Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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We are subject to various risks and uncertainties in the course of our business. The following summarizes the risks and uncertainties that we consider to be material and that may materially and adversely affect our business, financial condition, results of operations or cash flows and the market value of our securities. Investors in our company should consider these matters, in addition to the other information we have provided in this report and the documents we incorporate by reference. Business and Operational Risks We derive most of our revenue from companies in the offshore oil and gas industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and gas prices. We derive most of our revenue from customers in the offshore oil and gas exploration, development and production industry. The offshore oil and gas industry is a historically cyclical industry characterized by significant changes in the levels of exploration and development activities. Oil and gas prices, and market expectations of potential changes in those prices, significantly affect the levels of those activities. Worldwide political, economic and military events have contributed to oil and gas price volatility and are likely to continue to do so in the future. In addition, there is ongoing uncertainty regarding the long-term outlook for the U. S. Gulf of Mexico, as a result of a prior temporary ban on leasing of U. S. federal lands imposed by the current presidential administration. While the temporary ban has been lifted, the Biden administration resumed selling leases to drill for oil and gas on federal lands in April 2022, but with an 80 % reduction in the number of acres offered and an increase in the royalties companies must pay to drill. **In July 2023, the U. S. Department of the Interior (" DOI ") proposed updates to its onshore oil and gas leasing regulations which could further restrict oil and gas exploration and production on federal lands. DOI expects to issue a final rule in the spring of 2024. In August 2023, DOI proposed a scaled back offshore lease sale for certain areas in the Gulf of Mexico due to concerns related to an endangered whale population in the area. The exclusion of certain lease blocks from the sale was successfully challenged in court and DOI was ordered to hold the lease sale at its original scale. This decision was upheld by the U. S. Court of Appeals for the Fifth Circuit on November 14, 2023, and the sale was held on December 20, 2023.** Any prolonged reduction in the overall level of offshore oil and gas exploration and development activities, whether resulting from changes in oil and gas prices, limitations on access to capital for such activities, governmental actions or regulatory developments or otherwise, could materially and adversely affect our financial condition and results of operations in our operating segments within our Energy business. Some factors that have affected and are likely to continue affecting oil and gas prices and the level of demand for our services and products include the following: • worldwide demand for oil and gas; • general economic and business conditions and industry trends; • the ability of OPEC to set and maintain production levels; • the level of production by non- OPEC countries ~~, including U. S. shale oil~~ ; • the ability of oil and gas companies to generate funds for capital expenditures; • the ongoing ability to access external financing from financial institutions or the capital markets; • the cost of exploring for, developing and producing oil and gas as compared to alternative energy sources; • domestic and foreign tax policy; • laws and governmental regulations that restrict exploration and development of oil and gas in various offshore jurisdictions; • technological changes that could lead to competition from new market entrances; • the political environment of oil- producing regions; • the changing environmental and social landscape; • the price and availability of alternative energy; • war, sabotage, terrorism and civil unrest, including the conflict between Russia and Ukraine **and conflict in the Middle East** ; and • extreme weather conditions, natural disasters ~~and~~ **,** public health crises ~~,~~ **and** pandemics or epidemics, ~~including the~~ **such as** COVID- 19 ~~pandemic~~ **and variants thereof** . **/** Our operations could be adversely impacted by the indirect consequences of climate change and climate- related business trends. Scientific studies have suggested that emissions of certain gases, commonly referred to as " greenhouse gases, " including carbon dioxide and methane, are contributing to warming of the earth' s atmosphere and other climatic changes. In response to those studies, the issue of climate change and the effects of greenhouse gas emissions, in particular emissions from fossil fuels, has attracted and continues to attract political and social attention. Although it is not possible at this time to predict the timing and effect of climate- related business trends, any such developments, including the declining cost of renewable energy generation technologies, continued government ~~/~~ subsidies, and the continuing electrification of various technologies that previously used hydrocarbons, could impact the long- term demand for oil and natural gas and, ultimately, the demand for the services and products of our Energy business. Climate- related business trends could result in, among other things, decreased demand for goods or services that produce significant greenhouse gas emissions, such as our fleet of vessels, increased demand for goods that result in lower emissions than competing products and increased competition to develop innovative new products that result in lower emissions. As we strive to develop innovative new product offerings, we aim to address a myriad of challenges facing our customers and the ~~energy industry~~ **industries that we serve** , including, among many others, energy efficiency, labor shortages, safety and climate change. To meet these challenges, we strive to innovate products and services that, in addition to lowering greenhouse gas emissions for our customers, offer higher energy efficiency, fewer personnel requirements due to more automation and superior safety characteristics. While this creates opportunities for our business, we face the risk that we will be unable to execute on such innovation in a timely manner, or at all, which may materially and adversely affect our business, financial condition, results of operations or cash flows if our customers turn to other suppliers for these products. If we are unable to meet increased customer expectations around the energy efficiency and carbon emissions of our new products, our business or our reputation could be negatively impacted. Further, increased demand for generation and transmission of energy from alternative energy sources could result in a decreased demand for goods or services that complement the hydrocarbon industry generally, even if those goods and services themselves do not produce significant