

# **SUSTAINABILITY REPORT 2020**



**Shelf Drilling is a leading provider of jack-up contract drilling services with rigs in operations across four core regions – MENAM, Southeast Asia, India, and West Africa.**

Our strategy is to maintain a sole focus on shallow water drilling services, leveraging decades of industry experience and an outstanding track record to provide best-in-class drilling operations for our customers.

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# CEO Sustainability Statement

The unprecedented challenges the COVID-19 pandemic and oil price crisis created for the Company and our industry brought into sharp focus the need to keep our people, communities and operations safe and virus-free.

While we are unable to draw a direct comparison, it is perhaps not coincidental that the full onset of the pandemic overlaid with a remarkable period where for eight months our entire fleet and company operated recordable incident-free. Our full year result of a TRIR of 0.19 equaled 2019, the best year since Company's inception.

In responding to the crisis, we, like many other companies, moved to remote working literally overnight and the investments we have made in prior years in leading edge, largely cloud-based IT solutions enabled our shore-based employees to work from home in a seamless, secure and effective manner where all of our business controls remained intact. Despite the challenges, we have continued to expand our digitalization efforts to streamline and optimize processes both on and offshore, including the launch of a pilot robotic vendor invoice processing.

As part of our cost cutting measures, we unfortunately had to release over 20% of our corporate office employees as well as many in the field following the cancellation or suspension of certain contracts. Temporary salary reductions were put in place for senior corporate employees, including the executive team, and many employees were put on extended standby at home. These difficult measures were essential in order to protect our business and limit the number of employees affected.



In 2020, we made further improvements to the quality and visibility of our sustainability-related reporting. Our Board was fully engaged in the development of key policies and discussions on our strategy related to the risks and opportunities associated with climate change and energy transition. We engaged with a number of stakeholders in our Materiality Assessment to ensure the actions we are taking were aligned with their interests. Based on specific feedback we received, we developed a rig recycling policy – a key issue for us and some stakeholders. We have expanded certain sections of this Sustainability Report to highlight how we are positioned to manage the energy transition. A sustainability section of our website was launched in December and provides stakeholders with access to new or updated policies that were developed in response to feedback received.

In preparing our submission to the Carbon Disclosure Project (CDP), we expanded the breadth of our emissions-related data capture and incorporated a comprehensive update to Scope 1 and included Scope 2, and through direct engagement with our supply chain and key partners, Scope 3. The full year data for these measures is included in a later section of this report. We will continue to work with our supply chain to look for ways to reduce the emissions associated with the movement of goods and personnel to our rigs.

While a number of companies in our industry have set long-term emissions reduction targets, we believe a more appropriate approach for 2021 is to establish science-based targets that make it more realistic and attainable for those who will make it happen – our offshore supervisors and rig teams. In order to drive this reduction effort, our goals in 2021 are focused on establishing the necessary training, support and infrastructure to stimulate our rig teams to take ownership of reducing the environmental footprint of our operations. We are committed to setting science-based emissions reduction targets in 2022 that are in line with the Paris Agreement and that will form part of the management incentives in 2022 and beyond.

We were encouraged to see that our efforts to provide more transparent reporting resulted in a 'C' rating from CDP on climate change, a 'B' rating from CDP on our supplier engagement, and a 'B' rating in the [2020 ESG 100 Oslo Stock Exchange](#) report. We are committed to continuing to improve the quality and extent of our reporting and to respond to stakeholder feedback as we did in 2020.

As we committed to in our report last year, we have reached out to Sustainability Accounting Standards Board (SASB) and other standard setting agencies and have prepared this report in line with the feedback received. As a consequence, we are

confident that this report meets the reporting standards of CDP, Task Force on Climate-related Financial Disclosure (TCFD), SASB and, where relevant, is aligned with the Global Reporting Initiative (GRI) standards.

Across all long-term projections of oil and gas demand and all current climate-change scenarios, we see a strong need for hydrocarbons from the shallow water markets in which we operate for decades to come. As a key partner in the industry, Shelf Drilling is committed to driving our business to make continuous improvements across all relevant ESG measures and in particular, reducing the environmental impact of our operations and pursuing opportunities that will arise through the energy transition. We believe that our singular focus on jack-ups, our fit-for-purpose and proven operating platform, our ability to drive technical innovation in response to customers' needs, and most importantly our people will continue to set us apart and allow us to grow as the market recovers.

I would like to thank all our stakeholders, and in particular all our employees, for their support and commitment to Shelf Drilling.

**David Mullen**  
Chief Executive Officer

*We were encouraged to see that our efforts to provide more transparent sustainability-related reporting resulted in a 'C' rating from CDP on climate change, a 'B' rating from CDP on our supplier engagement, and a 'B' rating in the 2020 ESG 100 Oslo Stock Exchange report.*

# Our COVID-19 Response

Our objectives of protecting our employees, ensuring business continuity, and preserving cash have been critical to ensuring the continued health and wellbeing of our employees and the company

COVID-19 has led to a dramatic loss of human life worldwide and presented an unprecedented disruption to the global economy and society at large. A pandemic-led slowdown of the economy and a resulting oil price crash have been felt by businesses around the world. At Shelf Drilling, our objectives of protecting our employees, ensuring business continuity, and preserving cash have been critical to ensuring the continued health and wellbeing of our employees and the company.

## Impact on Our Business

For our business and operations, the biggest risk emanating from COVID-19 has been the health and safety of our employees. Worldwide implementation of lockdown measures to contain the spread of COVID-19 severely restricted people movement and resulted in our crews either spending extended time offshore or at home, impacting their personal lives and wellbeing. On the macroeconomic front, we have seen an unprecedented drop in demand for oil and gas and a corresponding collapse in prices directly impacting our activity and operations, and consequently our financial results.

While the pandemic challenged our preparedness for such an event, the investments we made in our IT infrastructure and systems combined with our flat organizational structure and high national content, allowed us to respond quickly to the rapidly changing situation.

## Our Response

Despite the unfavorable developments, we believe that Shelf Drilling came into this crisis in a much better position than any of our competitors, with a close to \$2 billion backlog and nearly-fully utilized fleet at the time. We further strengthened our resilience in limiting the impact of the crisis by responding quickly to the challenges imposed by COVID-19 and focusing our attention to three main near-term objectives as described below.

### Protecting Employees

- Rapid deployment of location-specific protocols in collaboration with our customers to manage and mitigate the health risk for our employees
- Implementation of incident management procedures and additional quarantine and testing requirements for all our offshore employees and elimination of non-essential rig visits and other business travel

- Seamless transitioning to remote working (including remote audits and maintenance oversight) owing to our well-established IT infrastructure across all our facilities
- For our shore-based employees, continuing work from home operations as determined by local laws and circumstances

### Business Continuity

- Steadfast commitment and resilience of our people have been paramount to business continuity, with many of our rig crews having to spend either prolonged time offshore or in their home countries due to global travel restrictions
- High national content and critical mass in our countries of operations provided greater flexibility, with limited or no international personnel travel required in a number of our key operating countries
- Our relationships with local business partners for procurement of goods and services have resulted in minimal impact on our supply chains

*For our business and operations, the biggest risk emanating from COVID-19 has been the health and safety of our employees.*

#### Cash Preservation

- Targeted savings across all rig-related cost categories such as cancellation or deferment of non-essential rig maintenance projects, sale of two jack-up rigs (four additional rigs are held for sale), and termination of bareboat charter agreements for two jack-ups
- Cost cutting and restructuring measures at the Company's headquarters, involving headcount reductions and compensation reductions at the executive and Board levels
- Specific measures were also decided in order to preserve liquidity, with the suspension of the Company's share repurchase activities and completion of the amendment to our revolving credit facility

Further details on each of these objectives and the corresponding measures and actions are included across various sections of this report.



# Sustainability Highlights

## HEALTH & SAFETY



**0.19**  
Total Recordable  
Incident Rate

**0.00**  
Lost Time  
Incident Rate

**2.91**  
Total Potential  
Severity Rate

**~31,000**  
Hours of safety  
training  
performed

**25%**  
of safety  
training done  
remotely

## ENVIRONMENT



**80,981**  
Tonnes Diesel  
Fuel Consumed

**259,139**  
Tonnes Scope  
1 CO<sub>2</sub>e  
Emissions

**34,949**  
Tonnes Scope 3  
CO<sub>2</sub>e Emissions

**6,097**  
Tonnes CO<sub>2</sub>e  
prevented  
through  
Recycling

**2**  
Unplanned  
discharge  
events

## PEOPLE



**~3,200**  
Employees

**45**  
Nationalities

**29%**  
Total Females  
Onshore

**87%**  
Offshore  
National  
Content

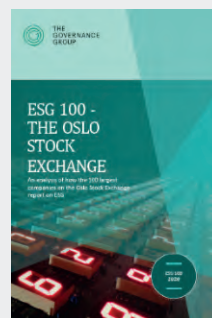
**31**  
Active Rigs

## ESG RATING



**CLIMATE CHANGE**  
Score C

**SUPPLIER  
ENGAGEMENT  
RATING**  
Score B



**Score B**



# Sustainability at Shelf Drilling

Since its inception in 2012, Shelf Drilling has placed sustainability at the core of everything we do. At Shelf Drilling we define sustainability as achieving commercial profitability in a way that is consistent with our fundamental ethical values and with respect for individuals, the environment, and society. Our commitment to sustainability is also expressed through our core values. Our values drive our business and reflect how we will achieve our strategic priorities of Focus, Reliability, and Relationships – with integrity and in an ethical and lawful manner.

**We have three strategic priorities**

## **Focus**

Jack-up operations are our sole focus.

## **Reliability**

With safety and operational performance at the forefront of everything we do, we strive to create an environment where no one gets hurt.

## **Relationships**

Our goal is to develop long-term and mutually beneficial relationships with customers and suppliers. We provide development for our people to support their long-term career goals.

**Our business is based on three essential values**

## **Protect**

Protect yourself, your team, your asset and your environment.

## **Lead**

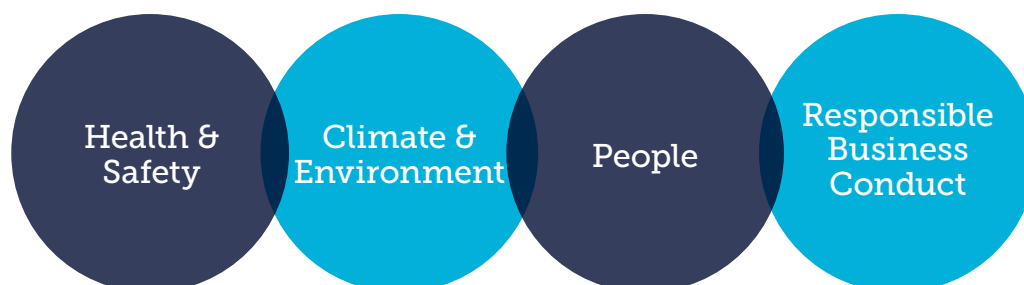
We conduct business ethically, with responsibility and accountability.

## **Execute**

We consistently deliver outstanding performance for our customers, owners and other stakeholders.

Consistent with our strategic priorities and core values, we are guided by the highest ethical standards and are firmly committed to excellence in the fields of workplace health and safety, environmental sustainability, social responsibility and responsible business conduct. We strive to actively engage with our stakeholders and operate in strict accordance with applicable regulatory frameworks and good business practice. This ensures that we deliver success in the right way and win the trust and confidence of our customers and all stakeholders, including the governments and the communities in which we operate.

This sustainability report discloses Shelf Drilling's environmental, social and governance (ESG) performance and is focused on the following areas:



Our commitments and assessments of material ESG topics are described in greater detail in the following section.

