

Sustainability Report 2018



MAERSK
DRILLING

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Maersk Drilling at a glance

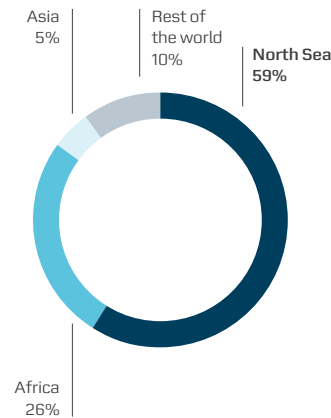
Maersk Drilling supports global oil and gas production by providing high-efficiency drilling services to oil and gas companies around the world



Founded 1972

~2,850
employees

Geographical presence Revenue 2018



23 Rigs



15 Jack-up rigs
8 Floaters

1.4 bn
Revenue 2018
(USD)

Statutory Report for §99a and b according to the Danish Financial Statements act

Letter from the CEO

Dear reader,
2018 has been a year of change for Maersk Drilling. With the pursuit of a separation from A.P. Moller-Maersk through a demerger and separate listing, we are facing a future of great opportunity. The 2018 Maersk Drilling Sustainability Report marks an important step on our way to becoming a stand-alone company.

Our commitment to sustainability remains strong. The world continues to be dependent on oil and gas; our ambition is to ensure that this demand is met in a responsible way, while continuously trying to reduce the negative impact on the environment. Our commitment to long-term value creation is built on the 10 Principles of the UN Global Compact, and we are inspired and guided in our activities by the UN Sustainable Development Goals. As we will be separating from A.P. Moller-Maersk's UN Global Compact membership, we decided to reconfirm our membership by rejoining the Global Compact as a stand-alone entity. This report constitutes our first own Communication on Progress (COP) Report to the UN Global Compact.

A company is defined by its values. Sustainability is not only our license to operate – it is a reflection of our core values. Through humbleness we give space to other, and pay attention in order to learn and grow as a company. Uprightness defines our way of doing business with customers, suppliers and partners. Constant care is important to us. We take care of

today and actively prepare for tomorrow. By looking ahead, we stay ahead. To build the right team and attract good people, we prioritise our employees and strive to give them good working conditions. We value our name, because it embodies our values, our passion and our tradition. Our values inform our actions as individuals and as a company, and they will continue to define who we are in our future as a stand-alone entity. We take pride in these values being part of our heritage.

Above all, the safety of our people is, and always will be, our number one priority. A strong safety culture permeates everything we do and stand for, offshore as well as onshore. After losing one of our colleagues in a fatal accident in 2017, we have continued our quest to find ways to prevent fatal accidents in the future. This has informed a redefinition of how we think of safety in Maersk Drilling, and led to the launch of a new "Safety as Capacity" strategy in 2018. We have worked, and will continue to work, strategically and innovatively with safety in our operations in line with our ambition to achieve industry leadership in HSSE performance. We do this because safety is the foundation of the operational success that Maersk Drilling is known for, and because we will not accept that our employees do not return home safely.

We are committed to contributing to economic and social development. We take pride in the fact that we help provide affordable energy to the world and contribute to the development of local communities

through our local content programmes. We provide great opportunities and professional development for our people, and we strive to conduct business in a responsible and sustainable manner through acting with integrity and upholding a high degree of business ethics. Respecting human rights and working against corruption in all forms is at the centre of our values. We believe this is not just the best, but also the right way to do business.

Looking ahead, we are excited to see what the next years will bring. The changing industry context brings challenges as well as opportunities. At Maersk Drilling, we are ready to unlock those opportunities with the aim of generating long-term shared value – for us as a company, our investors, and for society as a whole.



Jørn Peter Madsen
CEO

Our approach to sustainability

Our business model

At Maersk Drilling, we support the oil and gas industry by providing high efficiency drilling solutions for the Exploration and Production (E&P) and Plug & Abandonment (P&A) of oil and gas activities. The E&P constitutes the early phases of the oil and gas lifecycle that require the construction of wells in order to access oil and gas reservoirs, while P&A constitutes the last stages of the drilling activities. As a drilling contractor we are the first and last ones present at the drilling site, and we provide customers with a drilling rig, associated drilling equipment, and the skills and human resources necessary to conduct drilling operations. The natural resources extracted as a result of this process are the property of our customers.

Due to this inherent division in our business model, the operational and legal responsibilities of the environmental impact of drilling activities are divided between Maersk Drilling and our customers. This division is illustrated in the value chain on page 6, along with the most material environment and safety areas related to our core business activities.

In addition to our own direct operational responsibility, we also work to ensure that all people on our

rigs, whether our own employees, the employees of our customers or subcontractors, follow Maersk Drilling's safety procedures.

Apart from the impacts resulting directly from our drilling activities, we have a number of other sustainability topics related to our daily business operations. These include engagement with suppliers and other third parties, human and labour rights, security, and economic and social contribution to the communities in which we operate. These aspects are all reflected in how we work with sustainability.

Sustainability governance and risk management

Sustainability is an integrated part of how we do business. Sustainability performance is part of our general decision-making structures within key areas, such as health, safety, security and environment (HSSE), procurement, legal, and manning. As part of the preparation for the separation from A.P. Moller-Maersk through a demerger and separate listing, Maersk Drilling has developed our own policies and approaches during 2018, as well as taken over a number of sustainability-related processes from A.P. Moller-Maersk.

The Board of Directors is the highest authority of Maersk Drilling and oversees our sustainability work. At the beginning of 2019, Maersk Drilling established a new Safety and Sustainability Committee comprising of, among others, the Chairman of the Board. The Safety and Sustainability Committee will be the main governing body in managing sustainability issues across Maersk Drilling in the future. The main functions of the Sustainability Committee will include:

- Overseeing the identification, management and mitigation of risks, including the related policies associated with sustainability
- Endorsing strategies and positions on sustainability within Maersk Drilling

The Senior Management Team, consisting of the seven top executives in charge of daily operations in Maersk Drilling, has the overall responsibility for our sustainability programmes and performance with specialist support from appointed working groups.

Sustainability is integrated into the overall Enterprise Risk Management, and sustainability risks are identified, evaluated and managed together with other business risks.



