



Sustainability Report 2020



ODFJELL DRILLING



Table of Contents

Sustainability in Odfjell Drilling	1	People and Safety	28
Opportunities on the horizon	2	Diversity and Equal Opportunities	31
2020 at a glance	4	Occupational Health and Safety	35
How we manage sustainability	6	Health and Well-Being	38
Odfjell Drilling's Focus Areas	7	Other important topics	40
About this report	9	Ethics and Governance	43
Stakeholder Engagement	10	Governance and Transparency	46
Materiality Analysis	11	Anti-Corruption	48
Stakeholder Dialogue	12	Responsible Agents and Suppliers	50
Environmental Impact	14	Other important topics	54
Reduce Emissions	16	Management Approach	56
Energy Efficiency and Sources	20		
Spills to Sea and Land	22		
Other important topics	26		

Sustainability in Odfjell Drilling

Opportunities on the horizon



Merete Lie Holen, VP Sustainability

2020 was a year that brought us many challenges, but first and foremost it brought some perspective. A perspective of how a global crisis can affect every single one of us. If we take this perspective and apply it to the challenge we see with climate change, it is evident that a call for action is overdue. At the beginning of the pandemic, I feared that Covid-19 would completely overtake the sustainability focus we saw receive growing attention throughout 2019 in particular. In retrospect, I can safely say that the opposite happened. Investments and stock listings of green energy solution companies are proof of that.

Being a company in oil service, it raises the question, what can Odfjell Drilling do? The answer is, quite a bit. The world still relies on energy from fossil fuels, and the capital and competence in the oil industry is of great value in the energy transition needed. Consequently, a combination of providing energy efficient services, as well as looking into how we can utilise our knowledge in the energy transition, will be key for Odfjell Drilling going forward. I am very proud to work in a company that asks "how can we contribute to the solution?". Our achievements in 2020 prove that the solution is approaching closer and closer every day.

In the 2019 Sustainability Report, we set an ambition to finalise and implement the Environment, Social Responsibility and Governance ("ESG") strategy for the Group in 2020. Despite of Covid-19, where our organisation had to rapidly manage changing conditions on a daily and sometimes even hourly basis, we have taken some important steps in our sustainability journey over the last 12 months. The 2019 Sustainability Report was the first step in Odfjell Drilling's efforts to systematically report on ESG. In 2020, this report is the first to be in compliance with the Global Reporting Initiative ("GRI"). We aim to use this framework actively for continuous improvement going forward. The full GRI index can be found at <https://www.odfjelldrilling.com/Investor-relations/Presentations/>.

We have set out three main Focus Areas for the Group; "Environmental Impact", "People and Safety", and "Ethics and Governance". Within each Focus Area, we have defined material and important topics based on a materiality assessment and stakeholder analysis following the procedures from GRI, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement.

Odfjell Drilling's overall ambition is to reduce carbon emissions by 40% within 2026, 70% within 2035 and to be net zero within 2050. The major driver to reach these goals is improved energy efficiency in our rig fleet, meaning energy management (e.g. optimising procedures for power consuming operations and software for monitoring optimisation of power consumption), optimising energy consumers on the rig (e.g. variable drive technologies) and optimising power conservation and distribution (e.g. battery and flywheel technology). The emission reduction goals were set by analysing the emission reducing potential of these measures, and we monitor impact by comparing current emissions to the period before implementation on each rig.

To reach zero, there is a need to substitute diesel (marine gas oil) as the primary source of energy. Last year we further developed the alternative routes to "zero emission drilling". The energy efficiency measures mentioned above form the basis for parallel studies to assess opportunities within green fuels, wind and shore power and carbon capture and storage. The new Business Area Odfjell Energy, will be a strategic tool to realise the business opportunities within the energy transition.

"People and Safety" had a new dimension in 2020. With a global pandemic, it was imperative and more challenging than ever to ensure our people's health and safety. The employee quarantine situations in the Group have been closely monitored to ensure mobilisation of qualified replacement personnel to keep operations safe and running. Safe passage corridors were set up where needed, and a corporate Covid-19 task force developed procedures and implemented actions on all locations, onshore and offshore, to prevent spreading of the virus. Home office has been the main work place for office staff globally, and we have used the global Working Environment Survey to further assess the consequences of this. These activities have been carried out on top of normal operations within health and safety.

Despite an ever changing external environment, our standards of integrity remain the same. Within "Ethics and Governance", Odfjell Drilling's ambition is to ensure a high standard of ethical behaviour. Odfjell Drilling focuses on the importance of transparency and an open culture of disclosure, which helps to protect our organisation and our people from claims of misconduct, conflicts of interest and anti-competitive behaviour. Odfjell Drilling has therefore established a new Business Compliance Portal during 2020, for reporting of any potential issue or relationship that might be deemed as in conflict with any personnel's role within Odfjell Drilling.

Working in harsh environments in an industry that throws us new challenges on a regular basis, our company has grown grit and resilience through nearly five decades. This proved valuable in 2020, as our business was put to another test. While tackling rough waters, we have explored important opportunities on the horizon, but I think we are all hoping for smoother sailing ahead.

2020 at a glance



How we manage sustainability

Sustainability is a priority for the Odfjell Drilling Ltd Board of Directors. The Board receives regular updates on sustainability matters and conducts deep dive discussions on sustainability topics at least twice annually. The Board oversee the identification, management and mitigation of risks, including targets, policies, activities and management systems related to sustainability. For a detailed overview of Corporate Governance, please see Annual Report page 53-60.

The CEO and Executive Management Team hold the operational responsibility for sustainability performance with support from the Sustainability Working Group.

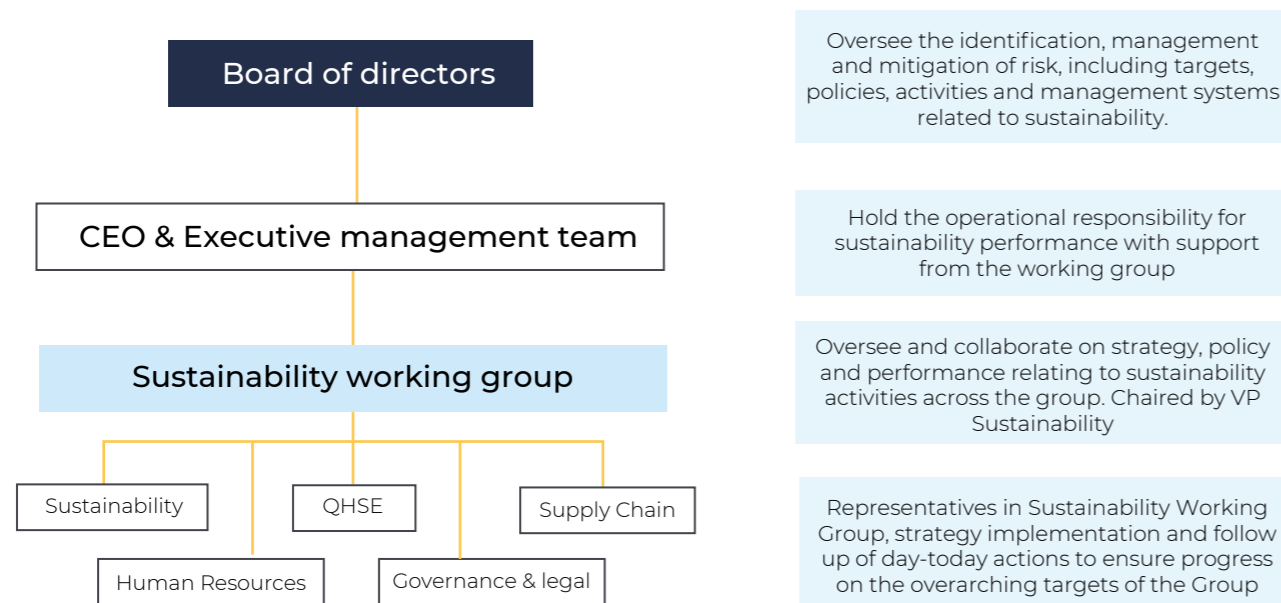
The corporate sustainability function is responsible for the design and implementation of the

Group's sustainability strategy, with input and in cooperation with, each of the corporate and group level functions.

The corporate human resources function and QHSE function are responsible for overseeing safety, health, working environment and security. The Compliance Officer is responsible for business ethics and compliance. The heads of these functions are responsible for strategy implementation and reporting on risk and performance within these topics to the Executive Management Team and the Board.

Further, we have established a Sustainability Working Group made up of representatives from each of the functions. The group oversee and collaborate on strategy, policy and performance relating to sustainability activities across the Group, and is chaired by VP Sustainability.

Sustainability Governance Model



Odfjell Drilling's Focus Areas

"Environmental Impact"

Our overarching ambition as a Group is to be a net zero emission company by 2050. Important milestones on that journey begin with a 40% emission reduction by 2026, and 70% by 2035. Emission reduction is highly important to our stakeholders, which is why our overall ambition is dedicated to this topic. Energy efficient and lower emission services will be a differentiator providing a competitive advantage, so this is also strategically and commercially anchored.

Within "Environmental Impact", we have an ambition to be an "industry leader in environmental performance". "Performance" is a word deeply rooted in our culture, traditionally in the context of safety or operational performance. We want to signal that we consider environment as an equally important performance metric in the future.

The following topics are considered material:

- Reduce Emissions
- Energy Efficiency and Sources
- Spills to Sea and Land

These topics are material due to our business' potential impact on the environment, and it is always an objective to reduce that impact as much as possible. Our efforts within emissions and energy fall within UN Sustainable Development Goal ("SDG") number 13, Climate Action. In addition to spills to sea, emissions to air also affect our oceans, as they absorb CO₂, which causes imbalances that threaten life below water. SDG number 14, Life Below Water, is therefore a priority under this Focus Area.

"Responsible Consumption and Waste Management" is an important topic under this Focus Area. This is a natural extension of the material topics, given an increased focus on how businesses can reduce waste, increase recycling and reuse instead of buying new. The relevant SDG is number 12, "Responsible Consumption and Production".

"People and Safety"

It is the Group's ambition to "ensure the highest safety standard, and protect our people's health and well-being". Odfjell Drilling has always been a people business, and they are our greatest assets and keys for success. Material topics under this Focus Area include:

- Occupational Health and Safety
- Diversity and Equal Opportunities
- Health and Well-Being

Ensuring our people work in a safe environment is top priority every day. Having a healthy workforce and working for the well-being of our employees had another dimension in 2020, and this will continue as consequences of the pandemic become more evident. "Occupational Health and Safety", and "Health and Well-Being" are anchored in SDG number 3, "Good health and well-being". "Diversity and Equal Opportunities" is another aspect of being a people-business, and of particular importance to current and future employees. SDG number 5, "Gender Equality" plays a big role under this material topic.

"Responsible Employment and Labour Practices" is an important topic under this Focus Area. Being compliant with labour laws and ensuring good working conditions for employees are prerequisites for any business. It is anchored in SDG number 8, "Decent Work and Economic Growth".

Another aspect of safety is "Assets, Materials and Personnel Security", which is an important topic under this Focus Area. As an international company, we need to make sure our people, assets and materials are safe, taking into consideration the risk profile of different locations.

"Ethics and Governance"

Odfjell Drilling is "committed to high ethical standards, compliance and integrity". The Group's Ethical Principles and Code of Business Conduct forms the foundation for all our operations, and also apply to our contractors, suppliers, agents and others who work on our behalf.

Material topics under this Focus Area include:

- Governance and Transparency
- Anti-Corruption
- Responsible Agents and Suppliers

Odfjell Drilling focuses on the importance of transparency and an open culture of disclosure, and we have a zero tolerance for corruption. The Group holds its suppliers and agents to the same standards of integrity.

To qualify as an agent or supplier, compliance to the Code of Business Conduct must be acceded. The business conduct requirements under SDG number 8 "Decent Work and Economic Growth, and 16 "Peace, Justice and Strong Institutions" are relevant for this Focus Area. Further, the human rights aspects of SDG number 5 "Gender Equality" is also relevant.

Conducting business with integrity also means competing on equal terms, and "Fair Competition" is an important topic under this Focus Area. With cyber threats increasing daily and requirements to process personal data responsibly, "Cyber- and Data Security" is another important topic. SDG number 8 and 16 applies for these topics as well.



About this report

Reporting Standards

This report has been prepared in compliance with the GRI standard, Core option. The full GRI Index can be found under <https://www.odfjelldrilling.com/Investor-relations/Presentations/>, and this Sustainability Report should be read together with the GRI Index.

Report content

The stakeholder analysis presented in Stakeholder Engagement, identifies the Group's key stakeholders based on the relevant stakeholders' reasonable expectations and interests. Further, this report aims to present the Group's performance in the wider context of sustainability, i.e. our understanding of sustainable development, drawing on objective and available information, and authoritative measures of sustainable development for the material and important topics covered. The material and important topics reflect the Group's significant economic, environmental, and social impacts. Each material topic has a reporting Boundary based on where the impacts occur for that topic, and the organisation's involvement with those impacts.

Report quality

The reporting of performance under each material topic is done through defined qualitative data where we have routines for measurement of satisfactory quality. Calculation methods and assumptions are described where this is necessary to assess the performance. This report together with the GRI index aim to make information and data accessible and understandable. The reported information shows historical development to enable analysis of performance trends. The compiling of data is based on defined procedures in the Group, to ensure the required quality and consistency. The reporting period is annually and publishing takes place on or in connection with the publishing of the Annual Report.

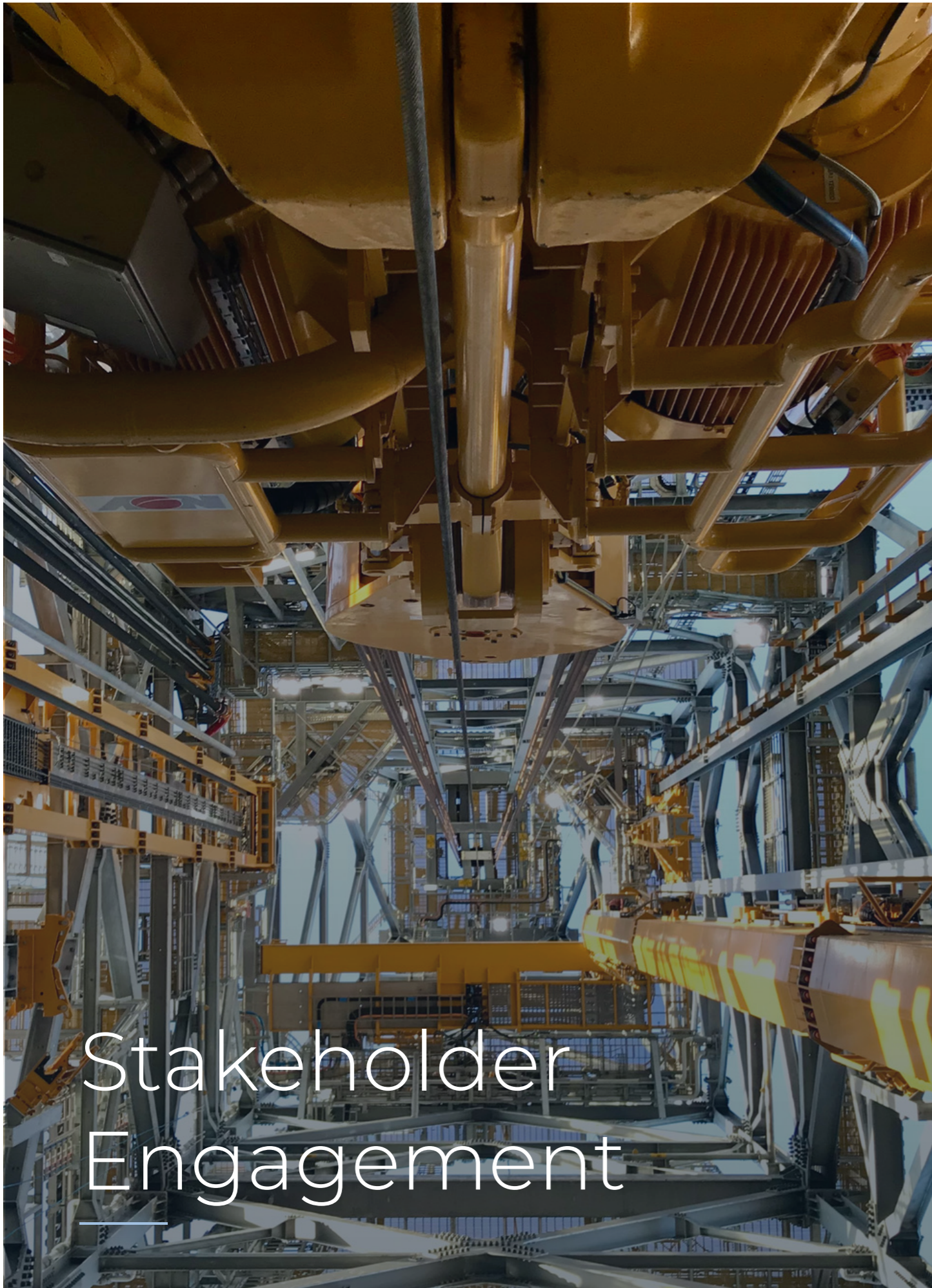
Assurance

This report has not been assured by independent third parties, as the main focus for 2020 has been to get the reporting system in place. 2021 will be used to further improve processes, data quality and procedures to enable assurance in future reporting.

