

Sustainability Report 2020





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Our promise to people and the planet



The sustainability challenges we see today are transforming communities, industries and daily lives across the world, and climate change is a topic that has rightfully risen to the top of the agenda. For companies in the oil and gas industry, it begs the question: How can we do our part?

Maersk Drilling is defined by our heritage and our values. We act with integrity, and every decision is underpinned by high ethical standards – this is part of our DNA. We are proud of our ambition to lead the way towards a more sustainable future for people and the planet guided by our commitment to the UN Global Compact principles and the UN Sustainable Development Goals (SDGs).

In 2020 Maersk Drilling developed and launched a new, ambitious sustainability strategy based on three pillars: Sustainable Energy Future, Caring for People, and Responsible Business. Climate action is at the centre of our efforts. The global fight to address climate change has accelerated plans and actions from all parts of society. Industries, governments, research institutions and citizens like you and me are all coming together to fight climate change. This challenge is unlike any other the world has seen, and we need more than one solution to the problem: Consumption patterns must be changed, renewable energy supplies must be ramped up, low-carbon products marketed, production processes decarbonised, and CO₂

captured and stored. The transformation is monumental and will take time.

Oil and gas are needed to continue to grow and develop global wealth and living conditions. Hydrocarbons constitute an essential ingredient for many indispensable products such as building materials, packaging, pharmaceuticals, and they are instrumental in securing affordable energy, not least in developing countries. Even as renewable energy options gain traction, oil and gas will be a vital part of the energy mix for many years to come. Maersk Drilling is ready to help meet this challenge while actively supporting the energy transition by reducing CO₂ emissions.

Maersk Drilling plays an active role in the energy transition in several ways. We strive to design and operate energy and emission efficient offshore drilling solutions to locate and extract the hydrocarbons that society still needs. We work closely together with our trusted partners to develop safe ways to store CO₂ below the seabed in depleted oil and gas reservoirs. Responsible drilling can reduce emissions by millions of tonnes of CO₂ every year, and there is enormous potential in carbon capture and storage (CCS). In the International Energy Agency's sustainable development scenario, CCS will play a key role in the global efforts to reach the ambition of the Paris Agreement.

With our commitment to reduce the carbon intensity of our operations by 50% by 2030, Maersk Drilling is taking a leading sustainability position in the drilling industry. I am proud that Maersk Drilling is piloting this important development, and I look forward to helping our customers meet their climate ambitions. Achieving the climate target will require strong partnerships with customers, suppliers and the countries where we operate. As a global operator, we are dependent on governments' willingness to

establish economic frameworks that support the substantial investments needed. And even more importantly, we need the curiosity and courage of our people to challenge traditional ways of thinking and develop new innovative solutions. With the investment we have made in recent years in building up a strong innovation capacity, we are well-positioned to create new climate businesses drawing on our offshore expertise and ability to run large technical operations.

To drive change, we want a working environment based on openness, respect and diversity of thought – a culture where all employees have equal opportunities to develop and thrive, regardless of gender, nationality, or religious beliefs. This is why we have set to increase diversity, starting with tackling gender imbalance.

In Maersk Drilling, we have what it takes to challenge the status quo. For decades, we have worked hard to make safety a cornerstone in our culture. With a strong focus on the human factor in our *Safety as Capacity* strategy, we have significantly improved our performance in recent years. I am proud and deeply grateful that serious incidents causing permanent physical damage to people have been entirely absent in 2020.

When addressing a year so heavily marked by the COVID-19 pandemic and its trail of human and economic costs, it is easy to zoom in on the challenges that we all face. Still, I sincerely believe that we also sowed the seeds for a new beginning in 2020. Maersk Drilling has indeed embarked on a journey which points towards a more sustainable future for our industry.

Jørn Madsen
CEO, Maersk Drilling

Sustainability milestones in 2020

Maersk Drilling reached several major milestones within sustainability in 2020, as we enhanced and solidified our approach to this important area. Key achievements from the year are highlighted below, with reference to more detailed information inside the report.



New sustainability strategy

Maersk Drilling launched a new sustainability strategy in September, encompassing all material sustainability areas. The strategy targets nine SDGs and is organised around three strategic pillars: Sustainable Energy Future, Caring for People, and Responsible Business – read more on page 08.



Corporate scorecard integrating sustainability

Maersk Drilling integrated sustainability targets into the corporate scorecard determining the annual bonus payments – read more on page 40.

↓50%

New climate action plan

As a central element in our sustainability strategy, a climate action plan has been established. The plan will cut relative greenhouse gas emissions by 50% by 2030 and is the most ambitious reduction target in the offshore drilling industry – read more on page 13.