greenhouse gas emissions, such as our remotely operated vehicles. Our business could be negatively impacted if we are unable to successfully market our products and services to customers who produce energy from alternative energy sources. Beyond financial impacts, climate change poses potential physical risks. Scientific studies forecast that these risks include increases in sea levels, stresses on water supply, rising average temperatures and other changes in weather conditions, such as increases in precipitation and extreme weather events, such as floods, heat waves, hurricanes and other tropical storms and cyclones. The projected physical effects of climate change have the potential to directly affect the operations we conduct for customers and result in increased costs related to our operations. However, because the nature and timing of changes in extreme weather events (such as increased frequency, duration, and severity) are uncertain, it is not possible for us to estimate reliably the future financial risk to our operations caused by these potential physical risks. Our international operations involve additional risks not associated with domestic operations. A significant portion of our revenue is attributable to operations in foreign countries. These activities accounted for approximately ~~53~~ **58** % of our consolidated revenue in ~~2022~~ **2023** . Risks associated with our operations in foreign areas include risks of: • regional and global economic downturns; • public health crises, such as COVID- 19, Severe Acute Respiratory Syndrome, severe influenza and other highly communicable viruses or diseases, that could limit **our** access to customers', vendors' or our facilities or offices, impose travel restrictions on our personnel or otherwise adversely affect our operations or demand for our services ~~; • disturbances or other risks that may limit or disrupt markets~~ ; • expropriation, confiscation or nationalization of assets; • renegotiation or nullification of existing contracts; • foreign exchange restrictions; • foreign currency fluctuations, particularly in countries highly dependent on oil revenue; • foreign taxation, including the application and interpretation of tax laws; • the inability to repatriate earnings or capital; • changing political conditions; • changing foreign and domestic monetary policies; and • social, political, military and economic situations in foreign areas where we do business and the possibilities of civil disturbances, war, other armed conflict, terrorist attacks or acts of piracy. Additionally, in some jurisdictions we are subject to foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These regulations may adversely affect our ability to compete. Our exposure to the risks we described above varies from country to country. There is a risk that a continuation or worsening of these conditions could materially and adversely impact our future business, operations, financial condition and results of operations. Our backlog is subject to unexpected adjustments and cancellations and is, therefore, an uncertain indicator of our future revenue and earnings. There can be no assurance that the revenue included in our backlog will be realized or, if realized, will result in profits. Because of project cancellations or potential changes in the scope or schedule of our customers' projects, we cannot predict with certainty when or if backlog will be realized. Material delays, suspensions, cancellations or payment defaults could materially affect our financial condition, results of operations and cash flows. We may be at risk of delays, suspensions and cancellations in the current market environment. Reductions in our backlog due to cancellation by a customer or for other reasons would adversely affect, potentially to a material extent, the revenue and earnings we actually receive from contracts included in our backlog. Many of our ROV contracts have 30- day notice termination clauses. Some of the contracts in our backlog provide for cancellation fees in the event customers cancel projects. These cancellation fees usually provide for reimbursement of our out- of- pocket costs, revenue for work performed prior to cancellation and a varying percentage of the profits we would have realized had the contract been completed. However, under limited circumstances, such as certain bankruptcy events, no cancellation fee would be owed to us. Further, even if a cancellation fee is owed to us, a customer may be unable or may refuse to pay the cancellation fee. We typically have no contractual right upon cancellation to the total contract revenue as reflected in our backlog. If we experience significant project terminations, suspensions or scope adjustments to contracts reflected in our backlog, our financial condition, results of operations and cash flows may be adversely impacted. ~~The impacts and effects of the COVID- 19 pandemic have adversely affected, and future public health crises, pandemics or epidemics could adversely affect, our business, financial condition and results of operations. The COVID- 19 pandemic negatively affected our business, financial condition and results of operations, and future public health crises, pandemics or epidemics could adversely affect our business, financial condition and results of operations. The COVID- 19 pandemic at its peak resulted in authorities implementing numerous measures to try to contain the disease, such as travel bans and restrictions, quarantines, shelter- in- place orders and shutdowns, among others. Restrictions of this nature caused, and may in the future as a result of variants of COVID- 19 or future public health crises, pandemics or epidemics cause, us, our suppliers and other business counterparties to experience operational delays, delays in the delivery of materials and supplies that are sourced from around the globe, and workforce availability issues. The COVID- 19 pandemic related measures continue to impact certain parts of the world. The ultimate extent of the impact of COVID- 19 or other viruses or pandemics on our business, cash flows, liquidity, financial condition and results of operations will depend largely on future developments, including, among others, geographic spread, duration, the ongoing development, availability, distribution and acceptance of vaccines and effective treatments worldwide, and actions taken by governmental authorities, customers, suppliers and other third parties, all of which are highly uncertain and cannot be predicted at this time.~~ Our offshore oilfield operations involve a variety of operating hazards and risks that could cause losses. Our offshore oilfield operations are subject to the hazards inherent in the offshore oilfield business. These include blowouts, explosions, fires, collisions, capsizings and severe weather conditions. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage and suspension of operations. We may incur substantial liabilities or losses as a result of these hazards. While we maintain insurance protection against some of these risks ~~,~~ and seek to obtain indemnity agreements from our customers requiring the customers to hold us harmless from some of these risks, our insurance and contractual indemnity protection may not be sufficient or effective to protect us under all circumstances or against all risks. The occurrence of a significant event not fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to us could materially and adversely affect our results of operations and financial condition. Legal and Regulatory Risks Legislative and regulatory responses to climate change and the ongoing “ energy transition ” could result in increased operating costs and capital expenditures and changes in demand for the services and products of our Energy business. The legislative and regulatory responses to climate change and its effects have the potential to negatively affect our business in many ways, including increasing the costs to provide the services and products of our Energy business, reducing the demand for and consumption of certain of those services and products, and the economic health of the regions in which we operate, all of which can create financial risks. Legislation to regulate greenhouse gas emissions has, from time to time, been introduced in the U. S. Congress and such legislation may be proposed or adopted in the future. In addition, the Environmental Protection Agency (" EPA ") has adopted regulations addressing greenhouse gas emissions, including **the EPA' s final methane** rules ~~requiring the monitoring~~ , ~~reporting and recordkeeping of~~ **which impose several new methane** ~~emissions~~ **emission** ~~of carbon dioxide from specified sources in~~ **requirements on the oil and gas industry, announced on December 2, 2023, during** the United ~~States that cover certain onshore and offshore oil and natural gas production facilities~~ **Nations Climate Change Conference in the United Arab Emirates (" COP28 ")** . There also have been international efforts seeking legally binding reductions in greenhouse gas emissions **, as well as non- binding efforts, including the non- binding agreement by more than 190 governments at COP28 to transition away from fossil fuels and encourage the growth and expansion of renewable energy** . The United States was actively involved in the negotiations at the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, which led to the creation of the " Paris Agreement. " The Paris Agreement requires the signatory countries to review and" represent a progression" in their nationally determined contributions, which set emissions reduction goals, every five years. It is not possible at this time to predict the timing and effect of climate change or to predict the effect of the Paris Agreement (or similar international agreements) or whether additional greenhouse gas legislation, regulations or other measures will be adopted. However, more aggressive efforts by governments and non- governmental organizations to reduce greenhouse gas emissions appear likely and any such future laws and regulations could result in increased compliance costs or additional operating restrictions applicable to our Energy business customers and / or us. For example, in August 2022, President Biden signed the Inflation Reduction Act (" IRA ") into law, which imposes a charge on methane emissions from certain petroleum and natural gas system facilities and could have an indirect impact on demand for the goods and services of our Energy business **, and on December 2, 2023 during COP28, the EPA announced its final methane rules, which impose several new methane emission requirements on the oil and gas industry** . Our business could also be impacted by governmental initiatives to incentivize the conservation of energy or the use of alternative energy sources. These initiatives to reduce energy consumption or incentivize a shift away from fossil fuels could reduce demand for hydrocarbons, thereby reducing demand for the goods and services of our Energy business, and adversely impact our business, financial condition, results of operations and cash flows. The adoption of additional climate change laws or regulations in the future could result in increased costs for our Energy business customers and us to (1) operate and maintain operating facilities, (2) install new emission controls or abatement technologies (such as CCS technologies) on operating facilities and (3) administer and manage greenhouse gas emissions programs. If we are unable to recover or pass through a significant level of our costs related to complying with climate change regulatory requirements imposed on us, they could have a material adverse effect on our results of operations and financial condition. Further, such legislation or regulation could prevent customer projects from going forward, thereby potentially reducing the need for our products and services. In addition, to the extent financial markets and insurance carriers view climate change and the greenhouse gas emissions of our Energy business customer base as a financial risk, this could negatively impact our cost of and access to capital and insurance. Climate change also subjects us to the risk of increased negative publicity. Negative public perception regarding us and / or the energy industry resulting from, among other things, concerns raised by advocacy groups about oil spills, greenhouse gas emissions, climate change and explosions of or leaks from pipelines carrying crude oil, refined petroleum products or natural gas, may lead to increased regulatory scrutiny, which may, in turn, lead to new safety and environmental laws, regulations, guidelines and enforcement interpretations. These actions may cause operational delays or restrictions, increased operating costs or capital expenditures, additional regulatory burdens and increased risk of litigation for us and our energy industry customers. Furthermore, governmental authorities exercise considerable discretion in the timing and scope of permit issuance required for the operations conducted by or for our energy industry customers and, in many cases, the public may engage in the permitting process. Negative public perception could cause such permits to be withheld, delayed, or burdened by requirements that restrict our ability to profitably conduct business for our energy industry customers. Ultimately, these risks could result in reduced demand for the services and products of our Energy business, which would adversely impact our revenues, and increased costs that may adversely affect our profitability and cash flows. In addition, climate change legislation and regulation may subject us to increased competition to develop innovative new products that result in lower emissions. Please refer to the risk factor entitled " Our operations could be adversely impacted by the indirect consequences of climate change and climate- related business trends " for a discussion of the impact of other climate- related consequences on our business, financial condition, results of operations and cash flows ~~. Our operations could be adversely impacted by the effects of new regulations. During 2010, the U. S. Government established new regulations relating to the design of wells and testing of the integrity of