## 3.1 Corporate Governance & Sustainability Management

### Governance & Risk Management

The Board of Directors (Board) of Shelf Drilling regularly engages with management to discuss and review the Company's sustainability-related strategy, risk management, and performance. In addition, the Audit Committee of the Board is responsible for overseeing the Company's risk management programs, including Enterprise Risk Management (ERM) and ESG-related matters. The Company's management team, with the guidance and support of our Board, implements, monitors and, if necessary, adjusts our sustainability initiatives to best serve the long-term interests of the Company and all our stakeholders. The Board reports on the Company's sustainability practices and progress on an annual basis through this Sustainability Report. In 2020, ESG issues were a formal part of two Board meetings and three Audit Committee meetings in addition to periodic updates on the monthly calls with the Board.

Shelf Drilling has established a rigorous ERM system to identify and assess the likelihood and impact of all risks, hazards, or other threats to our business activities, and to define specific mitigation and monitoring measures to reduce their potential impact. The ERM Steering Committee, which is chaired by the CEO and includes all executive management and other key management within the Company owns and drives the ERM process including an annual review of the Company's risks and mitigation priorities. The ERM review outcomes are then further reviewed and agreed with the Audit Committee and Board. These outcomes are also a key factor in establishing the Internal Audit Plan which is approved by the Audit Committee at the beginning of each year.

Our ERM system has been central to expanding the Company's consideration of the risks posed by sustainability trends and resulting investor and stakeholder expectations. In 2020, we assessed and integrated additional ESG-related risks into our overall ERM process and practices. These include physical and transitional climate-related risks based on reviews conducted in accordance with TCFD recommendations. Like all other risks, ESG-related risks have been assessed for both likelihood and impact, mitigation measures developed (where relevant), and responsibility assigned to relevant management team members for overseeing the monitoring measures and mitigation plans on an ongoing basis.

In 2020, management discussed with the Board the risks and opportunities associated with the energy transition where carbon capture and storage (CCS) was identified as an emerging opportunity that complements our existing assets, competencies, and strategy. Based on publicly available research, CCS is expected to play an essential role in the world meeting its carbon reduction targets and re-purposing offshore fields and infrastructure will be a key element in meeting these targets. While a number of offshore projects have been identified or are underway today, these are mostly in the North Sea where Shelf Drilling does not operate. We have discussed with customers specific opportunities within our current operating areas, but do not see a significant potential in the near-term. However, a critical component of any offshore CCS project is in the preparation of the wells for carbon injection. Shelf Drilling believes that our commitment to, and investments in developing a leading position in the P&A market will position us to play a significant role in any CCS opportunities that may arise and as a consequence, play a part in the energy transition.

Shelf Drilling adheres to the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Policy Board (NCGB). Shelf Drilling also files quarterly and annual reports, which are largely prepared in accordance with Securities & Exchange Commission (SEC) guidelines. The 2020 10-K Equivalent report on page 80 includes relevant ESG risk disclosures.

### Policies and Procedures

Shelf Drilling has adopted, and regularly updates, policies, procedures and controls to ensure compliant management of sustainability-related activities. Our employees are required to abide by the established policies in conducting their activities for Shelf Drilling and we have implemented a system for monitoring compliance.

In 2020, we developed several new policies relating to sustainability that were reviewed with, and for certain policies approved by, our Board.

### Our new Sustainability Policy outlines our Commitment to:

- Climate and environment
- Health & safety
- People and human rights
- Responsible business conduct
- Anti-corruption
- Whistleblowing

Based on stakeholder engagement and feedback, we developed and our Board approved a policy describing our procedures relating to the recycling of our rigs. Please refer to section 5.6 for more information. Furthermore, we updated our Code of Business Conduct and Ethics, Global Anti-Corruption Policy, and Vendor Code of Conduct to address key sustainability matters. For additional information on our policies and how we manage ESG at Shelf Drilling please visit our website.

### 3.2 Sustainability Ambitions and Targets

In 2020, our focus was to improve the reliability and accuracy of our emissions and related reporting information. We also engaged with our supply chain to develop methods to assess the emissions related to the shipment of equipment and spare parts to our locations as well as those associated with air travel for our business and crew change personnel.

As a result of the work undertaken to improve reporting from our rigs, it became clear that we had a significant gap in the understanding of our rig supervisors and crews regarding their ability to manage and therefore reduce the emissions, waste and environmental impact from our operations.

As a consequence, for 2021 we have launched a employee training programs on ESG and sustainability that will be integrated into our company training system with specific targets for completion. We have set a requirement for each rig to develop a specific power management plan that leverages their improved understanding and requires them to set specific reduction targets for 2022 based on specific work programs, rig specifications, and level of customer engagement.

We will also establish a Sustainability Steering Committee for each offshore rig. Committees will report into our shore-based management teams on a regular basis to provide an update on progress and to share lessons learned that will be distributed across our fleet.

Shelf Drilling believes that the most relevant way for us to contribute to the goals of the Paris Agreement is to set annual, science-based targets for our emissions reduction rather than a long-term target that is less meaningful for the offshore crews ultimately responsible for making this happen.

The Sustainability Steering Committees will also be charged with looking for ways to reduce the amount and type of waste that is generated from our activities, including those from the on-board catering.

### 3.3 Stakeholder Engagement

Shelf Drilling recognizes that sustainability issues are important for our customers, investors, and other

stakeholders, and engages with key stakeholders through meaningful consultation and collaboration on a continuous basis. As a result of this engagement, in 2020 we have developed or revised certain policies and improved the extent and visibility of our sustainability-related reporting through the launch of the sustainability section on our website to serve as the main source of information for our stakeholders on our sustainability efforts, performance and progress. We have also extended our [EthicsPoint helpline](#) to our third-parties in order to enable our investors, shareholders, suppliers, agents, partners and other stakeholders to ask questions or report any concerns regarding the Company.

Due to the impact of COVID 19, we delayed the launch of our formal stakeholder Materiality Assessment. However this was begun in late 2020, and the results are presented below.

This report addresses all the material topics, including information on why these topics are important and how we manage them. We will continue our engagement with investors and other stakeholders through regular outreach activities.

#### 2020 Materiality Assessment

In 2020, a materiality assessment was undertaken, designed to identify the sustainability topics that are important for Shelf Drilling's customers, investors and key stakeholders. The topics reflect those with significant economic, social and environmental impacts.

#### The material topics identified were:

- Employee Health & Safety
- Anti-Corruption & Bribery
- GHG Emissions
- Local Employment & Development
- ESG Governance
- Climate Risk
- Environmental Management
- Rig Recycling
- Energy Transition Opportunities

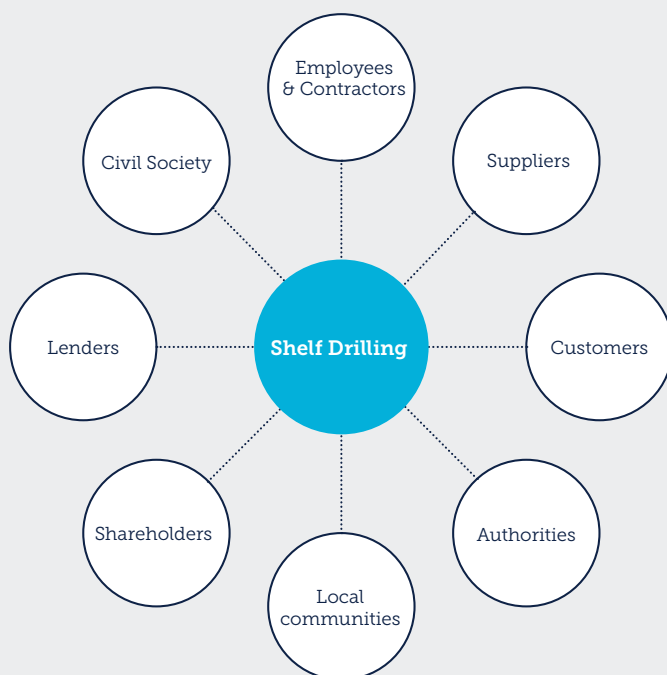
In this report, you will find information on these material topics, why they are material to Shelf Drilling, and how we manage them under the key sustainability themes: Health and Safety, Climate and Environment, People, and Responsible Business Conduct.

#### Industry Initiatives

Shelf Drilling is a member of the International Association of Drilling Contractors (IADC) and pays close attention to industry developments and the future of oil and gas companies in relation to sustainability. We are also participating in a recently established ESG working group of the IADC which is focused on supporting member companies to enhance their understanding and quality of reporting on ESG-related matters.



#### Our Stakeholders



## 3.4 Sustainable Development Goals

We recognize the responsibility of our business and our sector to support the achievement of UN Sustainable Development Goals (SDGs). Our operations and footprint present particularly strong opportunities to have a meaningful and sustainable impact on the attainment of the following SDGs which we believe are the most relevant to our business.

Goal	Shelf Drilling Contribution and Opportunities
 <p>End Poverty in all its forms everywhere</p>	<p>Shelf Drilling has established operations in countries where poverty-related issues are prevalent. By investing in local communities through direct employment and skill development, and local sourcing of goods and services, we generate real opportunities for the overall economic growth of the communities where we work, thereby contributing to the goal of ending global poverty.</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Our company strategy of having high national content promotes “in-country” employment, training, supply chain development and wealth creation in all countries of operations, ensuring inclusive economic growth.</p> <p>Shelf Drilling has a policy commitment to respecting fundamental human rights as described in the UN Guiding Principles on Business and Human Rights, which includes the International Labor Organization (ILO) Fundamental Conventions.</p>
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>With our long-term presence and scale of operations, we provide relatively stable employment opportunities and consequently play an important role in the industrialization process in the countries where we operate. Our high national content of 87% of offshore employees further enhances the stability of our operations and closely aligns with the interest of the governments and customers where we work.</p>
 <p>Take urgent action to combat climate change and its impacts</p>	<p>Although operating in an emissions intensive industry, Shelf Drilling’s core operating areas and jack-up rig fleet have relatively lower emissions compared to other regions and offshore rig types. We have launched initiatives to educate our workforce and provide the necessary support to lower the emissions from our operations.</p>
 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>Shelf Drilling has strict rules for managing discharges to the sea. Discharges from drains and other containment devices pass through treatment facilities prior to discharge to ensure pollution levels are below required norms. Shelf Drilling does not measure the volume of water-based drilling mud (and associated cuttings) that may be discharged overboard as a result of the customer’s drilling program and disposal procedures. Some chemicals contained within the water-based mud may have ecological effects.</p>
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Shelf Drilling is committed to honest, transparent and ethical conduct. We have zero tolerance for corruption and are committed to achieving the highest standards of compliance with applicable regulatory frameworks and good business practice. We have embedded these values in our way of working with customers, suppliers, employees, shareholders and the communities in which we operate. Our commitment to responsible business conduct is outlined in our Code of Business Conduct and Ethics and its supporting policies.</p>

8 Excludes rigs working in United Arab Emirates (UAE) and Italy.



### 3.5 Sustainability Recognition

Shelf Drilling is increasingly being assessed by ESG rating agencies and data providers on sustainability performance. Ratings and the associated reports are important sources of information for investors, analysts and other stakeholders. We value the feedback we get from these agencies and strive to continuously improve the visibility of relevant information and our performance.

#### Key 2020 Ratings



##### CLIMATE CHANGE

Score C (Scale D- to A)

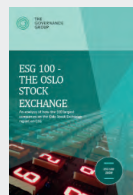
- Average score industry (O&G E&P)<sup>9</sup>: C
- Average score globally: C

##### SUPPLIER ENGAGEMENT RATING

Score B (Scale D- to A)

- Average score industry (O&G E&P)<sup>9</sup>: C
- Average score globally: C

CDP is a global disclosure system for environmental impacts. In 2020 we reported to CDP for the first time.



##### Score B (Scale F to A+)

- Average score industry (Energy): 2.34
- Average score ESG 100: 2.29

The ESG100 report covers how well the 100 largest companies on the Oslo Stock Exchange report on ESG. The analysis is conducted by the Oslo-based research and advisory firm The Governance Group.