Reporting Boundaries

Boundaries of reporting is challenging due to the complexity of the business, the differences between Business Areas and geographical locations, and control interfaces with clients and third party contractors. The Boundaries of each material topic are presented in the GRI Index, but generally the following applies:

- Environmental data, including Scope 1 CO₂ emissions and energy consumption is reported on operational control basis.
- Health and safety incident data is reported for all personnel working on rigs owned and operated by Odfjell Drilling. For platform drilling, data is reported for all Odfjell Drilling employees and Odfjell Drilling subcontractors working offshore. For Well Services, data is reported for all Odfjell Drilling employees and for personnel working at our premises and under our supervision.
- Workforce data covers all employees, permanent and temporary personnel directly employed by the Group (contractors and consultants are not included unless specified).
- Human rights and social performance data are based on the same scope as workforce data.
- Governance and anti-corruption data are reported on Group level.

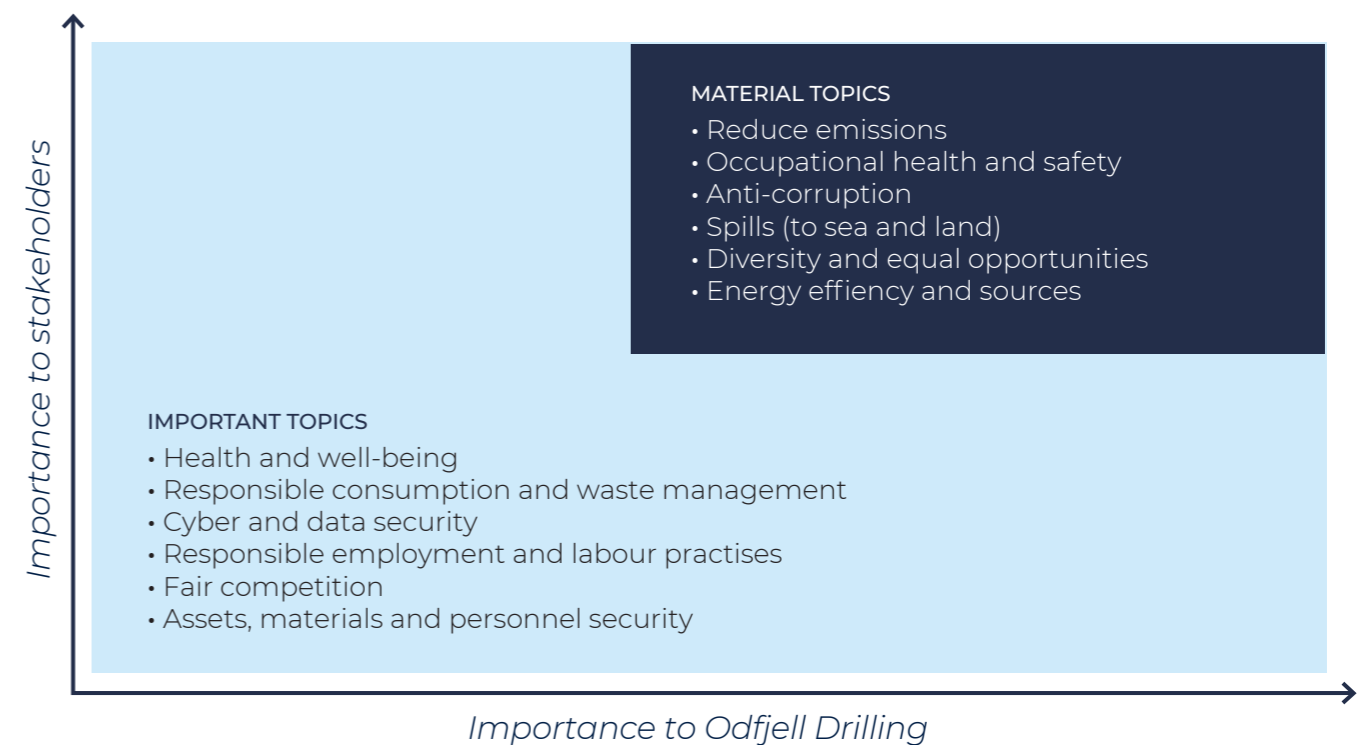


Materiality Analysis

The material topics presented in Odfjell Drilling's Focus Areas are the result of a systematic approach on the basis of the GRI Index, the Group's business strategy and risk assessment. The material and important topics are prioritised based on the level of impact they may have to our stakeholders and the Group's business, as well as where we have the opportunity to make the greater difference based on Group capabilities.

The Group's stakeholders include investors and financial institutions, clients, employees, suppliers, governmental bodies and society at large, including non governmental organisations. The key stakeholders have been prioritised based on the overall impact they have on the Group, and their involvement in the material and important topics.

Below is the materiality matrix which forms the basis for the material and important topics, and categorisation into the different Focus Areas. The material topics have been identified as high priority with stakeholders, and are presented in this report under each Focus Area in accordance with GRI, Core option. The important topics are also highly relevant, and identified as important for most of our stakeholders. Compared to important topics, material topics require a high strategic focus due to the nature of our business, external expectations and greater potential for improvement of impact.

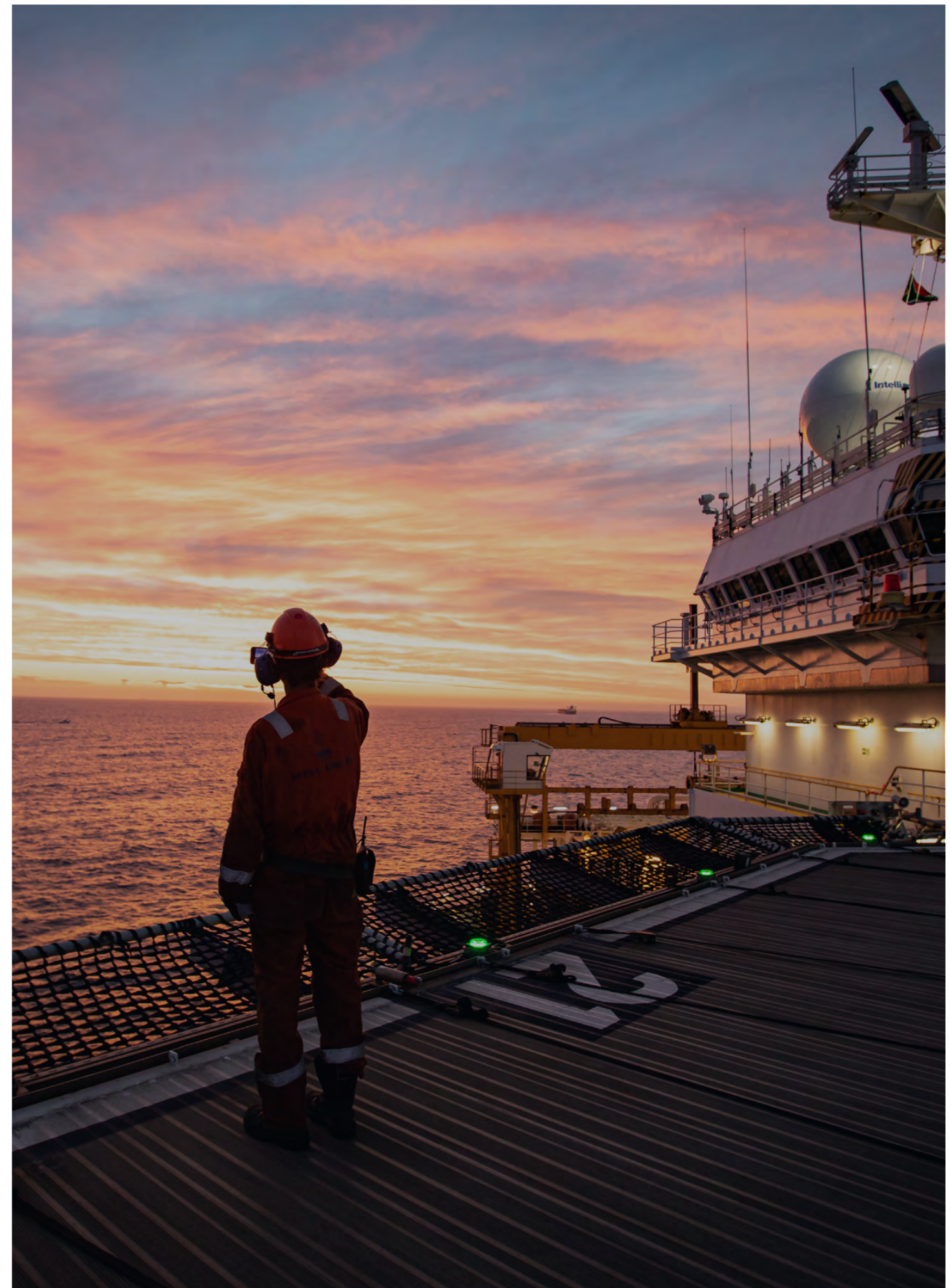


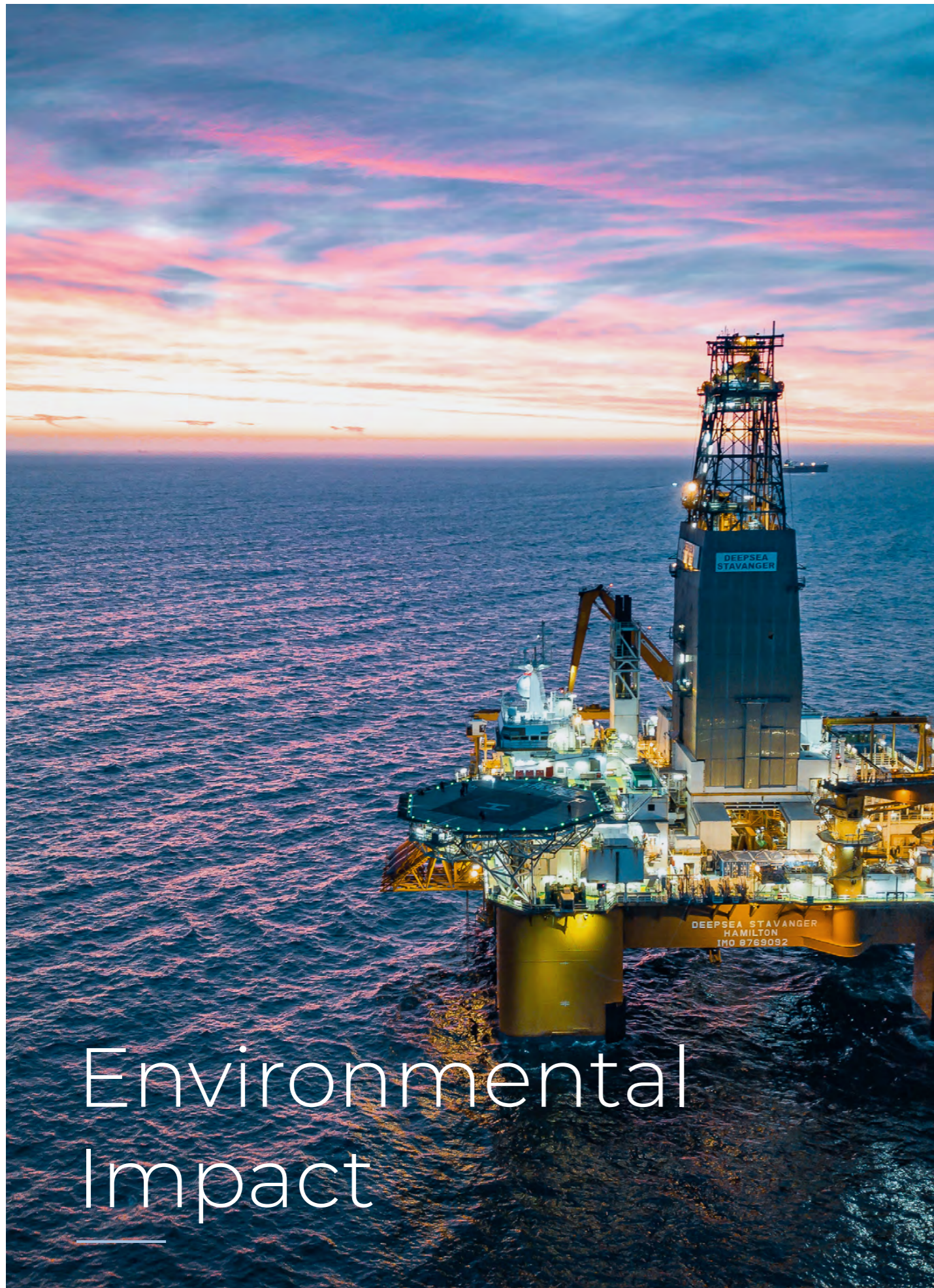
Stakeholder Dialogue

As a global business, Odfjell Drilling interacts with many different stakeholder groups on a daily basis. Stakeholder dialogue takes place from board and CEO level, all the way down to local line managers. The common denominator of all stakeholder dialogue is to identify the value drivers each stakeholder group represents. To do that, we need to understand their interests and expectations, and act accordingly. In the preparation of this report, key stakeholders were approached to help determine the material and important topics. The table below shows how we primarily engage with our key stakeholders, and which topics that are considered material for each stakeholder group.

Stakeholder dialogue

Stakeholder	Material topic	Arena	Regularly	Yearly	As needed	Follow up
Investors and financial institutions	Reduce emissions	Quarterly reports	X			Sustainability reports Stock exchange notifications Information on website
	Occupational health and safety	Meetings			X	
	Anti-corruption	General assembly		X		
	Energy efficiency and sources Diversity and equal opportunities					
Clients	Occupational health and safety	Meetings	X			Contract based dialogue and reporting Client interviews Information on website Code of Business Conduct
	Reduce emissions	Reporting	X			
	Anti-corruption	Industry forums	X			
	Energy efficiency and sources	Verifications and audits	X		X	
Employees	Occupational health and safety	Management meetings	X			Reporting line dialogue Intranet On-boarding program Networking events Training programs
	Diversity and equal opportunities	Performance evaluations		X		
	Reduce emissions	Working Environment Survey		X		
		Employees' representatives	X			
Suppliers	Anti-corruption	Meetings	X			Contract based dialogue Supplier interviews Supplier Code of Conduct
	Diversity and equal opportunities	Industry forums	X			
	Occupational health and safety	Verifications and audits	X			
Governmental bodies	Reduce emissions	Meetings	X		X	Involvement through safety forums Certification/approval processes Internal audits to verify compliance
	Occupational health and safety	Verifications and audits	X		X	
	Energy efficiency and sources Diversity and equal opportunities	Reporting	X		X	





Introduction

Odfjell Drilling is committed to reduce the environmental impact from the Group's operations. The material topics within this Focus Area are "Emission Reduction", "Energy Efficiency and Sources" and "Spills to Sea and Land", cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. Closely linked to reducing environmental impact is "Responsible Consumption and Waste Management", which has been identified as an important topic.

Our commitment to environmental management is reflected in the ISO 14001 certificate, which was renewed on 27 May 2019 for another 3 years. DNV performs annual audits as part of the ISO 14001 certification, and one subject for the 2020 audit was "Environmental management -strategy, planning and performance". Odfjell Drilling received a degree of control score 4 out of 5 for environmental management.

Processes and activities are systematically mapped to identify environmental aspects and impacts resulting from the Group's operations. Significant environmental aspects form the basis for establishing environmental management procedures, controls, continuous improvement measures and strategic action plans. Examples of significant environmental aspects are emissions to air and spills to sea.