wellbores, the use of drilling fluids, the functionality and testing of well control equipment, including blowout preventers, and other safety and environmental regulations. The U. S. Government requires that operators demonstrate their compliance with those regulations before commencing deepwater drilling operations. In addition, as discussed above, increasing attention to issues concerning climate change as a result of the emission of carbon dioxide and other " greenhouse gases " may result in the imposition of additional environmental or other legislation or regulations that seek to restrict, or otherwise impose limitations or costs upon, the emission of greenhouse gases. We cannot predict when or whether any of these various legislative and regulatory proposals may be enacted or adopted or what their effects will be on us or our customers, particularly with respect to offshore oil and gas exploration and development projects. These and other legislative or regulatory developments could increase costs for us and our customers or, in some cases, prevent projects from going forward, thereby potentially reducing the need for our products and services~~ . Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could weaken our ability to win contracts, which could result in reduced revenue and profits. Misconduct, fraud, non- compliance with applicable laws and regulations, or other improper activities by one or more of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with the U. S. Foreign Corrupt Practices Act (" FCPA"), which prohibits companies and their intermediaries from making improper payments to non- U. S. officials, as well as the failure to comply with government procurement regulations, regulations on lobbying or similar activities, regulations pertaining to the internal controls over financial reporting and various other applicable laws or regulations, including the U. K. Bribery Act. We operate in some countries that international corruption monitoring groups have identified as having high levels of corruption. Our activities create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA or other applicable anti- corruption laws. The precautions we take to prevent and detect misconduct, fraud or non- compliance with applicable laws and regulations may not be effective, and we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines, penalties or other sanctions, which could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. Laws and governmental regulations may add to our costs or adversely affect our operations. Our business is affected by changes in public policy and by federal, state, local and foreign laws and regulations, including those relating specifically to the offshore oil and gas industry. Offshore oil and gas exploration and production operations are affected by tax, environmental, safety and other laws, by changes in those laws, application or interpretation of existing laws, and changes in related administrative regulations. It is ~~also~~ possible that ~~these~~ **such new** laws and regulations **, or changes to the application or interpretation of existing laws and regulations,** may in the future add significantly to our operating costs or those of our customers or otherwise directly or indirectly affect our operations. On August 16, 2022, President Biden signed the IRA into law. The IRA contains several revisions to the Internal Revenue Code, including a 15 % corporate minimum tax for taxpayers with adjusted financial statement income in excess of $ 1 **. 0** billion and a 1 % excise tax on corporate stock repurchases made after December 31, 2022. We continue to analyze the potential impact of the IRA on our consolidated financial statements and to monitor guidance to be issued by the U. S. Department of the Treasury. Environmental laws and regulations can increase our costs, and our failure to comply with those laws and regulations can expose us to significant liabilities. Risks of substantial costs and liabilities related to environmental compliance issues are inherent in our operations. Our operations are subject to extensive federal, state, local and foreign laws and regulations relating to the generation, storage, handling, emission, transportation and discharge of materials into the environment. Permits are required for the operation of various facilities, and those permits are subject to revocation, modification and renewal. Governmental authorities have the power to enforce compliance with their regulations, and violations are subject to fines, injunctions or both. In some cases, those governmental requirements can impose liability for the entire cost of cleanup on any responsible party without regard to negligence or fault and impose liability on us for the conduct of or conditions others have caused, or for our acts that complied with all applicable requirements when we performed them. It is possible that other developments, such as stricter environmental laws and regulations, and claims for damages to property or persons resulting from our operations, would result in substantial costs and liabilities. ~~In particular, as discussed above, increasing attention to issues concerning climate change as a result of the emission of carbon dioxide and other " greenhouse gases " may result in the imposition of additional environmental legislation or regulations that seek to restrict, or otherwise impose limitations or costs upon, the emission of greenhouse gases. We cannot predict when or whether any of these various legislative and regulatory proposals may become law or what their effect will be on us or our customers. Such legislation or regulations could increase costs for us and our customers or, in some cases, prevent projects from going forward, thereby potentially reducing the need for our products and services.~~ Our insurance policies and the contractual indemnity protection we seek to obtain from our customers may not be sufficient or effective to protect us under all circumstances or against all risks involving compliance with environmental laws and regulations. Financial Risks Foreign exchange risks and fluctuations may affect our profitability on certain projects. We operate on a worldwide basis with substantial operations outside the United States that subject us to U. S. dollar translation and economic risks. In order to manage some of the risks associated with foreign currency exchange rates, we may enter into foreign currency derivative (hedging) instruments, especially when there is currency risk exposure that is not naturally mitigated via our contracts. However, these actions may not always eliminate all currency risk exposure, in particular for our long- term contracts. A disruption in the foreign currency markets, including the markets with respect to any particular currencies, could adversely affect our hedging instruments and subject us to additional currency risk exposure. Based on fluctuations in currency, the U. S. dollar value of our backlog may from time to time increase or decrease significantly. We do not enter into derivative instruments for trading or other speculative purposes. Our operational cash flows and