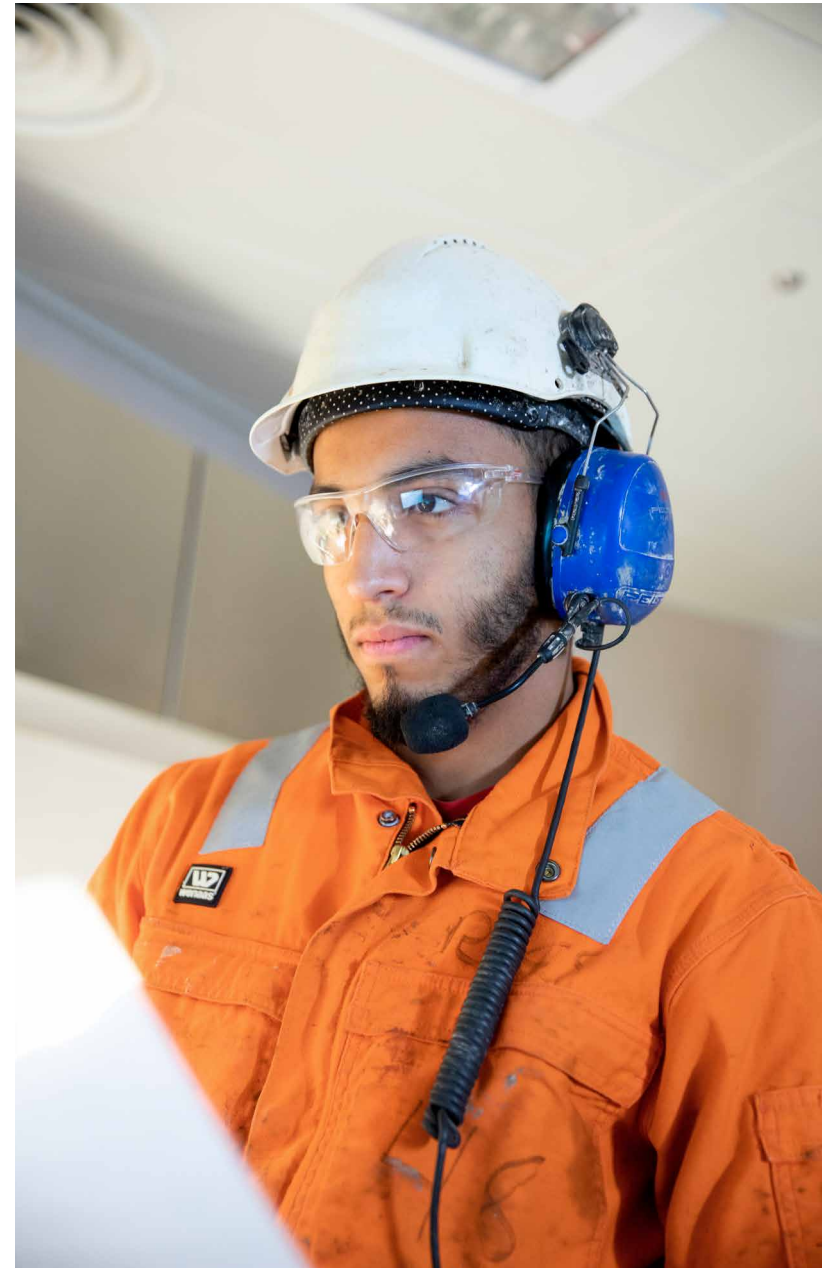
Sustainability is not only our license to operate – it is a reflection of our core values.

Sustainability focus areas

Maersk Drilling's Sustainability Policy provides guidance on how we conduct business. The policy is built on the ten principles of the UN Global Compact, the Universal Declaration on Human Rights, and the Fundamental Labour Conventions of the International Labour Organisation (ILO). This high level Sustainability Policy is supported by a number of subject-specific policies, which guide us in our daily operations. The Sustainability Policy was formulated in 2018, and approved in the beginning of 2019.

In 2018, we mapped out the UN Sustainable Development Goals (SDG's), and identified the goals on which we have the largest impact through our business operations. Our business impacts all of the 17 SDGs, either directly or indirectly. However, we have identified and focused on the SDGs that we believe Maersk Drilling can influence the most through our

daily business. These goals cover issues that are already core to our sustainability efforts, including safety, climate and environment, anti-corruption, human and labour rights, responsible procurement and diversity. While Maersk Drilling contributes positively to a number of the SDGs, we also have a negative impact on SDG 13 related to Climate Action, as we contribute to the production of fossil fuels. Due to the projections for oil and gas dependence for the next decades, we see it as our main duty to ensure that this demand is met in a responsible way, with a focus on minimising the negative environmental impacts where possible. Through our growing focus on innovation, we will continue to seek ways to minimise our negative impact on the climate, as well as continue to strengthen our positive contribution to the other SDG's. Please refer to the section Ambition and Progress on page 16 for further information on how we impact the SDGs.



Our Sustainability Focus Areas



Safety




Climate & Environment







Our People and Human Rights




Local Content




Responsible Business

Our position and role in the oil and gas value chain

Maersk Drilling operational responsibility

Training and technical skills of employees and contractors

Safety of employees and third parties on board our rigs

Handling of chemicals on rigs

Spills of hazardous materials to sea

Sorting of household waste on board our rigs

Fuel use in between operations

Customer operational responsibility

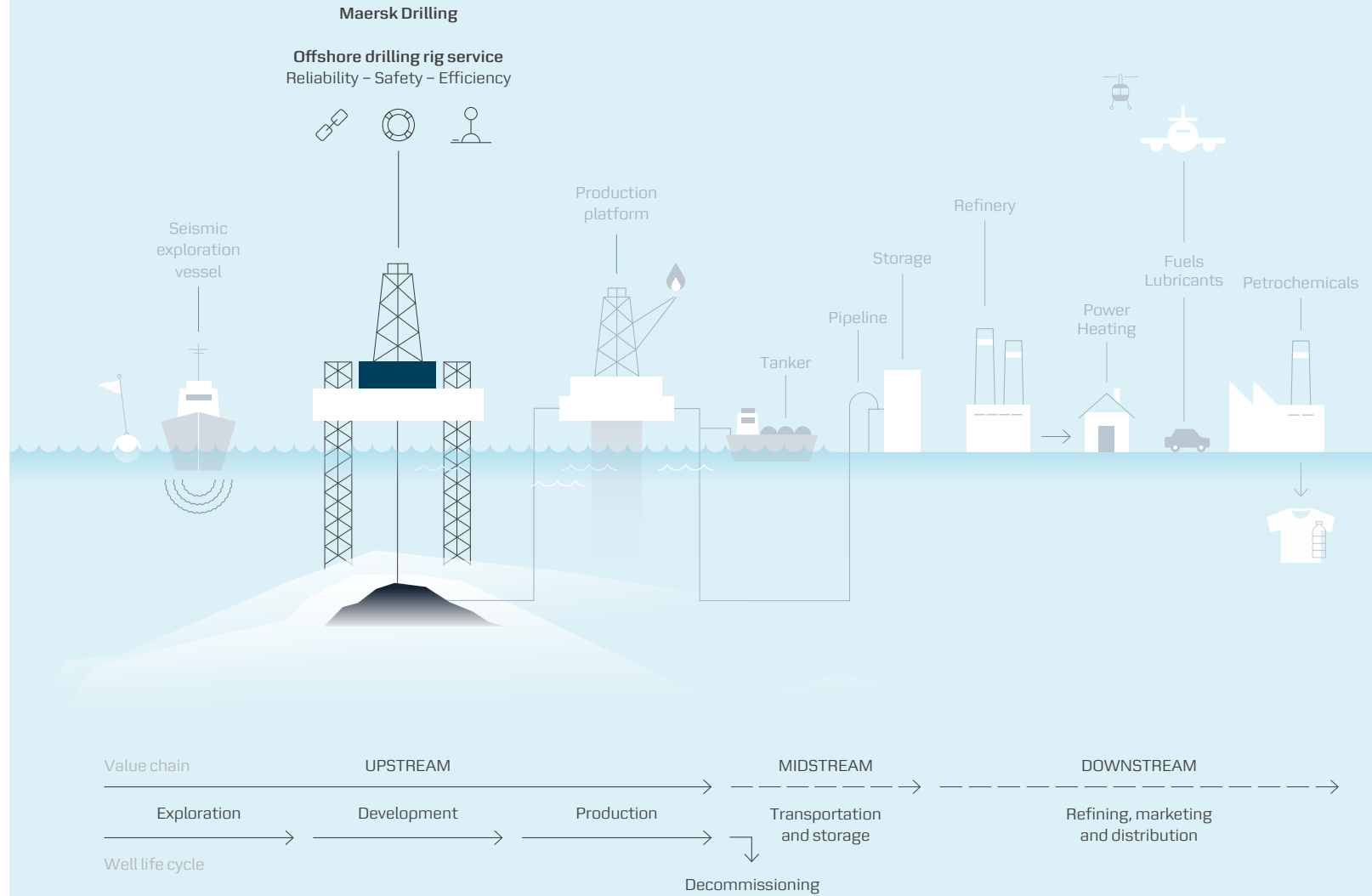
Appropriate disposal of drilling waste (cuttings)

Impact assessment of drilling activities prior to drilling

Fuel consumption during drilling operations

Security of wells after drilling

Safety of customer staff and upholding of Maersk Drilling safety instructions



Safety

The safety of our people is our number one priority. Safety is our foundation for delivering the operational excellence that Maersk Drilling is known for, safety permeates everything we do and stand for, offshore as well as onshore. Reaching our ambition of ZERO serious incidents requires excellent safety management and procedures, as well as commitment from leadership and all our employees. We work to strengthen the overall safety performance of the industry as a whole through close cooperation and knowledge sharing.

