

Sustainability Report 2022



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Sustainability in Odfjell Drilling

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About this report

Effective 29 March 2022, Odfjell Technology Ltd. was spun-off from Odfjell Drilling Ltd. This report reflects Odfjell Drilling Ltd. (the "Company") on a standalone basis from 1 January 2022. All numbers attributed to previous years will be reflective of Odfjell Drilling's pro-rata share during those periods.

Reporting standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) 2021 Sustainability Reporting Standards, using the GRI 11 Oil and Gas Sector. This Sustainability Report shall be read together with the GRI Index. The full GRI Index can be found [here](#).

Reporting principles

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 topics covered. The material topics reflect the Group's significant economic, environmental, and social impacts, including climate risk and impact on human rights.

Together with the GRI index, this report aims to make information and data accessible and understandable. Contextual information is included when necessary to explain differences between the Group's impact and that of other organisations. Data is derived from reliable sources with sufficient quality, and methodology and assumptions are accounted for under each focus area.

The information included in this report shall be unbiased, correct, and adequately detailed, to facilitate a proper assessment of the Group's impacts during the reporting period. The reported information shows historical development to enable analysis of performance trends and any changes to impact over time. Information shall be reported consistently, using internationally accepted metrics, and consistent use of methodologies and means, to present information.

The reporting period is annually, and publishing takes place on or in connection with the publishing of the Annual Report.

Focus areas

The Group's three sustainability priorities - environmental impact, people and safety, and ethics and compliance - illustrate the most significant areas of impact and are represented by a range of policies, performance indicators and ambitions to measure progress. The indicators are embedded in all layers of the Company. These ambitions and indicators demonstrate the Company's commitment to responsible business, and reflect our core values; "committed, safety conscious, creative, competent, and result oriented". Each Environmental, Social and Governance (ESG) domain addresses and supports different Sustainable Development Goals (SDG) put forward by the United Nations.

Assurance

This report has not been assured by independent third parties, but we aim to ensure that information is gathered, recorded and compiled in such a way that it can be verified for the full year 2024.

EU Taxonomy

Odfjell Drilling will report on EU taxonomy alignment for the full year 2023 in accordance with legislation.

Reporting Boundaries

The boundaries of each material topic are presented in the GRI Index, but generally the following applies:

- Environmental data is reported on operational control basis
- Health and safety incident data is reported for all Odfjell Drilling employees and Odfjell Drilling subcontractors working offshore
- 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
- Anti-corruption and compliance data are reported on Group level

Statement from the CEO



Kjetil Gjersdal
CEO, Odfjell Drilling AS

"Looking at the challenge ahead, it has become ever more clear that the energy transition will be a marathon rather than a sprint."

One of the largest and most complicated challenges the global economy will have in the near future is that of sustainability. Not just tackling countries emissions targets, but ensuring that we as global, responsible citizens can look at how we acted during the climate crisis and be proud of the actions we took for a fairer and more equitable future. It is therefore with pride that Odfjell Drilling is publishing our third sustainability report which provides a summary and update as to how we are progressing on our own sustainability journey.

This being our third report and our first since the Odfjell Technology ("OTL") spin-out, which was announced and completed in Q1 2022, I am delighted to see the progress we are making. Through our strategy of focusing on development, innovation and supporting our people we are making tangible progress on our goals.

Looking at the challenge ahead, it has become ever more clear that the energy transition will be a marathon rather than a sprint. In addition, it is also clear that whatever we collectively do to meaningfully address the issue, it must be a global response which utilises local improvements. To me, this means that sustainability starts at home, with minor improvements which add up to

significant wholesale change. At Odfjell Drilling, that is no different, and, through the year, we have implemented a number of changes across our business which support the efficiency and sustainability of our operations.

Specifically looking at our rigs, this year saw us incorporating a number of emissions reducing initiatives including outfitting our four owned rigs with Hybrid Battery Power, upgrading our onboard cooling and ventilation systems, installing flywheel and battery technologies, and installation of a direct current grid system. In addition, Deepsea Nordkapp has been outfitted with an exhaust cleaning system which limits NO_x emissions. A pilot project was also concluded onboard the Deepsea Atlantic, which saw one of the engines onboard the rigs running entirely on renewable bio fuel. Details of each of these initiatives can be found later within this report.

So far, we have invested over \$50 million in carbon-efficiency projects across our fleet, with US\$21m being spent in 2022 alone. We have further investments planned for 2023 which will solidify our position as one of the most efficient drillers compared to our peers globally. Given our position, we view this as an outstanding achievement. However, more initiatives are planned.

In addition to investments to increase the carbon-efficiency of our rigs, one of our most important areas of focus during 2022 has been on providing support and facilitating the development of our workforce. At Odfjell Drilling, our greatest asset has and always will be our people. Their intelligence and resourcefulness sets us apart, and it is a priority of the Company to facilitate their greatness and to provide a safe and satisfying place to work in. During the year we began multiple stakeholder engagement processes and assessments with a view to making improvements for our day to day operations. This has also meant that we have looked into ensuring our adherence to the highest levels of human rights and deploying them across our business. This ensures that not only are our staff continually well looked after but also that all stakeholders of our business are taken care of.

We have made strong progress towards our sustainability goals in 2022 but recognise that there is more work to be done. The foundations built in 2022 will facilitate further developments during 2023, and we look forward to updating stakeholders on further progress in due course.

2022 at a glance



CO₂ emissions from operations on contract dropped by

11%

per contract day compared to 2021



Energy optimization package including PowerBlade™ Hybrid installed on all owned rigs



Implementation of stand-alone Human Rights policy and strengthened human rights risk assessment



\$20mn

invested in carbon-efficiency projects



Renewable biofuel pilot resulting in

>80%

reduced CO₂ emissions from MGO comparator



Suppliers' human rights risk profiles established on all new suppliers after July 1st



90%

of all global procurement was locally sourced



New membership agreement with Norma Cyber for cyber security support

How we manage sustainability

ESG Policy

The Group's ESG strategy is anchored on level 1 in the Company Management System. The purpose of the procedure is to align and link the Group's ESG effort and ambitions, it is important to make ESG visible in the Group's existing governing processes. This requires cooperation and coordination across the established governance models within operations and Group level functions.

Governance model

The governance model and responsibilities are presented in the figure opposite. Sustainability is a consideration for the Odfjell Drilling Ltd Board of Directors (the "Board"). The Board receives regular updates on sustainability matters and conducts deep dive discussions on sustainability topics as required. For a detailed overview of Corporate Governance, please see [Annual Report](#) page 30-36.

The corporate human resources function and QHSSE function oversee safety, health, working environment and security. QHSSE is also central in overseeing our environmental impact. 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 to the Executive Management Team and the Board.

The VP Sustainability is responsible for the design and implementation of the Group's ESG strategy, with input and in cooperation with each of the corporate and Group level functions.

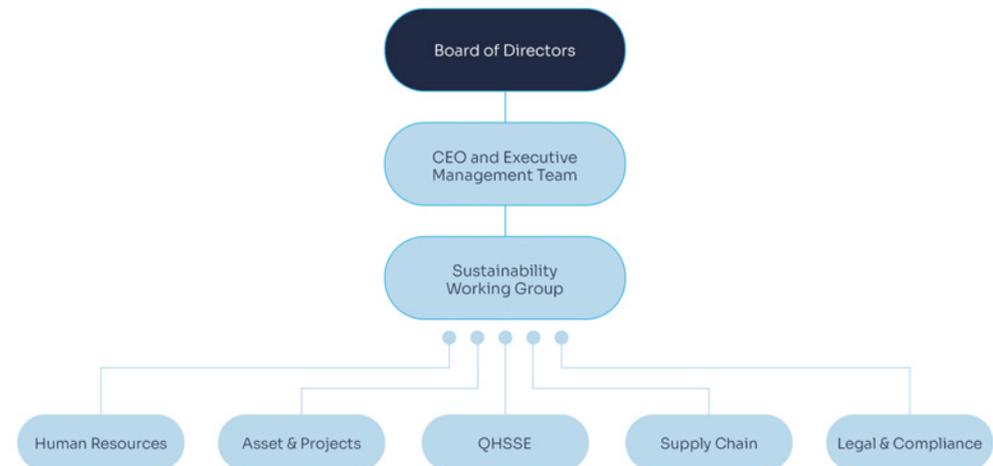
- Board of directors: oversee the identification, management and mitigation of risk, including targets, policies, activities, and management systems related to sustainability.
- CEO and executive management team: hold the operational responsibility for sustainability performance with support from the working group.
- Sustainability working group: oversee and collaborate on strategy, policy and performance relating to sustainability activities across the Group. Chaired by VP Sustainability.
- Representatives in sustainability working group: strategy implementation and follow up of day-to-day actions to ensure progress on the overarching targets of the Group.

Looking forward

Through 50 years, Odfjell Drilling has built its expertise and tradition. Today, those capabilities are being used to drive forward new solutions in our journey towards zero emission drilling. In 2023, we are looking forward to continuing to evolve our processes and further integrate ESG into our company strategy and operations.



Karoline Flåte
VP Sustainability
From 4th April 2023



Stakeholder engagement and materiality

Stakeholder dialogue

As a global business, Odfjell Drilling continuously engages with its stakeholders. 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. A summary of how we primarily engage with our key stakeholders, and the topics considered material for each stakeholder group is included in the appendix.

Stakeholder dialogue takes place from the Board to all levels of the business. 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. Key stakeholders are approached to determine potential negative and positive impacts of the Groups activities and identify the material and important topics.

Material Topics

The Group's 2022 materiality review included an updated assessment of its potential material topics based on the GRI-3 Materiality Standard, independent expert opinion and industry peers. Odfjell Drilling has identified 12 topics, to be material to our business impact.

Identification of actual significance of the impacts are based on:

- Feedback from stakeholders and internal subject matter experts
- The Group's business strategy and enterprise risk management process
- A systematic approach and description on the basis of the GRI 2021 Standard and GRI Oil and Gas Sector 2021.

Consequently, the following topics have been added as material topics: economic impact; climate risk, resilience and transition; employment practices; freedom of association and collective bargaining; forced labour and modern slavery. The Group has also, in 2022, focused on strengthening its reporting on human rights and climate risk in line with GRI 2: General disclosures 2021.

Focus Area	Material Topic
Environmental	<ul style="list-style-type: none"> ▪ GHG and air emissions ▪ Climate risk, resilience and transition ▪ Waste ▪ Water and effluents
People and Safety	<ul style="list-style-type: none"> ▪ Occupational health and safety ▪ Asset integrity and critical incident management ▪ Employment practices ▪ Non-discrimination and equal opportunities ▪ Freedom of association and collective bargaining
Ethics and Compliance	<ul style="list-style-type: none"> ▪ Economic impact ▪ Anti-corruption ▪ Forced labour and modern slavery ▪ Anti-competitive behaviour

The journey towards zero emission drilling

Energy efficient = lower emissions

The initial ideas around zero emission drilling began in 2015 with the landmark treaty on climate change, the Paris Agreement. It was evident that it would have a great impact on the oil and gas industry. As a result of this transition, Odfjell Drilling has set a target to reduce emissions by 40% by 2026, 70% by 2035 and to be a net zero emission company by 2050.

Measuring energy efficiency

Digital solutions have been the driver behind rig efficiency initiatives the last decade. Meeting the set emission reduction targets and improving operational efficiency and energy efficiency are seen as closely linked in delivering on the Group's ambitions. A priority has been to ensure high operational efficiency and at the same time reduce daily emissions. Working along these two axes will significantly reduce the emission per well delivered.