Topics and Targets

	Topic	Target	Indicator	UN SDG
Material	Reduce Emissions	40% reduction within 2025, 70% within 2035, net zero within 2050	Scope 1 CO ₂ emissions	13 CLIMATE ACTION, 14 LIFE BELOW WATER
	Energy Efficiency and Sources	Optimise energy efficiency to reduce emissions	Fuel and energy consumption	13 CLIMATE ACTION, 14 LIFE BELOW WATER
	Spills to Sea and Land	Zero serious incidents	Spills to sea	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER
			Spills to land	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Important	Responsible Consumption and Waste Management	Reduce waste, increase recycling and reuse when possible	Segregated waste in workshop and office facilities	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The environmental risk assessments are documented in environmental aspects and impacts registers for each unit (rig, platform, workshop) and relevant processes (purchasing, logistics, design). The life cycle perspective is considered in establishing environmental aspects and impacts registers, e.g. purchasing from a local vendor will reduce environmental impact from transportation.

The foundation for the Group's efforts to reduce environmental impact is the corporate level HSE Policy and the annual QHSE Programme. The following principles are anchored in the HSE Policy:

- Use energy and other natural resources efficiently
- Minimise waste generation and promote reduce, reuse and recycle opportunities
- Work systematically to replace or reduce harmful chemicals
- Integrate environmental considerations into planning and development of new activities and products
- Consider environmental performance in selecting suppliers and contractors

These environmental principles are applicable for all activities of the Group. A thorough presentation of the Group's QHSE function can be found in the Annual Report page 31-39.

Reduce Emissions

Introduction

The focus on emissions' impact on the environment has received increasing attention since the Paris Agreement in 2015. This triggered the realisation that this would also impact our business, and the initial ideas of what Odfjell Drilling today refers to as the "zero emission drilling" concept came to be. Reducing emissions is one material topic in the "Environmental Impact" Focus Area, based on a stakeholder analysis, cf. Stakeholder Engagement. The main driver for emission reduction in the Group is energy management, which is presented in Energy Efficiency and Sources.

The material impact of emissions in the Group is emissions to air from operation of the drilling rigs. The Group's scope 1 CO₂ emissions within the defined Boundary comes from combustion of marine gas oil (MGO) from the engine and boilers on each rig. The primary factor when defining the Boundary for emissions to air in the Group is operational control. In the MODU segment, Odfjell Drilling owns or operates all of the rigs in the fleet. Consequently, we have the control and the authority to amend procedures and invest in emission reducing technology with direct emission reducing impact.

Platform drilling services are part of a large activity chain on platforms not owned and without direct control by Odfjell Drilling. We do not have the means to isolate our services' contribution to the total emissions from the relevant platform. Within Well Services, a material part of the business is rental of downhole equipment, and hiring out of personnel to perform downhole services on a fixed platform, or drilling rig offshore and onshore. These services are performed as part of the activity chain in the drilling campaigns. Odfjell Drilling does not have operational control of the relevant platforms or rigs, or means to isolate the contribution of a piece of equipment or service performed to the overall emissions of that asset. Within the engineering services segment, there are no direct scope 1 emissions.

Scope 2 emissions in the Group are mainly from onshore facilities, such as offices and workshops, including emissions from the generation of electricity purchased by the Group from a utility provider. Our supply chain's environmental aspects and impact register has identified that its highest impact is the use of electricity for lighting and heating in our warehouses, cf. Responsible Agents and Suppliers.

The material impact within scope 3 emissions comes from our supply chain, and related to transportation of goods. In 2020 we worked continuously together with our freight forwarder to reduce emissions from logistics by using electric vehicles for local distribution. We also choose sea freight over land transportation whenever possible.

Policies

Emission reduction is anchored on corporate level in the Group's Company Management System, through the HSE Policy and QHSE Programme, cf. Environmental Impact. Further, MODU has implemented procedures for energy management with direct emission reduction effect down to operational level, cf. section Energy Efficiency and Sources. The purpose of this approach is first and foremost to reduce the emission specific environmental impact of our operations.

The supply chain is essential in controlling and improving our environmental impact within scope 3 emissions. Environmental considerations are included in our supplier screening process, cf. Responsible Agents and Suppliers.

Goals and commitments

Odfjell Drilling has a target of 40% emission reduction by 2026, 70% by 2035 and to be zero emissions within 2050. The main driver for reaching the 2026 target is energy management on the rig fleet (e.g. optimising procedures for power consuming operations and software for monitoring optimisation of power consumption), optimising energy consumers on the rig (e.g. variable drive technologies) and optimising power conservation and distribution (e.g. battery and flywheel technology).

In 2020, the first flywheel/battery package was installed on Deepsea Atlantic, and our objective is to have this technology retrofitted on the entire rig fleet in order to reach the first milestone in 2026, and set the foundation for the 2035 reduction target.

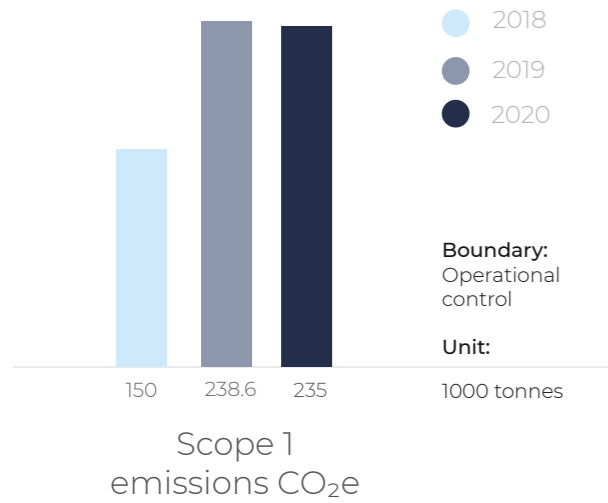
Based on the ambition of being an industry leader in environmental performance, this also means improving our scope 2 and 3 emissions. As described in About this report, interfaces with third parties and clients make boundaries challenging. Especially environmental footprint from workshops and offices are tough to separate when sharing premises with other companies. We intend to take this further in 2021, to get more insight in our scope 2 and 3 emissions, and how these can be reduced.

Measure of impact

Due to varying activity levels and operational environment (wind, waves, currents and well conditions), looking at total emissions from one year to another does not necessarily provide a full picture of the impact of emission reduction measures on the rig fleet. The emission reduction targets were set by analysing the emission reducing potential of the measures described above, and we monitor impact by comparing current emissions to the period before implementation of each rig. Due to the varying activity levels and operational conditions, we use fuel consumption data from Posmoor ATA in anchored operational mode to assess energy efficiency performance and corresponding emissions on each rig.

Deepsea Atlantic has come the furthest in energy efficiency measures. Looking at fuel consumption and emissions data from this rig alone, we see that efficiency procedures and battery and flywheel technology enables an emission reduction of about 40%, and our first milestone in 2026 is based on this assessment. Reaching the same level for the total emissions within 2026 is subject to implementation of these measures on the entire rig fleet. Investments and plans have been made to copy the solutions on Deepsea Atlantic to the other rigs as well.





Major drivers in 2020 compared to 2019 include:

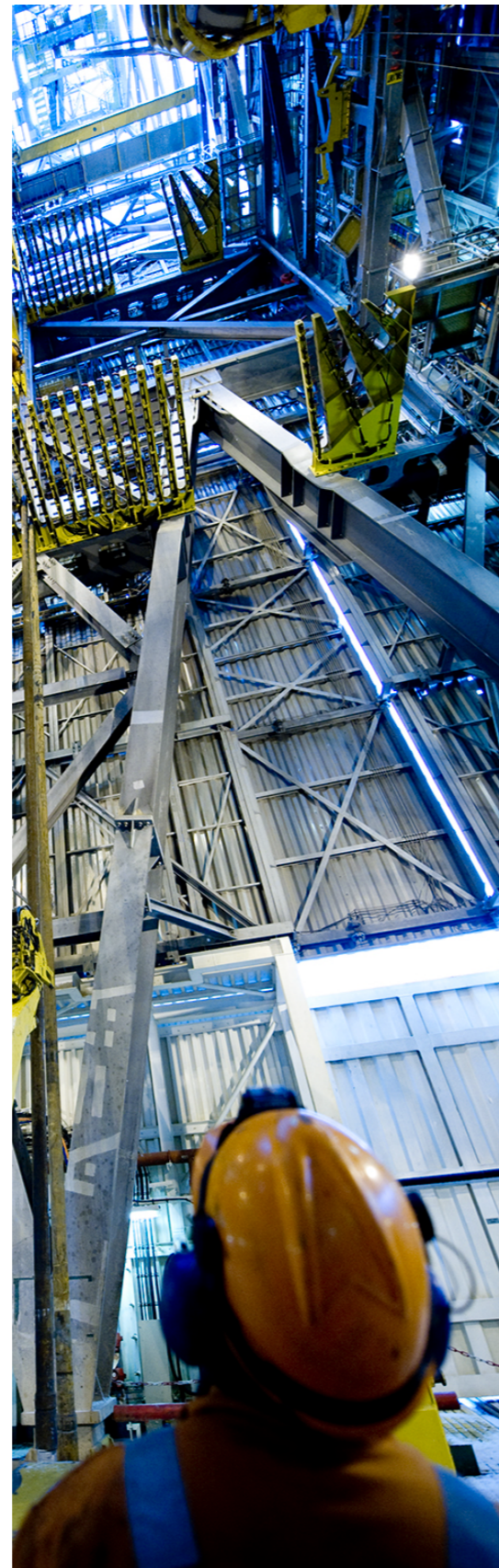
- Full operational year of two new assets
- Deepsea Bergen taken out of operation in Q1
- Long yard stay for Deepsea Aberdeen
- Decrease of 234 operational days

Major drivers in 2019 compared to 2018 include:

- Introduction of two new-builds, Deepsea Nordkapp and Deepsea Yantai
- Long transit routes to South-Africa and the Barents Sea
- Increase of 317 operational days

2020 HIGHLIGHTS

- Prior to Deepsea Stavanger's mobilisation to South Africa, the rig was dry docked and the hull cleaned and re-painted with anti fouling. This prevented bringing organic material to foreign ecosystems, and proved to have quite a significant effect on fuel consumption in the mobilisation phase and during the drilling campaign. The rig also reduced the use of tow boat and lowered the transit speed. Combined, this enabled a CO₂ emission reduction of 5,543 metric tonnes, and NO_x emission reduction of 65 metric tonnes compared to 2019 figures.
- Odfjell Drilling became a member of SINTEF's Low Emission Centre, and the Norwegian Shipowners' Association's collaboration forum with the common objective to reduce emissions on the Norwegian Continental Shelf.



Energy Efficiency and Sources

Introduction

Energy efficiency and alternative energy sources are prerequisites for the Group reaching its emission target of 40% reduction within 2026, 70% within 2035 and to be net zero within 2050. The material impact of energy efficiency in the Group is from operation of the drilling rigs. The energy usage is directly linked to the relevant rig and the activities on board, so the Boundary for "Energy Efficiency and Sources" correlates with that of "Reduce Emissions". Running a rig efficiently means using less diesel (marine gas oil/MGO) and therefore lowering emissions. "Zero emission drilling" will, in addition to the initiatives already initiated, require the introduction of renewable energy sources, zero emission fuels or carbon capture technologies ("CCS"). New sources of energy is also a material topic for our clients, cf. Stakeholder Engagement.

Policies

MODU has implemented an energy management system in compliance with ISO 50001 Energy Management System Requirements, with detailed processes for energy review, baseline definition, energy performance indicators and design improvement. Each rig operates with a separate Unit Specific Energy Management Plan, describing how energy management is implemented and adhered to on each rig. The plan details specific KPIs used to monitor energy improvement on a daily basis.

The main objectives with implementing energy management systems within MODU are:

- Reduce CO₂ emissions
- Reduce NO_x emissions

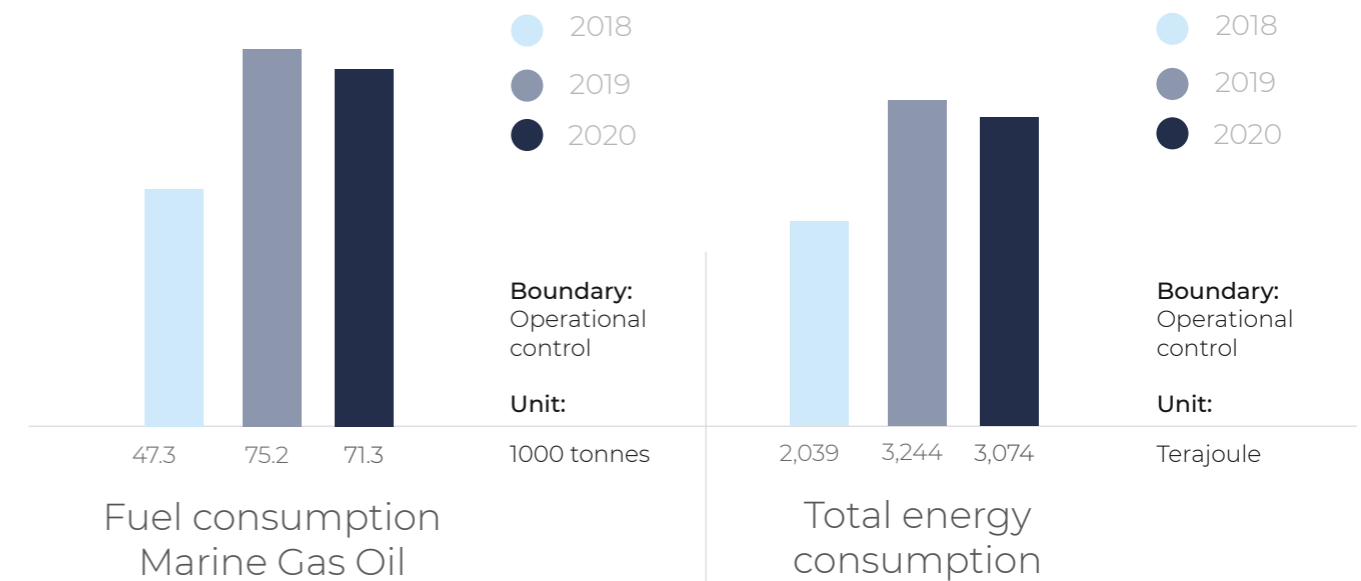
- Reduce fuel consumption
- Reduce maintenance cost
- Contribute to Odfjell Drilling becoming the chosen drilling contractor based on operational efficiency vs. fuel consumption

Goals and commitments

Odfjell Drilling's emission reduction target depends on energy management and replacing diesel (marine gas oil) as the primary source of energy offshore. With the investment in Oceanwind AS, Odfjell Drilling ventured into the world of renewable energy. Wind power is one route to zero emissions. In addition, the Group is exploring opportunities within hydrogen and ammonia, and conducting case studies of how we can take advantage of CCS if that become commercially available in the future. Last year we also finalised a study of how we can connect a rig to land power through offshore infrastructure.

Measure of impact

Impact of the energy improvement initiatives is primarily measured through fuel monitoring. In order to assess the effectiveness of both energy management and the installation of flywheel and battery technology, we are continuously monitoring fuel consumption and developing dashboard solutions enabling us to factor in external conditions such as wind, waves and currents when planning how to run the rig safely and energy efficient. Within the Boundary, there is no energy consumption which is not a product of the fuel consumption. Consequently, total fuel consumption is the basis for calculating total energy consumption.



Major drivers in 2020 compared to 2019 include:

- Full operational year of two new assets
- Deepsea Bergen taken out of operation in Q1
- Long yard stay for Deepsea Aberdeen
- Decrease of 234 operational days

Major drivers in 2019 compared to 2018 include:

- Introduction of two new-builds from China and South-Korea
- Long transit routes to South-Africa and the Barents Sea
- Increase of 317 operational days

2020 HIGHLIGHTS

- The first battery and hybrid solution was installed on Deepsea Atlantic. This technology forms the foundation for further energy saving initiatives, and prepares the rig for using alternative sources of power whether this is zero emission fuel or electricity.
- Finalised case studies for retrofitting CCS units on the rig fleet.
- Completed concept for drilling with shore power from power grid on the Norwegian Continental Shelf

Spills to Sea and Land

Introduction

"Spills to Sea and Land" is a material topic within "Environmental Impact", cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. The Boundary for this material topic is accidental spills related to activities and operations under Odfjell Drilling's operational control, cf. About this report.