A strong safety culture

Building and maintaining a strong safety culture is a key objective for Maersk Drilling, as well as for our customers. We support the continuous involvement of our workforce in HSSE issues, and the development and improvement of the safety culture for all people working on board our rigs, whether customer, supplier or Maersk Drilling representative. Our safety culture is built around our four Safety Behaviours: Safe Start. Do It Right. Say Stop. Watch Out. Our fundamental operational mandate "Authorised to Say Stop" gives everyone, offshore and onshore, the right and the obligation to stop any job that he or she deems unsafe. Anchoring these safety behaviours into the DNA of how we work benefits each employee's personal safety and that of their colleagues and contractors, as well as the safety of our customers and third parties on board our rigs.

To support our HSSE efforts, we utilise our integrated digital Safety Management System SIRIUS.

This provides all employees, customers and other third parties access to safe and efficient process flows and reference documents that describe how activities are performed by Maersk Drilling.

The system is built to support delivery of high efficiency, high quality and high HSSE performance, and to support continuous improvement. SIRIUS is designed to comply with ISO 9001, OHSAS 18001, ISO 14001, IMO ISM Code, IMO ISPS Code and API Q2.

In December 2017, we lost one of our colleagues in a fatal accident in the North Sea. Investigating the root cause of this has had high priority throughout 2018, and we have seen it as our prime responsibility to ensure that we have the capabilities to prevent similar incidents in the future – not just at Maersk Drilling, but in the industry as a whole. We have therefore shared our learnings at a number of industry conferences, and have implemented several operational modifications, such as updating our lifting procedure.

The assumption is that our employees will often have to deviate from the planned procedure in order to accommodate for the changing environment in which they work. To manage the constant changes in the workplace, we have to identify and develop the capacity and controls that need to be in place in order to secure that our workers are equipped to follow safety procedures in spite of changes in the external environment. When we deviate, we have to acknowledge that hazards also develop, and then make sure to maintain the barriers between

reality of work and the emerging hazards. To do this, we need to identify and deeply implement Safety Behaviours and control mechanisms that will enable us to manage barriers and prevent the emerging hazards from becoming incidents.

This has redefined how we work with safety at Maersk Drilling, and has led to the launch of our new "Safety as Capacity" strategy in 2018. "Safety as Capacity" is built around three projects: Project X, Simple to Be Safe, and Out of Harm's Way.

Our safety performance	2018	2017	2016
LTI Frequency	0,92	0,53	0,49
TRC Frequency	2,61	2,66	2,44
Fatalities	0	1	0

In 2018, we experienced an increase in our Lost Time Incidents (LTI) frequency with low severity. Although this was mainly due to an increase of incidents related to dropped objects and lifts at the beginning of 2018, the development has not been satisfactory, and we have not been able to meet our safety targets for 2018. To reverse this trend and to make sure that our employees can return safely to their homes, we have completed a Safe Working with Loads project aiming at improving lifting competencies across our rigs. The updated lifting manual was rolled out in October 2018 and our focus is now on embedding the learning in the organisation. Focus has also been on Hands and Finger injuries and an updated Hands and Fingers Injury Prevention campaign has been rolled out



Reaching our ambition of ZERO serious incidents requires excellent safety management and procedures, as well as commitment from leadership and all our employees

simultaneously with a review of personal protective equipment. To manage drops, we have in 2018 piloted the use of augmented reality for drop inspections and if the pilot is successful, we expect full roll out in 2019.

We have been improving our ability to conduct advanced root cause analysis through training of our investigators in STAMP Advanced Root Cause Analysis. All these initiatives make us confident that we can further strengthen the prevention of accidents from occurring on Maersk Drilling rigs, as well as improve our performance within Total Recordable Cases (TRC) frequency

Strengthened barrier management

Barrier management is about setting up barriers to reduce the risk of a major accident. Maersk Drilling's Barrier Management programme provides a robust, integrated and consistent approach for management of these barriers using the Swiss Cheese logic – meaning that the following barrier will catch the error,

if the prior barrier misses this. We are currently in the 3rd generation of our barrier management, and we have in the past years been working on reviewing and updating the barrier management on board all of our rigs to ensure that we have the highest and most up to date standards and procedures. In 2018 we have, among other things, rolled out our e-learning courses to all of Maersk Drilling with focus on our strengthened barrier management strategy. This is one of the activities to support our building capacity philosophy.

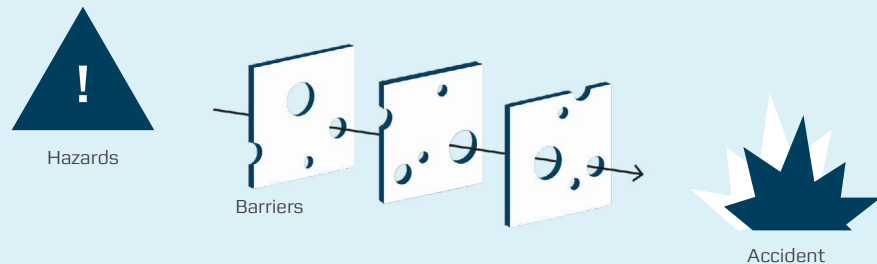
Making safety smarter

Control of Work is a new innovative project under Simple to be Safe, aimed to make Maersk Drilling's work processes simpler, smarter and more fit for purpose.

Through use of innovative technology we work to:

- Improve visibility and make it easier to share knowledge related to safety on a real time basis
- Make it faster and easier for our employees to make informed safety-related decisions
- Significantly reduce administrative burdens in hazardous or complex work, and thereby free up time for high-quality safety conversations

If barriers are not in place and kept intact, there is a risk of a major accident



Safety as capacity

Project X

Project X is about building the capacity of our people to prevent incidents from escalating, and recognise when something could go wrong.

We are redefining how we manage safety, from measuring incidents and near-misses to also measuring capacity.

In 2018, we have:

- Conducted training for 100% of our Offshore Installation Managers, HSSE advisors, and Senior Management Team
- Conducted master classes about the Safety as Capacity philosophy for the majority of our customers
- Worked on developing a framework for measuring capacity as a safety indicator

Simple to Be Safe

Nobody should ever be in doubt of how to perform a task safely. We are removing complexity, reducing administration, and innovating new solutions to digitalise and make our work processes more transparent. We want to make it Simple to Be Safe.

In 2018, we have:

- Piloted our Control of Work project on four rigs. Expected fleet-wide implementation is April 2019
- Digitalised our safety cards
- Continued implementation of our 3rd generation of barrier management
- Updated our lifting procedures to reduce the risk of incidents

Out of Harm's Way

In Maersk Drilling, we truly want to bring our people Out of Harm's Way. We are challenging how we work with safety, not only as a priority but as a commitment. We are thinking out of the box for ways to eliminate risk, and use of innovative technology and redesign of existing procedures, to move our people Out of Harm's Way.

