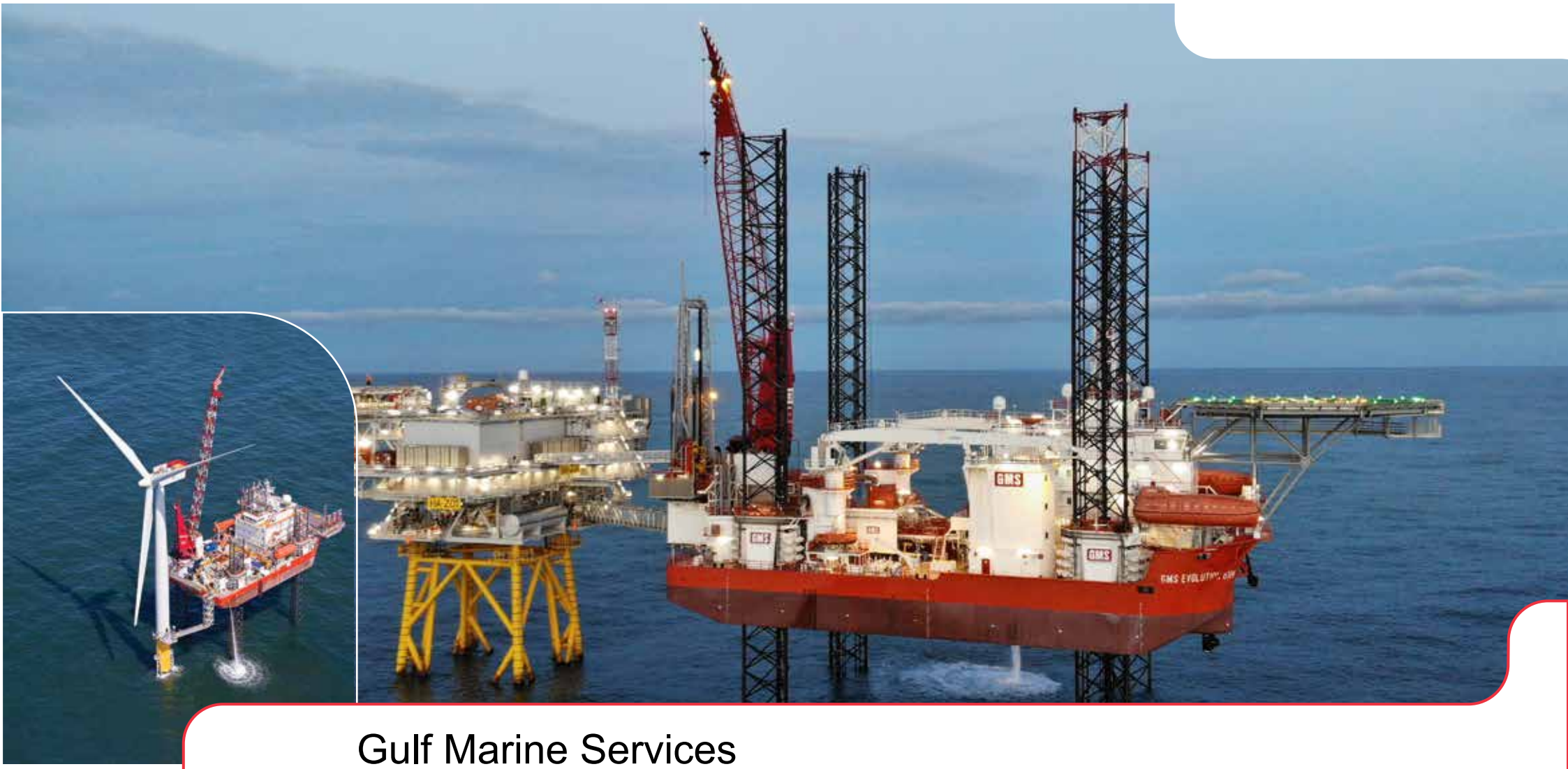
GMS
OFFSHORE CONTRACTOR



Gulf Marine Services

Task Force on Climate-Related Financial Disclosures Report [2022]

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Executive Statement

"At GMS, we have acknowledged climate change as an emerging risk since 2019 and as a principal risk since 2021. This is in recognition of the challenges it will pose to our business and the need for us to respond to this in our operations.

To support this, we are pleased to announce that in 2022 we have set our targets for net zero and are developing our strategy for reaching these. This demonstrates our commitment to reducing our environmental impact and limiting our contribution to climate change.

We are pleased to have recently been awarded a 6-year contract for one of the world's leading offshore wind farm developers. It reflects our long-term commitment to the renewable energy sector and proves the versatility of our business model.

We look forward to reporting back in 2023 on our further developments."

Mansour Al Alamai
GMS Executive Chairman

About us

GMS operates a modern fleet of highly versatile self-propelled lift boats across international markets. We deliver a wide range of safe and efficient services, primarily in the offshore oil, gas and renewable energy sectors.

Established in the UAE in 1977, we have successfully expanded the fleet and geographical coverage, from a local operation in Abu Dhabi, to a recognised international operator. The company listed on the London Stock Exchange in 2014.

We take pride in operating our vessels to the highest standards, as reflected by our catering and accommodation facilities. Managing health and safety risks, is integral to our business. We pride ourselves on the strength of our safety record. In support of the global efforts against climate change, GMS aims to progressively reduce its carbon footprint and waste alongside that of its clients.

In 2014, we began to capture and report our direct and indirect greenhouse gas (GHG) emissions. Since then, we have continually improved our data collection and implemented several changes to decrease emissions, including changing the refrigerants and lube oils used on our vessels. This financial year, we calculated our full carbon balance sheet and developed our net-zero targets and strategy.

Our Sustainability Journey

2014	• Started calculating and disclosing our Scope 1 and 2 emissions
2019	• Trialled new lube oil, which reduced emissions • Introduced climate change as an emerging risk
2021	• Made climate change a principal risk • Conducted climate scenario analysis of our climate-related risks and opportunities • Published our first TCFD disclosure as part of our Annual Report
2022	• Published our first standalone TCFD report • Set our net-zero targets and strategy • Received a C rating for our first CDP submission
2025	• Start supplier engagement on carbon emissions and reporting
2035	• Net-zero in Scope 3 emissions from purchased goods and services, upstream transport and distribution, waste generated in operations, business travel and employee commuting
2050	• Net-zero in Scope 1 and Scope 3 (for emissions from capital goods and fuel-related emissions)

About the TCFD

In 2015, the Taskforce on Climate-relate Financial Disclosures (TCFD) was created to identify the information needed by investors, to appropriately assess and price climate risks. The TCFD recognises that companies need to disclose consistent and comparable information, to overcome the challenges of climate change. As well as the physical impacts of a changing climate, companies will be affected by the transition to a low-carbon world. The TCFD provides a framework for assessing and reporting on these climate-related risks. Its recommendations are divided into four areas, aligned with existing business processes (governance; strategy; risk management; and metrics and targets). Within these areas, eleven recommendations aim to guide companies on what to report, to ensure compatibility and transparency of reporting so stakeholders, suppliers and investors can make informed decisions.