In the MODU segment, rig design and technical barriers preventing spills to sea are within our control as we own and operate the rigs. For MODU and platform drilling services, procedures and maintenance programmes preventing spills are our responsibility. Selecting drilling fluids and chemicals used in drilling operations is not within our operational control, however the industry continuously strives to reduce use of harmful chemicals. Operators are responsible for the discharge permits from environmental authorities, detailing permitted use, treatment, volume and discharge of substances. Odfjell Drilling is responsible for the purchasing of maintenance chemicals and consumables, see Responsible Consumption and Waste Management. Chemicals used on platforms are approved by the operators.

Policies

Preventing spills to sea and land is anchored in corporate, Business Area and unit (rig, platform, workshop) specific procedures and QHSE programmes. Spills to sea and land are managed through the process of establishing and maintaining environmental aspects and impacts registers, cf. Environmental Impact.

Controls are established to reduce environmental impact from activities that may result in spills to sea and land. Such controls are technical barriers (e.g. closed drain), maintenance programs (e.g. hose management), procedures, measuring and monitoring programmes.

Events that could lead to accidental spills have been identified, and emergency response plans for facilities and operations within our control are established, in the Company Management System. All actual and near miss spills to sea, land and closed drain are reported, analysed and managed to closure in our incident and nonconformity system Synergi. The main objective with this analysis is to correct any issues and prevent occurrence of similar incidents in the future.

Spills to sea and land are classified according to our incident classification matrix depending on type of spill (e.g. oil), content (e.g. harmful additives in drilling fluid) and volume. Spills are reported as serious, moderate and minor. Spills to sea are heavily regulated on the UK and Norway, but while all spills must be reported to the authorities in the UK, there are classifications of reportable and non-reportable spills on the Norwegian side (see "total spills to sea" table below).

All chemicals are risk assessed in the EcoOnline system or in the operators' system according to contract. Risk assessments include health, safety and environmental aspects, and criteria are established for substitution of less harmful chemicals.

Goals and commitments

Our target is to conduct operations in a manner minimising the environmental impact.

One of the environmental principles is to work systematically to replace or reduce harmful chemicals, cf. Environmental Impact. This reduces the impact of any potential spills.

Measure of impact

Spills to sea

Accidental spill to sea is a significant environmental aspect of our offshore operations. We operate in a high risk business, and preventing major accidents is a key and continuous focus area. The probability of such an accident is considered to be low, but the consequences would be disastrous for people, the environment, the business and the reputation of the Group. Activities which could result in spills to sea are identified as part of establishing the environmental aspects and impact registers, cf. Environmental Impact. In addition to drilling operations, material handling and transfer of fluids and chemicals between ships and offshore installations are activities which pose a risk of spills to sea. Discharge of contaminated cuttings and drilling fluids from drilling operations has a potential environmental impact to the sea. As per today's knowledge, such drilling related discharges are mainly affecting the local sediment ecosystems close to the installations.

SERIOUS SPILLS TO SEA

0

in 2018, 2019, 2020

Total spills to sea

Type	2018	2019	2020
Serious spills	0	0	0
Moderate spills	0	1	3
Minor spills	16	17	10
Total	16	18	13
Reportable spills	14	13	7
Non-reportable spills	2	5	6

Moderate spills to sea

	Location	Volume (m3)	Type of spill
2019	Norway	5.0	Oil based mud
2020	Norway	7.0	Oil based mud
2020	Norway	202	Water based mud
2020	Norway	135	Water based mud

The environmental impact related to the moderate spills in 2019 and 2020 was assessed to be of low significance.

Spills to land

Workshop activities onshore involve maintenance, repair and testing of well service equipment, which require use of cleaning agents and other chemicals. Accidental spill of waste water and chemicals may cause soil and groundwater contamination and possibly impact flora in local areas. Waste water generated in the workshops and in dedicated outdoor pressure washing areas is directed to the oil/water separator, and treated water goes to the municipal sewage system. Accidental spills in the workshop will be collected, or it goes to the same oil/water separator for treatment.

The workshops and connected outdoor areas are designed to prevent waste water and spills from entering the ground or municipal sewage systems untreated. Accidental spills from drums, fuel tanks etc. in outdoor areas will be collected in secondary containments. Other minor accidental spills in outdoor areas, e.g. hydraulic leak from trucks, could enter the municipal sewage system untreated if not collected at the the source. In UAE, waste water is collected in tanks and delivered to waste collector for treatment. Samples from the oil/water separators are analysed on a regular basis to verify quality of water entering the municipal sewage system.

Total spills to land

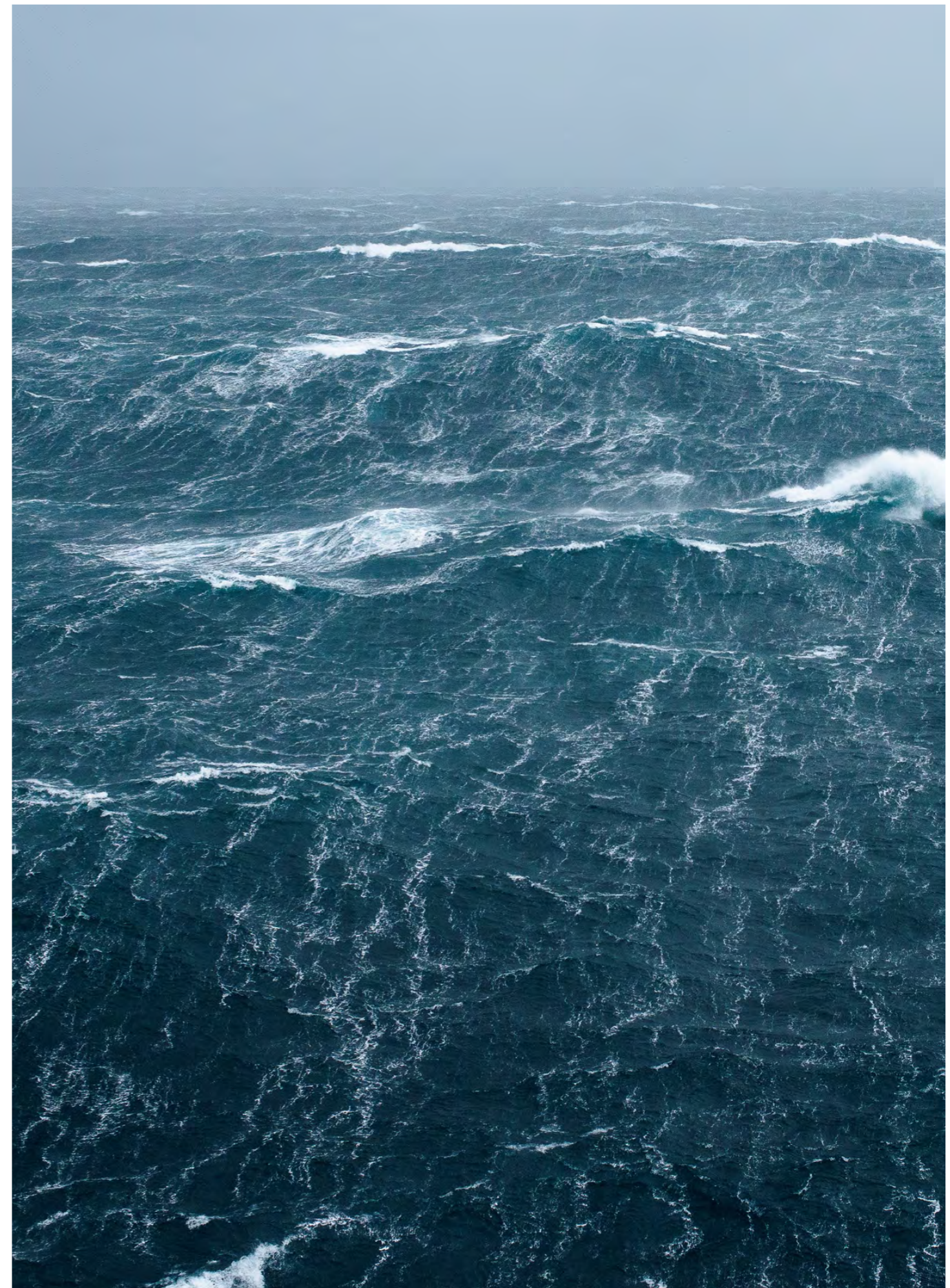
Type	2018	2019	2020
Serious spills	0	0	0
Spill to common drainage/ sewage system	0	0	1

There were zero serious accidental spills in the workshops in 2020, but one moderate incident in UAE where waste water from the washing bay drainage area entered the common drainage system of the area. Following the observation of this situation, a wash water holding tank connected to the wash bay was installed.

The oil/water separator in the Tananger workshop is not dimensioned according to the volume of waste water during peak activity periods. The level of contamination of treated water has exceeded limits for oil and suspended solids during these periods. A new oil/water separator will be installed in 2021. There was one similar incident in Mongstad in 2020, where sampling revealed exceeded limits for oil and suspended solids in the water. Improved routines for follow up of the oil/water separator was implemented as a mitigating action.

2020 HIGHLIGHTS

- A 25% reduction of spills to sea in 2020 compared to 2019.
- MODU initiated a process for standardisation of chemicals across the rigs, which will be continued in 2021.
- 24 chemicals were substituted with less harmful chemicals in our offshore operations.
- All chemicals on Deepsea Aberdeen were reviewed and sorted when the rig was relocated from UK to Norway.
- 109 chemicals were removed or substituted with less harmful chemicals in Well Services' workshops. All volatile organic compound (VOC) paint products in Romania were replaced by water based products.
- A workshop upgrade project in Tananger was initiated in 2020. As part of this project, the existing oil/water separator will be replaced ensuring capacity during peak activity periods.



Other important topics

Responsible Consumption and Waste Management

Introduction

"Responsible Consumption and Waste Management" has been identified as an important topic, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement .

The material waste output takes place in our offshore operations. This is heavily regulated, and waste segregation and recycling are governed by procedures from the operators based on local legislation. It is also the operators who handles all waste offshore, so this falls outside of our operational control, cf. About this report. We do however have control of the input to our operations offshore. We are responsible for the purchasing of equipment and consumables for the rigs, and consumables for the platforms. Consumables do not include drilling fluid or additives. Typical waste from our operations is wood, metal, chemicals, paper and cardboard, oily rags, food and general waste.

Policies

One tool to manage waste in our operations is through supply chain management. All suppliers are screened on environmental criteria, cf. Responsible Agents and Suppliers. The purchasing processes are managed by inter alia the supply chain environmental impact register, cf. Environmental Impact. This is also used to manage our onshore bases. Having a central warehouse for the mobile units, sharing inventory, borrowing and internal sales supports responsible consumption, less logistics emissions, less storage use, reduced energy consumption and waste reduction. To ensure a responsible and safe consumption of chemicals and medicines, all new requests are evaluated by the QHSE department according to defined criteria before being made available for purchasing.



Waste handling within operational control is outsourced to third party suppliers. The environmental impacts and aspects register, environmental criteria when screening suppliers and supplier audits help us monitor that contractual and legislative obligations are being met. We would like to improve the handling of waste data, preferably through electronic reports in order to facilitate more automated reporting to measure impact of improvement initiatives.

Last year, the decision was made to recycle Deepsea Bergen. This was carried out in accordance with the Group's end of life cycle asset philosophy, which is anchored in the HSE Policy and implies "disposing our assets at the end of their life according to relevant legislations and industry practice".

Goals and commitments

Waste management is anchored in the Environmental Principles as part of the HSE Policy, where the objective is to "minimise waste generation and promote reduce, reuse and recycle opportunities".

Measure of impact

Reduce, reuse and recycle are the most common methods to reduce waste from all operations. Effective waste management also reduces risk of spills and potential effect on local communities and environment, cf. Spills to Sea and Land.

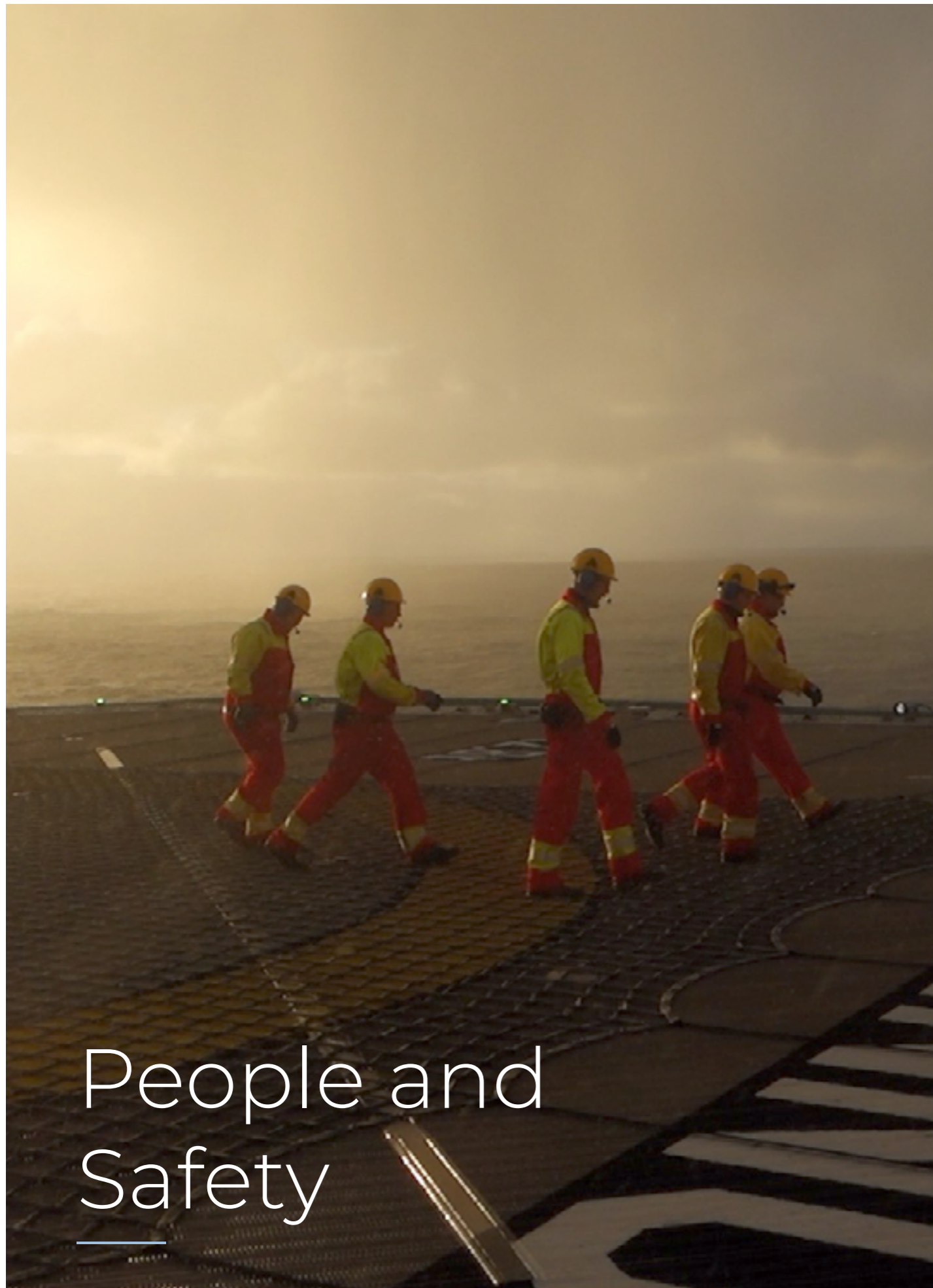
Segregated waste on site in workshop and office facilities (% in weight)

	2018	2019	2020
Tanger	77	74	74
Mongstad	82	76	85
Aberdeen	62	64	77
Ploiesti	100	100	100
Coevorden	Data unavailable	97	98

Data is based on waste fractions delivered to waste collectors (not including waste from oil/water separators) where Odfjell Drilling has operational control and available data. In UAE, waste is segregated in chemicals, solid waste and oil waste. The remaining waste fraction is delivered to a waste collector for segregation and treatment.

2020 HIGHLIGHTS

- To reduce plastic for pallet wrapping, we looked at the possibility for reusable pallet hoods. After mapping the actual volume of plastic for pallet wrapping, we concluded that a pilot with key clients is a better way to evaluate the scalability of the solution. We aim to pick this up again in 2021 to assess this potential further.
- In the UK we are now using fully recyclable euro pallets with collars and wooden stillage bins for shipping and storage of goods. This reduces the need for shrink wrap and strapping, it saves space, provides safe storage in height, reduces damaged goods and provides easy access to emptying and refilling of crates.