In 2018, we have:

- All rigs have submitted 5 Out of Harm's Way initiatives and implemented 4-5 of their own initiatives on their rig.
- All submitted initiatives have been assessed by HQ specialists and 12 have been identified for implementation on rigs across our fleet. This will be the focus in 2019.

Climate and environment

Governments around the world are increasingly focused on enacting laws and regulations regarding climate change and regulation of greenhouse gases, and implementing measures aimed at reducing reliance on oil. While we at Maersk Drilling support the Paris Climate Agreement, the transition to a low carbon economy will take time, and projections show that the world will be dependent on oil and gas for decades to come. We are committed to supporting a smooth transition by providing drilling services in an environmentally responsible way and reducing the environmental footprint of our operations. Our Corporate Major Accident Prevention Policy is set in place to reduce the risk of major accidents occurring within our organisation to as low as reasonably practicable, and to comply with all relevant health and safety and environmental legislations.

Spills

We are working systematically towards achieving our ambition of ZERO spills of hazardous materials into the world's oceans. We are closely monitoring spills through a number of initiatives, including our Work Execution Process for planning and assessing risks, our incident report and investigation process, and our Plan Do Study Act (PDSA) methodology and after-action reviews focusing on major spills. We

Number of spills to sea	2018	2017	2016
>10m ³	0	0	0
> 0.16 m ³ < 10 m ³	0	1	0

have also implemented a number of behavioural initiatives to reduce minor spills to sea. An example of this is our approach of always carrying everything over the deck – this way we may not be able to prevent the spill, but we can contain it to ensure that it does not contaminate the sea. This way, we managed to avoid any larger spills to sea in 2018.

Energy efficiency

At Maersk Drilling, we are actively working to reduce the carbon footprint of our operations, and our fuel optimisation team calculates optimal load and speed of our rigs to ensure minimum fuel consumption. In 2018, we saw a slight increase in our own fuel oil usage and scope 1 Greenhouse Gas (GHG) emissions, mainly due to an increased number of rigs in operation, and longer transportation distances of our rigs. Having said this, our main climate footprint in this area relates to fuel use of our customers, while operating our rigs. We are supporting the carbon reduction ambitions of our customers, and are working through partnerships to find new innovative

and commercially viable solutions to reduce the fuel use and thereby the carbon footprint in the oil and gas supply chain.

Even though few drilling rigs were originally designed with fuel efficiency in mind, we have developed a fully digitalised fuel and energy monitoring system – Energy and Emissions Efficiency (EEE) – which provides near real time information. The system uses advanced analytics that can be used to learn and optimise towards more fuel efficient behaviour. While EEE is still in the development phase, and the commercial viability therefore still needs to be verified, we have worked with EEE on board an Ultra Harsh Environment Rig in Norway during 2018, resulting in a reduction of energy consumption of approximately 20% from the baseline, and a saving of 25 thousand tons CO₂ emissions for our customers. The EEE monitoring system also allows more precise decision making in terms of potentially introducing tailored energy efficiency solutions such as flywheels, battery based systems or equipment upgrades. In 2018, we have also worked with advanced analytics to be able to predict GHG emissions and energy consumption per well, in order to be able to target process optimisation and energy efficiency even further.



We are working systematically towards achieving our ambition of ZERO spill of hazardous materials into the world's oceans.



Chemical management

Apart from energy consumption and GHG emissions, the use of chemicals at our rigs pose a risk to the environment, as well as the health and safety of our employees.

At Maersk Drilling, we work systematically with chemical management to reduce the risk of negative impact to the long-term health of our workers, and to avoid a negative impact on the environment. Our chemical management team conducts risk assessments of all chemicals used by Maersk Drilling as well as third parties, and chemicals with a high risk factor are replaced with less hazardous chemicals wherever available. In 2018, we conducted a total of 497 chemical risk assessments.

Waste

At Maersk Drilling, we are committed to using resources efficiently, reducing our impact on the local environment and saving operational costs in line with our legal responsibilities. Our waste management can be divided into two main areas: waste from our operations (including hazardous waste) and household waste at our rigs. We work systematically to reduce our operational waste, including cleaning and reusing our drilling mud.

Cuttings (drilling waste such as earth and mud), are legally the responsibility of our customers. Though waste handling of our customers is not an integral part of our contract, we offer to assist our customers with handling and disposal, in order to ensure that this is done in an environmentally responsible manner. Furthermore, we sort all of our household waste at our rigs.

Innovation for climate change resilience

In 2018, we mapped our existing innovation portfolio, and defined focus areas for innovation to respond to the risks that climate change will pose to our business model and operations in the future.

In 2019, we will intensify our focus on innovation through our new "Green Greener Sustainable" project. Initiatives include further optimisation of energy efficiency of our rigs, exploring possible alternative sources for use of our assets, as well as investigating the development of our capabilities to be able to engage in alternative energy solutions.

Maersk Invincible

Since May 2017, Maersk Invincible has been the world's first harsh environment jack-up drilling rig to operate entirely on shore-power. Positioned in the North Sea, the rig is 100% powered by Norwegian hydropower through a 294 km long cable, and is thereby running entirely on green energy.

The shore-based power not only reduces emissions from operations, but also reduces cost and time for maintenance of diesel engines and generators, and gives a better work environment on the rig due to reduced noise and vibrations.

Our people

At Maersk Drilling, we are committed to fostering a work environment and company culture characterised by trust and respect. We believe in developing our employees and providing opportunities for healthy personal and professional growth for everyone employed.

As a company operating all over the world, we keep a strong focus on the working conditions of our employees, and we are committed to respecting human rights, including the principles set forth in the International Declaration of Human Rights and the Fundamental Labour Conventions of the ILO. Our commitment to human and labour rights goes beyond our own employees, and also includes contractors and other people operating on our rigs and within our supply chain.

At Maersk Drilling, we aim to create the best opportunity for our employees to grow and thrive. With a strong focus on maintaining a good, inclusive and collaborative working environment and strong feedback culture, we ensure the best conditions for the personal and professional development of our employees, which is in line with our Core Values.

Developing our people

Maersk Drilling provides strong opportunities for development within international careers for our people. People Performance Management is an ongoing process throughout the year and is an integrated part of our everyday leadership. In 2018,