We welcome the introduction of LR 9.8.6(8)R, which requires premium companies like GMS to include TCFD statements in their annual reports. We have complied with the listing requirements by including climate-related financial disclosures consistent with the Taskforce on Climate-Related Financial Disclosures (TCFD) recommendations and recommended disclosures in our Annual Report. The current regulations require reporting on a 'comply or explain' basis. This year we have complied with all eleven of the recommendations.

The TCFD provides a structure for us to assess and report our climate-related risks, which we recognised as an emerging risk in 2019 and moved to a principal risk in 2021. Throughout this report, we discuss how we have integrated climate-related risks into our existing governance and risk management structures. Also, we outlined how we have assessed and are mitigating the identified risks and are acting on the opportunities. In addition, we have provided information on the metrics and targets we are using to measure our progress.

As a business focused on supporting the offshore oil, gas and renewable energy sectors, we are aware of our impact on the environment and the potential risks of climate change to our operations. We believe we have a responsibility to ensure a sustainable future. We are constantly researching opportunities to reduce our impact on the environment. To date, this focused on Scope 1 and 2 emissions, which are within our direct control. In 2022, we calculated our Scope 3 emissions for the first time, which are those associated with our value chain. Based on this, we are proud to have set an ambitious net-zero target of 2050 and interim targets to guide our progress.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Overview

The effective identification, management and mitigation of business risks and opportunities are essential to successfully delivering the Group's strategic objectives. A risk management system is in place to support the identification, analysis, evaluation, mitigation and ongoing monitoring of risks, as shown in the framework below.

The Group recognises that as part of our long-term business strategy, we need to operate responsibly. Therefore, climate change is an area of interest for the Board, senior management, and GMS stakeholders. It was recognised as an emerging risk in 2019 and classified as a principal risk in 2021. The Board has 7 principal meetings per year and |risk management and the key risks facing the group are discussed at each of these. ESG, including climate change, is a specific agenda item for the December Board meeting each year.

Our overall climate-related risks are assessed as low likelihood and low impact. We do not believe climate change will significantly impact demand for our vessels in the near term. This is because demand for oil and gas production in the Group's core market of the Middle East is forecasted to continue. We can mobilise more of the fleet in offshore renewables, without significant additional capital expenditure. However, we want to ensure that we are aware of future developments in the potential risks and opportunities posed by climate change. Hence, we have designated it a principal risk. We have used the TCFD recommendations, to improve our assessment of climate-related risks and to guide our reporting on the findings. We have conducted climate-scenario analysis again this year, to review any recent changes in the risk levels determined in 2021.

Overall responsibility for risk management lies with the Board, supported by the Audit and Risk Committee. Our Senior Management team assists in implementing the risk management process, including risk identification, management and mitigation. This is all overseen by the internal audit function. Climate change as a principal risk, is integrated into each stage of this process.

Figure 1: Risk management structure within GMS.

Board of Directors
The Board has overall responsibility for the Group's strategy and ensuring effective risk management.

Audit and Risk Committee
Responsibilities include reviewing the Group's internal control and risk management systems as well as monitoring the effectiveness of the Group's internal audit function.

Senior Management
The Executive team implements the risk management process from risk identification to management and mitigation

Internal Audit
There are clear reporting lines from the internal audit function to the Audit and Risk Committee and the Executive team.

The Board's Oversight

The Board has overall responsibility for ensuring that risks are effectively managed. ESG topics, including climate change, are included in the regular risk assessment procedure. The Board reviews the risk profile formally on an annual basis. Each year the latest updates to the climate scenario analysis and climate-related risk assessment are presented to the Board in a workshop session.

Table 1: The Board

Mansour Al Alami Chairman of the Board	• Joined Board in Nov 2020. • Forty years of experience in the oil, gas & energy sector, construction, IT, transportation, finance and investment.	• BSc in Chemical Engineering from Newcastle University, UK.
Hassan Heikal Deputy Chairman/ Non-Executive Director	• Joined Board in Nov 2020 (having previously served on the Board between August and October 2020).	• BSc from the Faculty of Economics and Political Science, Cairo University, Egypt.
Rashed Saif Al Jarwan Senior Independent Non-Executive Director	• Joined Board in Nov 2020. • BSc in Petroleum & Natural Gas Engineering from Pennsylvania State University	
Charbel El Khoury Non-Executive Director	• Joined Board in August 2021. • Bachelor's degree in International Law and Legal Studies, and a Master's degree in Private Law, both from Sagesse University.	• Successfully completed the Harvard Business School executive education program.
Jyrki Koskelo Independent Non-Executive Director	• Joined the Board in February 2021. • M.Sc. in Civil Engineering from Technical University, Helsinki, Finland	• MBA in International Finance from MIT, Sloan School of Management, Boston, USA.
Lord Anthony St John of Bletso Independent Non-Executive Director	• Joined the Board in May 2021. • A practising lawyer by training with LLM in Maritime Law • Trustee of several charities, with a strong focus on education and wildlife conservation	• BA and a BScoSc in Psychology from Cape Town University • BProc in Law from the University of South Africa • LLM from the London School of Economics

Table 2: Executive Leadership

Mansour Al Alami Executive Chairman	• Joined Board in Nov 2020. • Forty years of experience in the oil, gas & energy sector, construction, IT, transportation, finance and investment.	• BSc in Chemical Engineering from Newcastle University, UK.
Alex Aclimandos Chief Financial Officer (CFO)	• Alex joined GMS in 2022. • 28 years of international financial management experience	• MBA and is a US Certified Management Accountant.
Mark Harvey Chief Operating Office (COO)	• Joined GMS in 2015. • Over 30 years of experience in the marine and offshore industry.	
Jamie Taylor Business Development Director	• Started his career at GMS in 2004. • In 2022 Jamie was promoted to Business Development and Commercial Director.	• MBA from Strathclyde Business School.

Board Committees

Risk and Audit Committee

The Audit and Risk Committee consists of at least two independent non-executive directors, of which one is appointed as Chair. It meets at least twice a year, at appropriate times in the company's financial reporting and audit cycle. Also, it communicates (as needed) throughout the year, with key individuals involved in the company's governance, including the Board chair, the chief executive, the chief financial officer director, the external audit lead partner and the head of internal audit.

The Board has delegated responsibility for reviewing the effectiveness of the Group's system of internal control and procedures to the Audit and Risk Committee. As of December 2021, this includes climate change as a principal risk.

The Audit and Risk Committee receives reports from external advisors (as required), to ensure sufficient insight into the relevant issues, to enable it to discharge its duties. An external consultant has been engaged, to provide guidance on climate-related risks and to conduct climate-scenario analysis. The Group Financial Controller reviews the risk register and feeds back to the Audit and Risk Committee.

Remuneration Committee

The Remuneration Committee consists of at least two independent non-executive directors, of which one is appointed as Chair. The Committee meets at least twice a year and at other times, as required.