Introduction








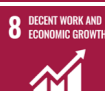
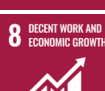
The Focus Area "People and Safety" involves two of the most important pillars of our business, a robust safety culture and our people who contribute to that daily. Our health and safety work is guided by our commitment to prevent harm to peoples' health and safety. The Group has an ambition of zero incidents in all aspects of our operations, with the belief that all incidents can be prevented. Our procedures focus on root causes, lessons learned and continuous improvement.

Ensuring that we have a good working environment, where employees can develop and feel part of the team, are two important aspects of health and well-being.

Monitoring sick leave and turn-over keeps us informed of the overall status in the organisation's working environment, in addition to the global Working Environment Survey. The Group has a high focus on competence assurance and leadership development to create an organisational culture with good values, attitudes and conditions for collaboration.

Odfjell Drilling shall be characterised by an ethical standard regarded by employees, clients and the community as being within the framework of what is generally perceived as lawful, reasonable and correct. Further, we shall safeguard the security of our assets, material and personnel on all our locations based on local risk assessments.

Topics and Targets

Topic	Target	Indicator	UN SDG
Occupational Health and Safety	Zero incidents	<ul style="list-style-type: none"> Fatalities High-consequence work related injuries Total recordable injuries 	 
Diversity and Equal Opportunities	30% women in leadership positions within 2025	<ul style="list-style-type: none"> Female representation Age distribution Nationalities represented 	 
Material	Sick leave percentage of <3%	<ul style="list-style-type: none"> Sick leave 	
Health and Well being	Target turn-over of less than 5%	<ul style="list-style-type: none"> Turn-over 	
Important	Responsible Employment and Labour Practices	<ul style="list-style-type: none"> Maintaining a high ethical standard and commitment to cooperation and shared responsibility 	<ul style="list-style-type: none"> % of employees covered by collective bargaining agreements 
			<ul style="list-style-type: none"> Number of employees undergone leadership training 
	Assets, Materials and Personnel Security	Zero incidents	<ul style="list-style-type: none"> Number of security incidents 

Odfjell Drilling Covid-19 response

In order to meet the challenges Covid-19 introduced, Odfjell Drilling established Corporate Covid-19 Task Force on the 12th of March 2020. The Covid-19 Task Force ("CTF") included strategic, operational and medical professionals. CTF worked on a strategic level to ensure a robust management of the Covid-19 challenges on all Odfjell Drilling locations, onshore and offshore. Policies and procedures to ensure adequate infection preventive measures, as well as business continuity and normalisation instructions were established within all Business Areas. National and regional requirements and recommendations have been monitored, and procedures updated as required. Where applicable, operators' Covid-19 restrictions and guidelines have been adhered to.

Status on Covid-19 management has been reported to the Executive Management Team on a weekly basis, and the Board updated accordingly. Despite of strict travel restrictions, quarantine/isolations and significant testing, operational disruption was limited for the Group. The majority of our onshore employees have had to work from home since March 2020. This situation introduced new challenges related to mental health, ergonomics of the home office set up and availability of IT equipment. Examples of mitigating measures were close management attention, tailoring for special needs, using Teams for motivational seminars, social meetings and physical training sessions and use of health insurance services for treatment when needed. The Working Environment Survey for onshore personnel did not show any negative trends due to working from home.

As an international company, the potential negative effects of the pandemic on our supply chain were significant. A mapping of internal and external key resources were conducted and continuously monitored for possible impact to our operations. To reduce the vulnerability in our processes, teams were separated and supply base crews rotated in case of infection amongst the team members. Supplies of personal protective equipment, disinfectant, face masks etc. became a challenge due to extreme demand, and our supply chain was engaged to find alternative solutions. Through creative thinking, quick turnarounds, willingness and collaboration from internal and external personnel, there was no impact to operations caused by lack of supplies. There has not been any negative impact to the supply chain deliverables caused by crew rotation or remote offices.

In summary, the Covid-19 outbreak has resulted in limited impact on operations, and no Odfjell Drilling employees have lost their life due to Covid-19. Further development will be monitored closely in the coming year.



Diversity and Equal Opportunities

Introduction

Odfjell Drilling recognises the importance of diversity as an added value to all of our business activities, development plans, projects, growth and technology strategies. This is a material topic for our stakeholders, especially current and future employees, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. Odfjell Drilling's approach to diversity and equal opportunities include all employees in the Group, regardless of type of contract and position, and also includes contractors and workers not on Odfjell Drilling payroll.

We believe that diversity and equal opportunities:

- Help us recruit the best candidates
- Improve general working conditions, relationships and reduces sick leave
- Influence and change attitudes and perceptions
- Help us develop as an attractive workplace
- Contribute to a positive and strong brand
- Are essential to be a responsible employer

Policies

Our ambitions within diversity and equal opportunities impact policies concerning:

- Publishing of vacant positions
- Recruitment, transfers and promotions
- Training and development
- Salary and general working conditions
- Health and well-being
- Terminations

The purpose of the management approach is to improve diversity and inclusion activities in the Group. Diversity considerations in Odfjell Drilling are not limited to numbers of nationalities employed, but include a non-discrimination policy on nationality, religion, socio-economic status, race, age, gender, sexual orientation and any other factors irrelevant in a professional assessment of competence and personal characteristics. Diversity and non-discrimination declarations are included

in a wide range of procedures in our Company Management System, for example the Code of Business Conduct and recruitment, competence and retirement policies.

We actively support and respect the protection of internationally proclaimed human rights and to ensure that no employee is discriminated against. We will achieve this with the support of the Executive Management Team, via our Human Resources ("HR") function. Our HR function manages procedures, recruitment, management training, talent development and other initiatives related to organisational development, diversity and inclusion. The HR departments are involved in all recruitment processes to assist managers with evaluations and ensure compliance with non-discrimination regulations.

Goals and commitments

The Group has a goal of 30% women in leadership positions within 2025.

The 30% goal corresponds to the level of women in the onshore organisation today, and we would like to see this reflected in leadership positions. Currently, women hold 28% of the leadership positions in the Group ("leadership positions" equals levels 1-3 combined). In order to utilise the full potential of the competence within the market and attract more women, the Norwegian Shipowners' Association has worked actively to create awareness among women about the opportunities that lie within the industry. Odfjell Drilling is a member of the Norwegian Shipowners' Association, and follows this project closely.

The oil and gas industry has traditionally been male dominated, and Odfjell Drilling recognises that gender balance can be improved in parts of the organisation. One initiative to help achieve this is the Odfjell Women's Network (OWN), which was launched in 2019. OWN's objective is to connect

and support female employees in Odfjell Drilling, onshore and offshore. In 2020, this work was delayed as restrictions prohibited physical meetings. However, OWN carried out several online meetings, and findings have been presented to the Executive Management Team. OWN will continue its dialogue with women in the organisation, establish meeting arenas, and forward any challenges we need to address as an employer.

Odfjell Drilling has an objective to only have full time employees. We consider this to be a positive policy, enabling employees to make a comfortable living, give stability to the employee with family and provide a good basis for development and investments in the employee's future.

Measurement of impact

All data related to employees in our workforce (including contractors) is extracted from the HR module in the Group's ERP system. The ERP system is used in all locations in the Group, and all registrations in the HR module follow the same templates and data set requirements. Data is updated on a daily basis and provides a very good overview of the current situation in the Group, including historical data.

Odfjell Drilling does not register any data related to religion, sexual orientation, medical history or other sensitive information, cf. Cyber and Data Security. Employees' data covers all employees, permanent and temporary personnel directly employed by the Group. Board of Directors, contractors and consultants are not included.

Female representation in the Group

50 % women

in the Group Board of Directors

% female representation

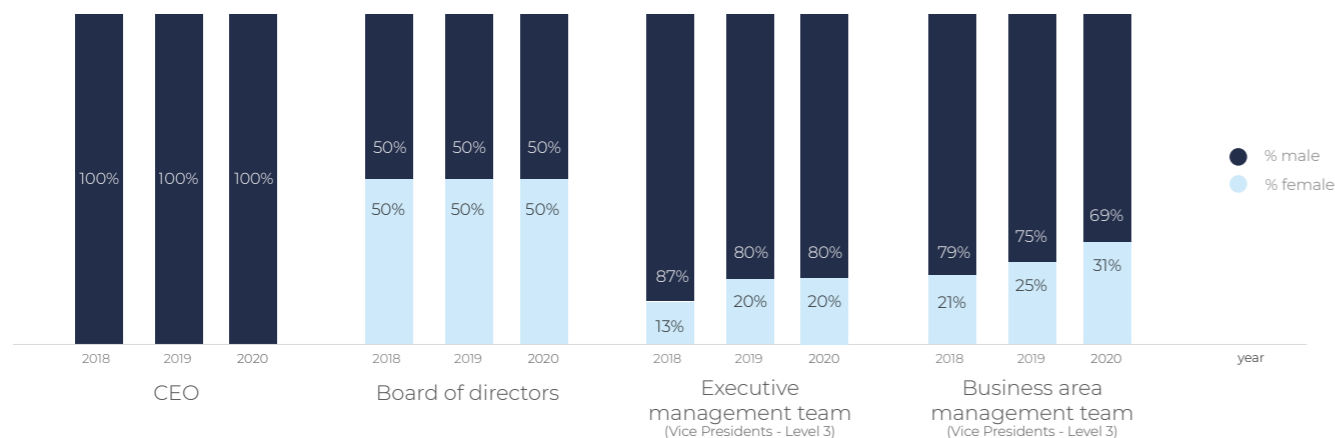
	2018	2019	2020
Offshore	1.5%	1.9%	2.2%
Onshore	29.1%	28.5%	30.2%

Gender distribution employment contract

		2018	2019	2020
Permanent contract	Female	213	233	257
	Male	2,048	2,222	2,231
Temporary contract	Female	18	17	18
	Male	97	98	122
Total		2,376	2,570	2,628
Full time (100%)	Female	217	237	262
	Male	2,127	2,309	2,341
Part-time (1-99%)	Female	14	13	13
	Male	18	11	12
Total		2,376	2,570	2,628

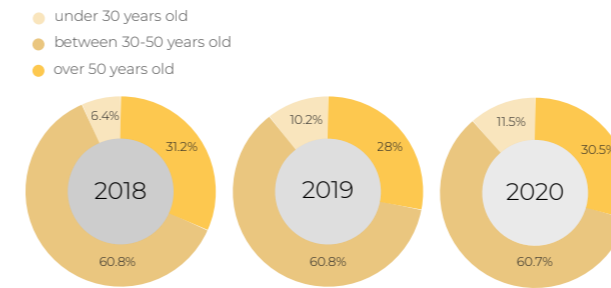
10% increase of women

in level 3 management positions between 2018 and 2020

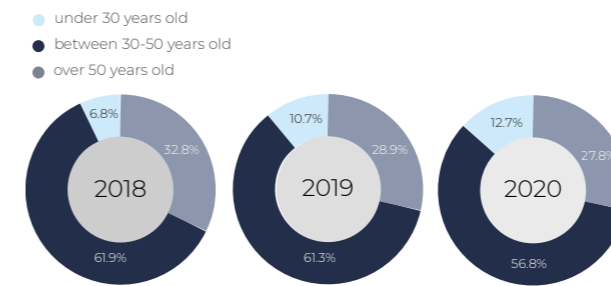


Age distribution in the Group

Onshore



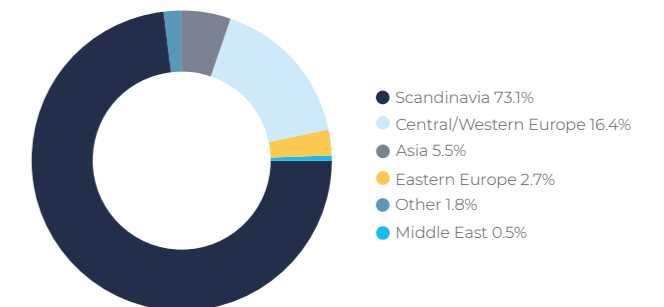
Offshore



Indicator	Governance body	2018	2019	2020
% under 30 years old	Board of Directors	0%	0%	0%
	CEO (Level 1)	0%	0%	0%
	Executive Management Team (Level 2)	0%	0%	0%
% 30-50 years old	Board of Directors	0%	0%	0%
	CEO (Level 1)	0%	0%	0%
	Executive Management Team (Level 2)	27%	33%	33%
% over 50 years old	Board of Directors	100%	100%	100%
	CEO (Level 1)	100%	100%	100%
	Executive Management Team (Level 2)	73%	67%	67%
Business Area Management Teams (Vice Presidents - Level 3)	Board of Directors	50%	53%	64%
	CEO (Level 1)	100%	100%	100%
	Executive Management Team (Level 2)	73%	67%	67%
Business Area Management Teams (Vice Presidents - Level 3)	Board of Directors	50%	47%	36%
	CEO (Level 1)	100%	100%	100%
	Executive Management Team (Level 2)	73%	67%	67%

Nationalities represented in the Group

Nationality distribution



Nationalities represented in Group Governance Bodies

	2018	2019	2020
Board of Directors	3	3	3
CEO (Level 1)	1	1	1
Executive Management Team (Level 2)	3	3	3
Business Area Management Teams (Vice Presidents - Level 3)	5	5	5

Nationalities represented employment category

	2018	2019	2020
Offshore	40	40	36
Onshore	28	30	28

% of local staff based on nationality on each location

Country	Local staff	Country	Local staff
Netherlands	100%	Turkmenistan	85%
Romania	100%	Malaysia	46%
Thailand	100%	Kuwait	6%
Philippines	98%	UAE	0%
Norway	97%	Vietnam	0%
United Kingdom	96%		

Other workforce information

Number of directors/employees in Group Governance Bodies

	2018	2019	2020
Board of Directors	4	4	4
CEO (Level 1)	1	2	2
Executive Management Team (Level 2)	15	15	15
Business Area Management Teams (Vice Presidents - Level 3)	34	36	39

Total number of employees by employment contract by region

		2018	2019	2020
Permanent employment contract	Asia	64	89	97
	Central / Western Europe	507	524	341
	Eastern Europe	26	30	29
	Middle East	194	190	143
	Scandinavia	1,440	1,620	1,878
Temporary employment contract	Other	30	2	0
	Asia	4	2	2
	Central / Western Europe	10	15	46
	Eastern Europe	17	25	13
	Middle East	3	2	6
Total	Scandinavia	77	71	73
	Other	4	0	0
		2,376	2,570	2,628

Temporary contracts means employees working temporarily for the Group, or employees with a permanent employment in the Group, but seconded to another Group company temporarily.

The Group is closely monitoring the use of temporary employees and has regular meetings with unions (employee representatives where relevant) to evaluate the need for and use of temporary employment contracts. We have 45 apprentices included in the temporary positions. They have a two-year contract, and will receive structured training and mentor-ship in a cooperation program between the school, the apprentice and Odfjell Drilling. This is an important programme for Odfjell Drilling, securing the future recruitment to the industry, and participating in the development of the training curriculum.

Workforce including contractors

	2018	2019	2020
Employees	2,376	2,570	2,628
Contractors full-time	77	59	74
FTE contractors part-time*	109	129	158
Total	2,562	2,758	2,860

* FTE= full time equivalent

Odfjell Drilling uses contractors (e.g. hired in resources) for full-time work or part-time and hourly assistance for periodical work to complement the resources directly employed by the Group. This is usually contractors with competence that we lack in our own workforce and portfolio, or short term specialists in connection with projects like yard stays. Contractors are also used to ensure enough resources in the competence pool (temporary pool of resources) for some of the offshore activities. For most of the business activities in Odfjell Drilling, the number of contractors is not significant. However, within Rig Inspection Services, contractors are the main source of manhours. Rig Inspection Services employs key personnel and supervisors only, and source all other competencies from sub-contractors. As a main rule, the Group sources their contractors through frame agreements. The terms and conditions applicable for the contractor and the agency are aligned with the terms and conditions for the regular employees within the legal entity that they are working for.

2020 HIGHLIGHTS

- Odfjell Drilling Women Network produced the first report to the Executive Management Team based on interviews.
- Roll out of new training and development programs, with non-discrimination as one of the focus areas.
- Frequent town hall meetings with the CEO, with diversity, equality, non-discrimination and zero tolerance for bullying on the agenda.

