shared with Senior most Management on a weekly basis.</p>
What are the targets and objectives set	<p>This system of Management is designed to allow total compliance with regulatory and Clients' requirements. Company Quality Objectives have been established and include:</p> <ol style="list-style-type: none"> <li>1. Customer satisfaction, ensuring that the reporting and actions resulting from customer feedback and/or complaints, non-conformances and audit findings are completed timely and effectively.</li> <li>2. On time delivery and completion of projects to required specifications</li> <li>3. Accuracy of work and data produced to required specifications</li> <li>4. Continuous improvement and development of Company processes and personnel with a training target of 3% overall man hours</li> <li>5. Continuous development and implementation of a quality Management system to achieve these objectives require the full cooperation and commitment of all management and employees</li> </ol>
How Mermaid manages the material topic and takes action	<p>The Company manages these topics via internal integrated SHEQS Management System including policies and processes with associated Master lists, Checklists and form work, all of which are available to all employees via an online, web-based Portal. Understanding the needs and expectations of Interested Parties' and stakeholders is a major part of the Company system(s). Such interests are those that might impact upon our SHEQS ability to deliver its intended results, or those that might influence our business's strategic direction.</p> <p>This information has been gathered, reviewed and is subjected to regular monitoring through the formal CRO (bi-yearly). During review, In order to determine the continued relevance of an interested party or its requirements, our organization needs to know: 'does this interested party, or their requirements, affect our organization's ability to achieve the intended outcomes of our management system?' If the answer is 'yes', then the interested parties' requirements should continue to be captured and considered when revising our Management System.</p> <p>To capture this information, our approach includes:</p> <ul style="list-style-type: none"> <li>• Information summarized as an input to the MSS Risk and Opportunity register;</li> <li>• Information summarized as an input to the identification of environmental aspect and impact registers;</li> <li>• Information summarized as an input to the identification of health &amp; safety hazards and Job Hazard Analysis (JHA);</li> <li>• Captured, recorded, and disseminated through key meetings.</li> </ul>

## Social Impact

### Corporate Social Responsibility

Mermaid recognizes the importance of its social responsibility and has been participating actively in corporate social responsibility events.

At the end of FY2021, Mermaid started a donation project. The company donated computers, electric appliance, other office equipment and consumer products to “Baan Nokkamin Foundation” in order to support their purpose as a Christian organization. The organization offers assistance to orphans, street children, underprivileged children, the elderly and drug addicts by developing and changing their lives and strengthening them emotionally so that they are ready for their future.

The company plans for donations to foundations every year from now on by providing used items, consumer goods and money.



# Governance

## Governance

### Data Security

Mermaid realizes the importance of enhancing data security, as information technology contributed to many BU creation on the critical system to support the existing and new business partners. Mermaid completed the below areas of improvement related to data security in FY2021:

- Cost reduction with terminating duplicated system
- Simply IT maintenance with cloud base
- Mermaid Modern office compliance
- Mermaid system mobility device
- Mermaid Cyber security compliance

Mermaid IT currently is compiling the below yearly audit with

- RSM cyber security audit from KSA vendor
- DNV cyber security audit from vessel certificate audit
- KPMG external audit for financial and procurement

Moreover, Mermaid IT is migrating critical system to new solution as IT product's recommendation in both of public and private cloud module and tuning up with the feature of cyber security compliance.

TABLE 25: DATA BREACHES, FY2021

Category	Detail
How many confirmed or suspected data security breaches occurred in the past financial year?	0
Of these breaches, number that concerned the potential for personal identification material to be compromised?	NA
Of these breaches what were the total number of users affected?	NA
Of these breaches, number that led to the company incurring fines or other penalties?	NA
Of these breaches, value of these penalties?	NA

## Governance

### Business Ethics

The Company has an Anti Bribery and Corruption (ABC) Policy in place. In Q1 2022 there is, as part of the QHSE Plan for 2022, a plan for a high-level training program to remind senior management of the importance of ABC. The Company is also in process of revising the Groups Business Continuity Plan.