It is responsible for designing remuneration policies and practices for the company's Chair, executive directors, company secretary and senior executives. The remuneration plan must support the company's long-term strategy, purpose, and values.

The Committee considers corporate performance on ESG issues when setting the executive Directors' remuneration. The Committee ensures that the incentive structure for Senior Management does not raise ESG risks, by inadvertently motivating irresponsible behaviour.

Senior Management's Role

The Senior Management team consists of the Group Financial Controller, the Group Financial Accounting Team Leader, and the HSEQ Manager. Together, they are responsible for identifying, managing and mitigating potential risks, including those associated with climate change and the transition to a low-carbon economy. The Senior Management team provides reports to the Board and the Risk and Audit Committee. It meets with the Executive Chairman, at least twice a year to conduct risk management workshops.

This year, GMS's full Scope 3 emissions have been calculated for the first time for the financial periods 2021 and 2022. Our Senior Management team will use this information to improve its understanding of GMS' GHG emissions, guided by the QAQC Manager, who manages Health, Safety and the Environment (HSE) This will help to set reduction targets, formulate a realistic net-zero strategy, and appropriately assess the Group's operational risk from climate change, in line with climate-related scenarios.

Strategy

Disclose the material actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Our Approach

At GMS, we recognise that as our business is in the provision of vessels primarily to the offshore oil and gas sector, we must be aware of our environmental impact. We want to act responsibly and be part of ensuring a sustainable future, so we are always seeking to reduce our environmental footprint. Also, we are aware that as a business, we need to understand the effect climate change will have on our business strategy, to plan accordingly.

In the last financial year, climate change was moved from an emerging risk to a principal risk for GMS. This acknowledges that climate change poses transitional and physical risks to the Group. Although, this is currently assessed as having a low overall likelihood and impact, we want to be sure that we are monitoring this and responding appropriately. This financial year, we have started assessing the potential financial impacts of the identified climate-related risks. This provides transparency on future impacts for the business. Although, there is currently no immediate significant financial impact of climate change on the carrying value of the Group's assets.

We are building our net-zero strategy, which will focus on reducing the emissions from our vessels (represents 72.3% of baseline emissions), crew travel and procurement. These have been identified as our priority areas. Our targets of net-zero for selected Scope 3 categories by 2035 and for all Scope 1 and 3 emissions by 2050 consider the long natural lifetimes of our vessels and the limited technology, currently available to reduce their emissions. In the short to medium term, we will be implementing energy-saving initiatives, engaging with our suppliers on the topic of carbon emissions and net-zero, and considering reviewing our travel policy.

Our Assessment Approach

To understand the risks associated with climate change, both physical and transitional, we conduct an annual climate scenario analysis. This uses possible representative futures, to model future physical impacts and the changes that will need to be implemented, to limit global warming and transition to a lower carbon economy.

The changes that arise from decarbonising the global economy are transitional risks. They could result in changing investor sentiment, making new investors harder to find. They may bring changing client preferences, leading to reduced demand for our services. New legislation could require us to increase reporting and possibly substitute our products and vessels for greener alternatives.

Physical risks include rising temperatures, which could further impact working hours. Also, rising sea levels could affect where our vessels can operate. In addition, the physical risks interact with Principal Risk 4 – Our ability to deliver safe and reliable operations.

Further details on our risk assessment process are in the Risk Management section.

Climate scenario analysis

Climate scenario analysis uses possible representative futures, to model the potential impacts of climate change and the changes that will need to be made to limit global warming and reach net zero. By using scenario modelling, we can envisage a range of possible futures, to consider the different risk types and levels associated with them. These scenarios cannot fully represent the future, but they help businesses understand the risks and opportunities, posed by climate change and the transition to a low-carbon world.

We have rerun the climate scenario analysis on our key sites and operations this financial year. Also, we have commenced reviewing the financial impacts of the main risks identified. Further financial modelling will be conducted over the next financial year, as we research the medium and long-term actions in our net-zero strategy.

The Scenarios

Three warming pathways were modelled using data from several established models, including CORDEX (Coordinated Regional Climate Downscaling Experiment), CLIMADA (Climate Adaptation) and IAM (Integrated Assessment Models). By using multiple data sets, we can create models, which cover the potential changes in emissions (RCP model), global society, demographics and economics (SSP model) and energy and fuel (WEM) in response to the challenges of climate change. The pathways represent a broad range of potential futures, to ensure that all possible risks are considered. Eight climate indicators were modelled for each site and scenario, including precipitation, aridity and temperature.

<2°C by 2100: approximately aligned with the Paris Agreement target of max. 1.5°C of warming above pre-Industrial levels. This is a best-case scenario and requires coordinated efforts by governments and businesses, to rapidly reduce carbon emissions through policy and operational changes. As action is taken promptly, changes are well-planned, and businesses are given sufficient notice of the changes they need to make. This means that although there are substantial transitional risks, they are lower than in the 2-3°C scenario. By reducing carbon emissions more rapidly, the physical risks of climate change are lowest in this scenario.

2-3°C by 2100: this scenario is the most likely, based on current global commitments. It is envisaged as the outcome of reactive action from governments, with policies being introduced on an ad-hoc basis, whilst only the most committed businesses take serious action. This leads to less investment in lower carbon technologies, making the transition harder for all businesses.
This scenario is associated with the highest level of transitional risks, due to the uncoordinated approach. Physical risks are higher than in the <2°C scenario, due to the delay in reducing carbon emissions.

>3°C by 2100: this scenario will occur if little to no action is taken over the next few decades. It envisages the late implementation of comprehensive carbon reduction policies around 2040-2050. Although this limits the transitional risks, particularly in the short and medium term, it has the highest degree of physical risk, due to increased global temperature rise. Under this scenario, climate tipping points are expected to be breached. These are critical thresholds that once passed, lead to large and often irreversible changes to the climate. This further increases the physical impacts and rate of climate change.

The Time Horizons

The impacts of climate change expand beyond our traditional horizons of business planning. The UK and UAE have set a net-zero date of 2050, and climate modelling is often based on temperature changes by 2100. As a result, and to align with our net-zero strategy, we have decided to use the following time horizons to assess our climate-related risks and opportunities.

Table 1: time horizons used for climate scenario analysis

Short-term:	Medium-term:	Long-term:
2020-2025	2025-2035	2035-2050

The Indicators

Eight physical indicators were modelled for each site, to assess the physical risk to GMS' office and key supply chain areas. This provides insight into the potential physical risks of climate change. The materiality of an indicator for each site, was determined based on whether it passed a set rate of change or risk threshold, considering the potential interactions between indicators and other physical risks. For example, high aridity increases water stress and the risk of wildfires. Further details on this process are provided in the Risk Management section of this report.

The Results

Overall, the risk level is considered low for GMS operations and buildings. As most of the Group's operations are already in extreme climate conditions, the infrastructure we own and use has been built accordingly. Our office buildings in the Gulf region are already exposed to temperatures above 40°C for consecutive days. Therefore, the region's infrastructure design and our working schedules, already consider these extreme weather conditions.

