

---

# SHELF DRILLING

## NORWEGIAN TRANSPARENCY ACT STATEMENT

This report is published pursuant to Section 5 (§ 5) of the Norwegian Transparency Act (2021) for the year 2022.

### A. About Shelf Drilling

Shelf Drilling<sup>1</sup> is a leading international offshore drilling contractor with jack-up rig operations across the Middle East, Southeast Asia, India, West Africa, the Mediterranean and the North Sea. Through our majority-owned subsidiary Shelf Drilling North Sea<sup>2</sup>, one of our rigs is actively operating in Norway, and we will assume full operations for that rig under a contract recently awarded by Equinor due to start in Q2, 2024.

We are solely focused on the shallow water sector and work to provide best-in-class drilling operations for our customers that consist of National Oil Companies, International Oil Companies, and local independents. Since inception, Shelf Drilling has prioritized sustainability throughout our operations and supply chain to ensure the long-term success of our business, the environment, and the communities in which we operate.

### B. Our Commitment

Shelf Drilling is fully committed to respecting fundamental human rights as set out in the International Bill of Human Rights and the International Labor Organization's (ILO) Fundamental conventions, both in our own operations and across all aspects of our value chain. In conducting our human rights due diligence, we adhere to internationally recognized frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. We recognize the impacts that our activities may have on human rights and are committed to ensuring compliance with relevant regulatory frameworks across the areas where we operate. This annual due diligence statement represents our commitment to ongoing human rights due diligence.

### C. Governance of Human Rights

Responsibility for governance of sustainability matters, including human rights, lies with our Board of Directors who approve policies and set and agree with Executive Management the plans, goals, and targets for key sustainability activities. Our Enterprise Risk Management (ERM) program is overseen by the Audit Committee of the Board and fully incorporates risks associated with sustainability-related matters. For more details on our governance structure and ERM process, please refer to our [2022 Sustainability Report](#).

### D. Policies & Procedures

Shelf Drilling's [Code of Business Conduct and Ethics](#) sets the standards for responsible business conduct including our commitment to upholding and respecting human rights throughout our operations. Our [Sustainability Policy](#) further solidifies our commitment to human rights. Our [Vendor Code of Conduct](#) governs our supplier relationships and outlines the ethical requirements of all third parties engaged with Shelf Drilling. Respect for human rights is a fundamental expectation outlined in the Vendor Code of Conduct.

---

<sup>1</sup> Shelf Drilling is listed on the Oslo Stock Exchange under the ticker "SHLF".

<sup>2</sup> Shelf Drilling North Sea is listed on the Euronext Growth Oslo Exchange under the ticker "SDNS".

## E. Upholding Human Rights in Our Supply Chain

At Shelf Drilling, we believe in a responsible and sustainable supply chain ensuring that our suppliers and business partners share our commitment to human rights and decent working conditions. We maintain effective supply chain governance through clear policies, proactive risk management, and monitoring of suppliers' performance. Key elements of our program are outlined below.

### ***Supplier Due Diligence***

As part of vendor onboarding, we conduct a risk based due diligence, commensurate with the nature of services provided and the country risk profile. We are currently reviewing our vendor onboarding processes to further enhance disclosures on sustainability practices, including human rights.

### ***Vendor Code of Conduct***

As part of vendor onboarding process, it is mandatory for all third parties to acknowledge and accept our Vendor Code of Conduct or otherwise provide suitable explanation for any deviations. We also require third parties to extend the Vendor Code of Conduct expectations to their own vendors and subcontractors, thus, promoting a sustainable supply chain that is aligned to our corporate values and policies.

### ***Screening / Monitoring***

Vendor selection is based on experience, criticality of services or goods, and feedback from our rig and management teams. Our vendor onboarding processes integrate human rights risk assessment as part of initial screening and ongoing monitoring. We conduct adverse media search to identify exposure due to any misconduct related to human rights.

### ***Grievance Mechanism***

Shelf Drilling provides access to grievance mechanisms for all internal and external stakeholders to report any actual or suspected violations or unethical conduct, including in relation to human rights, ensuring transparency and accountability. We offer multiple reporting channels, including the Shelf Drilling EthicsPoint Helpline, which is available 24/7 in multiple languages and formats. An independent third-party provider operates the helpline to ensure confidentiality and, if requested, anonymity.

## F. Human Rights Due Diligence

In 2022, Shelf Drilling conducted a comprehensive salient human rights assessment in accordance with the UNGPs. This assessment involved an extensive internal and external review process, including collaboration with external human rights advisors. We mapped our operations, policies, and past incidents, conducted stakeholder analysis, and benchmarked against international human rights standards and our industry peers. We further calibrated the findings following the severity-likelihood framework within the OECD Guidelines for Multinational Enterprises and UNGPs. This assessment identified the following five prioritized risk areas, details of which are included in subsequent sections.

1. Health & Safety
2. Decent Working Conditions
3. Use of Contractors
4. Rig Recycling & Scrap
5. Supply Chain Visibility

Initial action plans were developed to address these salient human rights areas, and throughout 2023 we will further refine these plans and establish key performance indicators (KPIs) where relevant to track the effectiveness of the action plans. These plans will guide our efforts in mitigating risks and enhancing human rights across our operations. By identifying and addressing these priority areas, we

strive to continuously improve our performance and uphold our responsibility to respect and protect human rights.