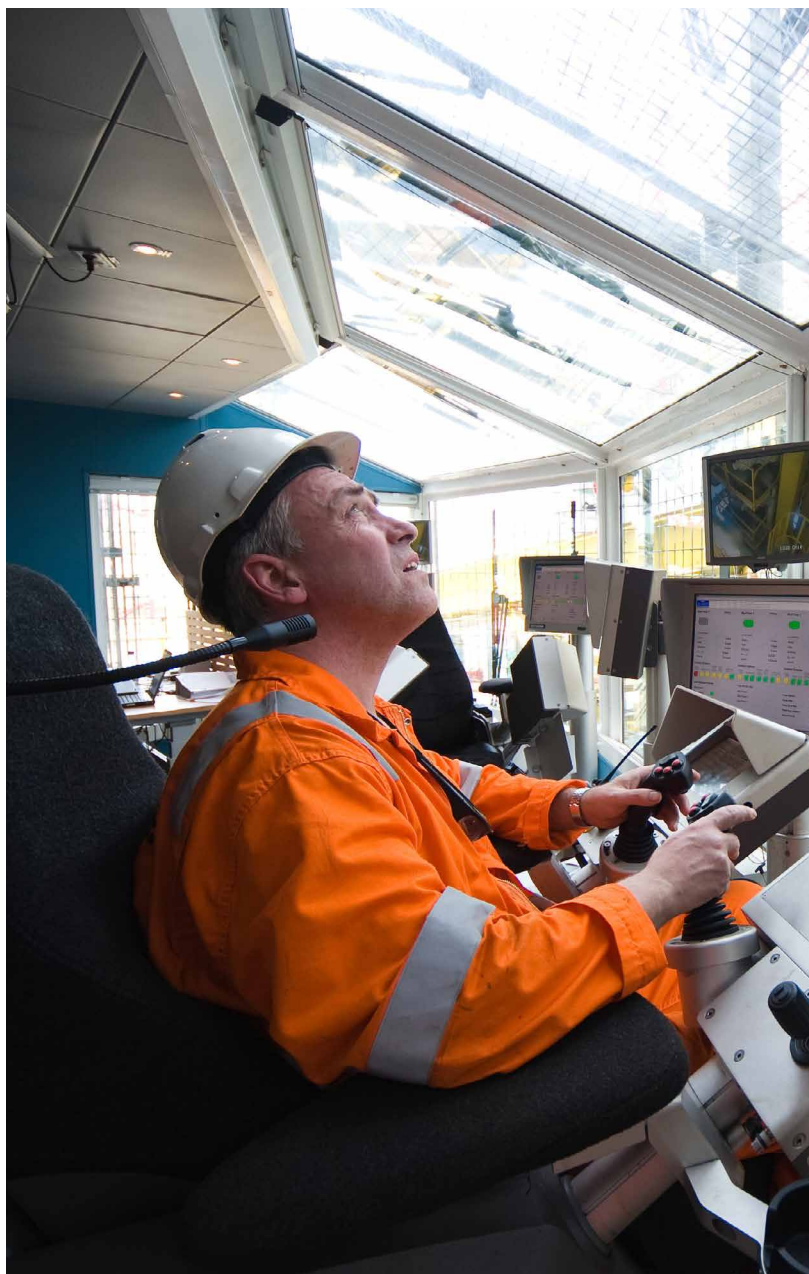
we have further strengthened our focus on feedback and meaningful career development conversations as a tool for People Performance Management.

Career development and training is not only key for us onshore, but also offshore. For our offshore employees, we have developed a three-level competence matrix that all our employees, including contractors, go through:

- Level 1: Our license to operate is the compliance training that guarantees compliance with regulatory and customer requirements.
- Level 2: In addition to level 1 training, we build specific Maersk Drilling competencies for all of our employees. This layer contains our procedural training, which secures the ability to comply with our operating procedures and systems.
- Level 3: Our leadership, values and performance training is designed to enable our leaders and teams to deliver consistent, high performance.

Our strong focus on development of our people not only ensures that we attract and maintain the strongest talent, but also ensures the employability of our employees in the future. Furthermore, it develops the skill base of employees locally, which is a benefit for our people, Maersk Drilling, and the local communities in which we operate.





Compass – our new employee experience survey

Throughout 2018, a key focus was to empower our employees. As a step in this process, we have replaced our annual engagement survey with Compass, a quarterly experience survey launched in September 2018. The aim of the transition is to facilitate feedback from the organisation, and to focus on employee experience throughout the year rather than on an annual basis.

The first survey showed that our employees truly care about the values of Maersk Drilling – these values define who we are, and will continue to do so, also as a stand-alone entity. Furthermore, Compass showed that our employees feel empowered to innovate through continuous improvement in their work. However, the past two years of insecurity about the future of Maersk Drilling also resulted in our employee loyalty score being below our target. In 2019, we will follow up on this through further studying the employee experience, and take diligent action to strengthen employee loyalty in the future.

Maersk Drilling employees in 2018	Female	Male
Employees – total	11%	89%
Employees – onshore	35%	65%
Employees – offshore	2%	98%
Managerial positions (level 5+)	19%	81%

Diversity

At Maersk Drilling, we work to create a diverse and inclusive organisation. We firmly believe that inclusion increases company performance and enables us to meet challenges and generate sustainable value. One of our most important differentiators is our people; we depend on being able to attract and retain diverse talents globally to succeed in our strategy and deliver on

our commitment to our customers. We strive to build a culture of professionalism, agility, innovation and reliability, and for this we need skilled, broad-minded and tolerant employees of diverse backgrounds.

We do not tolerate discrimination against any employee or job applicant based on the individual’s race, colour, religion, gender, sexual orientation, national origin, age, disability, or any other personal attributes. In 2018, we have formulated a new Diversity and Inclusion policy, emphasizing our commitment to ensuring a diverse workforce and management, and to maintaining an inclusive work environment that builds on our core values.

In 2018, our Board of Directors consisted of three members, all of which were male, which means that the diversity target for the Board of Directors was not met in 2018. As part of the preparation process for the demerger through a separate listing from A.P. Moller-Maersk, new members for the board were announced in January 2019. The new board consists of five members, of which one is female. Our target is to have two female board members elected no later than at the annual general meeting to be held in 2022.

Our industry is statistically dominated by males, especially among our offshore employees. However, Maersk Drilling works actively, to increase the level of women in managerial positions. When assessing employees for promotion, we take into account that the population is diverse in terms of gender. Furthermore, our maternity policy is aimed at attracting and retaining talent across Maersk Drilling. The policy gives all female employees a minimum of 18 weeks of maternity leave (or longer, if set by local legislation), and the opportunity for a 4 day work week for the first 12 months.

Local content

It is at the core of Maersk Drilling's values to contribute to economic and social development, develop local employees, and transfer knowledge to local communities. In order for an operation to be a success, it has to be mutually beneficial to both the operator, the country in which we operate, and Maersk Drilling. For this reason, we prioritise our local content programmes in our operations, focusing on employment, procurement, local investments and community engagement. Our overall ambition is to increase shared value by proactively engaging with the different stakeholders. Many of the countries in which we have a long-term presence, have very high local content requirements for employment and procurement. Nevertheless, our aim is to move beyond compliance by reaching or, where possible, outperforming these targets. We do this by actively engaging to develop the skills and capacity of employees and suppliers in the local communities in which we operate, which in turn allows us to recruit and source locally as much as possible.

Working with local employment is a natural part of our value set, growth ambitions and way of working. When a local employee is hired, an individual training plan is prepared based on the employee's previous experience, competencies and allocated training programme. These programmes include courses to up-skill employees to the required level prior to attending regular courses as part of the rig specific training matrix or on-the-job training. Furthermore, all employees attend an Offshore Starters Day course, with focus on safe behaviour, successful collaboration, and the

values of Maersk Drilling. Through these initiatives, we have managed to reach our targets in the majority of our local content programs.

In Egypt and Azerbaijan it has been difficult to find local employees for staffing highly qualified positions, which is why our target has not been met in these countries. Therefore, we are working on providing employees with additional experience at our rigs during our trainee programs and to facilitate practical experience, which is aimed at developing the skills of local employees.

Local vendors are selected in accordance with our Third Party Code of Conduct and our Responsible Procurement program, and we conduct local Supplier Days, where we inform, develop skills and capacity, and work together with local suppliers to help them meet the expectations in our Third Party Code of Conduct.

Overview of Local Content programs in 2018

	Local Staff		Local Procurement	
	Target	Result	Target	Result
Ghana*	40%	54%	40%	40%
Brunei	70%	78%	34%	42%
Egypt	70%	62%	N/A	30%
Azerbaijan	90%	86%	N/A	37%
Malaysia**	N/A	25%	N/A	16%
Trinidad**	N/A	15%	N/A	40%

* 40% is average across categories. ** Stacked. No longer in operation.