Entering Denmark's most advanced carbon storage project

Maersk Drilling joined Project Greensand, and together with consortium partners Ineos, Wintershall DEA and GEUS, the ambition is to store CO₂ in depleted oil and gas reservoirs beneath the seabed – read more on page 14.



Diversity and inclusion as a strategic initiative

Efforts to nurture a more diverse and inclusive organisation were enhanced, including setting gender diversity targets for three different leadership levels and launching four workstreams – read more on page 22.



Best safety performance in years

Maersk Drilling continued the rollout of its Safety as Capacity strategy which explores new ways of conducting safe operations, and in 2020 we registered the lowest level of incidents in years. Additionally, a new safety goal was established – read more on page 18.



Strengthened sustainability reporting

Maersk Drilling started reporting according to the principles established by the Taskforce for Climate-related Financial Disclosure (TCFD) and the Climate Disclosure Project (CDP) – read more on page 16 and in the 2020 Annual Report on page 101.



Enhanced policy framework

New policies were established for rig recycling as well as diversity & inclusion. Additionally, the company's overall Sustainability policy was updated – read more on page 22, 31, 40 and on the sustainability section of Maersk Drilling's website.

End-to-end sustainability

Maersk Drilling works continuously to improve our impact on people and the environment. The figures highlight key areas for our work within sustainability. How we work in these areas is described in further detail in the report.

Fuel consumption

90,600

Tonnes fuel oil consumed whilst drilling for customers (tonnes)
(2019: 105,700)
Read more on page 16 and 42.



Spills

4

Minor spills to environment
(2019: 2)
Read more on page 32.



Greenhouse Gas (GHG) emissions reduction

35.4

CO₂ intensity for jack-ups
(tonnes/contracted day)
(2019: 37.7)
Read more on page 16.

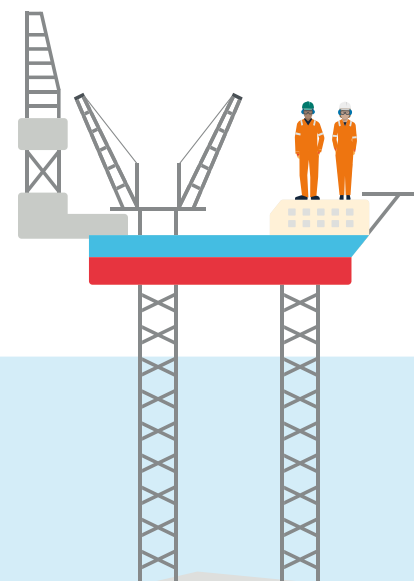


Safety

0.44

Lost-time incidents frequency
(2019: 0.75)

Read more about our *Safety as Capacity* strategy on page 18.



Maersk Decom

Responsible decommissioning of oil fields. First end-to-end contract signed.
Read more on page 32.



Responsible rig recycling

New policy formalising existing practises published in February 2021.
Read more on page 31.



CCS – Project Greensand

Repurposing oil wells for carbon capture and storage.
Read more about the project on page 14.



Responsible procurement

15

audits conducted.
Read more on page 38.

Responsible consumption

14,000

tonnes of waste generated
(2019: 12,900).
Read more about our waste
efforts on page 32.

Bringing Value to Local Communities

78%

of the local staff requirements were met.
Read more on page 29.

Diversity and inclusion

14%

Share of women in our workforce
(2019: 13%)
Read more on page 22.

Human and labour rights

Read our approach to the
UK Modern slavery act [here](#).



59

Nationalities represented
(2019: 65)
Read more on page 24.

Anti-corruption

Read our newly launched
Code of conduct [here](#).





"Though sustainability isn't new to Maersk Drilling, the challenges we see today are different in nature, and climate action is rightfully a top priority for communities and industries all over the world. I am deeply proud of our company's new sustainability strategy - not least our industry-leading ambition to reduce emissions and increase equality."

Tine Østergaard Hansen Head of Corporate Communication and Sustainability

Launching a new sustainability strategy

In 2020 Maersk Drilling established a new sustainability strategy based on three strategic pillars: Sustainable Energy Future, Caring for People and Responsible Business.

As part of the oil and gas value chain, Maersk Drilling seeks to do business in a responsible and sustainable manner, acting with integrity and high standards of business ethics.

In 2020, we reassessed the main priorities for our future sustainability work. Based on a stakeholder analysis and materiality assessment, the project identified nine UN Sustainable Development Goals (SDGs) where the Maersk Drilling business has, or could have, major impact. It also assessed which of the sustainability topic areas were already well addressed and which required a dedicated focus to close gaps or address opportunities.

The outcome of this strategic work is structured in our sustainability framework, showing our efforts spanning three strategic pillars. These pillars address relevant SDGs and reflect our company's strategic sustainability initiatives. In particular, improvement opportunities were identified

within Climate Action and Diversity & Inclusion, and specific targets and action plans have been launched for these topic areas.