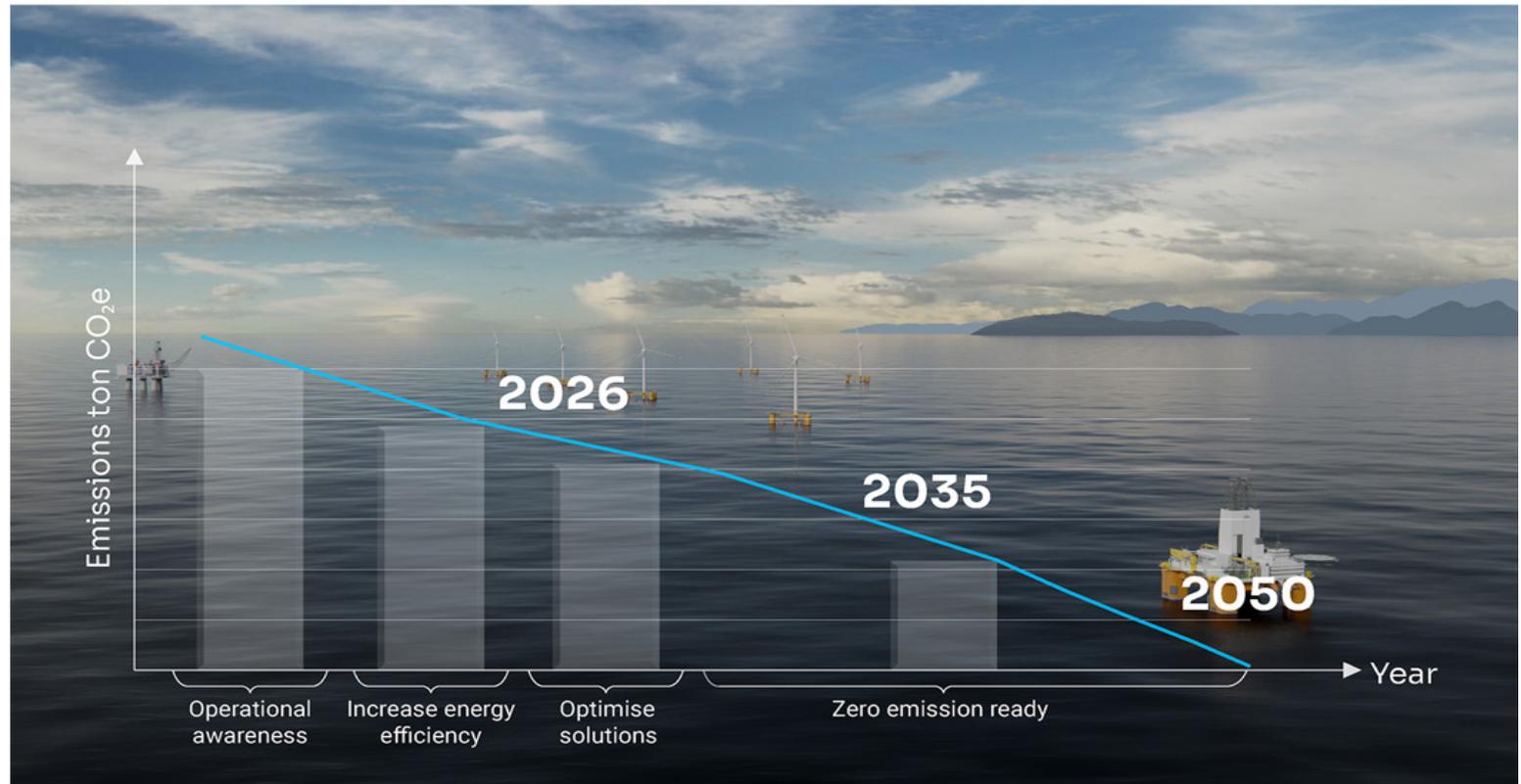
No day is the same when operating in harsh environments. It is a challenge to set a baseline for emissions across the rig fleet. External factors like wind, waves, currents and well program affect energy consumption. Each year varies with how many days a rig is in transit, drilling or idle.

Consequently, looking only at total fuel consumption and emissions from year to year neither provides a good comparison, nor

documents the emission reduction effect of improvement projects. Emission reduction from energy efficiency initiatives are measured against a baseline for each rig design. To minimize the effect of external factors, we have been using fuel consumption data from anchored operational mode only to assess energy efficiency performance and corresponding emission reduction.

As we are diversifying our fleet and several rigs are no longer operated in moored condition, there has been identified a need for an activity neutral reporting system. Odfjell Drilling is currently developing improved methods for fuel and emission reporting, including activity neutral KPIs to monitor energy management performance across the fleet and for all operational modes.

It will also be relevant to neutralize for operational efficiency, therefore, a system for measuring the amount of work performed by our rigs needs to be developed. There are several initiatives in the industry along these lines, and Odfjell Drilling is currently investigating how to include such factors in our benchmarking.



Responsible transition

Odfjell Drilling has defined its journey towards zero emission drilling in four phases.

Phase 1 – operational awareness

Energy efficiency in its simplest form is to turn off equipment which is not directly involved in the ongoing operation. This is simply good business, from an economical, operational and emissions perspective. Initial calculations showed that improved operational procedures could reduce emissions by around 10%. This implies switching off excessive equipment without compromising rig operations and safety.

Incentivising good operational behaviour is a key success factor. This is supported by our in-house developed digital performance portal Panorama. The dashboard provides an overview of the actual fuel consumption compared to forecast and enables analysis of any over-consumption.

Phase 2 – increase energy efficiency

Operational procedures are not enough to reach our goals. Further reductions require technical modifications. Such modifications are tools to support a strong focus on energy optimisation and flatten the rig's energy consumption profile.

Peak shaving, redundancy and spinning reserve projects

Depending on the type of drilling operation, the energy demand can increase by 4-5 MW instantly, but only for a few seconds. These energy peaks require the rig to run multiple diesel engines on back up so that they are ready when needed. This creates a lot of waste. The key to running the engines more efficiently is shaving off the energy peaks, allowing for another 10-15% emission reduction when operating at optimal efficiency.

In 2022, we continued our investment in flywheel and battery technology and completed installation on all owned rigs as part of an energy optimization package with support from the Norwegian NO_x Fund. Analysis of operational data has verified that the system achieves significant peak shaving.

Direct power reducing projects

Odfjell Drilling has state of the art 6th generation rigs. An analysis conducted on the different technical solutions and the energy consumers, identified that several back-up systems using energy were not dimensioned for our use. Optimisation has been made, such as these examples of power reducing projects:

- Variable Frequency Drives (VFD) installed for sea water cooling pumps, which enable the pump to adjust the amount of water according to actual demand.

- Separate VFDs for anchor winches, reducing the need to run thrusters during moored operations.
- Hydraulic Power Unit (HPU) optimization pilot on Deepsea Aberdeen, reducing the number of pumps needed to supply hydraulic flow at stable pressure to drilling consumers.
- Heating, Ventilation & Air Conditioning (HVAC) optimisations and seasonal optimisation.

Several of these projects are supported by the Norwegian NO_x Fund. Odfjell Drilling received a payment of NOK 55 million in 2022 for successfully proving NO_x emission reductions from Selective Catalytic Reduction (SCR). We are also expecting full payment for Deepsea Aberdeen and Deepsea Stavanger in 2023.

Phase 3 – optimise solutions

Odfjell Drilling is currently performing concept studies on single generator operations for moored operations on a Mobile Offshore Drilling Unit (MODU). This is estimated to further increase fuel efficiency to reach targets for 2026 emission reduction, and is enabled by the installation of flywheel and battery system and DC grid on our rigs. Moreover, we will optimise the Power Management System (PMS) to unlock all the potential from phase 2 initiatives. This will position our rigs to move forward with zero emission concepts to reach our ambitious goals.

Phase 4 – zero emission ready

Achieving zero emissions is the primary objective for all decisions made in the energy efficiency projects. Odfjell Drilling is continuing along the route to zero emission drilling by developing concepts within the following technologies:

Green fuels are key to deliver our targets for 2035, and Odfjell Drilling has now taken actions towards accelerating such technologies together with key players in the industry. Equinor initiated a study on ammonia as a marine fuel which was carried out by Wärtsilä, KBR and Odfjell Drilling in 2022. A dual fuel concept for retrofitting a GVA7500 rig to utilize ammonia as fuel was established, with an estimated CO₂ reduction of 58% during moored operations. The study was completed alongside Wärtsilä's ongoing DEMO2000 project with full scale testing of an ammonia engine.

Renewable biofuel has been piloted onboard Deepsea Atlantic in 2022 together with Equinor, proving to be a suitable drop-in fuel with a CO₂ reduction of more than 80% compared to a fossil fuel comparator. The pilot was performed using Hydrotreated Vegetable Oil (HVO) produced from waste oil, which was bunkered on Deepsea Atlantic in August 2022. The rig operated an engine successfully on biofuel during a test period of approximately two months, which also included gaseous emission measurements.

It is concluded that Odfjell Drilling MODUs are ready to operate on HVO biofuel to reduce CO₂ emissions in our operations. Further implementation of biofuel in our fleet is however pending on the availability and cost of biofuel.

Shore power supplied to a rig through a nearby field centre powered from shore is possible where available. The technology is mature and ready, and requires moderate modifications. However, it is costly and would require a plan for re-use of the cable once the drilling operation is completed.

A concept study on renewable energy supply from a **Mobile Offshore Wind Unit (MOWU)** to a MODU was finalized in 2022. The concept includes an optional WindGrid™ solution with short term energy storage, which enables emission reductions up to 66% on the MODU. Further CO₂ reduction is possible by utilizing biofuel for the required energy demand that is not covered by the MOWU. The MOWU solutions are available through Odfjell Drilling's affiliated company, Odfjell Oceanwind.

In a fourth scenario, the rig will perhaps run on a combination of marine gas oil (MGO) and biofuel and use **Carbon Capture and Storage (CCS)** technology to capture the CO₂ from the engines. Studies are completed to enable retrofitting the rig to capture, temporarily store and load the CO₂ onto ships for further processing. However, CCS will not be commercially available for a while yet

Collaboration – the key to unlocking the transition

Introducing alternative energy sources is key to deliver our targets for 2035. This requires collaboration with clients to pilot low carbon solutions as presented in the previous sections. Securing long-term contracts is a requirement for investing in zero emission concepts, even with support from the Norwegian NO_x Fund. Business security and collaboration with our clients to develop our assets is therefore key to achieve our upcoming emission reduction targets.

Reducing emissions is an industry challenge, and must be tackled by the industry as a whole. Odfjell Drilling is committed to using our assets, in-house competence and market position to develop solutions for the future.

Key Partnerships

- Mobile Offshore Wind Units providing renewable energy supply to Mobile Offshore Drilling Units study, for Equinor, performed by Odfjell Oceanwind and Odfjell Drilling
- Ammonia feasibility study for Equinor, performed by Odfjell Drilling, Wärtsilä and KBR
- Renewable biofuel pilot on a MODU for Equinor, performed by Odfjell Drilling
- Alliance agreement with Aker BP and Halliburton AS on the development and use of new technologies to automate and digitalise drilling operations

Material topics

Focus area	Ambition	Material topic	Target	Indicator	SDGs
Environmental Impact	Industry leader in environmental performance	GHG and air emissions	40% reduction by 2026, 70% reduction by 2035, net zero by 2050	Scope 1, 2, 3 CO ₂ emissions, fuels and energy consumption	Responsible Consumption and Production (12) Climate Action (13) Life below water (14)
		Waste	Increased level of recycling	Percentage of waste and recycling	
		Water and effluents	Zero serious spills	Number of serious accidental spills per year	
People and Safety	Ensure the highest safety standard, competence and capacity	Occupational health and safety	Zero incidents	Fatalities, serious injuries, total recordable injuries	Good Health and Well-being (3) Gender Equality (5) Decent Work and Economic Growth (8)
		Asset integrity and critical incident management	Zero serious incidents	Number of serious incidents	
		Employment practices	<3% sick leave	Percentage of sick leave and turnover	
			<5% employee turnover		
		Non-discrimination and equal opportunities	30% female leadership by 2025	Female representation, age distribution, nationalities represented	
Freedom of association and collective bargaining	Zero tolerance policy for anti-union tactics	Number of violations of applicable rules			
Ethics and Governance	Committed to the highest ethical standards, compliance and integrity	Economic impact	Local procurement preferable when competitive	Tax contribution, share of local procurement spend locally (%)	Gender Equality (5)
		Anti-corruption	Zero corruption cases	Number of confirmed corruption cases yearly	Decent Work and Economic Growth (8)
		Forced labour and modern slavery	Zero incidents of forced labour, modern slavery and child labour	Number of confirmed cases yearly	Peace, Justice and Strong Institutions (16)
		Anti-competitive behaviour	Zero competition cases	Number of confirmed cases yearly	

Environmental impact

Material Topic	Target	Indicator
GHG and Air emissions	40% reduction by 2026, 70% reduction by 2035, net zero by 2050	Scope 1, 2, 3 COs emissions, fuels and energy consumption
Water and effluents	Zero serious spills Bilge water effluent to sea < 15 ppm oil in water	Number of serious spills
Waste	Increased level of recycling	% of recycling



Environmental management

Impacts of climate change, coupled with oil and gas industry operations, affect the environment and biodiversity. Many ecosystems cannot adapt to these impacts, leading to loss of biodiversity which poses a risk for both the environment and people. Reduction or disappearance of plants, animals and microorganisms is a global concern. Odfjell Drilling is committed to reduce the environmental impact from the Group's operations.