Contractors

In Maersk Drilling, we hire local employees directly whenever possible. However, when we do not have employment entities at the countries of operation, which mostly applies to shorter contracts, we use manning agencies to contract local employees. In these cases, we contractually demand decent working conditions of our contractors. Our commitment to respecting and promoting human and labour rights is also reflected in our approach to contractors, and we oppose all forms of forced and bonded labour, child labour, human trafficking and all other forms of exploitation. All our manning agencies are subject to risk assessments in line with our Responsible Procurement programme. In 2018, we have conducted on-site audits of manning agencies in Ghana, Malaysia and the United Kingdom. For each of the audits, corrective action plans have been established, and we are following up on these on an ongoing basis.

Maersk Drilling in Ghana

Maersk Drilling has been engaged in Ghana since 2015. Through our continuous engagement with local stakeholders and communities, and through continuous investments in building capacity locally, we have been able to reach our local content target in 2018. We have invested approximately USD 3 million in the Rigworld Training Centre in Takoradi.

The centre specialises in providing customer focused safety training services and products to several industries, including offshore oil and gas, maritime, underwater and construction. Rigworld Training Centre was OPITO certified in 2018 and thereby strengthens Ghana's training capacity by providing a world class facility for offshore and on-shore industrial training.

Responsible business

Anti-corruption

Corruption is illegal, harms society and is against our Core Values. Maersk Drilling works actively to ensure that we do not engage in corruption of any kind. Maersk Drilling is committed to acting in an upright manner when dealing with customers, suppliers, government representatives and all other third parties.

In order to ensure that our suppliers and business partners comply with our Code of Conduct, and to mitigate the risk of third parties engaging in corrupt practices on our behalf, we have developed an extensive legal compliance due diligence framework, consisting of identifying and assessing risks, and defining mitigating measures to address those risks. Our legal department conducts anti-corruption and legal compliance due diligence of the third parties with which Maersk Drilling transacts. The risk assessments are conducted using a set of pre-defined risk screening parameters and tools, depending on the risk category of the third party.

Furthermore, legal compliance risk assessments are an integrated part of our operations when entering new jurisdictions or countries. We assess specific compliance risks related to the country's relative incidence of corruption, its competition laws and the foreign trade controls that apply to transactions involving the country, as well as the general rule of law and any risk of acute disregard of human rights. For each of the identified risks, appropriate risk mitigation measures are defined and implemented.



In 2018, we conducted 22 supplier assessments within the framework of our Responsible Procurement programme

Anti-corruption and legal compliance risk assessments in 2018

Risk category	Due diligence level	Number of assessments
I	Providers of Compliance-Neutral Goods & Services	7,335 assessments of MD suppliers and suppliers' banks
II	Consulting & Professional Services	35 assessments
III	New Potential Customers with 100% Local Ownership	2 assessments
IV	Providers of Compliance Sensitive Goods and Services	70 assessments
V	Business Partners, eg. JV partners	3 assessments

Ensuring a high degree of business ethics among Maersk Drilling employees

It is of utmost importance to us that our employees share the commitment to anti-corruption and maintain a high degree of business ethics in our daily operations. In September 2018, we launched a new Code of Conduct for employees, consultants and third parties, which specifies our commitment and expectations within the areas of HSSE, Our People, Our Assets, and Our Interaction with Third Parties. The Code of Conduct has been extensively communicated throughout the organisation, both onshore and offshore.

All of our onshore employees receive regular anti-corruption, fair competition, foreign trade controls and data protection compliance training as defined by the Maersk Drilling compliance training matrix,

which specifies training topic, audience and type (in-person, e-learning, written information briefs).

We have strict requirements regarding giving and receiving gifts and entertainment, which are specified in our gifts and hospitality guidelines. We only provide and accept gifts and entertainment that are for genuine business purposes, of a legitimate nature and not overly extravagant or frequent. All gifts and entertainment events given to third parties are transparently captured in our Enterprise Resource Planning system, and any gift or hospitality received on an exceptional basis in excess of the pre-defined limits must be recorded in our Hospitality Book.

Ethics Hotline

In 2018, Maersk Drilling launched our new Ethics Hotline, a reporting tool accessible via our website

which is available to internal and external stakeholders, and is managed by an independent third party. The aim of the Ethics Hotline is to enable reporting of any observations of legal violations or violations of Maersk Drilling policies or Code of Conduct, and we have communicated the launch of our Ethics Hotline extensively in connection with the launch of our new Code of Conduct. All legitimate reports received are investigated according to our established procedures.

Reported cases in 2018

Number of reported cases closed in 2018	8
Number of substantiated cases closed in 2018	4

In 2018, we closed four substantiated cases relating to conflicts of interest, theft/misuse of company assets, and improper modification of company records due to lack of understanding of applicable procedures. All cases have been duly handed and appropriate remedial and mitigating actions taken to minimise risk of future reoccurrence. Mitigating actions were mainly related to reinforcement and insurance of proper execution of existing processes, as well as HR disciplinary measures.

Security

Maersk Drilling operates across the world in areas with diverse security risks. Wherever we conduct business, it is our priority to ensure our employees and anyone physically present at a Maersk Drilling facility, as well as our assets and operations, are secure.

Maersk Drilling’s security team is responsible for onshore and offshore security in accordance

with our security management framework, which is based upon industry best practice standards, including ISO 31000, as well as the IOGP and API Security Risk Assessment (SRA) guidelines.

The team provides and maintains an overview of the security threat and risk landscape of Maersk Drilling’s global operations. Security risk assessments are conducted in countries of medium-high security risk, and are an inherent part of all of our business decisions and operations, from our choice of entering a new market or area, and throughout the operational life cycle. For each identified risk, appropriate control and mitigation measures have been defined, in order to mitigate the identified security risks for our people and operations.

We never use non-approved protection measures in our security operations, and our security policies and measures are in accordance with UN Global Compact, the Universal Declaration of Human Rights, Voluntary Principles on Security and Human Rights, GDPR, as well as international and national laws and standards. We did not have any severe security incidents in 2018.

Responsible procurement

At Maersk Drilling, we are committed to working with our business partners to promote responsible practices throughout our supply chain around the world. Our aspiration is to ensure that all our partners acknowledge our values and share our commitment to conducting business in an ethical, legal and socially and environmentally responsible manner. Through our Responsible Procurement programme, which is based on our Third Party Code of

Conduct, we work to ensure that our suppliers live up to our requirements of anti-corruption, health and safety, labour and human rights, environment, and subcontractor management.

In order to ensure a targeted supply chain due diligence process with an emphasis on suppliers with the highest risk of adverse impacts on human rights and the environment, we have defined a number of high risk categories, on which our due diligence is focused. This encompasses our Responsible Procurement questionnaire, desktop supplier assessments, supplier audits and supplier corrective action plans. In 2018, we conducted 22 supplier assessments within the framework of our Responsible Procurement programme, as well as six on-site audits focusing on human rights and labour conditions, environmental management, and health and safety. Corrective action plans have been established by the audited companies, and non-conformities have been duly handled.