cash balances, though predominately held in U. S. dollars, may consist of different currencies at various points in time in order to execute our contracts globally. Non- U. S. asset and liability balances are subject to currency fluctuations when measured period to period for financial reporting purposes in U. S. dollars. Maintaining adequate letter of credit and bonding capacity is necessary for us to successfully bid on and win various contracts. In line with industry practice, we are often required to post standby letters of credit to customers or enter into surety bond arrangements in favor of customers. Those letters of credit and surety bond arrangements generally protect customers against our failure to perform our obligations under the applicable contracts. However, the terms of those letters of credit, including terms relating to the customer' s ability to draw upon the letter of credit and the amount of the letter of credit required, can vary significantly. If a letter of credit or surety bond is required for a particular project and we are unable to obtain it due to insufficient liquidity or other reasons, we may not be able to pursue that project. We have limited capacity for letters of credit, and we rely substantially on bilateral letters of credit from various issuing banks in a number of markets. Moreover, due to events that affect the credit markets generally, letters of credit may be more difficult to obtain in the future or may only be available at significant additional cost. Letters of credit, including through our bilateral arrangements (which are cancelable in the discretion of the issuing banks), may not continue to be available to us on reasonable terms. Our inability to obtain adequate letters of credit and surety bonds and, as a result, to bid on new work could have a material adverse effect on our business, cash flows, liquidity, financial condition and results of operations. Significant inflation and higher interest rates could adversely affect our business and financial condition. The United States experienced inflationary pricing ~~, rapidly rising interest rates~~ and increasing construction and labor costs in 2022 ~~. Continued~~ and ~~sustained~~ **2023. While the pace of inflation has reduced since 2022, future changes in** inflation could have an adverse impact on our business and our financial condition by increasing **our** costs of materials and labor **. In addition, changing** and ~~interest~~ **future monetary policies and actions of the Federal Reserve that result from such adverse market and economic conditions (such as raises to the target federal funds** ~~rates~~ **rate)** ~~. All of these factors~~ could ~~have a negative impact on~~ **adversely affect our ability to obtain financing and raise our (or our** ~~customer~~ **customers** ~~budgets~~ **') cost of capital** . In a highly inflationary environment, we may be unable to raise pricing for our energy services and products at or above the rate of inflation, which could reduce our profit margins **and** ~~. In addition,~~ our cost of capital, labor and materials could increase, which could have an adverse impact on our business and our financial condition. ~~Difficulty in obtaining sufficient capital~~ **Public and investor sentiment regarding ESG matters and our industry** could adversely ~~impact~~ **affect** our business **operations** and **the trading price of our securities. Businesses across all industries are facing increasing scrutiny from investors, governmental authorities, regulatory agencies and the public related to their ESG practices, including practices and disclosures related to climate change, sustainability, diversity, equity and inclusion initiatives and heightened governance standards. Failure, or a perceived failure, to adequately respond to or meet evolving ESG expectations, concerns and standards may cause us to suffer reputational damage and materially and adversely affect our business or** financial condition ~~. A financial crisis~~ **, or the trading price of** ~~or~~ **our** ~~economic recession~~ **securities. In addition, organizations that provide ESG information to investors have developed ratings processes for evaluating a business entity' s approach to ESG matters, and certain members of the broader investment community may consider a business entity' s sustainability score as a reputational or other factor in making an investment decision. Consequently, a low sustainability score could result in exclusion of our securities from consideration by certain investment funds and a negative perception of our operations by certain investors. In addition, efforts in recent years aimed at the investment community to limit or curtail activities with companies engaged in the extraction of fossil fuel reserves could limit our ability to access the capital markets to the extent the services we provide to such customers engaged in extraction activities constitute a significant portion of our operations. As a result, such initiatives** could have an adverse impact on our business and our financial condition. **Difficulty in obtaining sufficient capital could adversely impact our business and financial condition. A financial crisis or economic recession could have an adverse impact on our business and our financial condition.** In particular, the cost of capital could increase substantially and the availability of funds from the capital markets could diminish significantly. Since the global recession in 2008, credit and capital markets have, from time to time, experienced ~~unusual~~ volatility. Our ability to access the capital markets in the future could be restricted or available on terms we do not consider favorable. ~~Furthermore, if investors or financial institutions shift funding away from companies in the energy industry, our access to capital or the market for our securities could be negatively impacted.~~ Limited access to the capital markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions and could adversely impact our ability to continue our growth strategy. Ultimately, we could be required to reduce our future capital expenditures substantially ~~.