Compared to oil and gas companies, the Group is not directly involved with occupying acreage onshore or offshore for the exploration and production of oil and gas. The Group is also not directly involved in opening new areas for oil and gas production.

Odfjell Drilling does not hold production licences, but our operations impact biodiversity through emissions to air, spills and discharges to sea, waste and effluents. As a result, we have a role to play and work systematically to reduce our environmental impact and protect biodiversity.

The Group's operations has processes and activities that are systematically capable of identifying environmental aspects and impacts, including impacts to biodiversity. Significant environmental aspects form the basis for establishing environmental management procedures, controls, continuous improvement measures and strategic action plans.

The environmental risk assessments are documented in environmental aspects and impacts registers for each rig. 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.

Our commitment to environmental management is reflected in the ISO 14001 certificate. The process for recertification audits for renewal of the certificate in May 2022 spun from November 2021 to January 2022. Odfjell Drilling received new certificate reflecting change of scope after the spin-off of Odfjell Technology on 29 March 2022. Periodic audits to maintain certification are scheduled from January to March 2023.

The foundation for the Group's efforts to reduce environmental impact is the corporate level HSE Policy and the annual QHSSE Programme.

The Environmental Principles

Applicable for all activities of the Group and 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

Climate risk, resilience and transition

It is clear that climate change will have an impact on the Group on the future, albeit timing and future scenarios are uncertain. We recognise the critical need to take action to mitigate and adapt to the impacts of climate change in terms of both impacts created by the Group, and impacts on the Group. With our business being in the oil and gas sector, we know that climate risk presents significant challenges to operations, stakeholders and society.

There are both risks and opportunities regarding how we operate to ensure we minimise our impact on the climate and also in terms of the future demand for energy sources. Whilst we contribute to the upstream production of oil and gas, we have no ownership of the product. Demand for our assets are linked to our clients' market for energy.

Management approach

Our approach to climate risk originates from our commitment to sustainability, with responsible operations and governance. During 2022, the Group developed risk assessments for climate risks with a view to reporting on climate risk in accordance with the GRI 2021 standard. Sessions were held to increase awareness of climate risks and opportunities and to encourage the incorporation of climate risks into strategic thinking and risk management.

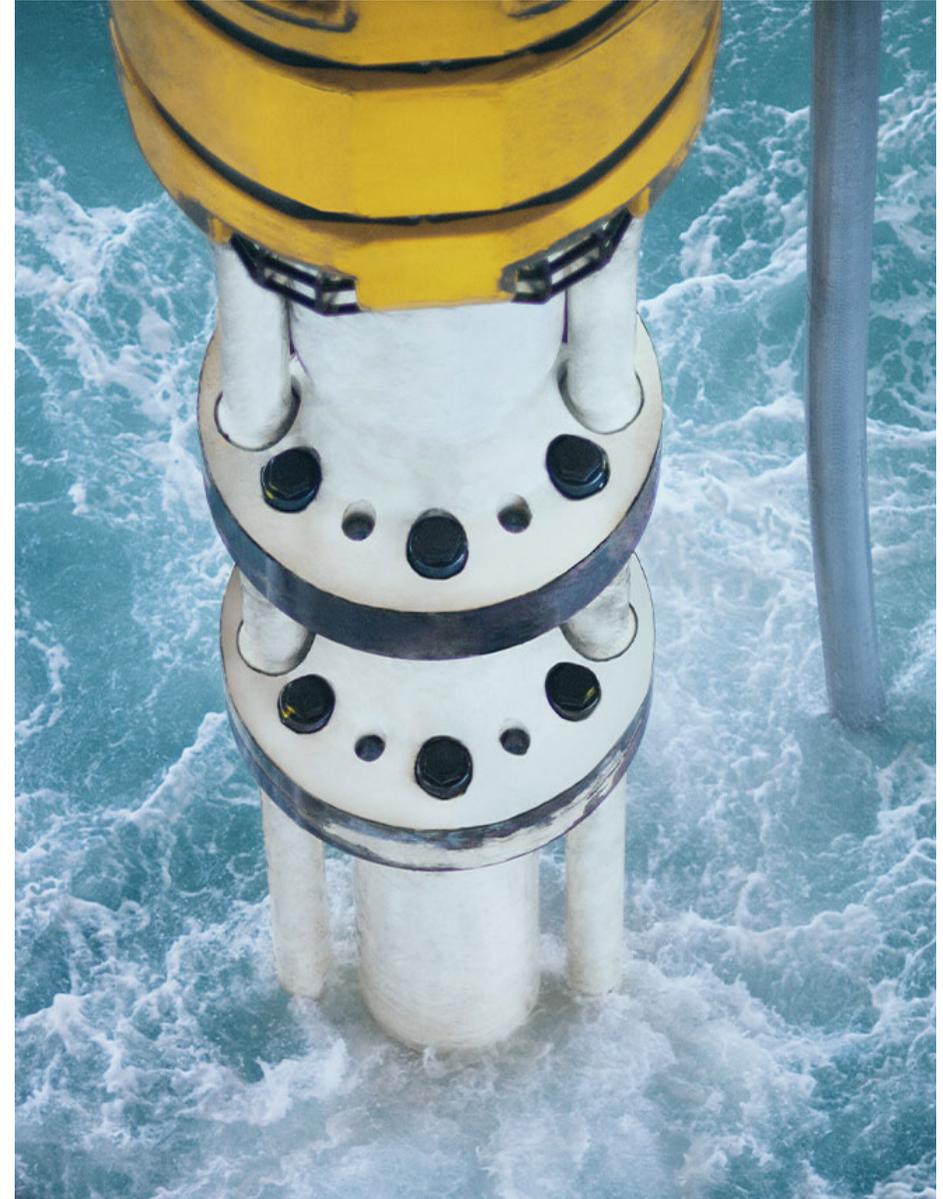
With the support of external advisors, workshops were held to educate cross functional teams from corporate, risk management, finance, supply chain, HR, and technical disciplines, to explore risks and opportunities faced by the Group with climate change. The analysis was split into transitional and physical risks and opportunities and into short (0-5 years), medium (5-10 years) and long term (10+ years).

Following initial workshops, the results from the analysis of potential risks and opportunities was prioritised in terms of timelines for affecting the business and the impact on the Group. This then allowed us to focus on a number of priority items to conduct further research with subject matter experts in the business. From this we have identified the main risks, their impact on the group, possible actions and are working on quantifying these risks for future reporting.

Looking forward

The Environmental Impact section of the Sustainability Report details how we measure and manage our impact on carbon emissions, along with our targets for emission reductions to mitigate future impacts on climate change.

Our ambition is to do a comprehensive risk assessment, integrate its findings and necessary management of such risk into our system of risk management.



Climate risk impact

A number of opportunities from climate risk were identified. For example, the fact we specialise in harsh environment, means we are well equipped to service areas which will deteriorate in weather conditions. Also, our zero emission drilling projects make us a preferred supplier as the least carbon intensive rig provider.

Here we outline the most significant key risks we have identified in relation to climate change, along with initial actions identified to address them.

Transition Risk

These are risks relating to the transition to a low carbon economy and the reputational, technological, market, and regulatory changes that will come with this.

Physical Risk

These are the physical impacts of climate change, such as extreme weather events and sea-level rise which can have a direct impact on our operations and supply chain. Physical risks are split into acute (a specific event) and chronic (long term climate changes).

These climate risks are an integrated part of our Enterprise Risk Management process, co-ordinated by our General Manager and presented to the Board, who have ultimate responsibility for managing risk and sustainability with the organisation.

During 2023, the identified actions as well as continual assessment of climate risks and opportunities will be embedded in our operations and business, driven by the Executive Management Team. Work will continue on qualitative quantification of the risks, as well as scenario planning using a 1.5°C and “business as usual” scenario to map the impact of climate change and climate regulations on the business.

	Category	Description	Impact	Mitigating actions
Transition risk	<ul style="list-style-type: none"> Market Risk Medium to long term 	Changes in fossil energy demand due to policies and consumer behaviour	<ul style="list-style-type: none"> Reduced demand for oil and gas in the future, reducing demand for our assets and therefore revenue and potentially asset value. 	<ul style="list-style-type: none"> Analyse future demand for oil and gas when considering acquiring assets Look at alternative uses for assets aligned with the transition to alternative energies and carbon capture storage
	<ul style="list-style-type: none"> Market Risk Short to medium term 	Access and cost of capital and funding	<ul style="list-style-type: none"> Obtaining finance may be more challenging as banks follow a strategy of transitioning to a low carbon portfolio. The cost of capital may go up as a result and debt capacity could be reduced. An increase in interest costs would be seen. 	<ul style="list-style-type: none"> Consider debt structure and ensure energy and carbon reducing initiatives are well understood by lenders/capital markets
Physical risk	<ul style="list-style-type: none"> Acute and Chronic Short to long term 	Impact of extreme weather on offshore operations	<ul style="list-style-type: none"> Disruption to crew and equipment logistic movements. This including safety of personnel, crane operations, exchange of crew and equipment, impact on operational downtime and drilling schedules, overtime costs and lack of supplies. 	<ul style="list-style-type: none"> Review critical spare parts kept offshore Planning for impact of weather delays for crew changes Address commercial robustness of contracts for weather events

GHG Emissions

Emission reduction is highly important to our stakeholders, which is why our overall ambition is dedicated to this topic. The Group is committed to ensure that emissions cuts are executed. Due to our growth strategy, the total emissions from our portfolio are expected to increase in the coming years. However, all assets will be managed to reflect the ambitions set.

Management approach

Scope 1

Scope 1 emission reduction is anchored on corporate level in the Group's Company Management System (CMS), through the HSE Policy and QHSSE Programme. Undergoing structural changes in 2022, the Odfjell Technology Ltd. spin-off has resulted in certain changes of baseline and recalculations.

The Group's scope 1 CO₂ emissions within the Boundary originate from combustion of marine gas oil (MGO) from the engine and boilers on each rig. Odfjell Drilling has operational control over its own offshore drilling rigs, with control and authority to amend procedures and invest in emission

reducing technology. For rigs under management contracts, investment decisions are made by the owner, but we have control of operational procedures.

Odfjell Drilling has taken over management of additional assets in 2022. Without control of investments in emission reducing technology for managed units, Odfjell Drilling's main focus is on operational control through energy management for these units. Direct scope 1 emissions are split between owned and managed units in this report.

Odfjell Drilling 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 followed. The plan details specific KPIs used to monitor energy improvement on a daily basis, and performance is monitored by rig management. The main objectives with energy management systems in Odfjell

Drilling are reducing CO₂ emissions, NO_x emissions, fuel consumption and maintenance costs. Running a rig efficiently will mean using less diesel (MGO). "Zero emission drilling" will require replacing MGO with a zero emission fuel.

Scope 2

Indirect scope 2 emissions in the Group comes from electricity purchased by the Group from a utility provider for offices, bases and workshops. Solar panels are to be installed on the main office location, Odfjell Business Center, in 2023.

To reduce emissions from scope 2, the Group has a global "green office guideline" in the CMS, which is a best practice approach to lower energy consumption onshore. This is managed and monitored by location managers.

Scope 3

Scope 3 emissions comes from upstream- and downstream transportation of goods, travel activities and corresponding combustion of fuel in planes, trucks, boats and cars.

Supply chain procurement procedures dictate that the most emission efficient freight options are preferred, e.g., sea freight is prioritised over land transport. The purchaser and logistics functions are responsible for managing and monitoring performance under these policies. The Group aims to expand the overview of scope 3 emissions in the coming years by engaging our value chain.

Decreased travel volume is the main driver for scope 3 emission reduction from this activity. We split travel activities into business travel and mobilisation of personnel. For the latter category we have limited means of reducing travel volume, but for business travel we run regular campaigns to limit travel.

The Group's travel policy sets out the rules for travel activity for all employees, with an objective to minimise business travel and make it as efficient as possible. Travel policies are managed and monitored by the Group travel manager.

Goals and commitments

Our commitment to improve GHG records helps identify and manage our future risks by understanding the Group's emission profile better and establishing mitigating actions to reduce potential liability exposure. This exposure is increasing with the scrutiny facing the industry from investors, shareholders and public opinion, in addition to stricter laws and regulations for GHG emissions.