High risk categories

Rigs under construction






Security and safety (guard services)

Professional services (HR services)

Ambition and progress

Issue	Safety	Climate	Environment	People
Impact on people and society	Safety at work is a basic human right. The ultimate risk is that a major accident or fatality will occur in connection with our operations.	Air emissions from our drilling activities have a negative impact on the natural environment and contribute to climate change. More severe weather events, higher extinction rates for animals, more acidic oceans and higher sea levels are the consequences of rising temperatures due to climate change.	Major spills of hazardous materials to the world's oceans may have serious and long-lasting impacts on the environment, ocean health and biodiversity, as well as human health.	Our people are at the centre of our performance, and the key enablers of our business results. A working environment without sufficient motivation or opportunities for development will not only impact the overall well-being and job satisfaction of our employees, but may also impact our business performance. Discrimination prevents people from living up to their full potential, creates inequality as well as less stable and prosperous societies.
Ambition	Keeping our employees safe is our ultimate responsibility as an employer. Safety goes beyond compliance and license to operate – it is about our key values. Our ambition is to achieve ZERO serious incidents.	Operating in the oil and gas sector, we are a part of a value chain in which the end-product is contributing to greenhouse gas emissions. Nevertheless, the world will remain dependent on oil and gas for a foreseeable future. In partnerships with our customers, we are working to reduce the carbon footprint of drilling activities in our operations.	Our ambitions is to achieve ZERO major spills of hazardous materials to the world's oceans.	We are committed to fostering a work environment and company culture characterised by trust and respect. We work to create a diverse and inclusive organisation because we believe it strengthens our company and enables us to meet challenges and generate sustainable value. We do not tolerate discrimination against any employee or job applicant based on personal attributes, and we aim to achieve an equal gender distribution in managerial positions.
Progress in 2018	We have redefined our approach to safety and launched our Safety as Capacity strategy, including a number of innovative initiatives related to the three projects Project X, Simple to Be Safe and Out Of Harm's Way. We have worked to transform our safety system, developed further controls and capacity to recover from major incidents, and embedded new safety habits among our employees.	In collaboration with our customers, we have worked to develop and implement new viable solutions to reduce the carbon footprint in the oil and gas supply chain, for example through implementing our new EEE program on an Ultra Harsh Environment Rig in Norway. We have increased our focus on innovation and defined our focus for green innovation projects for the next years.	We work to minimise spills to sea through our Work Execution Process for planning and assessing risks, our incident report and investigation process, and our Plan-Do-Study-Act (PDSA) methodology and after action reviews focusing on major spills. As a result, we have managed to avoid any major spills of hazardous materials.	We have launched Compass, our new quarterly employee experience survey. We have increased the level of women in the organization from 10% in 2017 to 11% in 2018, as well as increased the level of women in managerial positions from 17% in 2017 to 19% in 2018.
Impact on sdg's	 <p>8.8 Protect labour rights and promote safe and secure working environments for all workers</p>	 <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>  <p>17.7 Enhance the global partnership for sustainable development to support the achievement of the SDGs</p>	 <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle,</p>  <p>14.1 By 2025, prevent and significantly reduce marine pollution of all kinds</p>	 <p>5.1 End all forms of discrimination against all women and girls</p>  <p>8.5 By 2030, achieve employment and decent work for all</p>
Outlook	We will continue to work strategically and innovatively with safety, focusing on strengthening the capacity of our employees as well as utilising new technology to make our safety systems simpler, smarter and more fit for purpose.	In 2019, we will look into possible innovative solutions as a part of our Green Greener Sustainable project. We will conduct an in-depth assessment of how climate change risks may impact out business in the short, medium and long term, drawing on the TCFD recommendations	We will continue our targeted efforts to reduce spills to sea. We will increase our focus on handling the drilling waste of our customers, in order to ensure that this is done in the most environmentally correct way.	In 2019, we will work to raise employee loyalty across all of Maersk Drilling to reach our target. We will closely examine the possibility of conducting gender bias training in our recruitment process.

Ambition and progress (continued)

Issue	Local content	Anti-corruption	Security	Responsible procurement
Impact on society	Local employment, procurement, and transfer of knowledge to local communities is a pre-requisite for our operations to contribute to economic and social development in the countries, in which we operate. However, lack of local talent, as well as the inability of local suppliers to live up to our expectations in our Third Party Code of Conduct, may result in an inability to fulfil our local content targets, and therefore limit our contribution to the countries and local communities in which we operate.	Corruption is a systemic issue in many of the countries in which we operate, undermining social and economic development and destabilising the business environment. Non-compliance with legislation on bribery and corruption may lead to legal and reputational risks, extra costs, inefficiencies in our business, and ultimately debarment from markets.	Many of the locations in which we operate have diverse security risks. If these risks are not managed and mitigated correctly, they may pose significant security risks for our people, assets and operations.	Procurement practices of companies have an impact on environmental, social and economic conditions around the world, either furthering or holding back the development of a more sustainable world. At Maersk Drilling, we engage with a considerable number of local and international suppliers, not all of which necessarily share our commitment to responsible business practice. We have identified three procurement categories, which we deem as having an especially high risk of adverse impacts on human rights and the environment; 1) Rigs under construction, 2) Manning agencies and 3) Security personnel.
Ambition	Our overall ambition is to move beyond compliance with local content requirements, and to increase shared value by proactively engaging with stakeholders. We work to build capacity of local employees, and host supplier days to raise awareness of the possibilities and our expectations regarding ethical business conduct for local suppliers.	We work actively to ensure that we do not engage in corruption of any kind. We are committed to acting in an upright manner when dealing with customers, our suppliers, government representatives and all other third parties. Our overall ambition is to be able to stay true to our Core Values by always complying with all applicable laws regarding ethical business conduct.	Our ambition is to achieve ZERO security incidents. We fulfil our duty of care by applying the PEARS model, protecting in order of importance, People, Environment, Assets, Reputation, and Stakeholders from potential harm.	Our commitments and values oblige us to ensure that our suppliers' business practices do not impact negatively on environmental or social issues. Our commitment to respecting and promoting human and labour rights are applied to everyone engaged in our supply chain, and we oppose all forms of forced and bonded labour, child labour, human trafficking and all other forms of exploitation.
Progress in 2018	We have managed to achieve local employment ratio beyond our target in four out of six of our local content programmes. All of our procurement initiatives are beyond legal requirements, and thereby Maersk Drilling driven.	In 2018, we have launched a new Code of Conduct for employees, as well as our own ethics hotline.	We have continued to conduct security risk assessments of all countries in which we operate from our choice of entering a new market or jurisdictions, and throughout the operational life cycle. We have not had any severe security incidents in 2018.	We have conducted six on-site audits related to human rights and labour conditions, environmental management, and health and safety. Three of these audits have been of manning agencies in Ghana, Malaysia and United Kingdom, respectively.
Impact on sdg's	 <p>8.5 By 2030, achieve employment and decent work for all</p>  <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices</p>	 <p>16.5 Substantially reduce corruption and bribery in all forms</p>	 <p>16.3 Promote the rule of law and ensure equal access to justice</p>	 <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and eliminate the worst forms of child labour, by 2025 end child labour in all its forms</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers</p>
Outlook	We will continue to work to fulfil the local content plans regarding staffing and procurement for the countries, in which we have not reached our target.	In 2019, we will continue to work to ensure a high degree of compliance and business ethics in our operations. We will continue to conduct risk assessments of the third parties with whom we transact.	We will continue to prioritise security in our operations. We will look into the possibility of an ISO 31000 Risk Management certification.	We will continue to assess suppliers through our Responsible Procurement programme, and engage with local suppliers to increase their focus on the principles outlined in our Third Party Code of Conduct. We will set up a process for re-assessing our high risk categories bi-annually.