The Company, through its Board of Directors and its Executive Committee, makes the following commitments:

- We are committed to a zero-tolerance approach to bribery and corruption. Bribery and corruption are never acceptable by or on behalf of MSS - we will not tolerate them in our business or by those we do business with
- We are committed to acting fairly, honestly, openly and in an ethical manner in all our business dealings and relationships wherever we operate
- We are committed to upholding applicable national and international laws and regulations relevant to countering bribery and corruption wherever we operate
- We are committed to implementing and enforcing effective systems within MSS to counter the risk of bribery and corruption.

All employees shall not, whether directly or indirectly provide money or anything else of value to any person:

- (1) with the intention of obtaining, retaining or rewarding any improper commercial or other advantage
- (2) to induce any person to act improperly or to reward them for doing so
- (3) knowing or believing that acceptance by the other person would itself be improper

Or receive money or anything else of value where it is known or be suspected that:

- (1) it is offered or provided either with the intention of inducing any person to provide any improper commercial or other advantage or to act improperly, or as a reward for doing so
- (2) the request itself is improper.

TABLE 26: ANTI-CORRUPTION COMMUNICATION AND TRAINING, FY2021

Anti-Corruption Communication and Training	Detail
<p>Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region</p>	<p>The MSS Group ABC Policy has been communicated to all MSS Group BU's (inclusive of Vessels) (NB; Thailand, Qatar, UAE, Africa and UK).</p>
<p>Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</p>	<p>As above, 100% all locations.</p>

## Governance

### Management of Legal and Regulations

The company needs to follow laws and regulations in every country the company is operating in. If any legal & regulations have been breached, it will have a negative consequence to Company's reputation. Therefore, Mermaid's legal team follows and updates all laws & regulations continuously.

Mermaid also believes that a good management of legal and regulations can bring more positive impact to the business such as environmental benefits, safety of local people, better quality of services and lower project costs etc.

Mermaid is aware of the growing calls for more carbon neutral energy supply. In the event that demand for our services in the offshore hydrocarbon production industry decreases due to increased regulations concerning climate change and increased demand for greener alternatives, we have taken steps to diversify our business model from focusing principally on offshore asset installation and RIM work, to investing in alternative fields of offshore work and subsea engineering such as cable lay and offshore asset decommissioning.

In addition, Mermaid has also become actively engaged in commercial activities increasingly that are increasingly focused on emergent technologies, and is a significant partner in Zeaquest, a joint venture company involved with ARV, a company heavily involved in the research and provision of newer types of offshore robotic vehicles.

### Critical Incident Risk Management

Mermaid reported zero marine casualties and zero of port state control deficiencies or detentions.

The incident that occurred during the operation will directly impact the business, including the impact on the quality of services, project cost and company reputation.

The company will improve incident risk management by using HSE performance and project performance to avoid reoccurrence of incidents. All projects will prepare and provide risk assessments on each operations to mitigate the potential risks prior to the project start.

TABLE 27: CRITICAL ACCIDENTS AND INCIDENTS, FY2021

Accidents and Incidents	Quantity
Number of marine casualties, percentage classified as very serious	0
Number of conditions of class or recommendations	0
Number of port state control (1) deficiencies and (2) detentions	0

# ESG Index

## ESG Index

<i>Indicator</i>	<i>Description</i>	<i>Report Location</i>	<i>Metric ID</i>
<b>Environmental</b>			
GHG Emissions	The category addresses direct (Scope 1) greenhouse gas (GHG) emissions that a company generates through its operations. This includes GHG emissions from stationary (e.g., factories, power plants) and mobile sources (e.g., trucks, delivery vehicles, planes), whether a result of combustion of fuel or non-combusted direct releases during activities such as natural resource extraction, power generation, land use, or biogenic processes. The category further includes management of regulatory risks, environmental compliance, and reputational risks and opportunities, as they related to direct GHG emissions. Indirect emissions (Scope 2) GHG emissions are also considered here.	Pg. 10-11	TR-MT-110a GRI 305-1,2
Energy Management	The category addresses environmental impacts associated with energy consumption. It addresses the company's management of energy in manufacturing and/or for provision of products and services derived from utility providers (grid energy) not owned or controlled by the company. More specifically, it includes management of energy efficiency and intensity, energy mix, as well as grid reliance.	Pg. 12	TR-MT-110a GRI 302-1,4
Water Use	The category addresses a company's water use, water consumption, wastewater generation, and other impacts of operations on water resources.	Pg. 13-14	GRI 305-3,4,5
Waste Management	The category addresses environmental issues associated with hazardous and non-hazardous waste generated by companies. It addresses a company's management of solid wastes in manufacturing, agriculture, and other industrial processes. It covers treatment, handling, storage, disposal, and regulatory compliance.	Pg. 15	GRI 306-3,4,5
Ecological Impact	The category addresses management of the company's impacts on ecosystems and biodiversity through activities including, but not limited to, land use for exploration, natural resource extraction, and cultivation, as well as project development, construction, and siting. The impacts include, but are not limited to, biodiversity loss, habitat destruction, and deforestation at all stages – planning, land acquisition, permitting, development, operations, and site remediation. The category does not cover impacts of climate change on ecosystems and biodiversity.	Pg.16	EM-SV-160 GRI 304-2,3,4