Occupational Health and Safety

Introduction

"Occupational Health and Safety" is a material topic within the "People and Safety" Focus Area, cf. Odfjell Drilling's Focus Areas. All of Odfjell Drilling's operations, on and offshore, pose a risk to personnel health and safety. Maintaining safe operations and minimising risk is the number one priority, and this is reflected in our stakeholder analysis, cf. Stakeholder Engagement.

The Boundary for this material topic is occurrence of work related injury, illness, incidents and accidents in activities and operations under Odfjell Drilling's control. Within MODU, Odfjell Drilling has the overall responsibility for health and safety for all personnel working on the rig. For Well Services onshore workshops, we have the responsibility for all personnel working within the premises and under our supervision. Within platform drilling services, we have the responsibility for our own employees and our subcontractors, but we do not control the facility and the operators have the overall responsibility including health services on board, cf. About this report.

Policies

The objective behind the management approach is to safeguard our people through design, review of technical and non-technical barriers, ensure proactive maintenance work, risk assessment and emergency preparedness. This is done in close co-operation with clients and suppliers. The HSE Policy for occupational health and safety for the entire organisation states that Odfjell Drilling shall maintain the highest safety standard and protect the health of our employees and others associated with our operations.

The policy sets out Odfjell Drilling's continuous improvement approach to health and safety. It is signed by the Chairman of the Board and communicated by the CEO, documented in the Company Management System, published on intranet/website and on posters. It is also included in the Group on-boarding program of every employee. All employees in Odfjell Drilling are required to adhere to the HSE Policy and to be in

compliance with all requirements in the Company Management System, report hazards and contribute to a high health and safety standard.

Occupational health and safety is a line management responsibility. However, a robust QHSE organisation and occupational health service is established to support and control the health and safety aspect of our operations. Workforce representatives are elected and contribute actively in the continuous improvement work in the daily operations and in dedicated fora.

HSE POLICY

Odfjell Drilling shall maintain the highest safety standard and protect the health of our employees and others associated with our operations. Operations shall be conducted according to sound and environmental principles and in a manner to minimise any adverse environmental impact

This will be achieved by:

- Complying with HSE legislation and other relevant requirements
- Developing an HSE culture based on competence, involvement and commitment from all in applying the Odfjell Drilling HSE rules:
 - o I will always comply with rules and procedures
 - o I will always risk assess my work
 - o I will always act when I see unsafe behaviour and conditions
- Avoiding personnel injury, harm to health and the environment through effective risk management as well as by applying the Life Saving Rules
- Monitoring, reviewing and continually improving HSE performance, including energy efficiency, through management by objectives
- Ensuring safety leadership, human factors and environmental stewardship are a prioritised part of management responsibility
- Developing and maintaining emergency response plans to prevent loss to the environment
- Promoting energy saving awareness and use of environmentally preferable processes and technologies
- Evaluating energy efficiency in new design and technologies
- Considering environmental preferable and energy efficient products and services in procurement processes
- Disposing our assets at end of their life according to relevant legislations and industry practice



Helene Odfjell, Chairman, for and on behalf of Odfjell Drilling Ltd.

Zero incidents and failures

Commitment and goals

The overall QHSE Strategy in Odfjell Drilling is to maintain and further develop a safe operation by constantly driving continuous improvement towards zero injuries and failures. Objectives and improvement actions for occupational health and safety management are established based on safety statistics, risk level, industry best practise, legislative requirements and input from employees and stakeholders. The objectives, actions and corresponding KPIs are evaluated yearly as a minimum and communicated through the annual QHSE Programme and QHSE action plans. The corporate QHSE Programme sets the overall objectives and each Business Area and location develop its own specific action plans to fulfil the objectives. Please see Annual Report page 34.

Occupational Health and Safety KPIs

- Zero red incidents (high risk consequence)
- Zero well control incidents
- Zero lost time injuries
- Total recordable incident frequency (based on 1 million working hour): < 2
- Frequency for dropped objects > 40 Joule: < 3
- Sickness absence < 3 or 20% reduction
- Working environment survey score > 4 onshore and > 70 offshore

Measurement of impact

Processes to identify actions and continuously improve our occupational health and safety system and safety performance consist of:

- Monitoring and analysing KPIs and negative trends
- Reviews, investigations, experience transfers and learning from incidents
- Evaluation of effectiveness of actions
- Monitoring and measurement of processes and procedures to verify the effectiveness of the Company Management System
- Client satisfaction feedback system
- Internal audits and inspections to monitor and measure compliance with the Company Management System
- Management reviews performed by management groups in each Business Area to evaluate status and address improvement areas within occupation health and safety management, cf. Management Approach.

Work related hazards that pose a high-consequence injury

Work-related hazards are assessed by identifying, understanding and mitigating risk through approved risk assessment methods. Categories of hazards considered are based on the type of activity and accident experience in our industry (best practice, e.g. legislations, standards and clients' input). In 2020, Odfjell Drilling experienced no hazard resulting in a high-consequence injury.

Work related injuries

Work related injuries are captured through the Group's reporting system. Serious incidents and injuries are reported to management by a 1-Alert system within an hour after the incident occurred. Statistics are communicated monthly to the Executive Management Team.

All incidents are reported in the web based system Synergi, in accordance with the definition in IOGP "Safety data reporting user guide - scope" and "IADC 'Reporting guidelines'".

None of the reported work related injuries in 2020 have resulted in severe consequences. 68% of the injuries happened in material handling or drilling operations. The rest in technical operations, grinding, cleaning, cooking and walking between areas. Injuries where a person was "caught between", "struck against" or "hit by", make up the majority of the injuries. Body part injuries include finger injuries (37%) and foot injuries (26%), and the rest divided between arm, back, eye, head and lip.

Number of work-related injuries - MODU and Energy

Type	2018	2019	2020
Fatalities	0	0	0
High-consequence injuries	1	0	0
Total recordable injuries*	16	21	19

*Numbers do not include onshore employees

Frequencies work-related injuries - MODU and Energy

Type	2018	2019	2020
Fatalities	0	0	0
High-consequence injuries	0.2	0	0
Total recordable injuries*	2.8	3.7	4.4
Working hours**	5,784,400	5,621,067	4,342,876

* Frequencies do not include onshore employees

**Frequency is number of injuries per 1,000,000 working hours

Number of work-related injuries - Well Services

Type	2018	2019	2020
Fatalities	0	0	0
High-consequence injuries	0	1	0
Total recordable injuries	4	5	3

Frequencies work-related injuries - Well Services

Type	2018	2019	2020
Fatalities	0	0	0
High-consequence injuries	0	1.1	0
Total recordable injuries	4.6	5.7	4.7
Working hours*	854,209	871,975	636,986

*Frequency is number of injuries per 1,000,000 working hours

Number of work-related injuries for non-Odfjell Drilling personnel

Type	2018	2019	2020
Fatalities	0	0	0
High-consequence injuries	0	0	0
Total recordable injuries*	2	5	4

*Numbers do not include onshore hired-in personnel Odfjell Drilling does not separate working hours for non-Odfjell Drilling personnel on corporate level and does not measure frequencies for workers not employed by Odfjell Drilling.

2020 HIGHLIGHTS

- Several offshore operations without recordable injuries, and all Well Services operations on and offshore have been conducted without any Lost Time Injuries.
- Start-up of the new ConocoPhillips contract without injuries, and Odfjell Drilling Ekofisk X was awarded the ConocoPhillips Safety Award for 2020.
- Deepsea Aberdeen and Deepsea Stavanger performed yard stays without recordable injuries.
- Covid-19 safe corridor between Norway and South Africa was established for Deepsea Stavanger, and the drilling campaign performed without Covid-19 impact.
- South Africa drilling campaign performed without any recordable injuries.
- New training packages were established for safety leadership, operational risk management, hazard identification and investigations.
- Safety Standard-handbooks were implemented on all rigs.
- Digitalised safe card reporting was implemented on all platforms, rigs and OWS workshops.
- Electronic "Permit to Work" system implemented on two rigs.
- CEO Safety Performance awards presented to three units with high safety performance, and to one individual employee showing significant support for the promotion of safety awareness and procedural discipline.

Health and Well-Being

Introduction

"Health and Well-Being" has been identified as a material topic of high relevance for our stakeholders, external and internal, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. In light of the still ongoing pandemic, "Health and Well-Being" has taken on another dimension in the past year, please see People and Safety regarding the Group's Covid-19 response.

Policies

The overall responsibility for this material topic lies with the CEO of the Group, acting through the SVP HR and the Human Resource ("HR") departments. The HR department have specialist resources to manage health and well-being activities. The Group's HR function carry out and develop governing systems in order to enable line managers to exercise their responsibilities. The HR function provides support to the Group's other administrative functions, and exercise control to ensure that policies and procedures are observed.

Ensuring a good working environment and sickness absence management is an important part of the work carried out by the HR departments in all our locations. By promoting health at work, and creating a safe workplace, the Group can effectively manage health and well-being. Other means of ensuring a healthy workplace include resource planning and motoring of workload, zero tolerance for bullying and harassment and creating arenas for dialogue between employees and managers. A presentation of working environment is included in the Annual Report page 37.

Sick leave preventive measure policies include:

- Working Environment Survey with focus on the physical and psychosocial working environment.
- Training and online courses for both managers and employees in follow-up of sick leave, information about responsibilities, rights and obligations.
- Monitoring the Group's sick leave through a global sick leave report. This is a live report and gives access to absence numbers at all times.
- Regular network meetings with the company

doctor, with an objective to coordinate measures and make arrangements for employees to return to work quicker.

- Formal follow up plans for the benefit of the employee and the employer.
- Health insurance arranged to facilitate and explore possibility to return to work.
- In-depth analysis for units and departments with high sickness absence.

Any case of bullying and harassment is one too many, and is not acceptable at any of our workplaces. The Group has established procedures for following up unacceptable behaviour and non-compliance with laws and regulations in our Company Management System. All employees in Odfjell Drilling, safety delegates and union representatives have a responsibility to immediately notify and act if they see any bullying. Leaders have a special responsibility to prevent unacceptable behaviour.

Commitment and goals

The Group has a target sick leave percentage of <3%, or 20% reduction from last year's sick leave level.

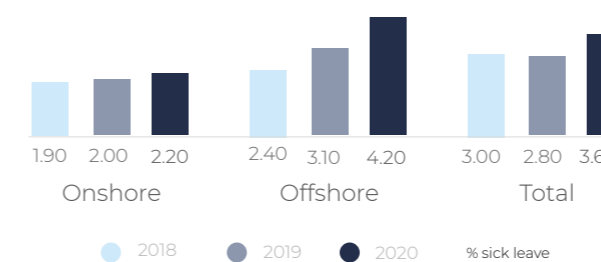
Turnover is another indicator of working environment, and the Group has a target turn-over of less than 5% in a normal year of operations. Odfjell Drilling aims to have happy employees both at work and outside work, and monitoring and measurement of employees' workload is an important tool in identifying areas of improvement.

Our commitment to ensuring a good working environment also means we have an objective of zero incidents relating to bullying and harassment.

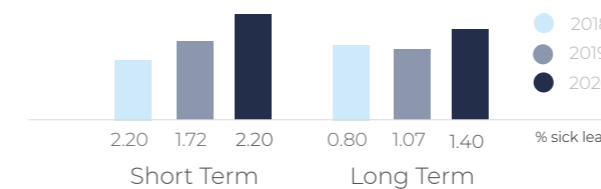
Measurement of impact

The global Working Environment Survey shows that bullying and harassment does occur within the Group, and all though the score average is low, our objective is zero. The Group will have continued focus on bullying and harassment prevention in 2021, and ensure that leadership development includes training on workplace bullying and harassment. Training will emphasise different types of behaviours, how to spot the early signs and how to respond effectively.

Sick leave per employment category



Sick leave distribution



Short term sick-leave without Covid-19 was 1.73%, and long term 1.27%. These take into consideration the few Covid-19 cases, but mostly they reflect absence and sick leave registration from those showing symptoms. Due to Covid-19, employees were told to stay at home if showing the slightest sign of illness. We established routines to prevent an increase in sick leave by communicating frequently to our employees about the importance of following the advices to avoid Covid-19. This was done through our management, intranet and directly to employees by e-mail. We also started to call our offshore workforce before travelling offshore. One call 9-7 days and one call 2-1 days before travelling offshore. We used a template with questions to evaluate the situation for the employee, to reduce the risk for spreading Covid-19 among our offshore employees.

Turn-over

Employment category	2018	2019	2020
Onshore	5.63%	6.71%	4.19%
Offshore	4.40%	5.02%	2.09%
Total	4.76%	5.52%	2.71%

There is an established system for monthly monitoring of the number of employees and turn-over within each Business Area. This provides an overview and opportunity to continuously work to identify different reasons for leaving, and prevent issues that can cause negative turnover such as stress, bullying, dissatisfaction, unfairness, professional development etc. The consequences of workload imbalance influence the job satisfaction, which is crucial to employee turn-over, performance and absence. The global Working Environment Survey shows that the onshore organisation experiences a higher workload in Norway and UK than other countries in the Group. Predictability in the work situation and sufficient time to do what is expected, shows an overall decline. This indicates the importance of focusing on minimising discrepancies in workload in 2021.

2020 HIGHLIGHTS

- Global Working Environment Survey adapted to provide information on how the Group's employees found the changes in working conditions due to Covid-19. Scores for home office set-up, management follow-up and information flow were satisfactory across the Group.
- Virtual sessions focusing on mental and physical health for our onshore employees working from home.
- Established routines to stay in close contact with our employees travelling offshore.
- Provided face masks to all employees who needed to travel to get to work, both onshore and offshore.

Other important topics

Responsible Employment and Labour Practises

Introduction

"Responsible Employment and Labour Practices" is an important topic based on our stakeholder analysis, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. Being a responsible employer is a prerequisite to attract and retain the talent we rely on in our business. The commitment is closely linked to our Ethical Principles and Code of Business Conduct, cf. Ethics and Governance. "Responsible Employment and Labour Practices" is a broad term with many different dimensions across the Group, depending on Business Area, location and type of operation. In this report we focus on ethical standards, collective bargaining agreements and competence and training.

Policies

A comprehensive set of policies and systems are established in the Company Management System to handle all aspects of responsible employment. HR related policies are anchored on corporate level, country level, and unit level. Line managers with personnel responsibilities are assisted by HR to perform their roles in line with policies and procedures to ensure Odfjell Drilling's status as a responsible employer.

"Competence" is one of Odfjell Drilling's five core values. Employees are seen as the Group's greatest assets, and safe and efficient operations can only be provided by competent and well-qualified people. This is reflected in the Competence Policy, anchored on corporate level in the Company Management System.

The Group has its head office in Scotland, UK with a majority of its workforce in Norway and UK. Trade unions and employers organisations have existed in Norway and the UK for more than a hundred years. There is a deeply rooted tradition for employee involvement and the information/consultation of workers. Legislation, collective agreements and company-based practices have developed and formed a system of comprehensive workers' rights and privileges. In Norway and UK, collective bargaining agreements are established with Labour Unions representing the employees.

The agreement consists of two parts, national negotiated agreements and tariffs, and locally negotiated additional agreements. 100% of the employees, both onshore and offshore in Norway are covered by the agreements and tariffs signed with the unions, whether the employees are members or not of a union. 100% of the employees offshore in UK are covered by the agreements and tariffs signed with the union whether the employees are members or not of that union. Consequently, 82.37% of the global workforce in the Group were covered by collective bargaining agreements as of 31 December 2020.

COMPETENCE POLICY


It is Odfjell Drilling's objective that top quality is rendered in all parts of the organization. Employees are the company's greatest assets, and safe and efficient operations can only be provided by competent and well-qualified employees.

Competence is one of Odfjell Drilling's five core values the company focuses on to lead to the vision of becoming a recognized leader within Drilling operations.

Odfjell Drilling will ensure that all personnel within the company are trained and qualified in order to perform a safe and proficient operation in accordance to Odfjell Drilling Competence Management System.


This will be achieved by:

- All competence and qualification shall be in accordance with legislation and standards for international operations, actual country/region, client and Odfjell Drilling requirements
- All training shall be planned and followed up in accordance with competence requirements and present management tools for administration of training
- All completed training shall be documented and shown upon request
- Odfjell Drilling Management shall actively encourage and support the employee to take responsibility for development of his/her qualifications



Helene Odfjell, Chairman, for and on behalf of Odfjell Drilling Ltd.

Zero incidents and failures



Commitment and goals

Odfjell Drilling shall be characterised by an ethical standard regarded by employees, clients and the community as being within the framework of what is generally perceived as lawful, reasonable and correct, cf. Ethics and Governance.