Our risk management process classifies risks with an overall rating of red, amber or green, based on a combination of the inherent risk and the control rating. Across all timelines and scenarios, no red ratings were assigned to climate-related risks. Most risks were determined to have a green rating. The number of risks rated amber increases over time, with the tables below [Table XX] presenting the scenario and timeline in which an Amber rating is first assigned. No physical risks are included, as none were assigned an amber risk rating.

The findings of the climate scenario analysis were presented to the key GMS staff and the Board in October 2022. As this was the second year of running this workshop, it included a discussion of how the risks were impacted by changes at GMS, within the broader macroeconomic landscape and by updates to the underlying data sets. Each risk was discussed to determine whether the impact and likelihood ratings needed amending. It was decided that no updates were needed, as there had been no material changes in the past financial year.

In the short term, there are three key risks for GMS: increasing UK policy requirements, changing investor sentiment, and wider stakeholder concern. In the longer term, the transition to green vessels and those able to operate in deeper seas is a risk to GMS' operations and is associated with CAPEX costs for this transition. These risks and others are explained in more detail below, including the key timelines and scenarios in which they are applicable, GMS' response and the potential financial implications.

None of these risks has been determined to have a material impact on the company's long-term viability statement. Further details on the potential financial impacts and costs are provided below, along with our response, for all the risks as suggested by the TCFD framework.

Policy & Legal

As a premium listed company on the London Stock Exchange, with operations primarily in the Gulf region, GMS is subject to UK and UAE climate change and environmental reporting regulations. Both have set 2050 net-zero targets. To achieve this, they will need to bring in policies to reduce carbon emissions, either by restricting high-impact activities, or by encouraging change and adaptation. The UK Government has introduced some climate-related regulations; for example, GMS is subject to Streamlined and Energy Carbon Reporting (SECR) and TCFD reporting. We have aligned our total net-zero goal with this 2050 date, setting an ambitious interim 2035 target for key Scope 3 categories. This should ensure we are prepared for future regulations on emissions and transition plans. The Group will continue monitoring upcoming legislation for both regions to ensure compliance.

Table 3: Policy & Legal risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Increased policy and reporting requirements in the UK	GMS is listed on the London Stock Exchange and is subject to UK climate change and environmental reporting regulations. Changes to policy and reporting requirements are almost certain to occur in the short term. However, most of the Group's vessels are in the Middle East region (with only one of the Group's vessels currently located in Europe), which means that the potential operational/financial impact of such changes would be limited to Moderate. The Group aims to mitigate this risk by carefully monitoring legislative developments, to minimise instances of non-compliance with all relevant laws in the UK and the Middle East. In the short term, fewer climate-related policy obligations are anticipated for operational Gulf sites (as compared to the UK reporting regulations noted above). Therefore, the potential likelihood of this risk is deemed to be lower (Possible as compared to Almost certain) than that noted above for the UK. However, if such policies and increased regulations were to be introduced over a longer period, the concentration of GMS' fleet in the Middle East would result in a relatively higher (Significant) potential impact. The Group carefully monitors legislative developments to ensure compliance with all relevant laws in the UK and the Middle East.	<2ºC Short Almost certain, moderate impact	The Group aims to mitigate this risk by carefully monitoring legislative developments, to minimise non-compliance with all relevant laws in the UK and the Middle East. Our Annual Report includes all the legally required information. We provide additional updates on our website as appropriate. There is potential for increased mandates and regulation of our existing products and services. In the long term, this is expected to be associated with the carbon emissions of our vessels. More detail on this is provided under the technology risks below. Financial impact: Increased OPEX
Increased policy and reporting requirements in the UAE		<2ºC 2-3ºC Medium Possible, significant impact	There are costs associated with this compliance, including engaging external specialists, internal resources and potential penalties, if regulations are not followed. Non-compliance could result in fines of a minimum of £2,500 and a maximum of £50,000. These costs have been assessed and factored into the budget, which is currently considered negligible.

Table 3 continued: Policy & Legal risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Exposure to carbon pricing	In the short term, this risk is unlikely and would have minor impact. In the longer term the impact would also be minor, given the time to prepare for such changes. However, it is likely that in a <2°C scenario, carbon pricing and taxes could be introduced in the medium term, and the potential cost impacts could be significant. The likelihood is considered Possible for a 2-3°C scenario, and the impact could be Major as pricing may be introduced more gradually. Changes in tax legislation will be closely monitored, and internal models can be used to factor this into the business strategy.	<2ºC Medium Likely, significant 2-3ºC Medium Possible, major	There is no indication of carbon pricing being introduced, which would affect GMS' operations in the short term. In the interim, we are developing our net-zero strategy, which will reduce our carbon emissions and minimise the impact, should a carbon tax be introduced. Changes in tax legislation will be closely monitored, and internal models can be used to factor this into the business strategy. Financial impact: increased CAPEX and OPEX Based on our Scope 1 and 2 emissions for 2022 and current projects for likely global carbon prices per tCO2e, a carbon tax could range from $2.5m in 2025 to $13m by 2050. This is based on data from The World Bank, IMF, IPCC, OECD and Reuters. There are costs associated with changing to lower carbon technology and engaging with our supply chain to reduce our Scope 3 emissions. However, more energy-efficient operations, associated with lower emissions, are cheaper to run. These payback periods will be considered when we are researching new technology.

Reputation

As part of our vision of being the best self-elevating support vessel (SESV) operator in the world, it is important that GMS is seen as acting responsibly and contributing to a sustainable future. We are aware that a suitable response to the challenges of climate change is increasingly important to our investors and shareholders. We believe that through our TCFD reporting and net-zero strategy, we are responding to this area of risk by proving our commitment to responding appropriately to climate change.

Table 4: Reputation risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Wider stakeholder concern; reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)	In the short term, increased stakeholder concern may be seen, including from employees who may start to take company environmental action and preparedness into account. This could impact the Group's revenue and employee retention. This concern would be greater in a <2°C scenario, where there is greater awareness and more action is required. It would be lower in a 2-3°C scenario, where action is being taken sporadically.	<2ºC 2-3ºC Short Possible, significant impact <2ºC Short Possible, significant impact	The Group's workforce requirement is concentrated in its core market of the Middle East, which is currently reliant on and supportive of the oil and gas industry. It is expected to remain so for the near future. GMS does not anticipate struggling to retain suitably experienced and qualified staff. We are also committed to acting responsibly towards the environment, as demonstrated by our net-zero targets and strategy. This will help mitigate this risk by showing that we are a proactive company regarding climate change and environmental responsibility. **Financial impact:** reduced revenue, cost to recruit new employees if there is increased turnover
Stigmatisation of sector	Increased climate concern can lead to the stigmatisation of certain sectors and industries.	<2ºC Medium Possible, significant	This risk would significantly impact the business if realised, but we do not expect to experience an impact on demand for or production of oil and gas in the Middle East and North Africa (MENA) region, within the short to medium term. For example, the Abu Dhabi National Oil Company (ADNOC) plans to increase capacity to 5 million b/d by 2030. The amber rating is first given in the medium term for the <2ºC scenario, which is not the current trajectory for the MENA region. **Financial impact:** reduced revenue from decreased demand for goods and services Climate opportunities, for example, using our vessels for the maintenance of offshore renewable projects, offer versatility and resilience to our business model.