### 3.6 About This Report

#### Reporting Framework and Disclosures

This report is prepared in alignment with the Sustainability Accounting Standards Board (SASB) reporting recommendations and based on the Euronext (Oslo Børs) Guidelines to issuers for ESG reporting.

The disclosures on page 68 are based on the SASB recommendations for the oil and gas exploration and production and services sectors<sup>10, 11</sup>. In 2020 we reached out to SASB to discuss the applicability of the recommendations to our business and operations and, based on their feedback, we have included relevant indicators from the two different recommendations to best match Company characteristics.

To provide relevant information related to areas identified as material to Shelf Drilling, additional indicators are included, based on the Global Reporting Initiative (GRI) Standards<sup>12</sup> and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)<sup>13</sup>. Customized indicators are also included.

The table of disclosures is structured around our key sustainability areas. The following chapters follow the same structure and provide in-depth information.



#### Reporting Period & External Assurance

The Sustainability Report covers the period of the 2020 calendar year.

The Sustainability Report is published annually, as part of the Annual Report and as a standalone report. The Company's previous Sustainability Report was published in March 2019.

Sustainability disclosures contained in this report have not been externally assured.

#### Contact Point

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<sup>9</sup> Oil and Gas Extraction and Production

<sup>10</sup> [https://www.sasb.org/wp-content/uploads/2018/11/Oil\\_Gas\\_Exploration\\_Production\\_Standard\\_2018.pdf](https://www.sasb.org/wp-content/uploads/2018/11/Oil_Gas_Exploration_Production_Standard_2018.pdf)

<sup>11</sup> [https://www.sasb.org/wp-content/uploads/2014/06/NR0104\\_ProvisionalStandard\\_OGServices.pdf](https://www.sasb.org/wp-content/uploads/2014/06/NR0104_ProvisionalStandard_OGServices.pdf)

<sup>12</sup> <https://www.globalreporting.org/>

<sup>13</sup> <https://www.fsb-tcfd.org/>

# Health & Safety

## Our Three Pillars of HSE



### 4.1 HSE Policy

At Shelf Drilling, the safety of our employees, contractors, customer representatives and other service providers is our greatest responsibility. Our [Health, Safety and Environment \(HSE\) Policy Statement](#) lays the foundation for the Company's commitment and our employees' obligations to maintain a safe and healthy work environment. Our Management and employees are responsible for creating and working in an environment that results in an incident-free workplace where no one gets hurt. All employees at Shelf Drilling are given the necessary training, tools and empowerment to be individually responsible for the safety of themselves, their co-workers, and the environment.

### 4.2 HSE Management System

Shelf Drilling has implemented comprehensive HSE policies, processes and systems which are in line with industry best practice. Our integrated HSE Management System covering quality, health, safety and environmental principles and objectives of our business is implemented throughout all offshore and onshore operations.

The system monitors our HSE performance and continuously improves the necessary safeguards to protect our employees, assets, service providers and customers.

Focusing on "Perfect Execution" is at the heart of everything we do – and the first step in that process is *Planning and Risk assessment*. We strive to create a working environment where no one gets hurt and all risks are successfully managed. Our *Safety Analysis Process* requires personnel to think about everything they do before actually doing it, plan, risk assess and monitor the task. Good planning ensures the task is done right, the first time. *Safety Conversations* reinforce safe behavior while correcting any unsafe acts or conditions and are vital to ensure we maintain and promote safe behaviors. The use of a *Time Out for Safety* and *Safety Conversations* is our last line of defense and is an obligation for every Shelf Drilling employee to use when they see unsafe conditions or acts or want to promote good behaviors.

### Anchoring Our HSE Culture

- **Planning First**  
To achieve Perfect Execution, we must Plan every task, no matter how small
- **Time Out For Safety**  
All employees have the obligation to call a time out for safety
- **Behavior-Based Safety Observations**  
Formal observations aimed at raising safety awareness and promoting teamwork and accountability
- **Management HSE Tours**  
Visible safety leadership through coaching and mentoring to empower employees and support our safety culture
- **Self-Audits and Debrief**  
Systematic approach to self-evaluation and continuous improvement
- **Training**  
Developing our employees as safety leaders



## Safety & operational highlights

0.19

Total Recordable Incident Rate

0.00

Lost Time Incident Rate

2.91

Total Potential Severity Rate

~31,000

hours of safety training performed

25%

of safety training done remotely

### Supporting Policies & Procedures

Important health and safety processes include Emergency Response Plans, a Corporate Operational Support Plan, Medical Evacuation Response Plans, HSE Safety Cases, and Major Hazards and other Risk Assessments (MHRA). Practical safety competency development training such as Major Emergency Management and Safety Leadership Training (SLT) programs are also important health and safety elements.

### 4.3 Emergency Preparedness

#### Risk Assessments

As a key part of Shelf Drilling's Hazard and Integrity Management, all rigs undertake an MHRA to ensure that all major accidents, hazards, causes, consequences and residual risks have been identified, assessed and managed. Major hazards include incidents such as blowouts, fires, helicopter crashes and boat collisions. In 2020, Shelf Drilling experienced one major marine event where a rig ran aground during a shallow draft passage resulting in some equipment damage but no personnel injury or loss of containment.

Shelf Drilling rigs and shore-based offices have comprehensive Emergency Response Plans that provide detailed instruction on the appropriate actions to be taken in response to various emergency situations including the major hazards identified above. In addition, for rigs located in areas of high or extreme security risk, specific plans are developed based on a detailed security assessment that may include rig hardening, construction of safe havens and security alert systems.

All incident response plans are regularly tested via drills conducted by the rig crews in coordination with our shore-based management teams.

#### HSE Training

HSE and Emergency Response Training is delivered through various courses, offshore and onshore, internal or administered by third parties. All employees and contractors working on Shelf Drilling rigs are subject to the same training. The content and extent of the training provided is role-dependent and more extensive for those holding emergency response responsibilities. All personnel visiting a Shelf Drilling rig or shore-based facility are provided

with training on our HSE management system. In addition, specific shore-based training is provided to personnel assigned to a rig that will start up for a new customer or following a prolonged out-of-service project. Safety Leadership Training (SLT) and HSE Supervisor Trainings are regularly organized for Shelf Drilling offshore employees while perfect execution (PE) workshops include all personnel who will work on a rig, including customer representatives and third-party service providers. These sessions provide a good opportunity for rig supervisors and junior crews to refresh and strengthen their understanding and knowledge of the Shelf Drilling Safety Management System and its application.

In order to continue delivering safety critical competency training and certifications for our employees in the face of operational challenges posed by COVID-19, we partnered with industry trade associations and certification bodies to deliver remote training and/or certificate renewals, where possible. Of the total 30,947 trainings hours delivered in 2020, 25% were through remote training. For more information, please refer to section 6.5 Training & Development.

### 2020 HSE Training Records

	Offshore	Onshore	Total
HSE Training Hours	30,597	350	30,947
Number of Employees	2,811	400	3,211
Average HSE Training Hours per Employee	10.9	0.9	11.8



#### 4.4 Management Commitment

The Chief Executive Officer (CEO) is ultimately responsible for the health, safety and welfare of all personnel working at Company installations, facilities and offices. Senior management is committed to providing strong and demonstrable leadership to the health and safety of our employees and partners, through participation in meetings with customers, staff and contractors and conducting inspections and regular audits as described below. In addition, the Quality Management Steering Committee (QMSC) comprised of executive and senior management meets on an annual basis to discuss HSE-related performance, action items and goals of the Company.

#### 4.5 Performance Measuring & Monitoring

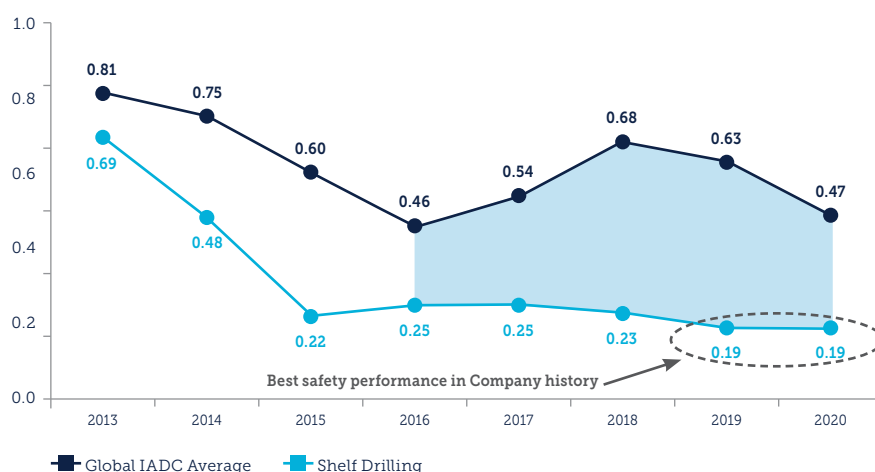
We track our health and safety performance on a monthly basis using a monthly HSE Report, which tracks trends and active investigations stored in the HSE dashboard of our custom designed safety database. We regularly report our HSE statistics to the Company's Board of Directors, and, as a member company, participate in the Incident Statistics Program of International Association of Drilling Contractors (IADC). We conduct regular audits to measure conformance to HSE requirements and standards. We conduct monthly Self Verification Audits (SVA) performed by each installation manager, and a Management System Assessment (MSA) is conducted by a team of corporate assessors on each installation every two years.

#### 4.6 HSE Results

The effectiveness of our policies, procedures and continuous training programs is evidenced by our total recordable incident rate (TRIR) of 0.19 for the year 2020 – matching the result of 2019, which was the best in our Company's history. Combined with no lost-time injuries and a significant reduction in the potential severity of all incidents, this was an outstanding achievement by our rig crews and project teams considering the challenges imposed by the COVID-19 pandemic.

Our TRIR continues to be significantly lower than the worldwide industry average as reported by the IADC, as illustrated in the chart below.

#### Safety Track Record (TRIR)



Source: International Association of Drilling Contractors (IADC) website and Company figures as of December 31, 2020



## Our COVID-19 Response

At the onset of the pandemic and as lockdown restrictions were being imposed around the world, the biggest challenge confronting us was to ensure the health and safety of our employees.

By quickly establishing a task force equipped to make rapid decisions and take immediate actions including a swift deployment of location-specific COVID-19 protocols we protected and supported our employees while ensuring that our critical operations continued. For offshore operations, our measures include mandatory quarantine and testing procedures for all rig-based personnel before each rig visit, implementation of incident management protocols including isolation of suspected cases, and suspension of non-essential travel to the rigs. These measures, combined with the unpredictable travel restrictions around the world, severely impacted our crew change schedules and resulted in many employees and contractors staying on board much longer than normal, and in many cases up to five months or more for some.

However, given the high national content of Shelf Drilling crews, our operations were far less impacted by international travel restrictions especially in countries such as Egypt, India, Nigeria and Thailand. By creating back-up staffing pools, we were able to facilitate workforce mobility and prevented additional burden on our rig crews. For our shore-based employees, we have implemented remote working programs as well as social distancing policies at our headquarters and certain shore-based offices. Through constant communication with our employees, including videos from our CEO to employees on the rigs and at home, we have ensured their continued engagement and wellbeing.

We closely monitor the developments around the world and adjust our procedures and protocols as the situation and recommendations of the global health community continue to evolve.



# Digitalization

Despite the challenges of COVID 19 and the overall business climate, Shelf Drilling has continued to make progress in its digitalization journey.

We have developed the initial phase of a highly integrated data analytics system – **“Rig Manager Dashboard”**, which allows our shore-based management teams to quickly assess the health of the business by rig, region, or company-wide against a number of key performance indicators including close out of prior maintenance or system audit findings. The system seamlessly connects data from various sources to a cloud-based centralized data warehouse for better analytics and reporting efficiencies. Insights gained from various data sources that are frequently updated are intended to help us make critical business decisions more efficiently and ensure compliance to our policies processes or recommendations. Focus areas for the first phase of launch includes aggregation of safety information, drilling/operational data, equipment maintenance, and training and compliance related data.