## ESG Index

<i>Indicator</i>	<i>Description</i>	<i>Report Location</i>	<i>Metric ID</i>
<b>Social</b>			
Employee Engagement, Diversity & Inclusion	The category addresses a company's ability to ensure that its culture and hiring and promotion practices embrace the building of a diverse and inclusive workforce that reflects the makeup of local talent pools and its customer base. It addresses the issues of discriminatory practices on the bases of race, gender, ethnicity, religion, sexual orientation, and other factors.	Pg. 18-19	GRI 404-1,2 SV-PS-330
Employee Health & Safety	The category addresses a company's ability to create and maintain a safe and healthy workplace environment that is free of injuries, fatalities, and illness (both chronic and acute). It is traditionally accomplished through implementing safety management plans, developing training requirements for employees and contractors, and conducting regular audits of their own practices as well as those of their subcontractors	Pg. 20-21	GRI 403-6,9810
Labor Practice	The category addresses the company's ability to uphold commonly accepted labor standards in the workplace, including compliance with labor laws and internationally accepted norms and standards. This includes, but is not limited to, ensuring basic human rights related to child labor, forced or bonded labor, exploitative labor, fair wages and overtime pay, and other basic worker's rights. It also includes minimum wage policies and provision of benefits, which may influence how a workforce is attracted, retained, and motivated. The category further addresses a company's relationship with organized labor and freedom of association.	Pg. 22	GRI 408-1 GRI 409-1
Product Quality & Safety	The category addresses issues involving unintended characteristics of products sold or services provided that may create health or safety risks to end-users. It addresses a company's ability to offer manufactured products and/or services that meet customer expectations with respect to their health and safety characteristics. It includes, but is not limited to, issues involving liability, management of recalls and market withdrawals, product testing, and chemicals/content/ingredient management in products.	Pg. 23	IF-EN-250

## ESG Index

<i>Indicator</i>	<i>Description</i>	<i>Report Location</i>	<i>Metric ID</i>
<b>Governance</b>			
Data Security	The category addresses management of risks related to collection, retention, and use of sensitive, confidential, and/or proprietary customer or user data. It includes social issues that may arise from incidents such as data breaches in which personally identifiable information (PII) and other user or customer data may be exposed.	Pg. 26	GRI 418-1
Business Ethics	This category addresses the company's approach to managing risks and opportunities surrounding ethical conduct of business, including fraud, corruption, bribery and facilitation payments, fiduciary responsibilities and other behavior that may have an ethical component.	Pg. 27	GRI 205-2,3
Management of the Legal & Regulatory Environment	The category addresses a company's approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect environmental and social impacts. The category addresses a company's level of reliance upon regulatory policy or monetary incentives (such as subsidies and taxes), actions to influence industry policy (such as through lobbying), overall reliance on a favorable regulatory environment for business competitiveness, and ability to comply with relevant regulations. It may relate to the alignment of management and investor views of regulatory engagement and compliance at large.	Pg. 28	EM-SV-530 GRI 206-1 GRI 419-1
Critical Incident Risk Management	The category addresses the company's use of management systems and scenario planning to identify, understand and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities.	Pg. 28	TR-AF-540 GRI-410-1



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