Market

Transitioning to a net-zero economy will require substantial changes to the products and services sold globally. This poses risks and opportunities for businesses. Potential market changes in response to climate change and government action are some of the most complicated risks to assess. The main risk is the potential impact on the supply and demand for our services and changes in our supply chain.

Table 5: Market risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Changing consumer preference, reduced demand for goods and services due to a shift in consumer preferences	In a <2°C scenario, where urgent action is being taken, it is possible that there could be changing customer preferences resulting in reduced demand for goods and services. This could have a significant impact in the medium term.	<2ºC Medium Possible, significant impact	The Group will continue to monitor any shift in consumer demand, across the regions it operates in. However, oil & gas has always been the mainstay of our business. In recent years, the percentage of revenue brought in from the MENA region has increased (from 75% in 2019 to 89% in 2021). Most of this (>70%) is from national oil companies. It is therefore only considered possible for a significant impact to be felt in a <2ºC scenario, which is not currently considered likely in the UAE. Globally, the Westwood Global Energy Group report, predicts an increase in demand for oil and gas, over the next 40 years, including in the Group's core markets. However, the Group is aware that the UAE, along with many other governments, has set a net-zero target and, in the long term, will need to make substantial changes to meet these targets. GMS has a proven track record in the renewables sector and an ongoing presence in Europe for offshore wind projects. This provides versatility in our business model. It currently represents about [10%] of Group revenue, and vessels are suitable for use in this sector, without major additional capital expenditure. We are pleased to have signed a six-year contract for one of our vessels, on a renewables project in Europe. The Board is therefore confident that the Group will not face any significant impact on the demand for its vessels, due to climate change implications beyond the extent reflected in the management's assumptions and sensitivities. We are researching a business management system, which can support us in identifying potential areas for financial loss and help us to adapt if our strategy needs to change. **Financial impact:** reduced revenue A total of 75-90% of revenue comes from the MENA region, and over 70% is from national oil companies. Therefore, the impact would be significant if it materialised. However, research shows this is unlikely, and the Group has versatility in its strategy to mitigate for this if necessary.
Increased costs and/or reduced demand for products and services resulting from fines and judgment	If GMS does not comply with new environmental legislation, it may be subject to fines or reputational damage resulting in reduced revenue	<2ºC Long Likely, significant impact	The Group monitors upcoming legislation changes, to ensure it is always compliant in the UK and UAE. Due to the Group's core market being the MENA region, it does not expect there to be a major impact in the short or medium term. **Financial impact:** increase OPEX for compliance or fines, reduced revenue from reputation damage

Table 5 continues: Market risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Increased cost of raw materials	Climate policies could lead to additional abrupt and unexpected shifts in energy costs.	<2ºC Long Almost certain minor	This is considered low risk, with only minor financial impact for the Group, as our clients pay for fuel costs. However, we are always working to improve the efficiency of our vessels, to meet our clients' expectations, as they expect value for money in the services received. **Financial impact:** increased operating costs for clients
Uncertainty in market signals	As the UK and UAE governments and investors respond to climate change, there will be shifts in market signals. These are difficult to predict, but could result in the repricing of assets, including fossil fuel reserves.	Receives a green rating in all scenarios and time horizons	We receive industry market trends updates and reports from external experts. We carefully monitor legislative developments, to ensure we respond to potential new risks and impacts to our business strategy. However, we do not expect to experience decreased demand for or production of oil and gas in the MENA region, within the short to medium term. For example, ADNOC plans to increase capacity to five million b/d by 2030. If there were changes in fuel costs due to climate change regulations, these would be covered by clients due to our business model. **Financial impact:** increased volatility in oil and gas prices

Technology

Moving to a low-carbon economy will require technological improvements and innovations. We identified a long-term risk as the transition to greener vessels and those able to operate in deeper seas. This will require CAPEX investment in new technology but should generally reduce OPEX in the long term. We will be conducting a feasibility study for low-emissions vessels in the financial year of 2024. We anticipate the risk likelihood of changing vessels will increase over time, alongside improvements in industry research and the development of greener vessels. Planning for net-zero, will help to minimise these risks, as these costs can be factored into our long-term business plan.

Table 6: Technology risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Costs to transition to lower emissions technology	A requirement to transition to lower emissions technology, is possible in the medium term, under a <2°C scenario, which could be associated with additional costs for GMS. The impact would be the same in a 2-3°C scenario, but this is considered unlikely. The likelihood of this risk will increase over time.	<2ºC Medium Possible, major 2-3ºC Unlikely, major	Existing vessels will likely need to be retired or will have fully depreciated across their remaining useful lives, before we are required to replace them with greener options. These routine replacements are already factored into our budget and strategy. Therefore, we do not consider that vessel replacement costs, will significantly impact our business at this point. Additionally, this risk is higher in Europe, where we currently have one vessel and is considered lower in the Group's core market of the Middle East. However, in the 2024 financial period, we will research the options for replacement vessels, using lower-carbon fuels. If a feasible option is found, we will replace our oldest vessel, with a low-carbon alternative in 2030. Financial impact: increased CAPEX Replacing our vessels over their usual lifespan, is factored into our long-term business strategy. In the financial year of 2024, we will research the financial implications of gradually transitioning our fleet, to low-carbon vessels as barges need to be retired.
Substitution of existing products and services, with lower emissions options	By transitioning to lower emissions technology, it is possible that existing assets may need to be written off or retired early.	Receives a green rating in all scenarios and time horizons	

Physical risks

Physical risks can be categorised as either chronic or acute. One-off events such as storms or floods are considered acute, whilst ongoing changes like higher annual mean temperatures or rising sea levels are classed as chronic. Our offices and most of our vessels are in the Gulf region, which experiences an extreme climate with high temperatures, low precipitation, and high-water stress. The region is well prepared to withstand extreme heat, with regulations to restrict people from working outside during the hottest part of the day. Also, buildings designed to withstand high temperatures. The current climate analysis suggests that sandstorms will become more frequent as, temperatures rise and precipitation decreases. Each of the Group's vessels is equipped with a specialised filtration device, to reduce the risk of sandstorms damaging the vessels' engines. Climate change will likely exacerbate water stress in the region. Each of the Group's vessels is equipped with desalination equipment, to mitigate water stress. Therefore, all the above risks have provisionally been assigned a Green rating.