This implies a standard that is characterised by:

- A high ethical standard
- Commitment on the part of all employees for quality and safety in their work
- A style of management that emphasises delegation and employee development
- Guidelines that generate security and trust through correspondence between words and deeds
- Cooperation and shared responsibility through mutual respect, honesty, loyalty and responsibility vis-à-vis the society, company and each other.

Measurement of impact

Systems to monitor and measure the impact of our policies include:

- Monitoring and follow up of annual performance appraisals
- Working Environment Survey
- Global ERP-system
- Company Management System
- E-learning, training and development

Odfjell Drilling has employee development programs for onshore and offshore personnel. Special focus is placed on customised training programs for strategic leadership, personnel management and specific programs for selected talents and offshore leadership training. The goal for the continued development of the Group's organisation is to create an organisational culture with good values, attitudes and conditions for collaboration. Our global Working Environment Survey describes a motivated and qualified workforce who actively contributes to the continuous improvement efforts across the Group. For our offshore organisation and workshops, all employees are trained according to our competence management system.

All training and competence data is collected in the global ERP-system. The system will be further digitalized and simplified in 2021, as we implement a new competence system. The Group uses data from employee surveys, feedback, and likely future scenarios to determine scope and training topics. We have routines on Systematic familiarisations (SF) and Competence Assurance (CA). This is monitored through our reporting systems and current status is available for managers at all times. In 2021, the Group will make further investments in leadership training targeted specifically toward offshore leaders (all leaders with personnel responsibility). This program will be available to over 400 line managers within two to three years.

Number of employees undergone leadership training

	2018	2019	2020
Onshore	113	158	33
Offshore	0	0	92

2020 HIGHLIGHTS

- Finalised timekeeping system on a global level to secure high quality monitoring of the workload on our workforce.
- Established leadership training offshore on digital platforms.
- Implemented digital system for employee performance and development talks.
- Roll out of new leadership courses for offshore personnel

Assets, Materials and Personnel Security

Introduction

The notable difference between security and safety is that security is the protection against deliberate threats, while safety is the aspect of being secure against unintended threats. Odfjell Drilling is an international drilling company, and some of the countries we operate in have security challenges. In order to continuously manage these risks, we use several international global risk consultancy companies to provide us with safety/security related intelligence for all our operations, such as Control Risks Global Risk Consultancy, and International SOS.

Policies

Security is embedded in the QHSE organisation and procedures in line with safety. Odfjell Drilling's Security Policy is anchored on corporate level in the Company Management System. Security is an integral part of line management responsibility, and the security and protection of employees is the overriding priority of all business activity. Security is described in country guides and other local procedures based on the identified risk for that location, as well as any international, national, internal or client security requirements.

Goals and commitments

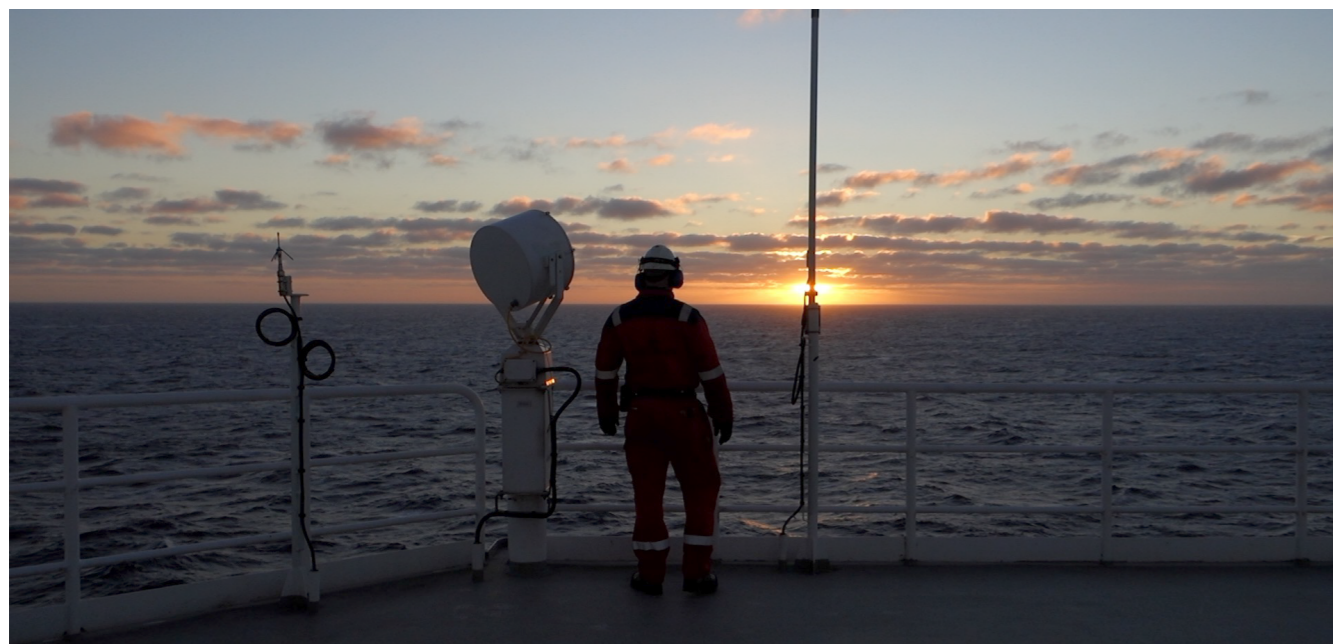
We are committed to protect our personnel, assets and business from potential security threats. Odfjell Drilling's "zero incidents and failure" ambition also applies to security. Please see Cyber and Data Security for a presentation of cyber security policies.

Measurement of impact

All security incidents shall be investigated and criminal acts will be reported to the police. As with all incidents, security incidents are reported in the nonconformity system Synergi in accordance with QHSE guidelines. There were no security incidents in 2020.

2020 HIGHLIGHTS

- A combined safety, security and Covid-19 risk assessment was performed for establishment of our onshore team in Cape Town/South Africa.
- A maritime security risk assessment was performed for the Deepsea Stavanger transit to South Africa.



Ethics and
Governance

Introduction

The Focus Area "Ethics and Governance" includes the material topics "Governance and Transparency", "Anti-Corruption" and "Responsible Agents and Suppliers". Odfjell Drilling focuses on the importance of transparency and an open culture of disclosure, and we have a zero tolerance for corruption. The Group holds its suppliers and agents to the same standards of integrity. "Fair Competition" and "Cyber and Data Security" are important topics under this Focus Area.

Odfjell Drilling's Core Values, Ethical Principles, Code of Business Conduct ("COBC") and Corporate Governance structure are collectively developed by the organisation and the compliance team. The Board of Directors of Odfjell Drilling Ltd has approved the Core Values, Ethical Principles and Corporate Governance structure. The COBC is prepared by the Compliance Officer and approved by the CEO of Odfjell Drilling AS. All the above

mentioned policies are anchored on a corporate level in the Company Management System and applicable for the entire Group.

The Group's Core Values, COBC and Corporate Governance are available in English language on our website.

Odfjell Drilling's Ethical Principles are about putting our values into practice.

The Ethical Principles and COBC are to be followed in both spirit and letter. Everyone in Odfjell Drilling has a personal responsibility to work in a way that respects the Ethical Principles and COBC, and encourage others to do so too. Detailed guidance to assist with upholding the Ethical Principles is included in the COBC.

The Group's Ethical Principles

Serve our stakeholders

Without our clients and other stakeholders, we are nothing. Our reputation is dependent on trust and integrity.

Support each other

At Odfjell Drilling we are committed to a supportive work environment where employees have the opportunity to reach their fullest potential. Our people are expected to do their utmost to create a workplace that is free of harassment, intimidation, bias and unlawful discrimination.

Avoid conflicts of interest

We should all avoid conflicts of interest and circumstances that might result in a perceived conflict between personal interests and the expense of the interest of Odfjell Drilling.

Preserve confidentiality and insider information

Everyone in Odfjell Drilling must all act to protect confidential information by securing, labelling and disposing of confidential material properly, safeguarding confidential information received from others under non-disclosure agreement, and taking steps to keep our information safe.

Protect Assets

It is important to protect the assets of the Group (including intangible property rights, facilities and financial assets), and utilise them efficiently to the Group's best interest.

Financial Integrity

Everyone has a role in making sure that money is spent appropriately, our financial records are complete and accurate and internal controls are honoured. All personnel must respect and comply with applicable laws, rules and regulations of the jurisdictions in which the Group operates.

Respect for Human Rights

Odfjell Drilling actively supports and respects the protection of human rights. Our global operations are consistent with the spirit and intent of the United Nations Universal Declaration of Human Rights; the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, together with other applicable international principles. At Odfjell Drilling we do not discriminate on the basis of gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political opinion. At Odfjell Drilling we play our part in preventing modern slavery. Odfjell Drilling encourages and respects freedom of association and the right to collective bargaining. We respect internationally recognised labour standards.

Corporate Social Responsibility Principles




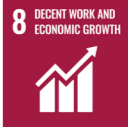

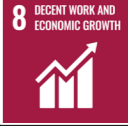

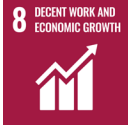



Odfjell Drilling's Corporate Social Responsibility Principles (CSR Principles) cover the following five aspects:

- Health and safety
- Environment and sustainable development
- Integrity and anti-corruption
- Diversity and labour standards
- Respect for human rights and contribution to local communities

The CSR Principles are promoted by:

- Communicating
- Monitoring
- Impact assessments
- Assigning responsibility for promoting CSR Principles
- Seeking to contribute to organisations that are making remarkable efforts to promote good CSR in the communities in which we operate

Topics & Targets

	Topic	Target	Indicator	UN SDG
	Governance and transparency	An open and transparent culture	• # of cases reported in whistle-blower portal and other channels	  
Material	Anti-corruption	Zero cases of corruption	<ul style="list-style-type: none"> • # of anti-corruption assessments • # of employees undergone anti-corruption training • # and nature of confirmed incidents of corruption 	 
	Responsible agents and suppliers	All agents/suppliers subject to due diligence according to procedure	• # of supplier/agent screenings	 
Important	Cyber and data security	Zero serious IT security incidents	• # of serious IT security incidents	 
	Fair competition	Compete fairly, ethically justifiable and lawfully	• # of employees undergone law compliance training	 

Governance and Transparency

Introduction

"Governance and Transparency" has been identified as a material topic by most of the Group's key stakeholders, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. The Group is committed to high ethical standard, compliance and integrity. Odfjell Drilling's commitment helps us to promote a culture that encourages openness and transparency. The purpose of the management approach related to governance and transparency is to protect our reputation, maintain investor value and confidence and form a solid foundation for our operations.

Policies

Odfjell Drilling Ltd. is incorporated in Bermuda and is subject to Bermuda law. Its shares are listed on the Oslo Stock Exchange, and certain aspects of its activities are therefore governed by Norwegian law. Odfjell Drilling Ltd. is managed and controlled from the United Kingdom, with the company's head office being in Aberdeen. The Group is also subject to the laws of the countries of operation, as well as international law and conventions.

Odfjell Drilling Ltd. seeks to comply with the applicable legal framework for companies listed on Oslo Stock Exchange and endorses the Code of Practice for Corporate Governance (Norwegian: "Norsk anbefaling for eierstyring og selskapsledelse") issued by the Norwegian Corporate Governance Board, most recently revised 17 October 2018 (the "Code"). The Corporate Governance Report in the Annual Report is prepared in accordance with section 1 of the Code, and any deviations from the requirements set out in the Code are described and explained in the Corporate Governance Report in the 2020 Annual Report, page 53-60.

The Board of Directors of Odfjell Drilling Ltd. (the "Board of Directors" or the "Board") is committed to maintaining and adopting good corporate governance practices. The Board has approved a framework of policies which apply across the Group. These policies seek to regulate decision making by ensuring that decisions within the

Group receive sufficient scrutiny by means of robust processes and that decisions are taken at the appropriate level. The policies are reviewed at least annually and whenever there is a change of circumstances.

Odfjell Drilling's whistle blowing portal shall enable personnel to report infringements of the COBC or any other ethical/critical concerns. The portal is also accessible for external parties, including clients and suppliers through Odfjell Drilling's external web site. The whistle blowing system is available on the Group's website and intranet, in English and Norwegian languages. The portal allows concerns and infringements to be reported anonymously, where an anonymous two-way dialogue is initiated between the whistle-blower and the case investigator from Odfjell Drilling's compliance team. All reported cases are processed seriously, and the compliance team responds back to the whistle-blower without any unreasonable delay. Personnel will not be retaliated for making a good faith report of a suspected violation of the COBC.

Goals and commitments

Through good governance of the business, Odfjell Drilling Ltd. seeks to create profitability and increased stakeholder value. One of the primary objectives of the governance framework is to have systems for communication, monitoring and allocation of responsibility, as well as appropriate management motivation, which contributes to increasing and maximising Odfjell Drilling Ltd.'s financial results, long-term success and returns to shareholders of their investments in Odfjell Drilling Ltd.

Odfjell Drilling focus on the importance of transparency and an open culture of disclosure, which helps to protect our organisation and our people from claims of misconduct, conflicts of interest and anti-competitive behaviour. Personnel are therefore motivated to report any potential issue or relationship that might be deemed as a conflict of interest. Odfjell Drilling has established

a new Business Compliance portal during 2020. The Business Compliance Portal is described in the COBC. Personnel in Odfjell Drilling are required to report conflicts of interest for themselves and related parties via the portal. The portal will enhance the controls and management surrounding gifts and hospitality.

No personnel may accept any personal gift from existing or potential suppliers, vendors, clients or government representatives, unless the gift has insignificant value or a refusal to accept it would be discourteous or otherwise harmful to the Group. This applies equally to offering gifts to existing or potential suppliers, vendors, customers and government representatives.

Personnel shall also report any external board positions and ownership in other businesses that may be perceived to be in conflict with the Group's interests. Such businesses can be existing, prior or potential competitors, clients or suppliers of the Group. Personnel shall annually report and confirm compliance with the COBC.

Measure of impact

Cases reported

	2018	2019	2020
Via whistle blowing reporting system	0	6	3
Via other channels	9	6	0

The three cases reported in the portal during 2020 are all completed and closed. In 2020, no critical concerns were communicated to the highest governance body. Cases of significant importance will be reported to the Audit Committee and to the Board of Directors on a periodic basis.

2020 HIGHLIGHTS

- Establishment of the Business Compliance Portal, for personnel to report actual or potential conflicts of interest.



Anti-Corruption

Introduction

Anti-corruption is identified as a material topic by most of the Group's key stakeholders, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. The Group is committed to high ethical standard, compliance and integrity. Odfjell Drilling strives to conduct operations with honesty, fairness and transparency, cf. Ethics and Governance.

The purpose of the management approach related to anti-corruption is to protect our reputation, maintain investor value and confidence, and form a solid foundation for our operations.

Policies

Odfjell Drilling is a global group, with locations in countries deemed high risk according to Transparency International. The Group's policies aim to identify corruption and bribery risks, ensure reporting of concerns and take measure to mitigate risk in all parts of the organisation.

The anti-corruption policy is included in the COBC, and applies to all directors, employees and representatives of Odfjell Drilling. Failure to know and follow the COBC may result in disciplinary action. We also expect our contractors, consultants and others who are temporarily assigned to perform work for us to follow the Ethical Principles and COBC. Failure to do so may result in termination of their contract.

Odfjell Drilling prohibits retaliation against anyone who reports or participates in an investigation of a possible violation of our COBC, policies or the law. This means that individuals who report in good faith or are involved in investigations will receive protection and support. Odfjell Drilling wants to encourage everyone to speak up about any wrongdoing and feel confident and safe doing so.

All Business Area operations are subject to risk assessments according to Odfjell Drilling requirements, including corruption risk assessments. Prior to any form of commitment,

entering into contracts, agreements or placing orders with new unknown third parties, Odfjell Drilling conducts a series of risk assessments, cf. Responsible Agents and Suppliers. The suppliers/ third parties are categorised based on type of transaction, geographical area of provided services, residing jurisdiction and type of corporation/third party. Transparency International's Corruption Perception Index is one tool used to identify the appropriate risk category. The risk category determines the process for becoming a supplier/third party, i.e. a potential high risk supplier/third party requires a more detailed integrity due diligence.