Emission reduction targets:

- 40% by 2026
- 70% by 2035
- Net Zero by 2050

Performance evaluation

Scope 1- 3 GHG emissions and energy consumption

Indicator	Unit	2020	2021	2022
Scope 1 - owned units	Ton CO ₂ e	202,125***	161,307	149,942
Scope 1 - managed units	Ton CO ₂ e	32,949***	31,152	42,388
Scope 2 - location based	Ton CO ₂ e	unavailable*	unavailable*	2,1945
Scope 2 - energy consumption within the organisation, location based	Gigajoule	unavailable*	unavailable*	964
Scope 3 - travel	Ton CO ₂ e	2,324	1,337	1,981
Scope 3 - logistics	Ton CO ₂ e	Unavailable	678,751	874,346
Fuel consumption non-renewable MGO - owned units	Gigajoule	2,626,125	2,193,165	2,036,677**
Fuel consumption non-renewable MGO - managed units	Gigajoule	447,981	423,544	576,310**
Fuel consumption renewable biofuel (Hydrotreated Vegetable Oil) - owned units	Gigajoule	0	0	12,043**

*See sustainability report 2021 for data pre spin-out of Odfjell Technology

**Factor conversion between tonnes fuel and energy [G.J] is based on the specific energy density for MGO and HVO

Emission reduction from energy efficiency initiatives is measured against a baseline for each rig. We primarily use fuel consumption data from Posmoor ATA in anchored operational mode to assess energy efficiency performance and corresponding emissions.

In 2022, we saw a 12% increase of contract days compared to 2021, which is the main driver of emissions. However, CO₂ emissions from operations on contract dropped by 11% per contract day. This is a reduction of approximately 4 tonnes of fuel per contract day compared to 2021.

Major activity drivers affecting emissions in 2022 compared to 2021 include taking over management of additional rigs and preparing these rigs for contract commencement, as well as a 12% increase in operational days.

Electricity consumption from shore power to rigs at harbour are included in the 2022 reporting. Shore power utilized when available to reduce emissions from main engines and local noise pollution.

Scope 2

Data is collected from billing statements or online databases where this is available. Energy indirect emissions are calculated for offices, workshops and bases where we have operational control and means to extract actual energy consumption data. Leased premises where we typically share space and electricity is not billed based on actual consumption are not included. This data is currently unavailable, but we are working on applying an area based approach for these locations. Ongoing efforts are in place to strengthen overview of the Group's scope 2 emissions.

Scope 3

Logistics: Emission data is reported on Group level for all upstream- and downstream transportation of goods booked through our frame agreement logistics provider. This currently captures about 85% of all logistics activity in the Group. We are working on capturing data for the rest of the logistics activities globally.

Emissions are measured based on pick up locations for goods and trip legs. GPS data is used to calculate number of kilometres, and conversion factor between fuel type and CO₂ applied on a per kilometre basis for the relevant freight category (land, sea and air). The Group's portion of emissions when means of transport is shared is calculated by the relevant order's share of the total capacity of the transport vehicle.

- We have previously reported primarily on CO₂, but for 2021 and 2022, NO_x, Particles and non-methane hydrocarbon (NMHC) have also now been included in the calculation, causing an increase of the total emission numbers of green house gasses.

- We calculate tank to wheel (TTW) emissions by using EcoTransIT World methodology (EcoTransIT, 2019) and European Standard EN 16258:2012 (Standard, 2012). Empty vehicle returns are not considered.
- Biogenic CO₂ emissions in metric tons of CO₂ equivalent will be in focus going forward.
- The freight emissions have also gone up in 2022 due to increased fleet and the return of international operations.

Travel: Emission data is reported on Group level for all bookings done through our travel agent, accounting for approximately 97% of all travels booked in the Group in 2022.

Travel activity is measured for business travel and mobilisation of personnel separately. Emissions are calculated based on conversion factors of CO₂ emissions per kilometre for each travel class, and depending on whether a flight is domestic, short haul or long haul. Odfjell Drilling has a target to reduce travel (excl. personnel mobilisation) with at least 10% compared to 2019 emissions, which the Group was well within in 2022.

Other emissions to air

Until this point we have referred to CO₂ emissions. As other types of emissions count for negative impact to the environment we have included measurement of NO_x (nitrogen oxide) and SO_x (sulphur oxide).

SO_x emissions are primarily controlled through the permitted level of sulphur in the MGO delivered to the rig. NO_x emissions are primarily reduced by lowering the fuel consumption. However, there is technology specifically targeting removing NO_x from the exhaust from diesel engines. Selective Catalytic Reduction systems inject urea in the exhaust gas, converting the NO_x into water and nitrogen. Deepsea Nordkapp has installed these "scrubbers" which enables a NO_x reduction of 70-80% compared to having no such technology installed.

Non-GHG emissions

Indicator	Unit	2022
SO _x emissions - owned units	tonnes	44.6
SO _x emissions - managed units	tonnes	14.3
NO _x emissions - owned units	tonnes	1685
NO _x emissions - managed units	tonnes	53

2022 HIGHLIGHTS

- Successful installation of battery hybrid solution on all owned rigs
- Norwegian NO_x Fund payment of 55 MNOK in Q1 2022 after documenting NO_x reductions from emissions reduction initiatives
- Successful renewable biofuel pilot on Deepsea Atlantic to reduce carbon footprint
- Completed concept studies on wind power from a floating wind turbine and ammonia as a marine fuel on a MODU
- Looking into additive manufacturing and digital warehousing to reduce freight emissions, reduce physical storage, reduce waste and power consumption and to work on Implementing circular economy, amongst other benefits

Spills and discharges 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 mainly affect the local sediment ecosystems close to the rig.

Rig design and technical barriers preventing spills to sea are within our control for both owned and leased assets. We operate the rigs, and procedures and maintenance programmes preventing spills are within our responsibility.

The client is responsible for the discharge permits from environmental authorities, detailing permitted use, treatment, volume and discharge of substances.

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.

All of our rigs operate according to IMOs BWM convention, meaning that we have ballast water management plan, ballast water record book and international ballast water certificate. Deepsea Bollsta which operated outside Norway in 2022 has installed a ballast water treatment system onboard according to BWMS Code.

With regards to purchase, use and disposal of chemicals, operators are responsible for processes related to drilling fluids and additives, while selecting and purchasing consumables are within our control.

Responsible and safe consumption of chemicals is essential from an environmental point of view as well as limiting exposure to chemicals for our employees as much as possible.

Management approach

The boundary for this material topic is related to activities and operations under Odfjell Drilling's operational control.

Preventing spills and discharges to sea are anchored in the Company Management System, QHSSE programmes and action plans. Spills and discharges to sea are managed through the process of establishing and maintaining environmental aspects and impacts registers.

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

Events that can lead to accidental spills and discharges are identified and emergency response plans for operations within our control are established.

Chemical management

The QHSSE department evaluates all new chemical requests according to defined criteria prior to purchasing. After a review of the chemical's Safety Data Sheet, they are risk assessed in the EcoOnline system. Risk assessments involve users and the exposure, including health, safety and environmental aspects, and they provide input to substitution of chemicals as well as information to end-users.

Chemical inventories are maintained of all chemical products used, and existing chemicals are reviewed regularly for reduction or substitution.

Goals and commitments

- Prevent unintentional spills and discharges, and operate in a sustainable manner. We achieve this by ensuring contingency plans are in place, applying relevant technologies and complying with internal and external requirements
- Substitute as many chemicals with green alternatives as possible, which is continuous work with new alternatives being developed.

- Work systematically to replace or reduce harmful chemicals, cf. Environmental Management. This reduces the impact of any potential spill

Performance evaluation

Spills to sea 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.

All spills are registered in our incident and nonconformity management system Synergi, including spills to closed drain. Further details on tracked spills can be found in the [appendix](#).

SERIOUS SPILLS TO SEA

0

in 2020, 2021, 2022

Waste

The material waste output comes from offshore and supply bases. This is heavily regulated, and waste segregation and recycling are governed by internal procedures and operators' requirements based on local legislation.

Typical waste from our operations is wood, metal, chemicals, plastic, paper and cardboard, oily rags, food and general waste. The majority of the waste is generated from the drilling operation (drilling fluids and cuttings). We operate under the principles of segregating waste at the point of generation into established categories.

Management approach

Responsible consumption

Our HSE Policy states that environmentally preferable products and services shall be considered in the procurement processes. Purchasing consumables from local suppliers and selecting consumables with less packaging are typical factors that are continuously considered.

One of the Environmental Principles, is to work systematically to replace or reduce harmful chemicals. Substitution of harmful chemicals with green alternatives is a continuous effort for the Group and standardising the chemical catalogue across rigs has been helpful in driving this forward.

Waste management

Minimising waste generation and promoting "reduce, reuse and recycle" opportunities is another Environmental Principle. The Group has established corporate procedures for segregation and safe storage, handling and disposing of waste. Robust waste management also reduces risk of spills and potential effect on local communities and environment.

Goals and commitments

- Reducing environmental impact by raising awareness of waste segregation. Improved waste data will be used to measure impact and define goals for optimised waste management.
- Circular economy initiatives are being assessed. A key step is to continue to strengthen the data foundation to enable a more systematic approach to circularity in the waste value chain going forward.

Performance evaluation

In 2022, we have implemented a more systematic approach for reporting of waste onshore using a common Share Point site. An improved process to report on waste generated offshore will have increased attention in the upcoming year.

Onshore waste

Type	Unit	2020	2021*	2022
Ågotnes central warehouse				
Hazardous waste	kg	4,431	2,435	2,032
Non-hazardous waste	kg	27,563	346,831	28,357
Total	kg	31,994	349,266	30,389

*High volume in 2021 is related to the recycling of Deepsea Bergen

Offshore waste

Type	Unit	2021	2022*
Hazardous waste	ton	unavailable	8118,8
Non-hazardous waste	ton	unavailable	942,1
Total	ton		9060,9

*Numbers do not include Deepsea Bollsta, Deepsea Yantai (Jan-Aug), Deepsea Aberdeen (Jan-April)

2022 HIGHLIGHTS

- Replaced 2.3 million plastic shoe covers (entire fleet) with compostable shoe covers made from plant sugar
- Investigating Additive Manufacturing and digital warehousing of spare parts to reduce vulnerability, freight emissions, power consumption, physical storage and human rights risk and to increase the waste recycling percentage and work on establishing circular economy

Water and effluents

Water scarcity threatens health and development of communities, and climate change will likely exacerbate water stress worldwide. The Group does not operate in areas where water is a limited source, and water on the rigs is mainly produced from sea water.

Waste water effluents are heavily regulated, and discharges are governed by regulations, internal procedures and operators requirements based on local legislation. Discharge permits for rigs in operations are held by the Operators.

Management approach

Water consumption

Odfjell Drilling produce fresh water from sea water through distilled fresh water generators or osmosis system. The potable water system includes potable water supply network that involves treatment of fresh water for making it suitable for potable purpose and the distribution to different consumers. In addition, there is a bunker station onboard for bunkering water from vessels. Potable water is analysed on a frequent basis to verify water quality.

Waste water/ process water

All of Odfjell Drilling's rigs are designed to be a closed rig, meaning that all fluids (rain water, washing water, oil contents, mud etc.) go into a closed drain system. We separate between hazardous drain and non-hazardous drain. Example of hazardous drains are drains from the drill floor, shaker room, pump room, while non-hazardous drains are from outside deck areas such as riser deck and pipe deck.

In discharging sewage, Odfjell Drilling operates according to MARPOL Annex IV Regulation 11. Our rigs have a grey water system with discharge from scuppers, hospital area, galley area, laundry area, sinks, showers and wash basins. Moreover, a black water sewage system from toilets is arranged. When overboard

discharge is prohibited, the sewage storage tank is in place to be used.

Goals and commitments

- In 2023, we plan to update our global "green office guideline" in the Company Management System , to include a best practice for smarter water consumption onshore
- Bilge water effluent to sea < 15 ppm oil in water

Performance evaluation

Drain fluid which has an oil in water content > 15 ppm, will be treated onboard to separate oil from water, where oil is pumped to tank for delivery ashore and clean water with oil content below 15 ppm is pumped overboard.