Chronic physical risks

Table 7: Chronic physical risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Rising annual mean temperatures.	Increased temperatures can lead to increased demand for cooling and can lower productivity, due to the need for longer breaks for employees. Sustained temperatures above 35°C can cause serious health risks and even death. At temperatures above 50°C, infrastructure can be affected. For example, tarmac can soften and melt.	Receives a green rating in all scenarios and time horizons	Our office building and vessels are already designed with high temperatures in mind due to the climate of the Middle East. Financial impact: potential for increased operating costs during heatwaves
Sea-level Rise	Sea level rise can impact groundwater salinity. This can threaten water security and reduce the efficiency of the region's desalination plants. Some of our vessels are already operating at their maximum depth and cannot work in deeper seas.	Receives a green rating in all scenarios and time horizons	Sea level rise is a risk in the long term (beyond 2050). Some of our vessels may need replacing with barges, which can operate at greater depths, but this will be beyond the useful life of the current vessels. This will form part of the Group's planned replacement schedule. We obey all laws in place to protect the sea and coastline, including "No-Wake" zones, to reduce wave-driven erosion of the coastline.
Water stress	Higher water stress will increase reliance on expensive desalination or atmospheric water generators. Demand may outpace supply. causing water shortages and strains on the water supply. Water restrictions may be introduced.	Receives a green rating in all scenarios and time horizons	We manage our water carefully, maintaining systems to ensure there are no leaks. We are investigating alternatives for water generation, including atmospheric water generators. There are two salination systems at each site in case one goes down.

Acute physical risks

Table 8: Table 7: Acute physical risks with a description, the timeline and scenario of highest impact and our response.

Risk	Description	Risk assessment	Our Response
Increased severity of dust/ sandstorms, floods and cyclones	Dust deposition can risk damaging our vessels. Dust and sandstorms can reduce outdoor air quality. Severe floods and cyclones risk damage to our vessels or office.	Receives a green rating in all scenarios and time horizons	We monitor the weather patterns for our vessels and regularly monitor filtration systems on boat engines. Our vessels are suitably equipped for potential extreme weather events. We follow all laws and guidelines around safe outside working conditions. **Financial impact:** increased costs to repair damage, operating costs of maintaining systems
Increased frequency and severity of heatwaves	Heatwaves can lead to spikes in demand for cooling and can lower productivity, due to the need for longer breaks for employees. Sustained temperatures above 35°C can cause serious health risks and even death. Infrastructure can be affected at temperatures above 50°C. For example, tarmac can soften and melt.	Receives a green rating in all scenarios and time horizons	Our office building and vessels are designed with high temperatures in mind due to the climate of the Middle East. **Financial impact:** potential for increased operating costs during heatwaves

Climate-related Opportunities

Responding to climate change offers two major opportunities to GMS. From an operational perspective, improving our efficiency reduces our operating costs, improves our resilience to potential new laws around energy use and carbon emissions and demonstrates our commitment to being a sustainable business. In terms of business strategy, there is the opportunity to mobilise our vessels in the renewables sector. We already have a proven track record in this area and are keen to maintain an ongoing presence in Europe, to enable us to continue accepting offshore wind farm contracts.

Engaging with our clients and supply chain

To manage our climate-related risks and reduce our carbon emissions, we need to engage with our clients and supply chain. We will be introducing additional social and environmental screening criteria for our suppliers, which will be the responsibility of our Supply Chain Manager. In 2023 and 2024, we will start engaging with our suppliers on their carbon footprint, initially asking whether they already collect data on their Scope 1 and 2 emissions, which feed into our Scope 3 emissions, and then starting to work with them to reduce those emissions.

It is important that we collaborate with our clients when looking to reduce the emissions associated with our vessels. For example, in the financial period 2022, we conducted a trial on two vessels, to determine the effectiveness of installing an atmospheric water generator (AWG). This has been implemented to reduce the number of plastic water bottles being used on board. This financial year, it was used for our staff, who form about 10% of the crew on our vessels. At this use level, there is not a sufficient return on investment, to justify further rollout of this technology. However, in the next financial year, we will engage with our clients, to reduce onboard emissions.

This financial year we have started considering the risks associated with our largest suppliers. These cover three key areas: food, fuel and vessel parts. As part of our commitment to local sourcing and due to the in-country value schemes endorsed by our major clients, our top suppliers are all located in the MENA region. They are subject to similar transitional and physical risks as the Group. As with GMS, they are already prepared to cope with extreme conditions and transitional risks are expected to be limited in the short to medium term.

In the financial period of 2023, we will start engaging with our top supplier, a caterer who supplies food to our vessels, and our client in the European renewables market. These will provide a framework that can be rolled out to our other clients and suppliers. Our largest supplier by spend is a caterer, which sources primarily from a local company in Dubai. They have a large, global supply chain. Severe weather events, which are predicted to increase due to climate change, could have various impacts on this supplier, and its supply chain, including price fluctuations and supply chain disruptions. However, being part of a global corporation with a large, geographically diverse supply chain, enables the company to be resilient and minimise impacts.

Where our supplies are delivered from abroad, shipment is primarily by air. We are assessing the feasibility of increasing the amount of product delivered by ship. This will be necessary for reducing our carbon footprint and meeting our net-zero targets. We are aware of the potential impacts of climate change on both delivery methods. In the UAE, sandstorms can cause airport disruption. Our climate modelling shows an increase in frequency in the long term. Shipping ports can be damaged or disrupted by extreme weather events like storms, which climate modelling indicates may increase in severity over the long term. Increasing the proportion of deliveries by ship, would diversify our supply chain and provide some protection against these risks. This is expected to be cheaper, but we will be evaluating it in the 2023 financial period.

Planning for Net-Zero

This financial year we have set our net-zero targets and our strategy for reaching these. This is a key part of mitigating our climate-related risks.It ensures we prepare for a lower carbon economy, including potential future legislation, the transition to lower emissions technology and responding to investor and wider stakeholder concerns.

Our strategy includes actions we will implement immediately and further options, requiring more research and financial modelling. From the financial period of 2023, we will start factoring in carbon emissions, when booking flights for business travel. For example, where multiple flights are available for a comparable price, the lower carbon option will be used, unless this requires an overnight stay, which is associated with additional carbon emissions and would negate the difference. We will research whether we can increase the number of deliveries received by ship rather than by air. Approximately 95% of our deliveries are by air, and we will assess if it is possible to reduce this to 80% in the next few years. Together, these actions could save us around 1,331 tCO2e per year, approx. 2% of our annual carbon footprint (Scope 1, 2 and 3).

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Embedding climate-related risks into our enterprise risk assessment process

Our Risk Management Approach

The Group must be aware of business risks and opportunities, to manage them appropriately. GMS has an established enterprise risk assessment process into which climate-related risk management has been integrated. This is in response to the increasing importance placed on climate change by the public, clients, investors and employees.

Identifying and Assessing Risks

The first step in the risk management process is identifying and assessing risks, which is conducted through reviews by individual departments. Mitigating controls are then determined. In the case of climate-related risks, we have engaged with a third party, to ensure a thorough and informed understanding of the potential risks and opportunities, guided by the TCFD framework.

The Senior Management consolidates identified risks into an overall heatmap for principal risks. The Audit and Risk Committee review the risk profile at least quarterly. The Board discusses the Group's risk register, at its principal meetings and formally reviews the risk profile annually.