Our second digitalization initiative is the **“Planning Tool”** to digitize the processes on our rigs including various checklists such as risk management checklists and work instructions which today are managed through a number of individual forms and documents that in many cases remain paper-based. The tool will provide a real-time view of all ongoing high-risk tasks to all departments. It will assist each department in ensuring the tasks that they are performing are verified and approved, and flag if any task falls in the overdue status. Rig teams will also have a graphical overall view of all work areas where risk management is paramount including assistance in Emergency Response situations. In addition, the tool integrates a user-friendly digital equipment tracking system, that automatically tracks rig equipment certification expiry dates, and notifies the user when actions are required to re-certify or replace equipment.

We have also invested in a **Robotic Process Automation (RPA) technology** to enable the automation of repetitive, rule-based processes across different applications and functions in the organization. The pilot project involves the automation of our invoice entry process for high-volume vendors. This includes using an intelligent optical character recognition software for information extraction and verification, and the robotic software to create the entries in our ERP system.

We believe the use of the RPA technology will drive increased quality and compliance as tasks will be carried out by the software based on set rules. Over time, this technology will allow us to redeploy human resources to higher value responsibilities.

Shelf Drilling has adopted an integrated multi-layered approach to cybersecurity defense employing various technologies and a combination of cloud and on-premise security applications and services that work in conjunction to create a robust and comprehensive security environment. In addition, our entire network is monitored and assessed in real time by a leading-edge **Security Operations Center** to ensure that our systems, data and network are protected to the highest standards against all forms of cyber security threats.

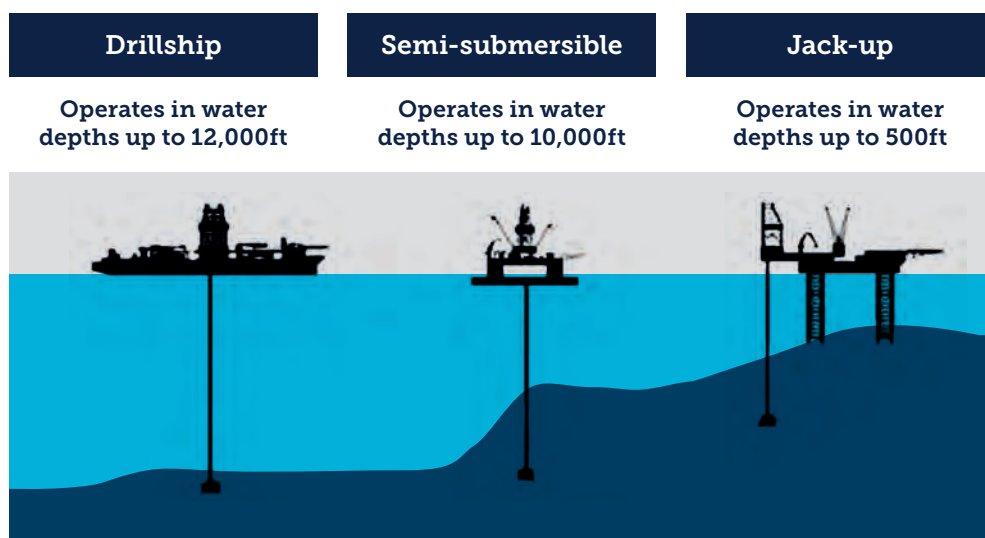
# Climate and Environment

## 5.1 Climate & Environmental Management

Shelf Drilling's business is to provide through our rigs and personnel essential services required by our customers in support of their programs to reliably and safely produce oil and gas to meet the world's energy needs. Jack-up rigs are towed to a designated work location before the hull and all equipment are jacked out of the water where they may remain on location for several weeks or months while performing the services required.

Unlike dynamically positioned semi-submersibles or drillships, jack-up rigs in the Shelf Drilling fleet do not require any power to remain on station. As a result, fuel consumption and emissions are much lower than other rig types operating in deeper waters performing similar operations.

### Main Offshore Rig Categories



Jack-up rigs include accommodation for typically 100 to 150 personnel. Four or five engines are used to provide the power to operate drilling equipment, cranes, safety equipment and a hotel for the personnel on board. Power requirements vary according to the type of activity being performed and the number of engines running is generally optimized to ensure sufficient reserves of power in case of unexpected events. Power management is therefore a critical element in managing the fuel (diesel) consumption and, as a consequence, emissions from our operations. The number of engines on-line at any time is generally set in agreement with the customers representative on board and is not the exclusive responsibility of the Shelf Drilling Offshore Installation Manager. Therefore, optimizing the power and corresponding emissions is a collaborative arrangement between Shelf Drilling and our customers.





# Climate & environmental highlights

80,981

Tonnes Diesel  
Fuel Consumed

259,139

Tonnes Scope 1 CO<sub>2</sub>e  
Emissions

34,949

Tonnes Scope 3  
CO<sub>2</sub>e Emissions

6,097

Tonnes CO<sub>2</sub>e prevented  
through Recycling

Maximum power requirements occur typically when the rig is drilling "intermediate hole" the section from near surface to above the reservoir. This is where the mud pumps, circulating and drilling equipment are all operating at or near their maximum ratings. These hole sections are only required in new wells (exploration or development) and are generally part of "greenfield" developments. "Brownfield" activity is associated with working with wells and infrastructure already in place. This generally means going into an existing well and repairing or relocating the target zone. P&A operations involve removing existing well equipment and sealing off producing zones. Power requirements and hence emissions are generally lower for brownfield and P&A operations than greenfield.

Shelf Drilling's rig fleet is primarily engaged to perform brownfield and P&A operations as illustrated in the table below. As a consequence, the emissions from our activities are lower than if we were more involved in greenfield activity.

In addition to direct emissions to air, our activities result in waste that, other than food waste from the catering service, is typically shipped to shore for disposal. Planned or unplanned discharges to the sea of deck run-off and mud or cuttings from the customer's operations may also impact the environment and are further described below.

We recognize the value of protecting the climate and our natural environment and we strive to reduce negative impact from our activities and place a premium on being compliant with relevant environmental regulations.

Shelf Drilling utilizes an integrated management system to monitor performance throughout all offshore and onshore operations.

Environmental performance is tracked in our HSE reporting system, and a monthly HSE-report is produced for management and the Board. Any incidents are reported to relevant authorities. In 2020, we had two unplanned discharge events with total volume of 103.1 bbls of drilling fluid discharged to the environment.

Shelf Drilling has established a comprehensive set of environmental policies, including our new Sustainability Policy that outline our commitments to the climate and environment. Other policies guide how we work with environmental aspects such as emissions and energy conservation, waste, discharges, materials and product selection, mud management and deck drainage.

## 5.2 Climate Risk

In 2020, Shelf Drilling completed a climate risk review to map the Company's climate risk management in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD provides a framework for answering critical questions about how climate risks are governed by the Board and managed by the

company. The TCFD recommends how governance, strategy, risk management and targets should be disclosed. The climate risk review identified several physical and transitional climate-related risks and opportunities relevant to Shelf Drilling which were subsequently integrated into the Enterprise Risk Management System (ERM) process and included in the annual review and update presented to the Audit Committee in February 2021.

The following information provides an overview of Shelf Drilling's responses to the 11 TCFD reporting recommendations:

### Governance

The Board of Directors of Shelf Drilling regularly engages with Management to discuss and review climate-related risks and opportunities. In addition to reviewing the output of the TCFD workshop mentioned above, the Board reviewed with management risks and opportunities associated with energy transition across a number of climate change scenarios. As a result of this engagement, management was charged with continuing to seek potential carbon capture and storage opportunities discussed in section 3.1 above as well as continuing to seek to expand our leading position in P&A operations. The Audit Committee of the Board regularly engages with management and directly oversees the outcome of the annual Enterprise Risk Assessment, including climate-related risks, and their associated mitigation measures.

Shelf Drilling Well Type	Exploration	Development	Work Over	P&A
2019	12	251	69	159
2020	10	187	97	451
<b>Trends</b>	<b>-17%</b>	<b>-25%</b>	<b>41%</b>	<b>184%</b>

The Board also approved the issuance of new or revised policies that incorporated climate-related and other ESG aspects of our business.

Management regularly engages with industry experts in developing recommendations for the Board on climate-related risks and opportunities, including those identified above. Management is also responsible for overseeing the mitigation measures implemented for the risks identified within the Enterprise Risk Management as well as tracking associated KPIs. In preparing for the annual review that is discussed and presented to the Board, management engages with Ernst & Young as part of their outsourced internal audit engagement with the Company, bringing an external and broader industry view to the process. Management developed specific plans and targets for 2021 that were discussed and reviewed with the Board in order to advance the maturity of the company's ESG reporting platform, oversight and employee engagement.

### Strategy

The primary physical climate-related risks for Shelf Drilling concern harsher or more extreme weather conditions, which increase the risk of downtime or incidents with regards to the moving of rigs, supply chain disruption, crew transport delays, potential health-related issues for employees, and/or general increase in the potential for safety incidents including accidental spills. Salient transition risks (regulatory,

market, technology and reputational) for the oil and gas industry center around the shift to a low-carbon economy. This in turn leads to risks such as increased cost of capital due to customer and investor demands, tightening industry regulations, and the disadvantages of operating in markets and areas where regulations and expectations are lagging pioneer markets with regards to climate change. Climate-related business opportunities for Shelf Drilling primarily consist of the relative stability of oil and gas production in shallow water versus other sources for hydrocarbons combined with the lower emissions from production in the areas where the Company operates as further explained below. In addition, it is anticipated that the demand for P&A services will continue to grow, both in support of carbon capture and storage opportunities as well as the decommissioning of existing wells and infrastructure.

According to Rystad Energy, the average carbon dioxide equivalent (CO<sub>2</sub>e) emission intensity across Shelf Drilling's core operating areas is among the lowest CO<sub>2</sub>e emission rates of all regions. The Middle East, West Africa and India is 15Kg/BOE, relatively lower than other oil supply sources and regions. Shelf Drilling has significant market share with 87% of its fleet operating in these regions. Additionally, Shelf Drilling's strategy of sole focus on shallow water drilling, combined with the majority of our operations being in brownfield activities, means that our

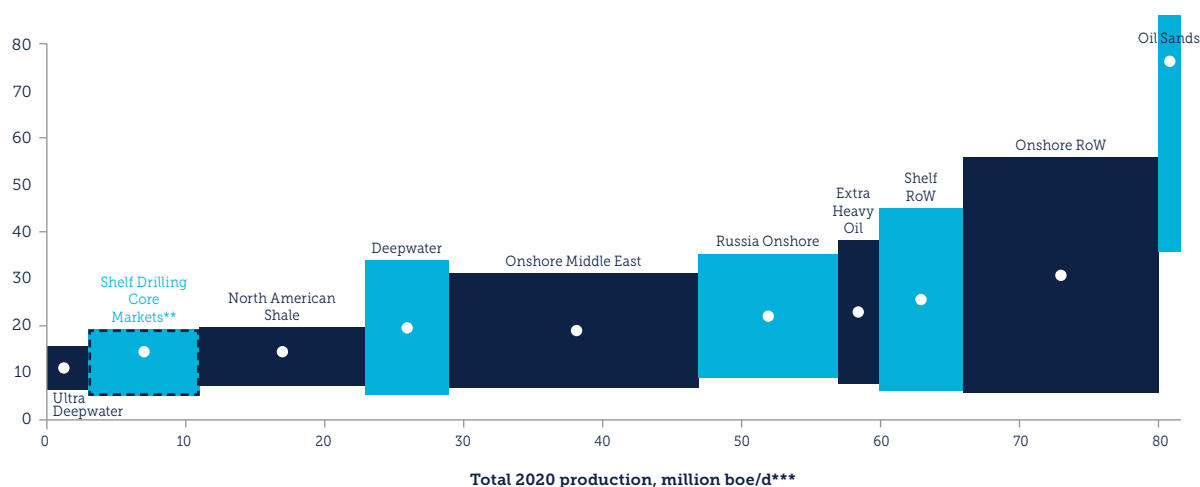
business is not exposed to the same level of risk as greenfield exploration and new development projects (our business is driven more by "opex" than "capex"). Further, our operations in Thailand, where Shelf Drilling enjoys a leading position, involve an increasing exposure to decommissioning projects; two out of our four contracted rigs in the country have been customized specifically for such operations. In 2020, 38% of our total operations (by number of wells) were in brownfield projects while 61% were P&A. This represents a significant increase from 2019 where 65% of our operations were in brownfield projects with 33% in P&A, demonstrating the importance of this growing market.