~~ **and** ~~Such~~ **such** a reduction could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. A financial crisis or economic recession could also affect our suppliers and our customers, causing them to fail to meet their obligations to us, which could have a material adverse effect on our revenue, income from operations and cash flows. If one or more of the lenders under our revolving credit facility were to become unable or unwilling to perform their obligations under that facility, our borrowing capacity could be reduced. Our inability to borrow under our revolving credit facility could limit our ability to fund our future operations and growth. In addition, we maintain our cash balances and short- term investments primarily in accounts held by major banks and financial institutions located principally in North America, Europe, Africa and Asia, and some of those accounts hold deposits that exceed available insurance. It is possible that one or more of the financial institutions in which we hold our cash and investments could become subject to bankruptcy, receivership or similar proceedings. As a result, we could be at risk of not being able to access material amounts of our cash, which could result in a temporary liquidity crisis that could impede our ability to fund operations. Strategic Risks Related to our Business Our business strategy contemplates future acquisitions. Acquisitions of other businesses or assets present various risks and uncertainties. We may pursue growth through the acquisition of businesses or assets that will enable us to broaden our service and product offerings and expand into new markets. We may be unable to implement this element of our growth strategy if we cannot identify suitable businesses or assets, reach agreement on potential strategic acquisitions on acceptable terms or for other reasons. Moreover, acquisitions involve various risks, including: • difficulties relating to the assimilation of personnel, services and systems of an acquired business and the assimilation of marketing and other operational capabilities; • challenges resulting from unanticipated changes in customer and other third- party relationships subsequent to acquisition; • additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls; • assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition transaction was negotiated; • possible liabilities under the FCPA and other anti- corruption laws; • diversion of management' s attention from day- to- day operations; • failure to realize anticipated benefits, such as cost savings and revenue enhancements; • potentially substantial transaction costs associated with acquisitions; and • potential impairment resulting from the overpayment for an acquisition. Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on attractive terms. Moreover, to the extent an acquisition transaction financed by non- equity consideration results in goodwill, it will reduce our tangible net worth, which might have an adverse effect on credit availability. Additionally, an acquisition may bring us into businesses we have not previously conducted and expose us to additional business risks that are different from those we have previously experienced. Our business strategy also includes development and commercialization of new technologies to support our growth. The development and commercialization of new technologies require capital investment and involve various risks and uncertainties. Our future growth will depend on our ability to continue to innovate by developing and commercializing new service and product offerings. Investments in new technologies involve varying degrees of uncertainties and risk. Commercial success depends on many factors, including the levels of innovation, the development costs and the availability of capital resources to fund those costs, the levels of competition from others developing similar or other competing technologies, our ability to obtain or maintain government permits or certifications, the effectiveness of production, distribution and marketing efforts, and the costs to customers to deploy and provide support for the new technologies. We may not achieve significant revenue from new service and product investments for a number of years, if at all. Moreover, new services and products may not be profitable, and, even if they are profitable, our operating margins from new services and products may not be as high as the margins we have experienced historically. The loss of the services of one or more of our key personnel, or our failure to attract, assimilate and retain trained personnel in the future, could disrupt our operations and result in loss of revenue. Our success depends on the continued active participation of our executive officers and key operating personnel. The unexpected loss of the services of any one of these persons could adversely affect our operations. Our operations require the services of employees having the technical training and experience necessary to obtain the proper operational results. As a result, if we should suffer any material loss of personnel to competitors or be unable to employ additional or replacement personnel with the requisite level of training and experience to adequately operate our equipment, our operations could be adversely affected. A significant increase in the wages paid by other employers could result in a reduction in our workforce, increases in wage rates, or both. We may not be able to compete successfully against current and future competitors. Our businesses operate in highly competitive industry segments. Some of our competitors or potential competitors have greater financial or other resources than we have. Our operations may be adversely affected if our current competitors or new market entrants introduce new products or services with better features, performance, prices or other characteristics than those of our services and products. This factor is significant to our segments' operations, particularly in the operating segments within our Energy business, where capital investment is critical to our ability to compete. **Our aspirations, goals, commitment targets and initiatives related to sustainability, including emissions reduction and our public statements and disclosures regarding the same, expose us to numerous risks. We have developed, and we will continue to develop, goals, targets and other objectives related to sustainability matters, including our 2030 emission reduction targets. Statements related to these goals, targets and objectives are made using various underlying assumptions and reflect our current intentions, and do not constitute a guarantee that they will be achieved. Our efforts to research, establish, accomplish and accurately report on these goals, targets and other objectives expose us to numerous operational, reputational, financial, legal and other risks. Our ability to achieve any stated goal, target or objective is subject to numerous factors and conditions, many of which are outside of our control, including the availability of alternative energy sources in the jurisdictions in which we operate, the capacity of electrical grids to support traditional and alternative energy sources, and the broader economic and legal circumstances affecting energy and electricity locally. We cannot predict the ultimate impact of achieving our 2030 emissions reduction targets, or the various implementation aspects, on our financial condition and results of operations. Our business may face increased scrutiny from investors and other stakeholders related to our sustainability activities, including the goals, targets and other objectives that we announce, and our methodologies and timelines for pursuing them. If our sustainability assumptions or practices do not meet investor or other stakeholder expectations and standards, which continue to evolve, our reputation, our ability to attract or retain employees and our attractiveness as an investment or business partner could be negatively affected. Similarly, our failure or perceived failure to pursue or fulfill our sustainability focused goals, targets and objectives, to comply with ethical, environmental or other standards, regulations or expectations, or to satisfy various reporting standards with respect to these matters, within the timelines we announce, or at all, could adversely affect our business or reputation, as well as expose us to government enforcement actions and private litigation.