People and Safety



Material Topics	Target	Indicator
Occupational health and Safety	Zero incidents	Fatalities, serious injuries, total recordable injuries
Asset integrity and critical incident management	Zero serious incidents	Number of serious incidents
Non-discrimination and Equal Opportunities	30% women in leadership by 2025	% representation
Employment practices	Sick leave of <3%, target turn-over <5%	% Sick leave, turn-over
Freedom of association and collective bargaining	Zero tolerance policy for anti-union tactics	Number of violations of applicable rules

3 GOOD HEALTH AND WELL-BEING


5 GENDER EQUALITY


8 DECENT WORK AND ECONOMIC GROWTH


Social impact management

This focus area, "People and Safety", involves two of the most important pillars of our business - a robust safety culture, and our people.

Good employment practices means being compliant with labour laws and ensuring good working conditions for employees, a prerequisite for any business. As a global company, we have a responsibility to ensure that our actual and potential impact on human rights is mitigated across our value chain.

The Group has an ambition of zero incidents in all aspects of 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. A strengthened focus on diversity and human rights in 2022 has given additional insights to ensure good employment practices.

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.



Occupational health and safety

The Group recognise that the nature of onshore and offshore operations poses an inherent risk to personnel health and safety. Leadership, strong understanding of risk, and a continuous focus on daily risk management are essential components in achieving and maintaining safe operations. This will always be our number one priority.

The Group's approach to health and safety includes safeguarding employees and contractors under Odfjell Drilling's control. We have overall responsibility for occupational health and safety of our employees on rigs and in offices.

Management approach

The Group's HSE Policy states that Odfjell Drilling shall maintain the highest safety standard and protect the health of our employees and others associated with our operations. It also sets out our commitment to compliance with regulation, developing a culture based on commitment from all involved, and applying the company HSE rules. The policy is signed and communicated by the CEO, documented in the Company Management System and published on our [website](#) and displayed on posters.

Management safeguarding is done through strong safety leadership, design

of facilities, technical and non-technical barriers, competence assurance, proactive maintenance, risk management, and emergency preparedness, always in close cooperation with clients and suppliers.

Occupational health and safety is a line management responsibility. However, a robust QHSSE organisation and occupational health services are supporting management and employees, and monitoring the health and safety aspect of our operations.

All employees and contractors working under Odfjell Drilling's supervision are required to adhere to the HSE Policy and to work in accordance with relevant requirements in the Company Management System. They are also responsible to risk assess their work, act when they see unsafe behaviour and conditions, and report hazards.

Workforce representatives are elected and contribute actively in the continuous improvement work in the daily operations and in dedicated arenas.

The Group's annual QHSSE Programme sets the overall objectives and improvement actions for the year, and Business Units and rigs develop their own specific action plans supporting the QHSSE Programme. Please see [Annual](#)

[Report](#) page 17. Objectives, improvement actions and KPIs are established based on safety statistic trends, past performance, risk level, industry best practice, legislative requirements and input from employees and other stakeholders. The result of the KPIs are used to monitor performance and identify areas that need special attention and follow up by management.

Commitment and goals

- Embedding the human performance principles and making use of life saving rules and human factors to strengthen our HSE culture.
- Maintain and further develop a safe operation by constantly driving learning and continuous improvement towards zero injuries.

Performance evaluation

Personal injuries, near misses and unsafe conditions are classified according to our incident classification matrix. All incidents are registered in the incident and nonconformity management system Synergi. Lost time and serious incidents are subject to a thorough investigation process. Further details to be found in the appendix of this report.

Process for evaluating health and safety performance

- Monitoring and analysing KPIs and trends.
- Reviews, investigations, experience transfers and learning from incidents.
- Evaluation of effectiveness of corrective and preventive 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 to evaluate status of the Company Management System and health and safety, and to address improvement areas.

Asset integrity and critical incident management

Asset integrity and critical incident management deal with the prevention and control of incidents that can lead to fatalities, injuries or ill health, environmental impacts, and impacts to infrastructure.

Accidental spill, and loss of well control, are significant environmental aspects of our offshore operations. We operate in a high risk business, and preventing a major accident 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.

2022 has shown that Cyber Security is part of asset integrity and critical incident management, due to cyber threats for the Norwegian society and oil and gas industry. The Odfjell Drilling world-wide footprint also shows the need to include security in incident management.

The main difference between safety and security is that safety is being safe from unintended threats, and security is the protection against deliberate threats.

Management approach

It is important that safety - including security - is maintained in all phases of our operations. Odfjell Drilling has established procedures and personnel working with risk- and incident management, and has this embedded in the QHSSE organisation. The QHSSE programme describes the focus on safe, secure and stable operations.

Technical and operational analyses form the basis for establishing emergency preparedness and Ship Oil Pollution Emergency Plans (oil spill) to be prepared to deal with asset integrity and critical incident management. The plans are based on Defined Situations of Hazard and Accident (DSHA), to deal with situations related to personnel injury, environmental impact, material impact and cyber security (process safety management).

The emergency preparedness organisation is trained and equipped to handle these types of incidents, either internally or with help from external parties, described in a bridging document between Odfjell Drilling and the client.

Incidents are reported in accordance with Odfjell Drilling's risk management approach and incident classification matrix.

Goals and commitments

- Zero serious incidents
- Zero well control incidents
- Zero major security breaches

Performance evaluation

All safety and security related incidents shall be investigated, and criminal acts shall be reported to the police.

The IT department monitors IT systems daily and receives automated reports showing traffic, security threat findings from screenings, spam filters etc. In addition to reporting through IT Security mailbox, these tools help us monitor trends to assess when and where measures must be taken.

Both safety and security related incidents are reported in the non-conformity and incident management system Synergi, in accordance with established guidelines.

2022 HIGHLIGHTS

- No incidents which required the onshore emergency preparedness organisation to muster.
- No serious security incidents other than drones being reported in the vicinity of our rigs, but not in the 500 metre safety zone.
- Odfjell Drilling entered a membership agreement with Norma Cyber for cyber security support.



Non-discrimination and equal opportunities

Odfjell Drilling's approach to diversity and equal opportunities include all employees in the Group, regardless of type of contract and position, and contractors and workers not on Odfjell Drilling payroll.

We believe that diversity and equality, essential to be a responsible employer, brings the following opportunities to the Group:

- Help develop an attractive workplace: recruit, develop and retain talent
- Improve general working conditions, relationships and reduce sick leave
- Influence and change attitudes and perceptions
- Contribute to a positive and strong brand

Management Approach

Diversity

Management establishes challenging goals and policies in areas targeting diversity and equality through procedures like hiring, job transfers and advancements, training, career planning, compensation, and overall workplace conditions.

The purpose of the management approach, is to positively influence management behaviour beyond the numbers of women or nationalities employed, and promotes a culture of inclusion through awareness of said policies covering religion, socio-economic status, race, age, gender, sexual orientation, and any other relevant factors in a professional assessment. Expectations of leadership are clarified through policies, procedures and leadership training programs.

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, recruitment, competence and retirement policies.

Human rights

With the introduction of the Norwegian Transparency Act in 2022, the company has renewed activity on risk assessment understanding and mitigation regarding human rights. This is achieved through the Executive Management Team and other key personnel, with support from our Compliance, Human Resources and Supply Chain functions. The HR function

manages procedures, recruitment practices, student trainees, leadership training, talent development and other learning initiatives related to organisation and resource development, work environment, and diversity and inclusion. Please see the [human rights section](#) for more details.

Payment Practices

In 2022 the company issued a Global Salary Review procedure to describe pay practices and provide guidance across the company. The principles in the procedure also explicitly applies criteria to external suppliers, contractors and consultants, to ensure equitable, non-discriminatory pay and benefits practices across our areas of impact. A pay gap report is available for Norway on our [website](#). The analysis shows contractual base salary. The company is within acceptable ranges for the industry sector, and we will work consistently to identify specific areas for improvement.

Parental leave

Parental leave policies for all locations and follow all local legislation for this topic. All employees are entitled to parental leave. Due to the complexity of the employee base and differences in parental leave rights the company has limited standard data collection on this topic to date. New measurements are under development to help the company identify and understand the use of parental leaves between females and males.

Full time positions

Odfjell Drilling aims to exclusively employ full-time staff. This is seen as a favourable approach as it allows employees to earn a sustainable income, offers stability for those with families, and creates a strong foundation for employee growth and investment in their future. However, we also accommodate requests for part-time work to meet the needs of our employees.

Goals and commitments

Ambitious goals have made a significant impact on the increase of young people and women into technical roles, and significantly increased numbers of women in the key personnel pipeline.

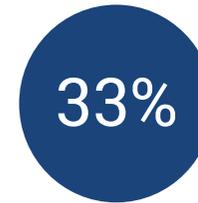
- 30% women in leadership positions by 2025. The goal corresponds to the level of women in the onshore organisation today, and we would like to see this reflected in leadership positions. Currently, women hold 27.4% of the leadership positions in the Group (level 1-3)
- Ensure gender diversity in leadership and in technical roles by focusing on leadership culture, gender bias, career planning, and trainee programs
- Score of 5 (out of 6) on employees' experiences and perception of Group culture regarding equality, diversity and inclusion, in the global Working Environment Survey.

Performance evaluation

All data related to employees in our workforce (and to contractors) is extracted from the HR module in the Group's Enterprise Resource Planning (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 access to historical data.

The Group conducts quarterly data analysis to track progress towards its diversity, equality, and inclusion objectives, as well as conducting yearly in-depth management assessments. Automated demographic reports are produced daily and monthly. The analysis encompasses all employees who are permanently or temporarily employed directly by the Group, while contractors and consultants are only considered when they play a role in operations.

Odfjell Drilling does not register any data related to religion, sexual orientation, medical history or other sensitive information. Please find key insights and performance evaluation in the [appendix](#) of this report.



women in the Group Board of Directors in 2022



women in Corporate Management in 2022



Employment practices

Employment practices is a broad term with many dimensions across the Group. In this report we focus on collective bargaining agreements, use of contractors, competence and training, ethical standards, and end of employment practices.

The Company Management System (CMS) has a comprehensive set of policies and systems to manage all aspects of responsible employment. HR policies are established at the corporate, country, and unit levels.

Management approach

Working environment

The ultimate accountability for the health and well-being of the Group rests with the CEO, while responsibility for strategy and execution lies with the SVP HR and the HR department. The HR department has specialised personnel who manage health and well-being initiatives. The Group's HR function implements and enhances governance systems to empower line managers to fulfil their obligations, offers assistance to the other administrative functions of the Group, and exercises oversight to ensure compliance with policies and procedures.

Sick leave

Ensuring a good working environment and sickness absence management is an important part of the work carried out by the HR department in all our locations.

By advocating for health in the workplace and fostering a secure work environment, we are able to effectively address health and well-being. Sick leave preventive measure policies include:

- Working Environment Survey
- Training and online course for managers and employees
- Global sick leave report
- Regular network meetings with the company doctor
- Formal follow-up plans for the benefit of employee and employer
- Health insurance to facilitate and explore possibility to return to work
- In-depth analysis for departments with high sickness absence

Other means of ensuring a healthy workplace include resource planning and monitoring of workload, zero tolerance for bullying and harassment, and creating

arenas for dialogue between employees and managers. See the [Annual Report](#) page 18 for more information.

The Group has procedures for following up unacceptable behaviour and non-compliance in our CMS. 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.

Use of contractors vs. employees

The Group conducts yearly in-depth management assessments of employment types. The analysis encompasses all employees who are permanently or temporarily employed directly by the Group, while contractors and consultants are only considered when they play a role in operations.

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. These are usually contractors with competence that we lack in our own workforce and portfolio, or short term

specialists in conjunction with projects like international assignments and yard stays. Contractors are also used to ensure enough resources in the competence pool (temporary pool of resources) for the offshore activities.

For most business activities in Odfjell Drilling the number of contractors is not significant.

As a main rule, the Group sources contractors through frame agreements. These agreements are regulated through our supply chain processes. 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 for which they work.

The Group closely monitors 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. Suppliers of contractors are audited through frame agreements to ensure compliance within areas like competence and certification, fair working terms and conditions, and non-retaliation or discrimination.

Competence and training

"Competence" is one of Odfjell Drilling's five Core Values. 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 CMS. All offshore employees are trained in compliance with our competence management system. The Company has made a major investment in competence assurance management systems (CAMS) this year to ensure excellent competence management.

Our annual development reviews are offered to all employees, and a gap analysis provides a clear picture of our competencies and capabilities. Gaps identified through development reviews and CAMS data.