In 2020, the Board reviewed the potential impact of climate change on oil and gas demand across a number of scenarios as part of a review on opportunities associated with the energy transition. In combination with the other factors highlighted above, the Company sees continued long-term demand for its services across all of the scenarios considered.

Shelf Drilling does not currently address climate-related risks in short-term financial planning, but several aspects related to how the climate might impact the business are already integrated into our risk management process as well as the longer-term review supporting our focus on P&A and in future CCS.

## Global CO<sub>2</sub> Intensity Curve

### Upstream CO<sub>2</sub> Intensity (Extraction + Flaring) Kg CO<sub>2</sub>e/BOE



\* 25 – 85 percentile range \*\* Shallow Water Middle East, West Africa and India \*\*\* Only including assets defined as oil fields

Source: Rystad Energy UCube February 2021; Rystad Energy research and analysis



### Risk Management

Climate-related risk factors that were identified as outlined above were integrated into the existing ERM process by either a) creating a new risk factor, b) adjusting the definition of an existing risk, or c) covered under previously identified risks.

Mitigation and monitoring measures were defined (where appropriate) and all risks are being monitored and reassessed as part of our ERM process reviewed with the Board. Monitoring activities include tracking for regulatory developments (IMO/industry or national level) as well as customer requirements.

### Metrics & Targets

Currently, Shelf Drilling has not developed any specific metrics for assessing the business impact of climate-related risks and opportunities. Future initiatives may include developing estimates related to increasing cost of capital, potential carbon tax introduction and productivity losses due to climate-related risks.

Shelf Drilling discloses Scope 1 and Scope 2 greenhouse gas (GHG) emissions and in 2020 expanded our HSE reporting system to reliably track emissions-related data for our rig operations. In 2020, Shelf Drilling

worked extensively with our supply chain to develop robust reporting on Scope 3 emissions for shipping equipment and spare parts to our field locations in support of our rig operations as well as emissions associated with towing vessels and dry-tow carriers for moving our rigs. Working with our travel providers, our Scope 3 data also includes emissions associated with business and crew change air travel.

### 5.3 Energy & Emissions Management

Shelf Drilling is committed to reducing emissions from Company operations and, where possible, from our suppliers, customers and overall activities. Effective management of power generation and fuel consumption is key to reducing emissions in the short-term while more efficient operating methods and emission reduction technologies will play a role in reducing Shelf Drilling's emissions footprint in the long-term.

Shelf Drilling's Emissions and Energy Conservation Policy outlines the Company's position and activities in reducing emissions and conserving energy and applies to all Company installations.

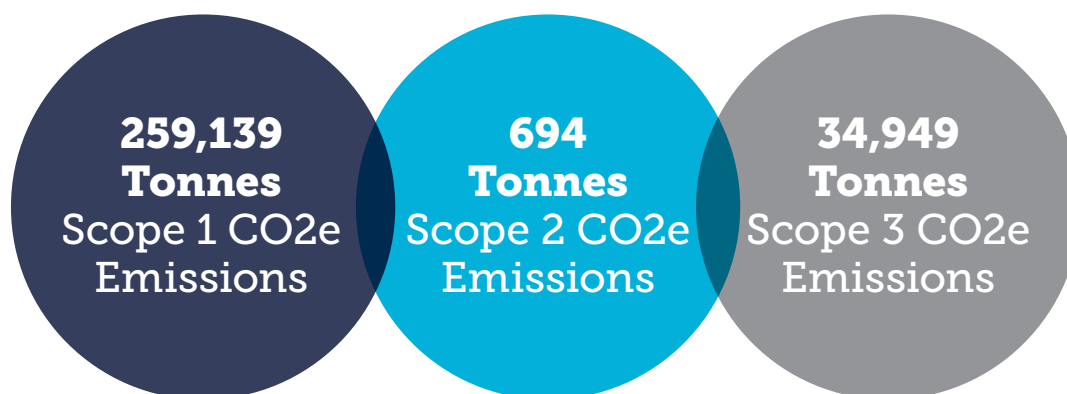
Each rig has or in 2021 will develop a Power Management Plan that

includes assessments of how all operations can run effectively and efficiently. Each Plan also identifies areas for potential improvement and defines actions to affect the improvement. Moreover, all rigs operate under an International Air Pollution Prevention (IAPP) Certificate, indicating that the rig is operating within the requirements of MARPOL Annex VI.

In addition, through the education of our employees on key ESG-related issues, with a target to have 90% of all target employees trained in 2021, and the establishment of a Sustainability Steering Committee on each of our rigs, we believe we will have the necessary awareness and supporting infrastructure to drive reductions in emissions and waste from our operations. Specific targets on emissions reductions will be set for 2022 that are science-based and consistent with meeting the aims of the Paris Agreement.

### 5.4 Environmental Impact, Spills & Releases

Environmental impacts are defined as any element of the Company's inputs, activities, products or services that can interact with the environment, as well as any change to the environment, whether adverse or beneficial, wholly or partially





resulting from the Company's activities, products or services. Shelf Drilling's environmental policies are designed in alignment with the ISO 14001 standard. Each of our eight rigs as well as our office in India are certified in accordance with ISO 14001. The remaining rigs, yards and offices are also operated under the same environmental management system but have not been independently certified.

#### **The Environmental Aspects and Impacts Register**

Shelf Drilling identifies environmental hazards (aspects) associated with Company operations on both rig installations and shore-based facilities and their potential impact to the environment. Aspects and impacts are recorded in the Environmental Aspects and Impacts Register along with measures to manage the associated risk.

The Offshore Installation Manager (OIM) is responsible for developing and maintaining the register while the HSE Manager is responsible for reviewing the registers for each installation or facility and the risks associated with individual aspects.

#### **Biodiversity Impacts: Spills & Discharges to the Environment**

Shelf Drilling's policies and procedures work to ensure that no contaminated deck drainage from Company installations reaches the environment. Activities aimed at preventing drainage include developing Deck Drainage Plans, conducting daily monitoring of decks, painting all overboard deck drain points red and keeping all

containers with liquid in banded storage areas.

**Releases to Air:** Shelf Drilling tracks the release of Ozone Depleting Substances (ODS) released through leaks in air conditioning systems. In 2020, approximately 88% of our rigs were ODS-free and used green freon.

**Releases to the Sea:** The operations performed by our crews in executing the customer's well program may require the use of a drilling mud or brine. Drilling mud can be either water-based or oil-based and is provided by the customer or mixed on board the rig using chemicals also provided by the customer. Used drilling mud may either be cleaned and reused for subsequent operations or discharged to sea (for water-based mud only) or shipped back to shore for treatment or disposal by the customer. Shelf Drilling does not track the volume or chemical content of water-based mud or drilling cuttings that may be discharged to the sea, some of which may have ecological impacts. Shelf Drilling's policies do not allow for discharge of any water or fluids containing hydrocarbons. Unplanned discharges of drilling mud or other fluids are recorded along with estimated volumes and reported within our HSE Management System. In 2020, we had two unplanned discharge events, which resulted in a discharge to the sea with a volume of 103.1bbls of mud. However, the drilling fluid released was of a highly biodegradable nature due to its high contents of aerobic and chloride-free constituents.

Shelf Drilling maintains a register of all chemical products used in maintaining the rig and associated equipment. Relevant Material Safety Data Sheets are maintained for all chemicals stored or used on board our rigs along with appropriate personnel protective equipment for employees handling these products. Our environmental policies include a "green product list", in which we identify products that should be used where possible in order to minimize potential impacts to the environment.

#### **5.5 Waste & Water Management**

Fresh water used on our rigs (for example, in cleaning and cooking) is produced from sea water using water makers installed on board the rig. Drinking water is generally shipped from shore. The volume of fresh water generated on board is not recorded but 100% of the water is recycled and discharged back into the sea after it has gone through the sewage treatment plant and has been treated as per MARPOL regulation. Fresh water quality is analyzed every quarter in our laboratories.

Minimizing other waste from our operations remains a focus to further reduce our impact on the environment. Waste is segregated offshore into separate storage containers (for example, wood, metal, plastic) and shipped back to shore for recycling where relevant facilities exist. The volumes or weight of each waste category are registered in our HSE Management System.

### 5.6 Rig Recycling

**Rig Recycling:** Shelf Drilling is committed to responsible recycling practices in accordance with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (Hong Kong Convention) to ensure that when any of our rigs are recycled or dismantled, they do not pose any unnecessary risk to human health and safety or to the environment. Following feedback from stakeholders, Shelf Drilling developed a policy approved by the Board that governs our approach to managing the safe and environmentally sound dismantling of jack-up rigs at the end of their useful lives. Within this policy, Shelf Drilling identified and commits to complying with the relevant standards even though in practice some of these are not fully established. For example, while the Basel Convention has been adopted by the countries where we operate, obtaining the relevant paperwork to move rigs for recycling has proven extremely challenging.

Where possible, Shelf Drilling looks to sell assets for reuse in non-competing areas or opportunities. Consistent with this focus, the Trident XIV was sold for drilling in a non-core area for Shelf Drilling in 2020.

**Equipment Reuse:** Prior to recycling any rig, Shelf Drilling removes substantial volumes of equipment for refurbishment and reuse by our operating fleet. This can include major components such as blowout preventers to smaller components such as electric motors or valves. In addition to reusing our own equipment, we have actively sourced equipment in the second-hand market that goes through the same refurbishment process. This is a cost-effective way to maintain our fleet and results in a significantly reduced impact to the environment due to less scrapping and less demand for new equipment, for example.

In 2020, Shelf Drilling recycled or reused over 22,000 items with an estimated steel content of 3,650 tonnes. By enabling the reuse of steel, Shelf Drilling has prevented approximately 6,097 tonnes of CO<sub>2</sub>e emissions.



## Rig Recycling Case – Hibiscus Swamp Barge

The Hibiscus is a swamp barge drilling unit that is capable of operating in water depths of up to 21 feet. The rig has worked for its entire 40 years in Indonesia and has been idle for the last 5 years.

Following a number of unsuccessful attempts to contract or sell the rig as a working unit, a decision was taken to recycle it. As there are currently no Hong Kong certified yards in Indonesia external consultants were engaged to evaluate the suitability of yards which would best meet the intent of the Hong Kong convention through a review of existing policies, procedures and facilities.

A selection was made and a contract signed with a yard that included specific requirements on commitments to mitigate and minimize the environmental impact associated with the recycling of the Hibiscus and any remaining equipment that had not already been removed by Shelf Drilling for reuse within our fleet. The Hibiscus was handed over in December 2020.

Shelf Drilling has engaged independent, third-party consultants to perform onsite supervision of the recycling process to ensure it is performed in accordance with the Applicable Ship Recycling Regime in force in Indonesia and the provisions of the Sale and Purchase Agreement, the Buyer's Ship Recycling Facility Plan, and the Buyer's Ship Recycling Plan. Shelf Drilling's consultants will monitor and verify that the disposal of all hazardous materials will be at approved and certified facilities. Any discrepancies with these requirements will be referred immediately to Shelf Drilling.

# Developing our people

## High National Content 87% across fleet<sup>15</sup>

At Shelf Drilling, we strive to provide our employees with a professional, safe and trusted working environment in which all individuals are respected and treated fairly, and with dignity.