** Risks Related to Intellectual Property, Information Technology and Data Privacy We rely on intellectual property law and confidentiality agreements to protect our intellectual property. We also rely on intellectual property we license from third parties. Our failure to protect our intellectual property rights, or our inability to obtain or renew licenses to use intellectual property of third parties, could adversely affect our business. We rely on a variety of intellectual property rights that we use in our services and products, and our success depends, in part, on our ability to protect our proprietary information and other intellectual property. Our intellectual property could be challenged, invalidated, circumvented or rendered unenforceable. In addition, effective intellectual property protection may be limited or unavailable in some foreign countries where we operate. Our failure to protect our intellectual property rights may result in the loss of valuable technologies or adversely affect our competitive business position. We rely significantly on proprietary technology, information, processes and know- how that are not subject to patent or copyright protection. We seek to protect this information through trade secret or confidentiality agreements with our employees, consultants, subcontractors or other parties, as well as through other security measures. These agreements and security measures may be inadequate to deter or prevent misappropriation of our confidential information. In the event of an infringement of our intellectual property rights, a breach of a confidentiality agreement or divulgence of proprietary information, we may not have adequate legal remedies to protect our intellectual property. In some instances, we have augmented our technology base by licensing the proprietary intellectual property of third parties. However, it is possible that the tools, techniques, methodologies, programs and components we use to provide our services or products may infringe on the intellectual property rights of others. In the future, we may not be able to obtain necessary licenses on commercially reasonable terms. Royalty payments under licenses from third parties, if available, or developing non- infringing technologies could materially increase our costs. Additionally, if a license or non- infringing technology were not available, we might not be able to continue providing a particular service or product, which could materially and adversely affect our financial condition, results of operations and cash flows. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management' s attention away from other aspects of our business. In addition, our trade secrets may otherwise become known or be independently developed by competitors. Our informational technology (" IT ") and operational technology (" OT ") systems are subject to interruption and cybersecurity risks that could adversely impact our operations. Our operations (both onshore and offshore) are highly dependent on both IT and OT systems and personnel that implement and maintain such systems, including systems that collect, ~~organize~~ **process**, store or use personal information, confidential or proprietary information, and other sensitive information about **our business and operations, as well as** our customers, employees, suppliers and others. Some of these systems are managed or provided by third- party service providers, including certain cloud platform or cloud software providers. As a result, our business operations could be negatively impacted by a breach or interruption of systems ~~we rely on~~ that originates from, or compromises, third- party networks or devices outside of our control. Threats to our IT and OT systems associated with cybersecurity risks ~~and~~ **,** cyber incidents ~~or attacks~~ **and cyberattacks** continue to grow. Risks associated with these threats include disruptions of certain systems on our vessels or systems utilized to operate our ROVs; other impairments of our ability to conduct our operations; **interruption of internal critical services; interruption of external critical services to customers; interruption of ability to bill or collect payment from customers;** loss of or damage to intellectual property, proprietary information or employee or customer data; disruption of our customers' operations; loss or damage to our **employee or** customer data delivery systems; damage to our reputation or customer or other business relationships; inability to comply with our **contractual or** regulatory obligations in a timely manner which could result in **civil litigation,** regulatory investigations or other **enforcement** actions by governmental authorities and associated costs, fines or penalties; and increased costs to prevent, respond to or mitigate cybersecurity incidents. If such a cyber incident were to occur, it could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. In addition, certain cyberattacks and related incidents, such as reconnaissance or surveillance by threat actors, may remain undetected for an extended period notwithstanding our monitoring and detection efforts. As a result, we may be required to incur additional costs to modify or enhance our IT or OT systems to prevent or remediate any such attacks. While we continue to evaluate potential replacements or upgrades of existing systems, the implementation of new systems or upgrades to existing systems subjects us to inherent costs and risks associated with replacing or changing these systems, including potential disruption of our internal control structure, substantial capital expenditures, demands on management time and other risks. In addition, potential upgrades or updates may not result in productivity improvements at the levels anticipated, or at all. Moreover, the implementation of new, updated, or upgraded systems may cause disruptions in our business operations. Any such disruption, and any other system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations. Finally, laws and regulations we may be subject to governing cybersecurity, such as ~~forthcoming~~ obligations under the Cyber Incident Reporting for Critical Infrastructure ~~(" CIRCIA ") and the SEC' s cybersecurity disclosure rules~~, pose increasingly complex compliance challenges, and failure to comply with these laws **and regulations** could result in **fines,** penalties ~~and~~ **,** legal liability **and damage to our reputation and customer or other business relationships**. Changes in data privacy **and security** laws, regulations and standards may ~~cause~~ **adversely impact** our business ~~to suffer~~. ~~Personal~~ **Data** privacy and ~~data~~ security have become significant regulatory issues and the subject of rapidly evolving laws globally and in the United States. As a result, we may be subject to a