The following steps were taken to assess climate-related risks through climate scenario analysis:

Step 1 – Identifying the risks: External specialists used climate scenario analysis, to assess sixteen potential transitional and physical risks to the business over three climate warming pathways and three timelines. These were presented to senior management and the Board at the climate-risk workshop in September 2022 for their input on the potential size/ scale of the risk/opportunity, which could impact the business operations and strategy.

Step 2 – Assessing the risks: These provisional risks were presented to relevant internal stakeholders, including the Chief Financial Officer. The provisional risks were presented at Group and site levels. Following our existing enterprise risk assessment process and drawing on the relevant expertise of Senior Management, each provisional climate-related risk and opportunity was allocated a likelihood and impact rating, which were combined to provide the inherent risk rating for each scenario and timeline.

Step 3 – Addressing the risks: Each potential risk is appraised to determine the current mitigation measures and the most appropriate approach for managing residual risk. A provisional control effectiveness rating was assigned. This was combined with the inherent risk rating, to provide a provisional overall risk rating of Red, Amber or Green for each scenario and timeline. There were no changes to this assessment from last financial year's ratings. Therefore, there are still ten risks assigned an Amber rating in at least one scenario and timeline. Risk management workshops are held at least bi-annually, between the Executive Chairman and the Senior Management team, where principal risks, including climate change, are assessed for impact and likelihood.

In 2022, we have developed our net-zero targets and strategy which will mitigate some of the policy and legal, reputation and technology risks identified. By calculating our Scope 3 emissions and having a net-zero strategy, we are prepared for the potential increase in reporting requirements in the UK which may come into force based on the findings of the Transition Plan Taskforce which was launched in April 2022. The initial guidance will be released in autumn/winter 2023 and the FCA will be consulting on updating its listing rules in 2023-2024. As part of the this, we have started considering the possible financial impacts of these changes, as outlined within the risk tables above. Our net-zero targets also demonstrate to interested stakeholders that we are taking climate change seriously. The resulting strategy will allow us to plan for the transition to a low carbon economy, especially around our business travel, vessels and fuel use.

Managing our climate-related risks

For each of our risks, we have considered how GMS is currently mitigating these impacts and where we may be able to strengthen our controls in future. The table below provides mitigation measures for all the risks assigned an amber rating in at least one scenario and time horizon.

Table 9: Key risks for GMS and the mitigation measures in place.

Risk Category	Climate-related Risk	Mitigation
Policy & Legal	Increased policy and reporting requirements in the UK and UAE Increased costs and/or reduced demand for products and services resulting from fines and judgments	Compliance and Regulation is one of our principal risks. A central database is maintained to document our legally required and regulated policies and procedures. We are ISO 14001 certified, which provides a framework for managing the environmental legislation that applies to our operations.
Policy & Legal	Introduction of carbon pricing and taxes	Our net-zero strategy will ensure that we are proactively reducing our carbon emissions ahead of any potential legislation, requiring reductions or imposing a carbon tax.
Technology	Costs to transition to lower emissions technology	We aim to reduce the emissions associated with operating our vessels year-on-year. Our net-zero strategy provides a structure for the long-term CAPEX, which will be required to reduce all our emissions by 90% by 2050. As part of this, we will be conducting feasibility studies for new vessel types.
Reputation	Changing investor sentiment	Our current shareholders are heavily invested in the company's existing strategy and business model. We maintain strong relations and good communication with them through our investor relations programme (presentations, group calls and one-to-one meetings). This TCFD report and our CDP disclosure, provide specific information on our response to climate change and the associated risks and opportunities.
Reputation	Wider stakeholder concern; reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention)	Our people are identified as a principal risk. In 2021, we appointed a new Workforce Engagement Director, who is responsible for monitoring employee engagement. We have continuous, open communication with our employees.
Market	Changing consumer preference, reduced demand for goods and services due to a shift in consumer preferences	Vessel utilisation is a principal risk for GMS. We have a versatile fleet and an established business outside of the Middle East markets and the oil & gas sector. We maintain continuous communication with our clients and ensure strong relationships with them. We also monitor industry insights into future market changes, for example, from the Westwood Global Energy Group.

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Metrics & Targets

Managing our climate impact

While we anticipate the oil and gas sector will continue to grow over the next few decades, we still have a responsibility to reduce our environmental impact, as far as possible while delivering sustainable business growth. We have been measuring our direct emissions (Scope 1 and 2) since 2014. During this financial year, we have calculated the emissions in our value chain (Scope 3) for the first time for both the financial years 2021 and 2022. Setting targets to reduce our emissions is a natural development of our emissions reporting. It signals our intention to ensure we are growing the business, whilst improving the sustainability of our operations. We have set ambitious net—zero targets of partial Scope 3 by 2035 and full Scope 1 and 3 by 2050.

Building our roadmap to net-zero

We are proud to have set an ambitious target to be net zero by 2050. Our Board approved this decision in December 2022. This decision was made after our full Scope 3 emissions were calculated for the first time, which are the emissions associated with our value chain, including purchased goods and services, waste and business travel. They often account for 80-99% of a company's total carbon footprint, so it was important for us to have this information, when considering our net-zero targets.

In determining our targets, we took into consideration the intentions already set out by the regions we operate in, our clients and our competitors. We considered our business strategy and values. Our ultimate net-zero deadline of 2050 is in line with the national targets of the UK, UAE and Qatar. Achieving net-zero, requires us to reduce our CO2 emissions by 90% or more from our baseline year of 2021.

Reducing our Scope 1 emissions will depend on decarbonising the bunker fuel we use and upgrading vessels. Since jack-up barges have long natural lifetimes, replacing all 13 vessels will be capital-intensive and will occur slowly. Therefore, a net-zero Scope 1 target of 2050 is reasonable. For Scope 3 categories 1(Purchased Goods and Services), 4 (Upstream Transport and Distribution), 5 (Waste generated in operations), 6 (Business Travel) and 7 (Employee Commuting) we have set an ambitious net-zero target of 2035. Given that Scope 3 Category 2 (Capital Goods) and Category 3 (Fuel-related Emissions) are dependent on investment in new vessels and fuel decarbonisation, these categories will reach net-zero in 2050. Our Scope 2 emissions account for 0.04% of total emissions and are considered de-minimis. Therefore, Scope 2 emissions have been excluded from these net-zero targets. As well as these emissions reduction targets, we have also set interim deadlines for key actions that will support us in achieving these.

In 2022, as well as engaging external specialists to calculate our Scope 3 emissions, we have also improved our data collection, to provide a more accurate representation of our impacts, including more precise data on flights taken as business travel. Overall, our Scope 3 emissions have reduced by 22.5% since the last financial year, which aligns with the Group's commitment to reaching net-zero Scope 3 emissions (for categories 1, 4, 5,6 and 7) by 2035.

Reaching our net-zero targets will require making our internal operations more efficient and working with our suppliers, to reduce our indirect emissions. This will include communicating with existing suppliers, about our plans and their role in achieving this target. We will have to consider how to factor our carbon targets into our onboarding and approval process for new vendors.