Ethical standards

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. This implies:

- ✓ 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 correlation between words and deeds
- ✓ Cooperation and shared responsibility through mutual respect, honesty, loyalty and responsibility vis-à-vis the society, company and each other

End of employment practices

In the event of redundancy processes within the Group, it is standard procedure that affected employees are offered transition assistance, skills assistance and employability assistance. In many cases the group uses external providers with expertise competence in the area of employment transition.

In advance of retirement the group offers and pays for individual financial advisement provided by the pension fund provider. This is offered to employees upon turning 60 years of age.

Commitment and goals

Working environment

- Sick leave percentage of <3%, or 20% reduction from prior year's sick leave level
- Turnover percentage <5% in a normal year of operations
- Zero incidents relating to bullying and harassment
- Zero for incidents of discrimination

Competence

- All competence and qualifications shall be in accordance with legislation and standards for international operations, relevant 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, ensuring documentation transparency
- Management shall actively encourage and support the employee to take responsibility for development of his/her qualifications
- Competence assurance through employee development. All employees shall be offered an annual development review

Performance evaluation

Odfjell Drilling aims to have happy employees both at work and outside work. Monitoring and measurement of employees' workload is an important tool in identifying areas for improvement. Additional data and figures on our performance evaluation on employment practices can be found in the [appendix](#) at the end of this report.

2022 HIGHLIGHTS

- Improvement made on completion of development talks across the company, providing a clear picture of competencies and capabilities
- The digital competence assurance management system (CAMS) was successfully implemented for offshore organisation
- Commitment to develop the workforce and secure future recruitment to the industry through participation in the two-year contract apprentice program for both offshore and onshore positions
- Upgrading of the onboarding process for Suppliers of Contractors with a separate section for human rights risk and employment practices

Freedom of association and collective bargaining

The Group is committed to respecting and upholding the right to freedom of association and collective bargaining for our employees and for the workers of our business partners. We believe that this right is essential for promoting fair and equitable working conditions, and for building trust and respect between employees and management. Engaging in good faith negotiations with our employees is a key component of our commitment to human rights and to creating a sustainable and inclusive workplace.

The Group has the majority of its workforce in Norway where trade unions and employers' organisations have existed for more than a hundred years. Legislation, collective agreements and company-based practices have developed and formed a system of comprehensive workers' rights and privileges. In Norway, 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 in Norway, both onshore and offshore are covered by the agreements and tariffs signed with the unions, regardless of employee union membership.

Management approach

The organization has established policies and procedures to keep employee representatives informed and engaged in discussions with management that could affect the workforce's interests and well-being. These policies are carried out through regular communication sessions and partnerships. Any agreements reached at the local level are documented in minutes and protocols, and the information is made accessible to all employees.

Goals and commitments

- Zero tolerance policy for anti-union tactics
- Holding suppliers accountable to adhere to legislation and agreements regarding collective bargaining

Performance evaluation

The Groups practices can be seen directly in the salary negotiations processes taking place each year with unions and employee representatives. Additional impacts are seen through health and safety improvements, work environment, and employee programs.

We have updated our procedures and verifications to ensure that these principles extend to suppliers to recognise and adhere to collective bargaining agreements, ensuring fair employment practices for our use of third-party personnel and services. The Group has also terminated agreements with suppliers due to anti-union tactics, or unwilling to improve in this area.

2022 HIGHLIGHTS

- Screening of potential new suppliers on whether they have a policy for freedom of association and collective bargaining
- Corrective actions enforced with suppliers using anti-union tactics

Ethics and Governance

Material Topic	Target	Indicator
Anti-corruption	Zero cases of corruption	Number of corruption cases
Economic impact	Local procurement preferable when competitive	Share of procurement spend locally (%)
Forced labour and modern slavery	Zero incidents	Number of incidents
Anti-competitive behaviour	Zero legal actions	Number of legal actions

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ethics and Governance management

Odfjell Drilling is committed to high ethical standards, compliance and integrity with a focus on the importance of transparency and an open culture of disclosure.

The main policies within this focus area includes the Code of Business Conduct ("COBC"), Ethical Principles, Human Rights Policy, Modern Slavery Statement, Social Responsibility Principles, the Group's Core Values and the Competition Compliance Procedure.

The Board has approved the Ethical Principles, the Human Rights Policy, Modern Slavery Statement and the Core Values. The CEO of Odfjell Drilling AS has approved the COBC, the Social Responsibility Principles and the Competition Compliance Procedure.

All the above-mentioned policies are anchored on corporate level in the Company Management System and applicable for the entire Group in all its activities. The policies

are actively used in the risk review processes related to tenders and procurements, and form an important foundation for all our operations. The policies are communicated to potential business partners, and included in training for employees.

Odfjell Drilling's Ethical Principles highlights the material elements from the other policies. All the policies are to be followed in both spirit and letter. The CEO is responsible for the overall implementation of the policies within the Group, while all division leaders and line managers are responsible for implementation within their division/line. Everyone in Odfjell Drilling has a personal responsibility to work in a way that respects the policies and to encourage others to do so too. Detailed guidance to assist with upholding the policies is included in the COBC. In addition, the Compliance Officer and Corporate Legal are responsible for providing training and may always be contacted for guidance.



Economic impact

The value creation achieved by the Group is distributed to our owners and society in the form of shareholder returns, stakeholder impact and taxes. The economic impact is primarily created by these categories:

- Impact on employees and contractors
- Impact on the supply chain through procurement of goods and services
- Impact on investors investing in Odfjell Drilling Ltd.'s share on the Oslo Stock Exchange
- Impact on economies through tax payments
- Driving innovation and development of new technologies as part of the energy transition

Management approach

Employees and contractors

The focus of the Group is on its economic impact on the local employment and supply chain opportunities. Odfjell Drilling is an employer to 1,358 employees globally with a contractor base of 1505. Personnel costs represent 63% of cost base.

By creating jobs, developing employees, and promoting diversity and inclusion, there is significant economic impact on our workforce. This has indirect impact on

the local communities where we operate. For more information see [employment practices](#).

Supply chain management

With more than 6000 suppliers approved and an annual spend of more than USD 300 million, the economic impact in our supply chain is significant.

Our frame agreement suppliers are strategically important suppliers to the Group, with whom we cooperate closely, often over many years.

Local procurement is a priority whenever possible and practical and in 2022 more than 90% was procured locally in relation to our significant locations of operation. Having operations on a global scale, "local" is considered as in the same country as the end user. While a "significant location of operation" is where we have our drilling operations and any facilities related to these operations, such as workshops, supply bases and offices.

Tax strategy

The overall aim of the Group's [tax strategy](#) is to support its business by maintaining a sustainable tax rate, while mitigating tax risks and complying with rules and regulations in the applicable jurisdictions in which Odfjell Drilling operates.

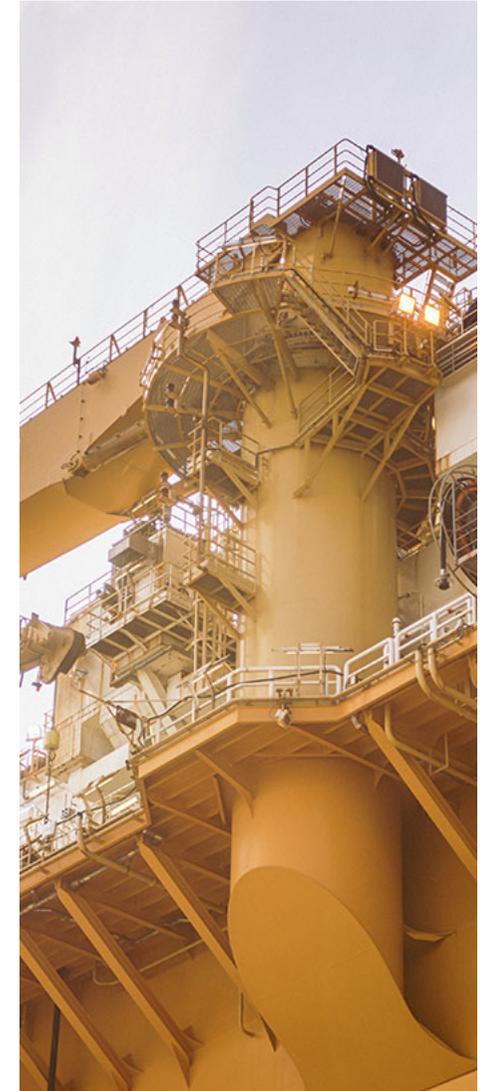
Contributing to the energy transition

Odfjell Drilling contributes to knowledge, data and experience sharing through our member associations, partnerships and research projects. These partnerships have been integral in how we do business and create indirect growth and value beyond our operations.

- Odfjell Oceanwind: With more than five decades of experience in operating semisubmersible drilling units in the toughest oceans in the world, Odfjell Drilling is a strategic partner and investor.
- Net Zero Drilling: Introducing alternative energy sources and development and implementation of new technologies as presented on [pages 8-10](#).

Looking forward

We view our economic impact performance as satisfactory, based on feedback from our stakeholders. Going forward, the Group is to develop a set of socio-economic indicators.



Anti-corruption

The Group is committed to conduct operations with honesty, fairness and transparency. The Group has a zero tolerance for corruption and holds its suppliers and agents to the same standards of integrity. 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.

Management approach

Code of Business Conduct

Personnel shall annually report and confirm compliance with the COBC.

Odfjell Drilling's whistle-blowing portal enables personnel and others to report infringements of the COBC or other ethical/critical concerns. The portal is accessible for external parties, including clients and suppliers. It is available from the Odfjell Drilling [website](#) and intranet in English. An anonymous two-way dialogue is initiated between the whistle-blower and the case investigator from the Group's compliance team. All reported cases are processed seriously, and the compliance team responds to the whistle-blower without unreasonable delay.

Personnel will not be retaliated against for making a good faith report. Cases of significant importance are reported to the Audit Committee and to the Board.

Odfjell Drilling does not tolerate and will not get involved in unethical or illegal business. Facilitation payments are strictly forbidden. Odfjell Drilling has a clear ambition that all stakeholders can rely on our integrity.

Odfjell Drilling has and will, in the future operate in countries deemed high risk by Transparency International. The Group's policies aim to identify corruption and bribery risks, ensure reporting of concerns and take measures to mitigate risk.

Anti-corruption policies are included in the COBC, and apply to all directors, employees and representatives of Odfjell Drilling. The COBC requires compliance with all applicable laws, as well as the Organisation for Economic Co-operation and Development convention on anti-bribery and the United Nations declaration of human rights. Failure to know and follow the COBC may result in disciplinary action. We expect suppliers, 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.

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

The COBC is a featured e-learning course in our HR training portal. All new personnel are required to complete the COBC course as part of on-boarding. Through 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.

Odfjell Drilling prohibits retaliation against anyone who reports or participates in an investigation of a possible violation of the COBC, other company policies or the law. 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 to do so.

Conflict of interest

According to the Ethical Principles and the COBC, personnel shall avoid conflicts of interest and circumstances which might result in a perceived conflict.

Personnel shall report any potential conflict of interest in the business compliance portal. External board positions and ownership in businesses that may be perceived to be in conflict with the Group's interests, shall be reported. Such businesses can be existing, prior or potential competitors, clients or suppliers of the Group.

Personnel may not 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 is discourteous or otherwise harmful to the Group. If that is the case, the gift must be reported in the business compliance portal. This applies equally to offering of gifts to existing or potential suppliers, vendors, customers and government representatives.

Due diligence

All clients, contractors, suppliers, agents and other third parties are subject to risk assessments according to Odfjell Drilling requirements, including corruption risk assessments, to ensure that the risks are known, understood and acceptable. Prior to any form of commitment, entering into agreements, or placing orders with new unknown third parties, a series of risk assessments is conducted.

The suppliers/third parties are categorised based on type of transaction/agreement, geographical area of operation and residing jurisdiction based on Transparency International's Corruption Perception Index, and type of corporation. The risk category determines the process for evaluating a supplier/third party. A potential high risk supplier/third party requires detailed integrity due diligence to be performed by the Compliance Officer.

Agents

Business opportunities will occasionally materialise in countries and regions where Odfjell Drilling has limited or no experience, and where using agents is common practice. Any agent is classified as a high risk third party, and a detailed integrity due diligence process is carried out, as described above.

Agent agreements, including renewals, are reviewed by the Corporate Risk Committee ("CRC"). The corporate legal department shall review the draft agreement prior to CRC review. A positive conclusion from CRC is required before signing an agent agreement. The Compliance Officer maintains a list of all agent agreements entered into by the Group, and is responsible for periodic reviews of agents with the aim to confirm the agent's continuous compliance with the Group's standards.