growing patchwork of ~~comprehensive~~ privacy regulation imposed by jurisdictions where we operate, including under the European Union' s **and U. K.' s** General Data Protection Regulation ~~(" GDPR "), the United Kingdom' s Data Protection Act (the " UK GDPR ")~~, Brazil' s General Data Protection Law ~~(" LGPD ")~~ and in the United States **under various state privacy frameworks**, **such as** the California Consumer Privacy Act **. These** ~~(" CCPA ") as amended by the California Privacy Rights Act (" CPRA "), the Virginia Consumer Data Protection Act (" VCDPA "), and the Colorado Privacy Act (" CPA "), along with implementing regulations~~ - **regulatory frameworks** ~~, where applicable. Furthermore, foreign, federal, state and local government bodies or agencies have in the past adopted, and may in the future adopt, more laws and regulations affecting data privacy. The GDPR, UK GDPR and LGPD~~ apply to activities related to **the** collection, use, disclosure, and transfer of personal data that may be conducted by us ~~,~~ **or** directly or indirectly through **our** vendors or subcontractors ~~, from an establishment in the EU, UK or Brazil, respectively~~. ~~Although the GDPR, UK GDPR and LGPD currently impose similar obligations, interpretations and enforcement of these laws continue to evolve. Changes to interpretations or enforcement of the GDPR, UK GDPR or LGPD could create a range of new compliance obligations, which could cause us to incur additional costs. If interpretations or enforcement of the GDPR, UK GDPR or LGPD deviate significantly in the future, those costs could become even more severe. The GDPR, UK GDPR, LGPD and other data~~ **Data** privacy **and security** regulations may significantly impact our business activities and require substantial compliance costs that adversely affect **our** business, operating results, prospects and financial condition. ~~Likewise~~ **Additionally**, **any failure by us to comply with** ~~the~~ **these** ~~CCPA, gives California residents specific rights in relation~~ **regulations** ~~to the~~ **, including as a result of a** personal **data breach** ~~information we may collect~~, ~~use~~ **could result in significant penalties** and **liabilities** ~~store, either directly or indirectly, and requires that companies take certain actions, including notifications~~ for **us** ~~security incidents~~. **Interpretations** ~~In addition, the CPRA created the California Privacy Protection Agency (" CPPA "), the first state administrative agency dedicated to the implementation~~ and ~~administrative~~ enforcement of ~~the~~ **these** ~~CCPA' s privacy~~ **laws continue to evolve, and changes to these** ~~regulations~~ - **regulatory** ~~. Interpretation~~ **interpretations or** ~~and administrative~~ enforcement of ~~the~~ **these laws could create a range of** ~~CCPA continues to evolve, along with the CPPA' s rulemaking and administrative enforcement strategies. Those changes may entail~~ new compliance obligations **, which could cause us to incur additional costs. Furthermore, foreign, federal, state** and ~~scrutiny that~~ **local government bodies or agencies have, in the past, adopted — and** may ~~significantly impact our business activities~~ **in the future adopt — more laws** and **regulations** ~~require substantial compliance costs that adversely affect~~ **affecting data privacy** ~~business, operating results, prospects~~ and

security ~~financial condition~~ . Although ~~the~~ **these** ~~VCDPA~~ **privacy** and ~~CPA~~ **security laws** share **similar** concepts ~~with the CCPA~~ , each ~~law~~ **applicable jurisdiction may** ~~includes~~ - **include** important variations, such as differing standards ~~for~~ - **or obligations** ~~determining whether businesses fall within the scope of each law~~ . Those variations may ~~raise~~ **increase** our **compliance** costs and place increased demand on our resources by creating ~~increasingly~~ complex monitoring, control and compliance challenges. Any failure by us to comply with these laws and regulations, including as a result of a **personal data** ~~security or privacy~~ breach, could result in significant penalties and liabilities for us. Our business and operations could become subject to future legislation, ~~regulatory~~ **regulation** ~~requirements~~ , ~~and evolving~~ enforcement strategies and regulatory or judicial interpretations beyond those currently proposed, adopted or contemplated in the U. S. and abroad ~~. The cumulative effect of all of the legislation and regulations on our business, operations and profitability remains uncertain. This uncertainty necessitates that in our business planning we make certain assumptions with respect to the scope and requirements of prospective and proposed rules. If these assumptions prove incorrect, we could be subject to increased regulatory and compliance risks and costs as well as potential reputational harm, either of which could result in negative publicity and significant penalties or other liabilities~~ . Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to our business may limit the use and adoption of, and reduce the overall demand for, our solutions. Finally, if we acquire an entity that has violated or is not in compliance with applicable data privacy **, security** and protection laws or regulations (or contractual provisions), we may experience similar adverse consequences. Risks Related to our Organization and Structure We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock. Our certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock. Provisions in our corporate documents and Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders. The existence of some provisions in our corporate documents and Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders. Our certificate of incorporation and bylaws contain provisions that may make acquiring control of our company difficult, including: • provisions relating to the classification, nomination and removal of our directors; • provisions regulating the ability of our shareholders to bring matters for action at annual meetings of our shareholders; • provisions requiring the approval of the holders of at least 80 % of our voting stock for a broad range of business combination transactions with related persons; and • the authorization given to our board of directors to issue and set the terms of preferred stock. In addition, the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15 % or more of our outstanding common stock. General Risks Our internal controls may not be sufficient to achieve all stated goals and objectives. Our internal controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. The design of any system of internal controls and procedures is based, in part, on various assumptions about the likelihood of future events. We cannot assure that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. The use of estimates could result in future adjustments to our assets, liabilities and results of operations. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that our management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.