## **G. Priority Human Rights Issues**

### **1. Health and Safety**

Health and safety risks are inherently present within the offshore rig working environment. At Shelf Drilling, the safety of our employees, contractors, customer representatives, and other service providers is our greatest responsibility. Anchored in our [Health, Safety, and Environment \(HSE\) Policy Statement](#), our comprehensive HSE Management System ensures the identification, assessment, and management of HSE risks throughout our operations. All employees receive the necessary training, tools, and empowerment to prioritize personal safety, the safety of colleagues, and environmental protection. In 2022, we invested approximately 71,000 hours of safety training across our workforce. Our HSE performance, as measured by our Total Recordable Incident Rate (TRIR) has consistently outperformed the industry average. A comprehensive overview of our health and safety measures, performance, and initiatives can be found in our latest [Sustainability Report](#), available on our website.

### **2. Decent Working Conditions**

As a global organization operating in diverse geographies, Shelf Drilling recognizes the unique cultural and operational challenges in ensuring decent working conditions across our fleet of rigs. We already have a comprehensive system of audits and inspections in place to verify and ensure compliance with existing standards. In 2023, we will further enhance our efforts by developing a minimum standard that we expect all rigs to meet regarding living conditions onboard and employee welfare.

### **3. Use of Contractors**

The use of contractors is a common practice in the oil and gas industry, and in certain locations for Shelf Drilling. We recognize that the degree of separation inherent in contract work may result in certain rights impacts going unnoticed. To mitigate this risk, we have a hotline process in place, with information readily accessible on our rigs and website to ensure any breaches in contractor performance can be highlighted. In 2022, we did not receive any complaints regarding contractors failing to meet their obligations.

In 2023 we will further enhance our procedures by developing an audit process and revise terms and conditions where necessary enable the company to effectively assess contractor performance and ensure all obligations are consistently met.

### **4. Rig Recycling and Scrap**

Our commitment to human rights extends throughout our value chain, including the end use of our rigs and equipment. Rig recycling carries inherent human rights risks and, as a result, Shelf Drilling established a [Rig Recycling Policy](#) that includes stringent due diligence requirements to screen any potential buyers of our rigs at the end of their useful life. Our policy includes a requirement that the scrapping process is overseen by an independent third party appointed by Shelf Drilling to ensure our standards and contractual commitments are met.

In 2022, we completed the recycling of one rig and our independent contractor report confirmed that this was done in accordance with our policy. We have no current plans to recycle other rigs in our fleet.

Furthermore, we engage with scrap merchants to procure or dispose of equipment as part of our efforts to recycle items where feasible. We are presently reviewing our current policy for engaging these vendors to reinforce the requirements for respecting human rights and promoting decent working conditions.

## 5. Supply Chain Visibility

Our current vendor onboarding process includes a risk based due diligence and the requirement that they adhere to our Vendor Code of Conduct which sets out ethical performance requirements for all third parties including human rights. In 2022, we had no hotline complaints regarding human rights concerns or violations by any of our vendors.

As a result of the saliency review, we are now enhancing the human rights aspects of our existing vendor onboarding questionnaire and overall process. We are also performing a review of our vendors to identify further potential areas for human rights concerns, over and above those already identified. Once we have identified vendors through this review process, we will engage with them to reinforce our screening procedures and enhance performance tracking mechanisms for potential human rights concerns.

## H. Employee Awareness

In addition to the specific actions outlined above, we are committed to continually enhancing awareness of human rights throughout our organization. As part of our ongoing commitment to ethical conduct, employees are required to recertify the Code of Business Conduct and Ethics annually. Further, in 2023, we have launched a comprehensive human rights training for our global shore-based and identified offshore employees. This training equips them with the knowledge and skills to identify and respond to potential adverse human rights issues and risks across our operations. By fostering a culture of awareness and responsibility, we aim to ensure that human rights considerations are deeply ingrained in all aspects of our work.

## I. Looking Ahead

At Shelf Drilling, we believe that managing and improving our human rights impact is an ongoing process. We will therefore regularly review our identified salient issues to ensure that we effectively address those with the greatest potential to negatively impact people.

While no specific human rights violations were raised in the prior reporting period, we remain committed to continuous improvement. Our policies and procedures are regularly updated to actively mitigate potential rights impacts and ensure compliance. If any adverse human rights issues are identified either in our own operations or across our value chain, we are committed to transparently communicating these impacts, seeking appropriate remedies for affected stakeholders, and updating our policies and procedures to avoid future negative impacts.

## J. Requests for Further Information

Requests for information regarding this Transparency Act statement or Shelf Drilling's human rights due diligence policies and practices at large can be made to [transparencyact@shelfdrilling.com](mailto:transparencyact@shelfdrilling.com).

The due-diligence report shall be updated and published on Shelf Drilling company website no later than 30 June of each year and otherwise in case of significant changes to the enterprise's risk assessments.



Ernie Danner  
Chairman of the Board of Directors



David Mullen  
Chief Executive Officer

June 2023