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 relevant anti-corruption laws.

Supplier code of conduct

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 impropriety or conflicts of interest. Suppliers shall maintain and uphold Odfjell Drilling's principles of openness and transparency and their performance is continuously monitored and followed up.

Corporate Risk Committee

The CRC is part of the Group's tender, procurement and operational review process. CRC ensures that tenders, client contracts, and procurements exceeding a certain value and/or with a certain risk profile are subject to a risk assessment, including integrity risk.

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 contribute to lessons learned across the Group. A CRC process is always required in countries with a score lower than 40 on Transparency International's Corruption Perception Index.

Goals and commitments

- Zero tolerance approach to bribery and corruption, and commitment to act professionally, fairly and with integrity in business dealings and relationships
- The Group shall only do business with client, contractors, suppliers, agents and other third parties who conduct business legally and ethically, do not expose the Group to criminal behaviour or other liabilities, or may cause the Group reputational harm

Main requirements of 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

Performance evaluation

Anti-corruption

Data from the whistle-blowing portal is used to report any cases of corruption. Data from the "Become a supplier" system is used to measure the number of due diligences performed. Data from our e-learning portal is used to measure the number of employees who have undergone anti-corruption training and confirmed compliance with the COBC.

There were no confirmed incidents of corruption or incidents in which employees were dismissed or disciplined for corruption in 2022. 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 any Group company or its employees.

Reported cases

	2020*	2021*	2022**
In whistle-blowing portal	3	5	1
Via other channels	0	0	0

*includes Odfjell Technology cases

**solved and closed, no critical concern. Not related to non-compliance with the COBC.

Anti-corruption assessments of suppliers/third parties

Supplier reviews: Supply Chain Management performed 114 supplier reviews in 2022. The scope of these reviews mainly concern supplier performance such as administration and management, information and analysis, planning, human resources, process management, operational results, customer satisfaction, supply management, health, safety and environment.

Risk level	Management
Low/ Medium risk	<ul style="list-style-type: none"> ✓ Suppliers/third parties are subject to a standardised due diligence process performed by specialised supply chain management personnel authorised by the Vice President Supply Chain ✓ Any red flags: Not approved ✓ If approved: Standardised integrity due diligence is regularly performed to ensure that the supplier/ third party remains ethically compliant
	<ul style="list-style-type: none"> ✓ Suppliers/ third parties are subject to a detailed integrity due diligence performed by the Compliance Officer
High risk	<ul style="list-style-type: none"> ✓ Any red flags: Not approved ✓ If approved: The supplier/ third party will be monitored through e.g. follow-up visits, periodic audits, compliance checks, financial reviews and invoice checks, as required, to ensure continued compliance

Human rights in Odfjell Drilling

The Group is dedicated to ensuring the protection of human rights through due diligence. Risk assessment processes help us identify, prevent and minimize any negative impacts that our operations or partnerships may have on human rights.

Human rights risk management approach

Odfjell Drilling is committed to high ethical standards, compliance and integrity. This is reflected in our commitment to internationally adopted human rights. Through the integration of human rights into the overall risk assessment processes in the Group, we work to ensure a human rights focus is operationalised as part of day-to-day business.

In 2022 the Group identified salient and material human rights focus areas through internal and external stakeholder assessments. We evaluated the potential risks and consequences our activities may have on the human rights of stakeholders. The Groups is now preparing the next steps in human rights risk mitigations.

Human rights policy

The Group implemented a stand-alone Human Rights policy in 2022. The policy content is based on a multi-stakeholder process, describing our high-level commitment to human rights.

All employees are expected to comply with the policy and its human rights commitment. The policy is owned and approved by the Board and the CEO and Executive Management Team have the responsibility to ensure that this policy governs the Group's business activities and their actual and potential impacts on human rights. The commitment stated in this policy is integrated into other key processes, such as supply chain management, HR management, tender and contract processes and risk management.

Human rights impact and focus areas

Through the stakeholder assessments, the Group identified the following main focus areas as salient and important topics under human rights:

- Right to health and safety
- Equality and non-discrimination
- Fair working terms and conditions
- Freedom of association and collective bargaining
- Anti-slavery and anti-child labour

The Group acknowledges the advantage of having major administrative and operational presence in countries with strong human rights legislation. This positively impacts the company management approach to ensure human

rights are extended to all activities and through the supply chain, having a positive impact on local communities where we may operate.

Human rights risk assessment

In 2022 the Group completed a country risk assessment in compliance with the Norwegian Transparency Act. Through the assessments, the following main focus areas were identified:

- Working terms and conditions, including third-party personnel
- Health and safety, including third-party personnel safety competency
- Use of verified suppliers

These priorities have direct impact on our QHSSE and Human Resources policies and procedures, and extend to our Supply Chain approach through procedures, frame agreements, and verifications.

Forced labour and modern slavery

There has not been identified actual forced labour and modern slavery related to products or services the Groups has purchased in 2022. Despite this, the mapping of the supplier network continues and suppliers with potential high risk are followed up individually. Consequently, the Group is using manning

services underlaid the Maritime Labour Convention (MLC).

In 2022, the Group began deep-dives into the manufacturing and processing of textile production we purchase, such as work wear, linen and towels. The Group is currently investigating the possibilities to start with Additive Manufacturing of spare parts and digital warehousing. Reduced vulnerability in the supply chain, lower freight emissions and decreased need for physical storage has been positive benefits identified.

Local communities

Supply Chain Management has an impact to the local communities in which we operate for instance local suppliers, local facilities and local workforce.

In our operations in Namibia we use a local service provider who coordinates and establishes a network with local goods and service providers, such as freight forwarding, supply base facilities with logistics personnel and laboratory services.

Responsible Supply Chain management

In Supply Chain we meet human rights requirements from several angles. One aspect is our physical presence around the world with supply bases, personnel and freight forwarding, and another aspect is the products and services we purchase.

Focus area

To have a realistic approach to the human rights requirements, we have chosen to focus on the following elements:

- Where the risk is high
- Activities and products directly linked to our main activities
- Where we have the possibility to make an impact

According to our risk assessment our human rights risk increases the moment we cross over to third party activities, either via purchasing of goods or services, or where third party personnel are operating for us or on our behalf.

Another risk we have identified, is raw material production and processing. Considering us purchasing textiles for work wear and linen, towels, etc. for our offshore operations. The raw material production and processing of cotton is an area where the risk is high. Metals used in drilling equipment, spare parts, electronics, etc. is related to extraction of

minerals and mining, and is another risk area that we will look into.

Supplier onboarding

All potential new suppliers are risk assessed and given a "high risk" or a "low risk" score based on self assessment on human rights. Suppliers with "high risk" are handled as non-conformances and followed up individually.

Suppliers considered "high risk" but not willing to reduce their human rights risk are deactivated from our Approved Vendor List.

All suppliers are required to sign our Supplier Code of Conduct.

In 2022, we conducted the following:

- ✓ 139 new and existing suppliers were risk assessed on human rights risk
- ✓ 29.5 % of all new suppliers were screened using social criteria (100 % after July 1st)
- ✓ 15 suppliers were identified as having a high risk for potential negative impact to human rights, which we are following up individually

No suppliers were identified as having an actual negative impact. Moreover, no supplier relationships were terminated due to actual or potential negative impact to human rights.

Existing suppliers

Having over 6,000 suppliers, along with their sub-suppliers, is a large scope to assess risk. We have therefore set priorities to screen the new suppliers coming in and then to screen also the existing suppliers when our human rights onboarding process is stabilized.

To have a realistic goal on assessing over 6,000 suppliers, we will use the results from our risk assessment to categorize our suppliers and prioritize suppliers delivering high risk products and services and also our frame agreement partners. This is part of our long term plan.

Products and services

There are some products and services that we consider a higher risk in relation to working conditions, employment practices, potentially long working hours and low salary, etc. and are therefore natural areas to prioritise. These are:

- Textile products (cotton)
- Products containing metal (mining)
- Freight forwarding services
- Personnel and manning services
- Facility services
- Yard services

Depending on the type of supplier and products/ services they provide, the supplier may also be evaluated by their management system, such as HSE, management, etc.

The current number of suppliers is 6,534, where all suppliers registered after 2017 have been prequalified and approved through the "Become a Supplier" process, which makes the number of screened suppliers 90%.

Supplier onboarding risk assessments

Risk level	2020	2021	2022
Low	113	103	131
Medium	27	38	49

2022 HIGHLIGHTS

- Established suppliers human rights risk profiles on all new suppliers after July 1st
- A new type of shoe covers made from plant sugar replaces the classic blue plastic shoe covers in 2022
- Influenced a supplier to move their production from a high risk to a low risk country

Supply Chain risk assessment

Key risk	Management
Corruption	See section on anti-corruption page 34 .
Criticality (consequences of failure)	When considering a supplier's criticality, the consequence is evaluated in case the supplier fails to deliver as agreed. The potential failure is evaluated against operational, financial, environmental and safety impact and the supplier is given a "High", "Medium" or "Low" criticality score based on the products and or services they are meant to deliver.
Performance	<p>A supplier's performance is always of the essence for the uptime and quality of our operations. If our suppliers fail in delivering as agreed, or the quality of the products and services they provide is low, this may have an impact on our performance.</p> <p>Consequently, monitoring and following up supplier performance is continuously conducted through their life cycle on our "Approved Vendor List" i.e. with supplier reviews, supplier audits and general operational performance.</p>
Human rights	See section for human rights page 37 .
Change of criticality/scope	<p>When a new supplier is approved for use in the Group, they are given a criticality score based on the nature of the company and the goods and services they provide. If a supplier is approved for a low critical delivery and then at some point the scope changes to a higher criticality requirement, we may have to re-evaluate the supplier's capability to perform at this level.</p> <p>Two ways to do that is to re-prequalify the supplier to see if they are qualified according to the new scope, or to risk assess that specific delivery and implement mitigating actions to secure a safe and quality assured delivery.</p>
Environment	<p>Environmental impact is relevant from many angles in the supply chain, but from the supplier perspective, we monitor their day to day performance, and non-conformances reported are categorised if they are environmentally related or not.</p> <p>The suppliers are required to sign our Supplier Code of Conduct and agree to protect the environment. In addition, we work on more specific, case to case actions with the suppliers, such as freight merging, reducing packing materials, replace items with more environmental friendly products, exploring the possibilities for Additive Manufacturing, digital warehousing, circular economy etc.</p>

Anti-competitive behaviour

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 supports this principle. The Group is an independent competitor, sets its own prices, decides its terms and conditions of sale, and selects its own customers.

Management approach

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

Competition Compliance Procedure

Fair competition is an important element in Odfjell Drilling's Competition Compliance Procedure and the COBC. 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 damaging the reputation of the Group.

All business decisions shall be made on the basis of an independent business judgement, and not on the basis of direct or indirect contact with competitors. These principles apply to the entire Group in all its activities.

All employees shall strictly comply with any applicable competition law.

Regional managers are responsible for ensuring that all new employees involved in marketing and sales activities understand the Competition Compliance Procedure.

Training

The Group carries out training of key personnel periodically. Training sessions typically include a presentation of 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, covering what is allowed, what is not allowed and what to do if put in a difficult position.

Management agreements

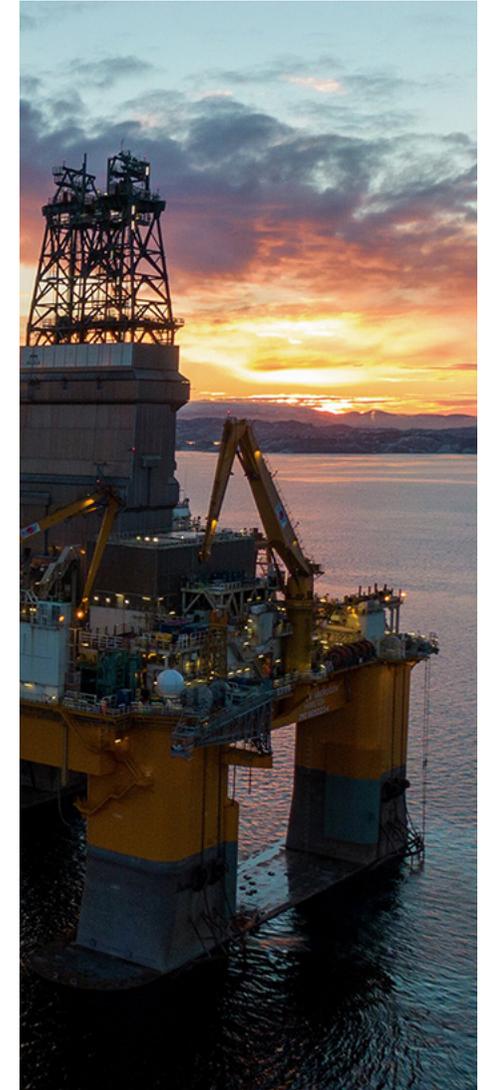
Odfjell Drilling is the manager of four drilling units owned by external parties. The Group has established separate guidelines and systems for ensuring compliance with competition law in relation to managed units, including but not limited to guidelines on appointment of clean persons and restrictions on information sharing.