ESG index

	2018	2017	2016	Accounting practice
Environmental performance				
Energy consumption				
Fuel oil (1,000 tonnes)	22.6	20.9	23	Direct and indirect fuel oil on board a ship for activities like steam & electricity generation, in marine boilers, heating, ship's main & auxiliary engines etc. Financial scope Excluding exported fuel
Gas fuels (1,000 tonnes)	0	0	0	Direct and indirect gas fuel in gas engines, gas turbines, gas boilers, gas heaters Financial scope Natural gas is converted to metric tonnes based on temperature and pressure at point of delivery, using appropriate conversion factors.
Other fuels (1,000 tonnes)	0	0	0	Fuels (petroleum derived) used in engines, such as stationary diesel generators, lifts, trucks, forklifts, container handlers, aviation activities, building heating etc. Excluding fuel used for company cars and employee business travel
Electricity (1,000 MWh)	2.1	1.9	2	Purchased electricity heating consumed in operational activities for use in onshore offices, industrial machines, etc. divided by country of purchase
Greenhouse gas (GHG) emissions (1,000 tonnes CO2 eq)				
GHG emissions	78.5	72.3	79	The reporting boundaries reflect the Green House Gas Protocol (scope 1 and 2). Quantity of greenhouse gas emissions (carbon dioxide and methane) emitted to the atmosphere from combustion and other processes. Greenhouse gas emissions are defined as the emission of all greenhouse gases expressed as carbon dioxide equivalents over a 100-year time horizon.
Direct GHG emissions (scope 1)	77.7	71.6	78	Direct GHG emissions: total GHG emitted from sources at a facility owned (partly or wholly) and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions as defined by WRI/WBCSD.
Indirect GHG emissions (scope 2)	0.8	0.7	1	Indirect GHG emissions from imported energy: GHG emissions that occur at the point of energy generation (owned or operated by a third party) for electricity, heat or steam imported (i.e. purchased) for use on site by the reporting entity. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by WRI/WBCSD
Other air emissions				
SO _x (1,000 tonnes)	0.05	0.04	0	Emissions for SO _x energy values follow the same principles as defined by the GHG protocol, using various schemes for default conversion factors.
NO _x (1,000 tonnes)	1.8	1.6	2	Emissions for NO _x energy values follow the same principles as defined by the GHG protocol, using various schemes for default conversion factor.

	2018	2017	2016	Accounting practice
Other resource consumption				
Waste (1,000 tonnes)	1.7	1.2	1.3	Quantity of waste disposed of, resulting from worksite activities, spill response/ clean-up; and replacement or upgrade of existing facilities Scope Financial. Ship recycling activities are out of scope
Water (1,000 m ³)	11.4	12.7	14	Total quantity of fresh water withdrawn Financial scope. Ballast water, water for re-injection and water produced/desalinated for use is out of scope
Spills (hydrocarbon)				
Number of spills to water >10 m ³	0	0	0	Number of hydrocarbon liquids spilled to water greater than 10 m ³ / 63 barrels (bbl) / 9938 Litres, resulting from any unintended release associated with current operations, from primary or secondary containment. Operational scope Once previously reported, spilled materials in the environment from historical losses (i.e. historical or past leakage/spills that reached the environment from tanks, pipes or other vessels, but not associated with a current release) and controlled discharges to water are out of scope
Number of contained spills >10 m ³	0	0	0	Number of hydrocarbon liquids contained greater than 10 m ³ / 63 barrels (bbl) / 9938 Litres, resulting from any unintended release associated with current operations, from primary or secondary containment. Operational scope Once previously reported, spilled materials in the environment from historical losses (i.e. historical or past leakage/spills that reached the environment from tanks, pipes or other vessels, but not associated with a current release) and controlled discharges to water are out of scope
Number of spills to water – 0.16 m ³ < 10 m ³	0	1	0	Number of spills of hydrocarbon liquids spilled to water, greater than 0.16 m ³ / one barrel (bbl) / 159 Litres, and less than 1590 Litres / 10 barrels (bbl) resulting from any unintended release associated with current operations, from primary or secondary containment. Operational scope Once previously reported, spilled materials in the environment from historical losses (i.e. historical or past leakage/spills that reached the environment from tanks, pipes or other vessels, but not associated with a current release) and controlled discharges to water are out of scope
Number of contained spills – 0.16 m ³ < 10 m ³	4	0	0	Number of spills of hydrocarbon liquids contained, greater than 0.16 m ³ / one barrel (bbl) / 159 Litres, and less than 1590 Litres / 10 barrels (bbl) resulting from any unintended release associated with current operations, from primary or secondary containment. Operational scope Once previously reported, spilled materials in the environment from historical losses (i.e. historical or past leakage/spills that reached the environment from tanks, pipes or other vessels, but not associated with a current release) and controlled discharges to water are out of scope

ESG index (continued)

	2018	2017	2016	Accounting practice
Social performance				
Our employees				
Number of employees (FTEs)	2,854	2,865	3,325	FTEs calculated per compensated hour Calculated based on average throughout the year
Gender – female/total	11%	10%	9%	Female/total - % based on headcount All Brands /Segments, global service centres, Group Functions, and Boards; Out of scope: joint ventures and data not included in SAP
Women in leadership (% based on headcount)	19%	17%	13%	Gender - Women in management at level 5 and above (% based on headcount) All Brands /Segments, global service centres, Group Functions, and Boards; Out of scope: joint ventures and data not included in SAP
Fatalities (headcount)	0	1	0	A death directly resulting from work related injury regardless of time between the injury and death, excluding suicide or death resulting from an attempted suicide, criminal or terrorist activity, and incidents which occur off vessel, but where the consequences appear onboard at some later time. Operational scope
Lost-time Incident frequency	0.92	0.53	0.49	LTI: The sum of fatalities, permanent total disability (PTD), permanent partial disability (PDD) and lost work day cases (LWC). A Lost Workday Case (LWC) is any work related injury, other than a fatal injury, which results in a person being unfit for work on any day or shift after the day of occurrence of the occupational injury. "Any day" includes rest days, weekends, leave days, public holidays or days after ceasing employment. Any time spent on delays in connection with medical assistance is not included in this determination. Calculation is based on exposure hours: The total number of work hours in which an employee and Mode 1 & 2 contractors, where applicable, is exposed to work related hazards and risks. Excludes leave and non-work-related sickness. Operational scope.
Governance				
Reports in Ethics Hotline	8	N/A	N/A	Total number of reported cases in the Ethics Hotline that were closed in 2018. Includes reports through the A.P. Moller-Maersk Ethics Hotline and the Maersk Drilling Ethics Hotline. Reports that still are being investigated are excluded.
Substantiated reports in Ethics Hotline	4	N/A	N/A	Total number of closed reported cases in 2018, that have been classified as substantiated; meaning cases related to corruption/bribery, health/safety/environment/ working conditions, harassment, retaliation, financial accounts fraud, conflicts of interest. Reports that still are being investigated are excluded.

Colophon

Board of Directors,
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 Robert Routs
 Kathleen McAllister
 Martin Larsen
 Mads Winther

Executive Management,
Maersk Drilling Holding A/S
 Jørn Madsen (CEO)
 Jesper Ridder Olsen (CFO)

Editors
 Maersk Drilling Corporate
 Communication and Branding

Design and layout
 e-Types

Produced in Denmark 2019



Constant care

Take care of today,
actively prepare for tomorrow



Humbleness

Listen, learn, share,
and give space to others



Uprightness

Our word is our bond



Our employees

The right environment
for the right people



Our name

The sum of our Values:
passionately striving higher

Our five core values

Our values are part of our heritage from our founders, the Moller Maersk family. We take pride in these values, and they continue to guide us in our development and everyday operations.

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This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.