Through clear and open communication, regular feedback and recognition, we work towards ensuring continued engagement, growth and development of our diverse workforce into competent industry leaders.

We have a total workforce of approximately 3,200 employees (including contractors) working together towards Shelf Drilling's vision to be the international jack-up contractor of choice. There are 45 different nationalities represented across the Company's corporate headquarters, 13 field locations and 31 active rigs.

### 6.1 National Content

Nationalization is one of the three pillars of our Company strategy. Since our inception, we have focused on building high national content through hiring and developing nationals from the countries in which we operate, including across our leadership teams. Today, Egypt, India and Nigeria are, or are close to, full nationalization while good progress has been achieved in Thailand and Saudi Arabia. Our focus on building high national content has resulted in nationals representing 87% of our offshore workforce as of December 31, 2020. Our Offshore Development Program aims at accelerating the development of nationals into roles with more responsibility, with the current focus being on the

development of national supervisors and managers in Thailand and Saudi Arabia. Our high national content further strengthens customer and governmental relationships (particularly with NOC), and results in a lower cost base as well as relatively lower employee turnover. In addition, through significant positive impacts on the local economies including increased income and employment, our nationalization strategy directly supports our commitment to UN SDG 8 – Decent Work and Economic Growth, and SDG 9 – Industry, Innovation and Infrastructure.

### Developing Our People in Countries Where We Work

#### How

<b>Recruitment</b>	<ul style="list-style-type: none"> <li>• Robust selection and induction process</li> <li>• Leveraging Company reputation, employee referral program and strong local network</li> </ul>
<b>Retention</b>	<ul style="list-style-type: none"> <li>• Competitive compensation and benefits package</li> <li>• Regularly benchmarked to local market</li> </ul>
<b>Development</b>	<ul style="list-style-type: none"> <li>• Comprehensive training and development program in place</li> </ul>

#### Why it Matters

Strong customer and governmental relationships

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Lower employee turnover

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Competitive operating costs

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Long-term sustainability

<sup>15</sup> Excludes rigs working in United Arab Emirates (UAE) and Italy.





## Our people highlights

~3,200

Employees

45

Nationalities

29%

Total Females  
Onshore

87%

Offshore National  
Content

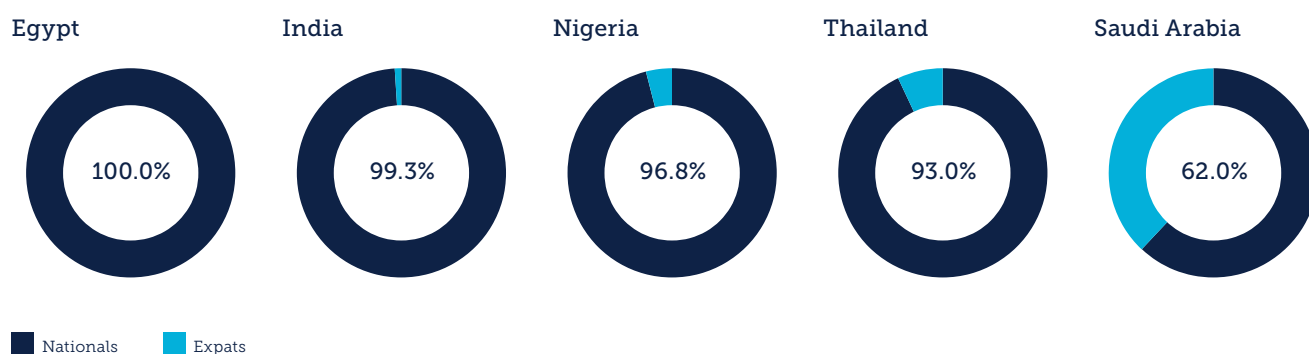
31

Active Rigs

### Our High National Content Ensured Workforce Mobility and Business Continuity

The COVID-19 pandemic prompted governments and regulatory bodies in taking strong measures and imposing various forms of lockdowns to contain the spread of the virus. For offshore operations like ours, this resulted in many and frequently changing restrictions on people movement and crew changes. Further, to ensure the safety of our people and in line with our goal to keep our rigs virus-free, we developed a robust COVID-19 protocol that mandates strict quarantine and testing of all crew personnel before working offshore. These safety measures have placed further constraints on routine crew changes, but they have been critical in keeping our people safe. **We believe that our strategy of building national content and having critical mass in countries where we work has offered flexibility in moving personnel between rigs in our key operating regions and mitigated the challenges in personnel movement and crew rotation.**

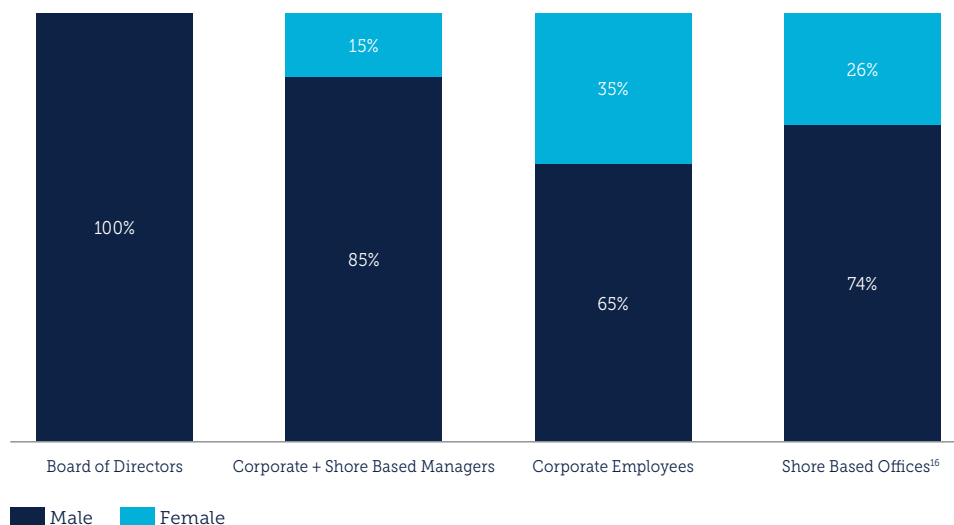
### Offshore Nationalization Percentage in Main Countries of Operations



## 6.2 Diversity & Equal Opportunity

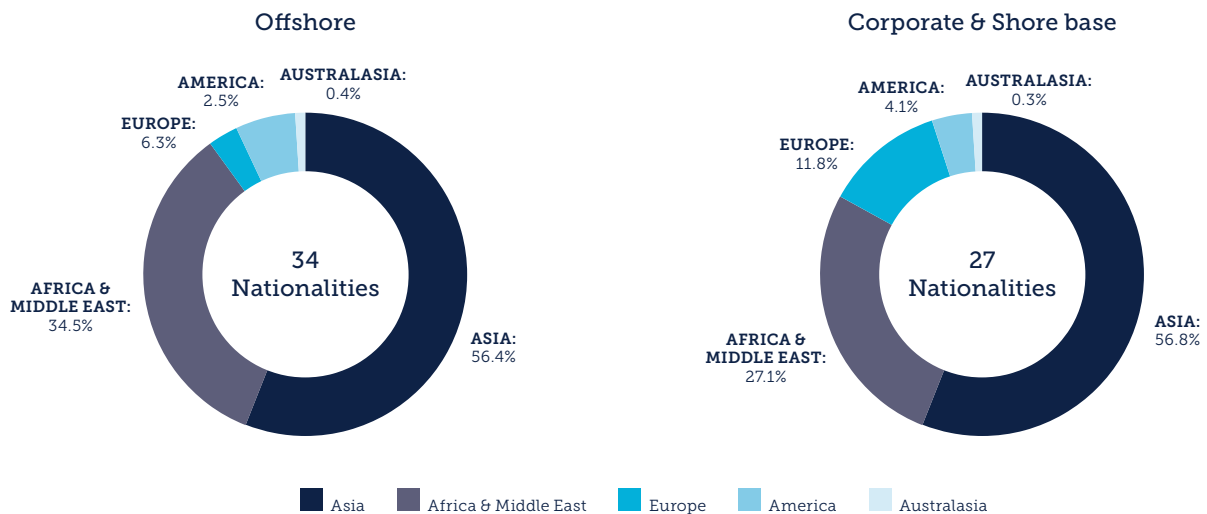
Consistent with our Code of Business Conduct and Ethics and our recently adopted Sustainability Policy, Shelf Drilling is committed to equal opportunity employment for all employees and applicants for employment and welcomes the variety of experiences they bring to the Company. Shelf Drilling recruits, hires, trains, promotes, and compensates without regard to race, color, national origin, citizenship, religion, gender, sexual orientation, marital status, age, or any other category of persons to the extent protected by applicable laws.

### Gender Distribution



<sup>16</sup> Excluding Corporate Employees

## Nationality Distribution



### 6.3 Non-Discrimination

Shelf Drilling is committed to establishing and maintaining a work environment in which all individuals are respected and treated with dignity. The Company has zero tolerance for discrimination or harassment in the workplace or any other work-related environment which governs all terms, conditions, and actions related to employment. Shelf Drilling prohibits all harassment, including verbal, written, or electronic dissemination of materials which are offensive or disparaging of others on the basis of race, color, national origin, citizenship, religion, gender, sexual orientation, marital status, age, or any other category, whether the harassment is directed at a subordinate, co-worker, supervisor, customer, agent, guest, contractor, or vendor.

At Shelf Drilling, we recognize that discrimination can be indirect or unintentional and therefore strive to create awareness and educate our people in order to develop and maintain a truly inclusive and high performing culture. In 2020, we rolled out a mandatory training for select employees on Unconscious Bias, Diversity & Inclusion & Workplace Harassment.

We encourage open dialog between employees and supervisors, however, the Company has established various channels through which employees can raise concerns and report actual or suspected wrongdoings, including reports on discrimination, without any fear of retaliation. See section 7.3 "Whistleblowing/Speak up".



## Human & Labor Rights

### Labor rights



Shelf Drilling respects labor rights as described in the fundamental conventions of the International Labor Organization, including freedom of association, collective bargaining, forced and compulsory labor, child labor and discrimination in respect of employment and occupation.

Shelf Drilling is committed to respecting and protecting labor rights, both internally and with business partners, suppliers, customers and others who are directly affected by its activities. The Company is committed to important issues such as non-discrimination, the right to privacy, employment contracts, protection against harassment and management-employee collaboration.

The Company engages with the relevant employee representative groups, specifically in Nigeria and previously Tunisia, and encourages active ongoing dialog to ensure alignment of our collective interests.

### Human Rights



Shelf Drilling is committed to respecting fundamental human rights as described in the UN Guiding Principles on Business and Human Rights, both internally and with business partners, suppliers, customers and others who are directly affected by the Company's activities. We do not currently operate in territories defined as conflict areas or indigenous lands.

## 6.5 Training & Development

For offshore employees, Shelf Drilling provides access to a comprehensive training and development program that enables employees to progress from entry level positions through to the most senior level on a rig. Employees acquire skills, knowledge and experience following a highly structured training matrix that specifies the training required for each role and responsibility. This is channeled into four main categories:

<b>On the Job Training:</b> 21 courses comprising 268 modules. A multilingual combination of theoretical and practical training courses delivered through SkillGRID, a cloud-based Learning Management System (LMS) SkillGrid available on the rig, in the office and at home for easy employee access.	<b>Competency Assessments:</b> Organized internally to ensure specific offshore critical position skills and competencies are maintained.	<b>88% TRAINING COMPLIANCE</b>  <b>INCLUDING SHIPYARDS AND PROJECT RIGS</b>
<b>Over 30 Shore-Based Professional Courses:</b> Provided by approved third-party vendors, in accordance with highest and latest industry standards and applicable technical, geographical, or case-specific regulations.	<b>Seven Regulatory and Marine Licensing Training Courses:</b> Provided by third-party vendors, as per IMO, Class and Flag states competency requirements for offshore operations.	