Performance evaluation

Training needs are continuously evaluated, and sessions are documented with attendance records and documentation of scope.

In 2022, as a result of an increased number of managed units, there were made updates of the guidelines related to management agreements.

There are no legal actions pending or completed regarding anti-competitive behaviour or violations of anti-trust/monopoly legislation in which Group companies have been identified as a participant during 2022.



Appendix: stakeholder dialogue

Key stakeholders	Key material topics (random order)	Type of engagement	Follow up	Frequency of engagement
Investors and financial institutions	GHG and air emissions	quarterly reports, meetings	reports	regularly, as needed
	Occupational health and safety	meetings	stock exchange notifications	as needed
	Anti-corruption	general assembly	public communications	annually
Clients	GHG and air emissions	reporting, industry meetings, customer and project meetings	client interviews	regularly
	Occupational health and safety	meetings	contract based dialogue and reporting	regularly
	Anti-corruption	industry forums	scheduled meetings, reports	regularly
Employees	Occupational health and safety	management meetings	reporting line dialogue	regularly
	Non-discrimination and equal opportunities	performance evaluations, working environment survey, employees' representatives	on-board program, networking events, training programs, intranet	regularly, annually, as needed
	GHG and air emissions	reporting	reports, meetings, strategy	regularly
Suppliers	Anti-corruption	meetings	contract based dialogue	regularly
	Non-discrimination and equal opportunities	industry forums	supplier interviews	regularly
	Occupational health and safety	verifications and audits	supplier code of conduct	regularly
Government bodies	GHG and air emissions	meetings, reporting	involvement through safety forums	regularly, as needed
	Occupational health and safety	verifications and audits	certification/approval processes	regularly, as needed
	Non-discrimination and equal opportunities	reporting	internal communication, performance dialogue, employee surveys	regularly, as needed

Appendix: Environmental Impact

Performance evaluation: Spills and discharges to sea

Total spills to sea

Type	2020	2021	2022
Serious spills	0	0	0
Moderate spills*	1	0	1
Minor spills	10	5	7

Moderate spills to sea

Year	Location	Volume (m3)	Type of spill
2020	Norway	7.0	Oil based mud
2022	Norway	0.09	Hydraulic oil

*The environmental impact related to the moderate spills in 2020 and 2022 was assessed to be of low significance.

Appendix: People and safety

Performance evaluation: Occupational health and safety

Number of work-related injuries

Type	2020*	2021*	2022
Odfjell Drilling personnel			
Fatalities	0	0	0
Serious injuries*	0	0	0
Total recordable injuries*	7	3	10
Non-Odfjell Drilling personnel			
Fatalities	0	0	0
Serious injuries	0	0	0
Total recordable injuries*	7	1	5

Frequencies* of work-related injuries

Type	2020*	2021*	2022
Odfjell Drilling personnel			
Fatalities	0	0	0
Serious injuries**	0	0	0
Total recordable injuries**	4.7	2.1	5.5
Working hours	1 497 816	1 449 600	1 825 099
Non-Odfjell Drilling personnel			
Fatalities	0	0	0
Serious injuries**	0	0	0
Total recordable injuries**	33.1	4.9	12.6
Working hours	211 344	205 608	395 529

* Frequencies do not include onshore employees

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

Appendix: People and safety cont.

Performance evaluation: sick leave, parental leave and local representation

	2020	2021	2022
Sick leave per category			
Onshore	1.00%	1.10%	1.00%
Offshore	3.00%	4.60%	5.50%
Total*	3.20%	5.10%	5.10%
Sick leave distribution			
Short term	2.20%	3.80%	3.40%
Long term	1.00%	1.30%	1.70%

*Total Includes Covid-19 related Sick-leave without Covid-19 was 4.4%, in 2021. Covid-19 preventive measures from 2020 were extended, focusing on promoting national vaccination programs.

Local Representation in senior Management (level 1-3) in significant locations*

Country	2022
Norway	91,30%

*Significant location = more than 50 employees

Parental Leave

Average Parental Leave	Female	Male
Total weeks in all Norwegian entities 2019-2022	0	15
Number of parents	0	1
Average weeks Norwegian entities	0	15

Turnover per category

There is monthly monitoring of the number of employees and turnover within each operational area, providing overview and opportunity to identify reasons for leaving, and preventing issues that may cause negative turnover.

	2020	2021	2022
Onshore	1.79%	4.69%	4.78%
Offshore	1.33%	1.32%	1.58%
Total	1.38%	1.65%	1.85%

Turnover by Region (work location country)

Region	Turnover
Norway	1.58%
Namibia	6.25%
United Kingdom	40.00%
Total	1.85%

Turnover per gender category	Turnover YTD%
Female	1.94%
Male	1.85%
Total	1.85%

Turnover per age group	Turnover YTD%
0-20	0%
20-29	0.58%
30-39	3.24%
40-49	1.59%
50-59	1.55%
60-69	0%
70+	0%
Total	1.85%

New Hires Analysis 2022:

By Gender:

Gender	Count New Employees
Female	121
Male	125
Total	137

By Age Group

Age Group	Count New employees
Less than 20	18
20-29	30
30-39	52
40-49	25
50-59	11
60-69	1
Total	137

By Region:

Region	Count New Hire
Norway	105
Namibia	31
United Kingdom	1
Total	137

Appendix: People and Safety cont.

Performance evaluation: employment practices (training)

Required training hours 2022 per category

The Group concluded a 3-year leadership training program for offshore managers, including the topics "Ethics" and "Use of power" in leadership

Location	Gender	2021		2022	
		Total hours	Avg./employee	Total hours	Avg./employee
Offshore	Female	916	19	807	31
	Male	25 218	12	31 500	26
Onshore	Female	795	3	126	2
	Male	2 255	4	506	6

Training hours per category

Type	Total hours	Average/employee
Required training 2021	29 184	10
Required training 2022	32 939	*28
Self-development	1140	7

*Number of required training hours 2022 reflects the split of the company and increase related to operation of new rigs and new locations.

Percent completed development reviews per category

Location	Gender	2021*	2022*
Offshore	Female	37%	50%
	Male	46%	30%
Onshore	Female	10%	25%
	Male	10%	17%

*Development talk completions are adjusted to reflect post split of the Company

Number of employees enrolled in leadership training

Location	2020	2021	2022
Onshore	25	36	0
Offshore	61	263	145

Number of leaders enrolled in formal training

Our leadership training strategy has reached 530 leaders in the 3-year period 2020-2022.

Year	No. of leaders
2022	145
2021	299
2020	86

Appendix: People and Safety cont.

Performance evaluation: female and age representation in the Group

% Female representation

	2020	2021	2022
Offshore	2.59%	2.83%	2.63%
Onshore	22.43%	22.33%	19.61%

Gender vs. position level - top management levels only

		2020	2021	2022
CEO & GM (Level 1)	Female	50%	50%	50%
	Male	50%	50%	50%
Board of Directors	Female	50%	50%	33%
	Male	50%	50%	67%
Executive Management (Level 2)	Female	20%	18%	29%
	Male	80%	82%	71%
Business Area management (Vice presidents - Level 3)	Female	31%	29%	27%
	Male	69%	71%	73%

Age distribution by category

Category	Indicator	2020	2021	2022
Onshore	Under 30	3%	5%	17.10%
	30-50	45%	46%	61.10%
	Over 50	52%	49%	21.90%
Offshore	Under 30	13%	16%	8.70%
	30-50	62%	61%	54.80%
	Over 50	25%	23%	36.50%

Gender distribution employment contract

		2020	2021	2022
Permanent	Female	45	50	47
	Male	963	1,048	1,259
Temporary	Female	3	2	6
	Male	30	35	46
Total		1 041	1 135	1 358
Full Time	Female	48	52	53
	Male	991	1,080	1,300
Part Time (1-99%)	Female	0	0	0
	Male	2	3	5
Total		1 041	1 135	1 358

Age distribution by governance body

Indicator	Governance body	2020	2021	2022
Under 30	Board of Directors	0%	0%	0%
	CEO & GM (Level 1)	0%	0%	0%
	Executive Management (Level 2)	0%	0%	0%
	Business Area Management (Vice Presidents - Level 3)	0%	0%	0%
30-50	Board of Directors	0%	0%	0%
	CEO & GM (Level 1)	0%	0%	0%
	Executive Management (Level 2)	33%	18%	30%
	Business Area Management (Vice Presidents - Level 3)	64%	61%	55%
Over 50	Board of Directors	100%	100%	100%
	CEO & GM (Level 1)	100%	100%	100%
	Executive Management (Level 2)	67%	82%	70%
	Business Area Management (Vice Presidents - Level 3)	36%	39%	45%

Performance evaluation: other workforce information

Regional representation in the Group

Region	2021	2022
Scandinavia	99%	96%
Central/Western Europe	1%	3%
Other	0%	1%

Nationalities represented in Group governance bodies

Governance body	2020	2021	2022
Board of Directors	3	3	1
CEO & GM (Level 1)	2	2	2
Executive Management (Level 2)	3	3	2
Business Area Management (Vice Presidents - Level 3)	5	4	2

Number of directors/employees in Group governance bodies

Governance body	2020	2021	2022
Board of Directors	4	4	3
CEO & GM (Level 1)	2	2	2
Executive Management (Level 2)	10	8	7
Business Area Management (Vice Presidents - Level 3)	10	10	11

Workforce including contractors

Type of employee	2020	2021	2022
Employees	1 041	1 135	1 358
Contractors full time	10	11	80
FTE Contractors part-time	61	23	67
Total	1 112	1 169	1 505

* FTE= full time equivalent

Nationalities represented by category

Location	2020	2021	2022
Offshore	10	11	216
Onshore	6	6	7

% local staff represented based on nationality in each location

Country	2021	2022
UK	100%	100%
Norway	97%	97%
Namibia	-	0%
UAE	0%	0%

Total number of employees by employment contract by region

Employee	Location	2020	2021	2022
Permanent	Central/Western Europe	3	3	2
	Middle East	0	2	2
	Scandinavia	1 000	1 096	1 204
	Africa	0	0	100
Temporary*	Central/Western Europe	2	0	0
	Eastern Europe	2	0	0
	Scandinavia	34	34	50
Total		1 041	1 135	1 358

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

Appendix: Ethics and Governance

Performance evaluation: anti-corruption

Employees who have undergone anti-corruption training

An updated COBC course was launched on 1 December 2021. The 2022 number includes all employees who have taken the updated COBC course from December 2021. The 2021 and 2020 numbers include Odfjell Technology employees. Internal awareness sessions are mainly related to Odfjell Drilling's operations. In 2022 awareness sessions for offshore crew at Bollsta were held to ensure compliance with anti-corruption regulations.

Course	2020	2021	2022
E-learning COBC	410	1 716	1 178
Awareness sessions	14	20	35

% employees completed COBC training per region

81% employees completed annual confirmation 2022. All employees are required to confirm that they have read, understood and complied with the COBC annually.

Region	2022
Norway	86%
UK	50%
Dubai	100%

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 watchlists, it matches to OFAC, HM Treasury and the EU Consolidated Files. By utilising the enhanced screening service, we link with the Regulatory Data Corporation. This is a public record database with 19 million entries, which is updated daily and created by combining over 500 Watch Lists globally.

The high-risk suppliers/third parties assessed for risks related to corruption, include agents and renewal of existing agreements.

Odfjell Drilling established a small onshore organisation in Namibia at the end of 2022 where agent services were used.

Anti-corruption assessments of high risk suppliers/third parties

"Internal" assessments are carried out by Group personnel, and "external" assessments using external consultants.

No significant risks related to corruption were identified in the Group's operations in 2022 based on integrity due diligence performed

	2020	2021	2022
Internal	5	5	3
External	0	0	1
Total	5	5	4

For more information visit
www.odfjelldrilling.com