To track our progress, we have set the following targets:

- **2025:** engage with the top 10 suppliers by spend on their carbon emissions and reporting. This is an interim supplier engagement target which supports our long term net-zero emissions reduction targets.
- **2030:** in the financial period of 2024, we will be assessing the feasibility of replacing one of our jack-up barges, with one able to use a low-carbon alternative fuel by 2030. This will form an important part of our long-term strategy, as it is essential to reducing our Scope 1 emissions (those associated directly with our operations, primarily vessel fuel).
- **2035:** net-zero in Scope 3 emissions from purchased goods and services, upstream transport and distribution, waste generated in operations, business travel and employee commuting.
- **2050:** net-zero in Scope 1 and Scope 3 (for emissions from capital goods and fuel-related emissions).

Our Metrics

Our metrics currently focus on our carbon emissions. We have developed a carbon balance sheet during this financial year, which breaks these down into Scope 1, 2 and the 15 categories of Scope 3. This level of granularity allows us to be targeted in our approach to reducing emissions. Our net-zero targets and strategy have considered our largest emissions categories and determined how to reduce these, allowing for current technological limitations, particularly around vessel fuels.

Each year we aim to improve the quality of our data collection, to ensure our reporting is increasingly accurate. We acknowledge that sometimes this will increase the figures in some categories and we will explain these in our reporting, as required. We believe this transparency is an important part of being a responsible business.

Carbon Emissions

In compliance with the UK government's Streamlined Energy and Carbon Reporting, we have included our emission figures for this reporting year. Understanding these emissions are vital to our net zero goal and highlights areas where we can improve. We have included our emissions from the previous reporting period for year-on-year comparison.

Scope 1 emissions result from the direct combustion of gaseous and transportation fuels during the reporting year.

Scope 2 refers to the emissions associated with purchased electricity used in our offices.

Scope 3 emissions are the indirect emissions associated with the products and services we purchase to deliver our services. Although we do not have direct control over these emissions, we are taking steps to work with our supply chain to develop an emission reduction strategy.

Table 10: Table 9: GHG emissions (tCO2e) for 2022 and 2021

Emissions Scope	**Gross Emissions (tCO2e) - 2022**	**Gross Emissions (tCO2e) - 2021**	**Percentage change in total emissions (vs previous year)**
Scope 1	51,860	47,247	↑ 9.8%
Scope 2	28	31	↓ 7.2%
Scope 3	26,205	33,827	↓ 22.5%
Total	**78,093**	**81,105**	**↓ 3.7%**

Our carbon emissions have been calculated in line with the GHG Protocol Corporate Value Chain (Scope 3) Reporting Standard and the 2019 UK Government environmental reporting guidance. There is no data for categories 8-15 as these are not applicable to GMS.

Scope 3

Table 11: Our 2021 and 2022 carbon equivalent emissions for all 15 Scope 3 categories.

Emissions Scope	**Year**		**Year-on-Year Comparison**
	2022	**2021**	
1. Purchased Goods & Services	6,088	11,970	↓49%
2. Capital Goods	1,141	687	↑66%
3. Fuel-related Emissions	10,270	10,180	↑1%
4. Upstream Transportation and Distribution	5,641	251	↑2147%
5. Waste Generated in Operations	667	654	↑2%
6. Business Travel	2,275	10,027	↓77%
7. Employee Commuting	124	57	↑116%
8. Upstream Leased Assets	-	-	-
9. Downstream Transportation and Distribution	-	-	-
10. Processing of Sold Products	-	-	-
11. Use of Sold Products	-	-	-
12. End-of-life Treatment of Sold Products	-	-	-
13. Downstream Leased Assets	-	-	-
14. Franchises	-	-	-
15. Investments	-	-	-
Total All	**26,205**	**33,827**	**↓22.5%**

Carbon intensity

In line with the TCFD guidelines, we regularly monitor our operations' carbon footprint. We use average carbon intensity data (tCO2e/$m revenue) to assess our performance and progress against the Paris Agreement target. Our Scope 1 and 2 carbon intensity metrics use location-based emissions. We have also provided a Scope 1, 2 and 3 global intensity metric this year to show our progress in tackling our Scope 3 emissions as well.

Table 12: Our 2020-2022 carbon intensity metrics.

Year	2022	2021	2020
UK Intensity (Scope 1 & 2 tCO2e/$m revenue)	0*	34.76	45.60
Global Intensity (Scope 1 & 2 tCO2e/$m revenue)	389.47	398.78	402.15
Global Intensity (Scope 1, 2 & 3 tCO2e/$m revenue)	586.48	700.84	**

** Due to the nature of our operations, the vessel locations can mean that there are no UK emissions in a reporting year. This was the case in 2022. The only operational buildings in the UK were closed in 2020, therefore, there are no Scope 1 or 2 emissions in the UK in 2022. Should a UK base be reopened, this will be recorded as required.*

*** Scope 3 emissions were calculated for the first time for our 2021 financial year and therefore a 2020 Scope 1, 2 and 3 intensity metric cannot be provided.*

GMS provided relevant data to a third party who used this to calculate our emissions. No formal assurance was provided.

Other climate-related areas

We know that our business has environmental impacts beyond carbon emissions. Therefore, we monitor our business's waste and water usage, to ensure we manage these appropriately.

Waste

Waste management is important in minimising our environmental footprint and will contribute to our net-zero journey. Our waste strategy is centred around four principles: Reduction, Reuse & Recycle, Treatment and Disposal.

Our vessels are fitted with separate waste bins for each type of recyclable material or disposal method, which ensures that we have detailed data on waste materials. Waste is then emptied and brought to shore, where it can be appropriately managed. It is securely stored before the treatment process, to ensure our waste does not degrade, spill or is stolen.

Due to the nature of our operations, we produce oil waste. Our oil waste is not contaminated or mixed, to ensure it can be correctly treated and recycled. We send regular reports to the local governing bodies concerning the quality and quantity of oil waste and its treatment methods. Table 12 summarises the waste from our vessels and offices in FY22.

Table 13: A breakdown of the waste types from our vessels and offices during the financial year 2022.

Waste Stream	Volume	Unit
General waste	1,945.00	m^3
Plastic	1,305.00	m^3
Cooking Oil	5	m^3
E-Waste	7	m^3
Glass	14	m^3
Metal	125	m^3
Hazardous Waste	49	m^3
Paper	122	m^3
Wood	90	m^3
Dirty Oil	25,560.00	Kg
General waste	2,800.00	Kg
Paper	326	Kg
Wood waste	3,600.00	Kg

Water

Water is the most important resource on the planet. We know that our workers must always have access to adequate safe drinking water. The water on our vessels is either sourced from desalination, or single-use plastic bottles.

In 2022, we conducted a trial on two vessels to determine the effectiveness of installing an atmospheric water generator (AWG). Installing an AWG would significantly reduce plastic waste from our vessels. However, for them to provide the necessary return on investment, it must be used by all crew on board. Our staff only account for about 10% of the crew. Therefore, rolling out initiatives like this will require collaboration with our clients. We will start engaging with key clients about this in 2023-2024.

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