Progress towards the next level as well as compliance with the defined training targets is tracked through our online reporting system. Specific programs – such as the Offshore Development Program – aim to fast-track the promotion of high potential offshore candidates.

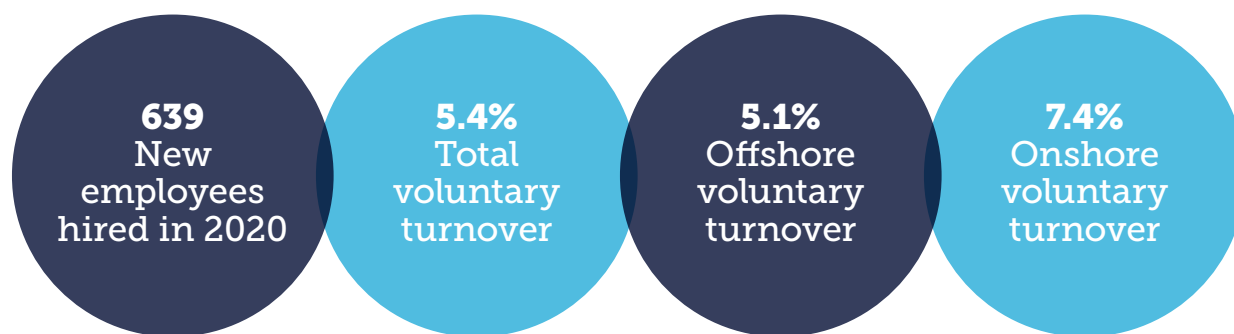
Regular reviews are held between the field and corporate management teams on an ad-hoc basis and as part of a structured Annual Succession Planning process to ensure progress towards achieving the designated nationalization objectives as well as the development of adequate bench strength for key positions.

**65 offshore supervisors promoted in 2020**  
**58 nationals, 7 expats**

Shelf Drilling acquired International Association of Drilling Contractors (IADC) Competency Assurance Accreditation for the sixth consecutive year for training programs customized and fit-for-purpose for our operations







### Offshore Training During COVID-19

COVID-19 travel restrictions led to challenges in relation to our employees' learning and development. It was important to ensure that our offshore employees maintained the correct levels of skills and competencies for their roles, and marine licensing/offshore certification compliance as per IMO, Class and Flag states competency requirements.

By collaborating with industry trade associations and certification bodies including IADC and Offshore Petroleum Industry Training Organisation (OPITO), we were able to provide alternate options to our employees by way of certificate extensions until in-person refresher training/evaluation could be delivered, and remote training where in-person training was not critical.

#### Some examples include:

- Established a Certificate Extension Framework with OPITO to revalidate our crew certification based on past certification and by remotely verifying their competencies
- Agreed with Flag states to renew Marine Licensing for Offshore Installation Manager (OIM) position through virtual training
- Obtained agreement with IADC to setup an online training simulator for critical Well Control Operations certification; over 4,500 hours of training were delivered remotely
- Gradually introduced other remote training including BOSIET Survival and Comprehensive Stability training

Approximately 25% of total training hours in 2020 were delivered remotely, ensuring the safety of our employees in addition to considerably reducing training-related logistics requirements and the corresponding carbon footprint. We look forward to continuing virtual training, where possible, given the array of benefits for our people and the environment.

For onshore employees, Shelf Drilling encourages ongoing, continuous dialog between employees and supervisors to drive employee performance and development. We believe that the annual performance appraisal process typically required by other companies defers discussions that should otherwise occur in real-time when the performance event (positive or negative) occurs. Further, in a rapidly changing business environment, a formal annual process of setting objectives and reviewing performance hinders the agility that companies like Shelf Drilling are required to demonstrate. Performance Management Guides based on this philosophy have been developed specifically for offshore and onshore employees and are accessible to all employees.

Given our lean organizational structure, development plans are specific to the individual, their current role and potential future opportunities rather than a broad, company-wide or standardized approach. As a result, other than compliance training described in the next section, no company-wide training is provided or required. We established this employee performance management and development philosophy at Company inception and believe that this has been a significant contributing factor to our success throughout the industry cycles.

### 6.6 Talent Attraction & Employee Retention

Shelf Drilling attracts and retains the best talent through our fit-for-purpose Talent Management program and competitive compensation and benefits programs. In particular, our employee referral program has been instrumental in finding and onboarding talent. Our high national content, including within our shore-based management which ensures engagement and alignment with our offshore crews, is essential in maintaining a relatively low level of employee turnover.



## Our People Have Been the Backbone of Our COVID-19 Response

While organizations globally have faced unprecedented workforce disruptions due to COVID-19, the oil and gas workforce has been uniquely impacted due to the characteristic of the sector.

The pandemic has presented significant challenges for our rig-based employees and operations teams as they have been forced to spend extended time away from their families while working onboard rigs or standing by in host countries, or in home countries on prolonged field breaks while unable to return to work.

While the biggest current concern for any organization is the direct health risk of the virus on its people, we recognize that financial stability, mental health and emotional well-being are equally important parts of workforce safety and health. With workforce mobility being the foundation of these challenges, we have invested significant efforts and resources to enable personnel movement. The pandemic also presented an opportunity to explore remote resource allocation to ensure operational continuity. Some duties typically conducted on a rig have been performed remotely. Examples include Management System Assessment (MSA) Audit and Maintenance Supervisors supporting Thailand and Nigeria from remote locations.

In addition, we have implemented adapted compensation mechanisms such as advance standby pays to mitigate the financial impact on our employees. Our shore-based teams, while navigating a changing work environments themselves, have put in relentless effort to support our offshore people and operations. Constant communication from the management team through usual channels and by way of regular CEO videos for employees on a rig and at home/offices has ensured their continued engagement and wellbeing.

Our operations today are largely functioning in a normal manner albeit with enhanced safety procedures and adapted working practices – a clear demonstration of the resilience of our people and their ability to respond and adapt to a rapidly changing and unpredictable landscape.

# Responsible Business Conduct

Shelf Drilling is committed to honest, transparent and ethical conduct. We have embedded these values in our way of working with customers, suppliers, employees, shareholders and the communities in which we operate.

Our commitment to responsible business conduct is outlined in our [Code of Business Conduct and Ethics](#) (Corporate Code) which defines the standards for how we do business. The Corporate Code, in compliance with local laws and regulations, is based on the following fundamental themes.



The Board of Directors has specifically directed the issuance and implementation of the Corporate Code and retains ultimate responsibility. Any waiver or exception to the Corporate Code must be approved by the Board.

**Shelf Drilling's Board of Directors has specifically directed the issuance and implementation of our Code of Business Conduct and Ethics and retains ultimate responsibility.**

All who work for or represent Shelf Drilling, including all employees, suppliers, contractors, agents and partners, are expected to comply with the Corporate Code, and to ensure that our business is run in an ethical and sustainable manner. The Corporate Code is periodically reviewed and updated in keeping with national and international advances. Any changes to the Corporate Code are duly communicated to all employees, who also must complete recertification of the Corporate Code and its supporting policies on an annual basis. In 2020, we made updates to our Corporate Code to integrate sustainability-related matters. To enhance transparency of our disclosures, we have made available a copy of our updated Corporate Code on our recently launched sustainability webpage.

## 7.1 Anti-corruption & Bribery

### Anti-corruption

Shelf Drilling has zero tolerance for corruption and has adopted a [Global Anti-corruption Policy](#), which commits us to comply with all applicable anti-corruption laws and regulations, including the U.S. Foreign Corruption Practices Act (FCPA) and the UK Bribery Act. Our Global Anti-corruption Policy requires all employees and third-party representatives to comply with applicable anti-corruption laws and regulations in countries where we conduct business. We have internal controls and procedures in place and conduct training to ensure, to the maximum extent possible, compliance with laws and regulations. This policy is supported by the following three documents which provide detailed guidance regarding key risk areas.



### Facilitating Payments

Facilitating payments are small payments to government officials whose duties are essentially ministerial or clerical in nature, for the purpose of expediting or securing the performance of routine, nondiscretionary government functions, such as:

- Obtaining permits, licenses, or other official documents
- Processing governmental papers such as visas and work orders
- Providing police protection, mail services, or scheduling inspections;
- Loading and unloading cargo
- Actions of a similar nature.

Under the Shelf Drilling Anti-Corruption Facilitation Payments Policy, facilitating payments are not permissible and are strictly prohibited, except in limited circumstances such as an imminent threat to health or safety. All emergency payments of this nature are internally reviewed and approved and accurately recorded in our records. No facilitating payments of any kind were recorded in 2020.

### Anti-money Laundering

The Company does not permit its funds, assets, or property to be used in an illegal manner and therefore will not permit any money laundering or support of terrorism in any way. The Company performs appropriate background checks on business partners and affiliates and will report suspicious transactions or incidents to appropriate authorities.

## 7.2 Compliance Training & Awareness

### 2020 Online Training Focus Areas

Module/Course	Employees trained
Recertification of Code of Business Conduct and Ethics	2,778 <sup>17</sup>
Unconscious Bias, Diversity and Inclusion and Workplace Harassment	591
Conflict of Interest	123
<b>Anti-Bribery Compliance</b>	<b>353</b>

Employees are required to complete annual training programs in relation to the Corporate Code, Global Anti-corruption Policy and other supporting policies. The training program is updated regularly and consists of e-learning courses, virtual and in-person trainings, together with updates through e-mails, posters and newsletters.

In 2020, training courses on Conflict of Interest, Anti-bribery, Diversity and Workplace Harassment were rolled out for identified selected employees and/or vendors. In early 2021, Appropriate Electronic Communications training was rolled out for identified selected employees.

### 7.3 Whistleblowing/Speak up

Shelf Drilling is committed to promoting and sustaining a culture where everybody is comfortable to report concerns in good faith and without fear of retaliation. Through our ongoing Speak Up initiative we encourage our employees and third-parties to ask compliance and ethics questions, raise concerns and report any actual or suspected misconduct, unethical or illegal behavior, or violations to our Corporate Code and its supporting policies or applicable laws, or seek advice on how to handle such situations.

Shelf Drilling has established various channels through which employees and third-parties can report their concerns. The employees are always encouraged to talk openly and freely with their supervisors first. Alternatively, they can reach out to the Head of Compliance and Ethics or the Executive Vice President. The Company has also made available the reporting system [Shelf Drilling EthicsPoint Helpline](#), which enables filing of confidential reporting of complaints, concerns and incidents either through the telephone (toll-free) or through a web-based form. The helpline is operated 24/7 by an independent third-party provider to help maintain confidentiality and, when requested, anonymity. In 2020, we upgraded the helpline to enable reporting in multiple languages and extended its access to all stakeholders including suppliers, agents, and partners. A link to the helpline is also available on our website and intranet.

All incidents are reported to the Audit Committee of the Board, an investigation team is assigned, all correspondence dealt with in strictest confidence and investigation conclusions and resulting actions taken are reported back to the Audit Committee. Such actions may include, where relevant, appropriate disciplinary action. In 2020, eight incidents were reported, all of which were duly investigated and closed after appropriate follow-up.

<sup>17</sup> Excludes new hires in 2020 as they complete acknowledgment and certification.



## 7.4 Privacy and Data Security

We are required to manage and process information related to our employees, customers and vendors in the ordinary course of business, and our operations depend upon secure retention and the secure transmission of information over public networks. This information is subject to the continually evolving risk of intrusion, tampering, and theft. We have a dedicated cyber-security team and program that focuses on current and emerging data security and data privacy matters.

Shelf Drilling has implemented a privacy program adopting the EU General Data Protection Regulation (GDPR) standards. The Company regularly updates its privacy policies and program to keep up to date with the existing and new privacy laws and regulations in various jurisdictions in addition to raising awareness and providing related training to our employees. In 2020, the Company rolled out training for identified employees on data privacy and protection as well as Nigeria data protection regulation awareness training for our employees in the country. We also continue to assess and invest in the growing needs of our cyber-security team through the allocation of skilled personnel, ongoing training, and support of the adoption and implementation of technologies coupled with cyber-security risk management frameworks. The Company plans to roll out an enhanced training course on cyber security for identified employees in 2021.