The integrity due diligence is focused on clarifying to what extent there are any unacceptable red flags. The integrity due diligence related to low/ medium risk suppliers are regularly performed to ensure that potential suppliers are found to be ethically compliant in accordance with the procedure for Third Party Due Diligence, cf. Responsible Agents and Suppliers. For a high-risk supplier/third party, mitigating actions would typically be monitoring activities such as follow-up visits, periodic audits, compliance checks, financial review and invoice checks.

The Corporate Risk Committee ("CRC") has been established as a part of the Group's tender, procurement and operational review process. CRC shall ensure that tenders, client contracts and procurements exceeding a certain value and/or with a certain risk profile are subjected to a unified risk assessment.

The purpose of the CRC process is to identify overall business exposure and opportunities, ensure early warning of risks, arrange for risk mitigation and opportunity optimisation, establish recommendations and actions, and to contribute to lessons learned across the Business Areas.

Goals and commitments

Odfjell Drilling has a zero tolerance approach to bribery and corruption, and is committed to acting professionally, fairly and with integrity in business dealings and relationships. Odfjell Drilling does not tolerate and will not get involved in unethical or illegal business. Facilitation payments are strictly forbidden in our organisation. Odfjell Drilling has a clear ambition that all stakeholders can rely on our integrity.

Measure of impact

In 2020 the Group conducted 17 high-risk supplier/ third party risk assessments. Operations in high-risk exposed areas are mainly related to activities within OWS. Four risk assessments concluded with an unacceptable risk level, but this was unrelated to corruption risk. No significant risks related to corruption were identified in the Group's operations in 2020 based on integrity due diligence performed.

There were no confirmed incidents of corruption or incidents in which employees were dismissed or disciplined for corruption in 2020. We had no confirmed corruption incidents that resulted in termination or non-renewal of contracts with business partners, or public legal cases regarding corruption brought against the organisation or its employees during the reporting period.

Anti-corruption assessments of high risk suppliers/third parties

Business Area	Internal assessments	External assessments
MODU	5	0
OWS	10	2
ENERGY	0	0
TOTAL	15	2

"Internal"- carried out by Group personnel. "External"- carried out using external consultants

Employees undergone anti-corruption training

	2018	2019	2020
E-learning COBC	335	319	410
Awareness sessions	63	190	14

The Group holds regular information and training sessions to promote compliance with applicable laws, rules and regulations. This includes applicable securities laws relating to insider trading and anti-corruption laws relating to bribery and corruption laws.

The COBC is a featured e-learning course in our HR training portal, and is conducted on an annual basis. All new personnel are required to complete the COBC course as part of their on-boarding, and participation and execution of the e-learning course is measured. Through implemented procedures and training tools, Odfjell Drilling seeks to ensure that all personnel are aware that any suspicious activity, particularly in relation to bribery and corruption, must be reported.

During 2019, the COBC was a prioritised topic in the Group's Leadership Insight Programme, and the participants played an Odfjell Drilling developed dilemma game to learn more about ethics and the COBC. In 2020, fewer awareness sessions were held due to restrictions related to COVID-19. Consequently, Odfjell Drilling intend to further improve internal awareness and understanding of the Ethical Principles and COBC in 2021.

2020 HIGHLIGHTS

- Implemented the Ethical Principles, i.e. principles about putting our values into practice.

Responsible Agents and Suppliers

Introduction

"Responsible Agents and Suppliers" is considered a material topic, where clients' requirements and obligations towards financial institutions are key factors, cf. Odfjell Drilling's Focus Areas and Stakeholder Engagement. The purpose of the management approach is to avoid the possibility of corrupt practices and to ensure that Odfjell Drilling, and those acting on our behalf, do so with integrity, high ethical standards and comply with the anti-corruption laws of the country of operation. The Group shall only do business with agents and suppliers who conduct business legally and ethically, do not expose the Group to criminal behaviour or other liabilities, or may cause the Group reputational harm.

Policies

Agents

From time to time, business opportunities materialise in countries and regions where Odfjell Drilling have limited or no experience, and where it is not uncommon to use agents. Any agent will be classified as a high-risk third party and a detailed integrity due diligence process will be carried out, cf. Anti-Corruption. Any agreement with an agent, including renewal of existing agreements, shall be reviewed by the Corporate Risk Committee (CRC) according to the CRC procedure anchored on corporate level in the Company Management System. The corporate legal department shall review the draft agent agreement before the potential agent is subject to a CRC review. A positive conclusion from CRC is necessary before a company in the Group may enter into an agent agreement. The Compliance Officer maintains a list of all agent agreements entered into on behalf of Odfjell Drilling. The Compliance Officer is responsible for completing a periodic renewal of all agents and agent agreements, with the aim to confirm the agent's continuous compliance with the Group's standards.

Suppliers

Supply Chain Management ("SCM") is organised centrally as part of the Global Business Services (GBS) function. Responsibility for the selection, screening, approval and management of all contractors, sub contractors and suppliers rests with the Chief Procurement Officer. Approval of suppliers to the Odfjell Drilling Approved Vendor List (AVL) is anchored on corporate level in the Company Management System. Evaluation of the risks involved in approving new suppliers lies with specialised SCM personnel authorized by the Chief Procurement Officer. Due diligence is regularly performed to ensure that potential suppliers are found to be ethically compliant in accordance with the procedure for Third Party Due Diligence, before the supplier is included in the AVL.

Odfjell Drilling is reliant upon its suppliers in order to meet our clients' requirements. It is therefore important that our suppliers have systems and procedures which will not only ensure quality in the work they do, but also actively promote continuous improvement. Supplier evaluations and performance ratings are preventive actions used to identify risks that may materialise when placing an order. Consequently, orders are placed with suppliers where the risks are known, understood and acceptable. Processes and procedures related to the selection, screening, approval and management of all contractors, sub contractors and suppliers are applicable to all third parties.

All potential new suppliers are screened for environmental and social criteria through the pre-qualification process, and further followed up as mentioned above. All suppliers are required to sign the Supplier Code of Conduct, which defines the basic requirements for Odfjell Drilling's suppliers concerning their responsibilities to maintain high ethical standards, adhere to all applicable laws, and avoid even the perception of impropriety or conflict of interest. Suppliers shall therefore maintain and uphold Odfjell Drilling's principles of openness and transparency.

Main requirements in the Supplier Code of Conduct

1. Legal regulations
2. Prohibition of corruption and bribery
3. Respect of basic human rights
4. Health and safety of employees
5. Environmental protection
6. Conflict of interest
7. Accuracy and retention of business records
8. Fair competition
9. Business courtesies, gifts, hospitality and expenses
10. Audit rights
11. Reporting concerns or breaches of the Supplier Code of Conduct
12. Consequences of infringement

SCM follow the procedures for environmental risk assessment, and use the environmental aspect and impact register, cf. Environmental Impact. The supply chain processes are based on a life cycle perspective. By mapping and risk assessing the entire process from choosing vendors and establishing the materials master, via the procurement process, transportation and storage, to repairs and scrapping, the potential environmental aspects and impacts are monitored from cradle to grave.

Since the implementation of the environmental impact and aspect register in 2014, there has been a significant reduction in the environmental risk due to continuous new initiatives.

Environmentally related non-conformances are continuously monitored both for internal and external companies. Potential scope of work for all suppliers are risk evaluated for the consequences of failure. Where the risk assessment defines quality to be of significant importance and must not be compromised, then all potential suppliers are evaluated on the following elements:

Management and leadership

How the executive team and all other managers inspire, drive and reflect client focus as a fundamental process for continuous improvement.

Information and analysis

How effectively the supplier uses information resources to support policy, strategy and continuous improvement.

Strategic planning

How policy and strategy reflect the client focus concept, and how the latter is used in the formulation, deployment, review and improvement of policy and strategy.

Human resources

How is the full potential of its people used to improve its business continuously and what results the supplier is achieving in relation to the satisfaction of its people.

Process management

How processes are identified, reviewed and, if necessary, revised to ensure continuous improvement of the supplier's activities.

Business improvement and operational results

What results are achieved in relation to planned business objectives and in satisfying the needs and expectations of everyone with a financial interest in the supplier.

Customer focus and satisfaction

How are the needs and expectations of its external clients met and what results is the supplier achieving in this respect.

Supply management

How are suppliers selected and qualified, subsequent improvement management and results achieved in doing so.

Health, environment & safety

How is responsibility for the safety of operations, employees and responsibility for conscientious environmental management maintained.

Goals and commitments

Odfjell Drilling's zero tolerance approach to bribery and corruption also applies to its agents and suppliers. We are committed to act professionally, fairly and with integrity in business relationships.

Odfjell Drilling has an overall ambition to reduce its environmental impact, this also includes impact from its supply chain, starting with emissions and waste. Going forward we will work to improve periodic reporting of emissions from logistics and suppliers' handling waste from our operations.

Measure of impact

Agents

Odfjell Drilling uses a software based screening process which receives and collates data from thousands of data sources across the world. Data sources are specific to the country the entity is located in. To identify potential politically exposed persons, the software screening system matches to the CIA World Leaders, Chiefs of State and Cabinet Members list, and is updated monthly. For watch lists, it matches to OFAC, HM Treasury and the EU Consolidated Files. By utilising the enhanced screening service, we link with the Regulatory Data Corporation (RDC). This is a public record database with 19 million entries, which is updated daily and created by combining over 500 Watch Lists globally.

Odfjell Drilling did not consider new locations where agent services were provided during 2020. The high-risk suppliers/third parties assessed for risks related to corruption includes agents and renewal of existing agreements, cf. measure of impact under Anti-Corruption.

Suppliers

All new suppliers to Odfjell Drilling are evaluated on environmental criteria during the pre-qualification process. Suppliers already registered in the AVL are followed up with KPIs and reviewed in accordance with the supplier review plan. Day to day activities are monitored by categorising any non-conformances and if they are environmentally related or not. None of the suppliers were identified as having a significant actual or potential environmental impact in 2020.

When a supplier show a negative trend, they are specifically followed up until the performance is back to an acceptable level. No agreements or relationships were terminated in 2020 due to actual or potential negative environmental impact.

2020 HIGHLIGHTS

- Risk assessment on supply chain vulnerability related to the Covid-19 pandemic, showed Odfjell Drilling supply chain to be robust and not specifically at risk.
- Detailed follow up of 66 critical suppliers related to consequences and potential consequences from Covid-19 restrictions. The results showed that all suppliers had implemented routines to enable continued operations.



Other important topics

Cyber and Data Security

Introduction

Odfjell Drilling's priority is always a secure operation, and we work continuously with security on both physical and digital areas. Digital security, or information security, is based on the CIA triad consisting of *confidentiality* (data, objects and resources are protected from unauthorized viewing and access), *integrity* (data is protected from unauthorized changes to ensure that it is reliable and correct) and *availability* (authorized users have access to the systems and the resources they need, when they need it).

Policies

Odfjell Drilling's IT Policy is anchored on corporate level in the Company Management System. The objective is to ensure the required IT security level in the Group. The IT Policy applies to all Odfjell Drilling employees, and is a mandatory part of the Group's on-boarding program. The evolution of digital areas are pushing for more cooperation and collaboration outside the digital perimeters of the Group. To make sure we are operating safely under the CIA triad outside our perimeters, we are updating the security policies with the dimensions of "cyber".

Many IT security threats begin with an e-mail containing an attachment or link. Odfjell Drilling employees receive regular training and information through intranet and e-mails about how to identify potential IT threats. The IT department operate a separate IT security mail box, where employees can send suspicious e-mails and receive guidance. Results from our periodic phishing tests show improving trends in employees' knowledge about IT security threats.

It is Odfjell Drilling's clear objective and obligation to always comply with applicable laws and regulations related to privacy and data protection. The legal basis for our processing and disclosing of personal data is found in EU's general data protection regulation ("GDPR") and national legislation.

Odfjell Drilling has established a data protection group consisting of managers and specialist

competence from the Human Resource department, Legal department and IT Department. The group assess received Data Protection Impact Assessments (DPIA) for all projects and system updates that involve personal data. The data protection group develop online training programs, give advice to managers, and manage grievances related to personal data.

Goals and commitments

Odfjell Drilling is committed to ensure the highest standards within IT security. With the introduction of more cyber and cloud computing, this dimension adds to the importance of secure digital operations while following the digital evolution. Our objective is to maintain a robust IT infrastructure, which is pro-active and agile enough to respond to external threats. Our objective is to ensure zero major IT security incidents.

Measure of impact

The Group IT department monitors IT systems daily and receives automated reports showing traffic, security threat findings from screenings, spam filters etc. In addition to the reporting channel through the IT security mail box, these tools help us monitor trends to assess when and where measures must be taken. In 2020 we had no major IT security incidents.

2020 HIGHLIGHTS

- Five full scale phishing tests on our users carried out with satisfactory results.
- Regular exercises where the IT department is trained on simulated cyber and ransom-ware situations both onshore and offshore.
- Maintained satisfactory IT security with the majority of the workforce working from home.

Fair Competition

Introduction

Fair competition is an important element in Odfjell Drilling's Competition Compliance procedure and the COBC, and reiterates the importance of compliance with competition law. These procedures clarify responsibilities, give personnel practical advice, explain the implications of infringement and provide internal contacts for further assistance. Non-compliance with applicable competition rules can have detrimental financial consequences, as well as damage the reputation and viability of the Group.

Policies

All employees shall strictly comply with any applicable competition law. The Group is an independent competitor, sets its own prices, decides on its terms and conditions of sale and selects its own customers. All business decisions shall be made on the basis of independent business judgement, and not on the basis of direct or indirect contact with competitors. These principles apply to the entire Group and all the Group's activities.

Goals and commitments

The Group shall compete in a fair and ethically justifiable manner within the framework of applicable competition and anti-trust laws in the markets which the Group operates.

An underlying principle of competition law is that competition between independent undertakings ultimately results in the best products or services to the customers with regards to price and quality. Odfjell Drilling support this principle.

Measurement of impact

The Group carries out training of key personnel periodically. Training typically includes a presentation on competition rules with discussions based on practical examples and experiences. The objective of the training is to focus on information sharing with clients, partners and competitors, hereunder what is allowed, what is not allowed and what to do if put in a difficult position.

2020 HIGHLIGHTS

- Corporate legal carried out competition law compliance training for approximately 30 employees identified as key resources.
- Competition law compliance is a high focus area for the Executive Management Team. The team performed a workshop with specialists within competition legislation prior to the competition law compliance training of relevant key resources.



Management Approach

Group management approach

Management in Odfjell Drilling is based on high ethical standards, integrity, respect for people and care for the environment. Our policies within these areas form the basis of responsible management throughout the organisation. Strategic planning sets the focus areas, objectives and key performance indicators annually. Associated risks that may impact the execution of the strategies are identified, managed and monitored. Programmes and plans supporting internal strategies are established at relevant levels within Odfjell Drilling to drive performance. Authorities' and clients' focus areas are integrated into the programmes and plans where applicable. A whistleblowing portal is available online for both internal and external parties to report any grievances.

The Odfjell Drilling Company Management System is certified under ISO 9001 Quality Management, ISO 14001 Environmental Management and The International Safety Management (ISM) Code. Odfjell Drilling Well Services is certified to API Q2 in UAE. Odfjell Drilling UK is accredited by IADC for its Competence Assurance Programme. The CMS is in compliance with ISO 45001 Occupational Health and Safety Management and ISO 31000 Risk Management.

Evaluation of management approach

Policies and procedures are regularly reviewed and updated as part of our continual improvement process to ensure they are effective and up to date with requirements, technology and best practice.

Corporate and Business Areas establish annual audit plans. Internal audits are performed to verify compliance with policies and procedures. Audits are also performed by authorities, certification bodies and clients to verify compliance with regulations, standards and contracts. Non conformities and incidents are analysed and corrective actions implemented to prevent recurrence. Serious non conformities and incidents are subject to a thorough investigation process.

Status of strategies, risk registers, programmes and plans are reported to management and the Board according to procedures. Annual management reviews are performed to evaluate the management system, ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction of the Group.

Responsibilities

The role of the Board is to organise and direct the affairs of the Company and the Group in a manner that seeks to promote long-term sustainable success and maximise value for stakeholders. The Board is collectively responsible for strategy, policies and the Group's values and culture. The CEO has the overall responsibility for Odfjell Drilling's operations and for implementing the Board's policies, strategies and other directions. The Executive Management Team is responsible for the operational performance of the Business Areas and Global Business Services according to direction given by the Board and CEO. A thorough presentation of the role of the Board can be found in the Annual Report page 53-60.

For more information visit odfjelldrilling.com



ODFJELL DRILLING