## 7.5 Responsible Procurement

At Shelf Drilling, the first step to ensuring responsible procurement and sustainability management through our supply chain is partnering with the right vendors or third-parties who are aligned with our corporate values and policies.

## Responsible Vendor Onboarding

The following policies and procedures ensure responsible vendor onboarding at Shelf Drilling.

**1. Vendor Code of Conduct:** Shelf Drilling Vendor Code of Conduct (Vendor Code) sets out our business conduct and ethical performance requirements for all third parties, who conduct or intend to conduct business with and/or on behalf of Shelf Drilling including its agents, representatives, consultants, business partners, suppliers and any other similar parties, including, but not limited to, their directors and employees. All third-parties must comply or explain deviations with the Vendor Code's provisions during the onboarding process. Furthermore, Shelf Drilling liaises with all third-parties to engage their own vendors/sub-contractors and ensure adherence to our Vendor Code, thereby effectively creating a cascade of ESG management through our supply chain. Our Vendor Code is available on the Company website.

**2. Due Diligence and Onboarding:** Shelf Drilling conducts extensive due diligence when identifying or onboarding new vendors as outlined by various policies and procedures including Vendor Selection and Review and Third-Party Due Diligence Procedure. Depending on the nature of service and the location where it is provided, different onboarding process levels are triggered. Our vendor onboarding process has the capability of mapping 24 risks, including ESG-related risks.

**3. Master Service Agreements:** Depending on their type, vendors may also be required to enter into a Master Service Agreement (MSA). We have a suite of templates for different arrangements including onshore and offshore services and staff augmentation.

## Tracking Compliance – HSE and Quality Audits

Shelf Drilling establishes specific HSE and/or quality standards with vendors providing goods or services to our rigs and operations. Each quarter, a number of audits are performed to ensure that these standards are being met. Vendor selection is based on our experience with the vendor in question, criticality of the service or goods provided, or issues reported by our rig teams.

## Vendor Feedback Mechanism – Supplier Development

Vendors that provide personnel to our rigs are assessed by the rig supervisors, who provide feedback. Quality of service along with HSE concerns are included in the feedback and in 2020, 100% of service vendors were assessed through this process.

## Contractors

In certain geographies we engage third-party labor providers for junior crew and other positions on our rigs. Prior to selection, all labor agencies go through our due diligence process outlined above, which includes commitments to treat their employees ethically and fairly as well as adhering to the UN Convention on Human Rights and the labor rights conventions of the ILO. All personnel assigned to work on our rigs follow our standard HSE and job-specific training programs, regardless of whether they are contractors or direct hires.

## Shipyards

Shelf Drilling is highly selective in choosing which shipyards are used for major maintenance or upgrades to rigs when taken out of service. Shipyards are expected to follow our HSE system or bridging documents are prepared where this is not the case. Onsite teams are assigned to monitor compliance with standards.

### Shelf Drilling's Vendor Code of Conduct sets out the core expectations from our vendors who must:

- Act with integrity in all business dealings
- Not give or accept gifts and entertainment benefits which would be considered excessive by an objective observer
- Not give or accept facilitation payments, bribes, kickbacks or any other type of improper payment
- Understand and ensure compliance with all applicable laws and regulations
- Not enter into other agreements that put them in a position of conflict with their contractual or other obligations to Shelf Drilling
- Treat all their employees ethically and fairly and show respect for human dignity and the rights of the individual
- Provide work environments that are safe for workers and minimize their impact on the environment
- Not disclose sensitive information about Shelf Drilling or the contract without our written consent

# 2020 Disclosures

Topic	Metric	2020 data	2019 data	Code
Health & Safety	<b>HSE Performance</b> (1) Number of recordable incidents, (2) Total recordable incident rate (TRIR), (3) Lost Time Incident Rate (LTIR), (4) Number of fatalities, (5) Near Miss Frequency Rate (NMFR), and (5) Serious Near Miss Frequency Rate (SNMFR), (6) Total Potential Severity Rate (TPSR)	Recordable Incidents: 9 TRIR: 0.19 LTIR: 0.00 Fatalities: 0 NMFR: 0.19 SNMFR: 0.04 TPSR: 2.91	Recordable Incidents: 9 TRIR: 0.19 LTIR: 0.06 Fatalities: 0 NMFR: 0.31 SNMFR: 0.4 TPSR: 13.41	EM-EP-320a.1 (Customized)
	<b>Health &amp; safety management</b> Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle.	See section 4	—	EM-EP-320a.2
	<b>Emergency preparedness: Management systems</b> Description of management systems used to identify and mitigate catastrophic and tail-end risks.	See section 4.3	—	EM-EP-540a.2
	<b>HSE Training</b> Average hours of HSE training provided to onshore and offshore personnel (employees plus contractors).	Offshore: 10.9 Onshore: 0.9	Offshore: 14.9 Onshore: 1.3	EM-EP-320a.1 (Customized)
Climate & Environmental Management	<b>Scope 1 GHG emissions</b> Gross global Scope 1 emissions (Metric tons CO <sub>2</sub> -e (t), percentage methane).	Fuel Consumption: 80,981 CO <sub>2</sub> -e: 259,139 <sup>18</sup> CH <sub>4</sub> : 14.58 (0.01% of total emissions) <sup>18</sup> N <sub>2</sub> O: 17.82 <sup>18</sup> Calculations based on EEMS conversion factors are available. <sup>19</sup>	Fuel Consumption: 81,588 CO <sub>2</sub> -e: 261,082 <sup>18</sup> CH <sub>4</sub> : 14.69 (0.01% of total emissions) <sup>18</sup> N <sub>2</sub> O: 17.95 <sup>18</sup> Calculations based on EEMS conversion factors are available. <sup>19</sup>	EM-EP-110a.1
	<b>Scope 2 GHG emissions</b> Gross global Scope 2 emissions (Metric tons CO <sub>2</sub> -e (t))	CO <sub>2</sub> -e: 694	CO <sub>2</sub> -e: 822	EM-EP-110a.1
	<b>Scope 3 GHG emissions</b> Gross global Scope 3 emissions (Metric tons CO <sub>2</sub> -e (t))	CO <sub>2</sub> -e: 34,949 <sup>20</sup>	CO <sub>2</sub> -e: 33,533 <sup>21</sup>	EM-EP-110a.1
	<b>Emissions management</b> Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	See section 5.3	—	EM-EP-110a.3

Topic	Metric	2020 data	2019 data	Code
Climate & Environmental Management (continued)	<b>Air emissions</b> Emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM <sub>10</sub> ). Numbers in Metric tons (t)	1) 4,810.27 NO <sub>x</sub> <sup>22</sup> 2) 404.91 SO <sub>x</sub> <sup>22</sup> 3) 161.96 VOC <sup>22</sup> 4) Shelf Drilling does not calculate this number.	1) 4,846.33 NO <sub>x</sub> <sup>22</sup> 2) 407.94 SO <sub>x</sub> <sup>22</sup> 3) 163.18 VOC <sup>22</sup> 4) Shelf Drilling does not calculate this number.	EM-EP-120a.1
	<b>TCFD reporting</b> Reporting on climate related risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	See section 5.2	—	TCFD
	<b>Biodiversity management</b> Description of environmental management policies and practices for active sites.	See section 5.4	—	EM-EP-160a.1
	<b>Spills and releases to the environment</b> Number and aggregate volume of spills and releases to the environment	Overboard releases: Number of spills: 2 Aggregate volume: 103.1 bbls Releases to air: Number of ODS releases: 29 Aggregate volume: 215.6 Kg litres	Overboard releases: Number of spills: 1 Aggregate volume: 0.6 bbls Releases to air: Number of ODS releases: 55 Aggregate volume: 524 Kg litres	GRI 306-3
	<b>Fresh water consumption &amp; recycling</b> (1) Total volume of fresh water handled in operations (thousand cubic meters (m <sup>3</sup> ), (2) percentage recycled.	All fresh water used on the rigs is converted from seawater. Volume not measured, 100% recycled.	All fresh water used on the rigs is converted from seawater. Volume not measured, 100% recycled.	EM-SV-140a.1
	<b>Water management</b> Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities, and impacts.	See section 5.5	—	EM-SV-140a.2
People	<b>Labour rights – Freedom of association &amp; collective bargaining</b> Percentage of total employees covered by collective bargaining agreements.	3.05%	1.74%	GRI 102-41
	<b>Local employment</b> Description of how Shelf Drilling builds national content through hiring and developing nationals from the countries of operation, including across leadership teams.	See section 5.1	—	Custom
	<b>Gender diversity of management &amp; Board</b> Percentage of individuals within the organization's management and governance bodies according to gender	Board: 0% women Management: 15% women	Board: 0% women Management: 10% women	GRI 405-1
	<b>Training and development</b> Overall compliance to requirements of training matrix (percentage).	88%	84%	Custom

18 Calculations are based on total fuel used (Gas oil) in operations in 2019/2020 and EEMS conversion factors 2019/2020.

19 Calculations based on EEMS conversion factors (Table 8.2) in metric tons (t): CO<sub>2</sub>-e = 3.2, CH<sub>4</sub> = 0.00018, and N<sub>2</sub>O = 0.00022.

20 Scope 3 GHG emissions for 2020 include business air travel, transportation of rigs, supply chain sea and air freight, and waste.

21 Scope 3 GHG emissions for 2019 include business air travel, transportation of rigs, and supply chain sea freight.

22 Calculations are based on EEMS conversion factors (Table 8.2).

## 2020 Disclosures continued

Topic	Metric	2020 data	2019 data	Code
People (continued)	<b>Recruitment</b> Annual talent attraction.	Offshore: 236 direct employees, 365 contractors Onshore: 23 direct employees, 15 contractors	Offshore: 463 direct employees, 600 contractors Onshore: 32 direct employees, 35 contractors	Custom
	<b>Retention</b> Annual retention in terms of annual voluntary turnover <sup>23</sup> (percentage).	Offshore: 5.1% Onshore: 7.4%	Offshore: 4.7% Onshore: 5.7%	Custom
	<b>Human rights</b> Percentage of (1) proved and (2) probable reserves in or near areas of conflict.	0%	0%	EM-EP-210a.1
	<b>Human rights</b> Percentage of (1) proved and (2) probable reserves in or near indigenous land.	0%	0%	EM-EP-210a.2
Responsible Business Conduct	<b>Corruption risk</b> Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	0	0	M-SV-510a.1
	<b>Anti-corruption and bribery management</b> Description of the management system for prevention of corruption and bribery throughout the value chain.	See section 7.1	—	EM-EP-510a.2
	<b>Ethics</b> Number of reported incidents	8	9	Custom
	<b>Fines</b> Total monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.	0	0	GRI 419-1
	<b>Responsible vendor management</b> Processes and policies guiding the selection and monitoring of vendors and agents.	See section 7.5	—	Custom

The disclosures are based on the SASB-recommendations for the Oil & Gas Exploration & Production and Services sectors. To provide relevant information related to areas identified as material to Shelf Drilling, additional indicators are included, based on the Global Reporting Initiative (GRI) Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Customized indicators are also included.

[https://www.sasb.org/wp-content/uploads/2018/11/Oil\\_Gas\\_Exploration\\_Production\\_Standard\\_2018.pdf](https://www.sasb.org/wp-content/uploads/2018/11/Oil_Gas_Exploration_Production_Standard_2018.pdf)

[https://www.sasb.org/wp-content/uploads/2014/06/NR0104\\_ProvisionalStandard\\_OGServices.pdf](https://www.sasb.org/wp-content/uploads/2014/06/NR0104_ProvisionalStandard_OGServices.pdf)

<https://www.globalreporting.org/>

<https://www.fsb-tcf.org/>

<sup>23</sup> Voluntary turnover numbers include retirements







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