Watch our Responsible Drilling video [here](#).

Our sustainability framework



ESG REPORTING AND DISCLOSURE AMBITION AND INITIATIVES

We aim to conduct transparent, standardised and impactful reporting and disclosure

Sustainable Energy Future



We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain

7

AFFORDABLE AND
CLEAN ENERGY

12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

17

PARTNERSHIPS
FOR THE GOALS

Concrete steps towards a low-carbon world

Climate change is one of the most significant challenges facing global society today. As a company operating in the oil and gas industry, Maersk Drilling can play an important role to help shape a sustainable energy future.

Oil and natural gas will continue to be major contributors to global energy consumption for many years to come. In its most recently published *World Energy Outlook 2020*, the International Energy Agency updated its Sustainable Development Scenario. This scenario outlines a transformation of the global energy model, in alignment with the ambition of the Paris Agreement and meeting climate-related SDGs. Based on this scenario, oil and gas will still account for 46% of the world's energy demand in 2040. Natural gas will satisfy roughly 23% equal to its contribution in 2019 while

oil's contribution is forecasted to fall from 31% in 2019 to 23% by 2040.

Society's continued reliance on hydrocarbons is a natural consequence of more than a hundred years of economic and social development based on fossil fuels. Affordable energy is fundamental for today's welfare and development and is a prerequisite for essential functions such as education, trade, food production and much more. Today, scalable and economically viable substitutes are not available for aviation, maritime transportation, heavy industries and petrochemicals, and development and deployment of new technologies to replace oil and gas will take time.

Maersk Drilling has the opportunity to contribute to a sustainable energy future and is doing so in several ways.

↓ 50%
reduction target of our
carbon intensity by 2030.

Decarbonising drilling activities

Oil and gas constitute one of the largest supply chains in the global economy. According to the IEA, the energy needed to extract, process and distribute the oil and natural gas required by society, currently accounts for around 15% of global energy-related CO₂ emissions. Drilling activities fall under the extraction of oil and gas. This means that there is significant potential in decarbonising these activities.

In 2020, Maersk Drilling launched an ambitious plan to cut the carbon intensity of our operations by 50% by 2030. With this target – the most ambitious in the industry – Maersk Drilling aims to inspire and accelerate the offshore drilling industry's decarbonisation journey. The target is more ambitious than the savings needed to fulfil the requirements for the industry in the IEA Sustainable Development Scenario¹. This scenario is built on a reduction of approximately 40% from the oil and gas sector by 2030 in order to be in line with the Paris Agreement.

To reach its target, in a way which is both sustainable and financially viable, Maersk Drilling will use a combination of known technological solutions, behavioural and digital solutions for efficiency improvements, as well as emerging technologies which are still at an early stage. In addition, carbon offsets may be used to achieve any residual savings. Over the past three years, Maersk Drilling has invested heavily in establishing an innovation department with process and technology experts, and this unique function, along with our engineers, will play a key role in developing and adapting future climate-conscious technologies to offshore drilling needs.



"We have set the drilling industry's most ambitious climate target. Halving our carbon intensity footprint in ten years will be a huge challenge, and we will deploy all our skills and expertise to make it happen."

Libbe Skovgaard-Petersen Head of Business Development and Partnerships

¹ Upon the creation of Maersk Drilling's 2030 Climate Plan, the establishment of science-based targets for the oil and gas industry was still under development. Once finalised, these targets will be reviewed by Maersk Drilling and any relevant adjustments will be incorporated in the future sustainability strategy work.

Maersk Drilling's approach to partnering activities with customers and suppliers will be instrumental in realising our climate ambitions. In addition, the right economic framework conditions are crucial. Today, our activities on the Norwegian Continental shelf (which accounted for 39% of Maersk Drilling's revenue in 2020) are leading climate developments in the industry, facilitated by a supportive economic framework which incentivises investments in low-emission technologies and

taxes carbon-heavy solutions. Our solutions include the world's first electrified offshore drilling rig able to use shore power from land and low-emission hybrid rigs equipped with battery systems and NO_x filters. Maersk Drilling supports a broader application of climate-related taxation and support regimes, incentivising our customers to contract low-emission rigs, thereby allowing the drilling companies to make the necessary long-term investments in new climate technologies.

Connecting to low-carbon power sources



The sharp market decline in the wake of the COVID-19 pandemic sent several Maersk Drilling rigs into stacking mode. Designed with an onboard shore power connection, the rigs are outfitted to be electrically powered. Denmark is one of the few places in the world that offers sites that can deliver the required amount of electric power quayside. Our rigs stacked in the ports of Grenaa and Frederikshavn worked on shore power, with diesel engines shut down, for the benefit of both the local and global environment.



Where do our emissions come from?

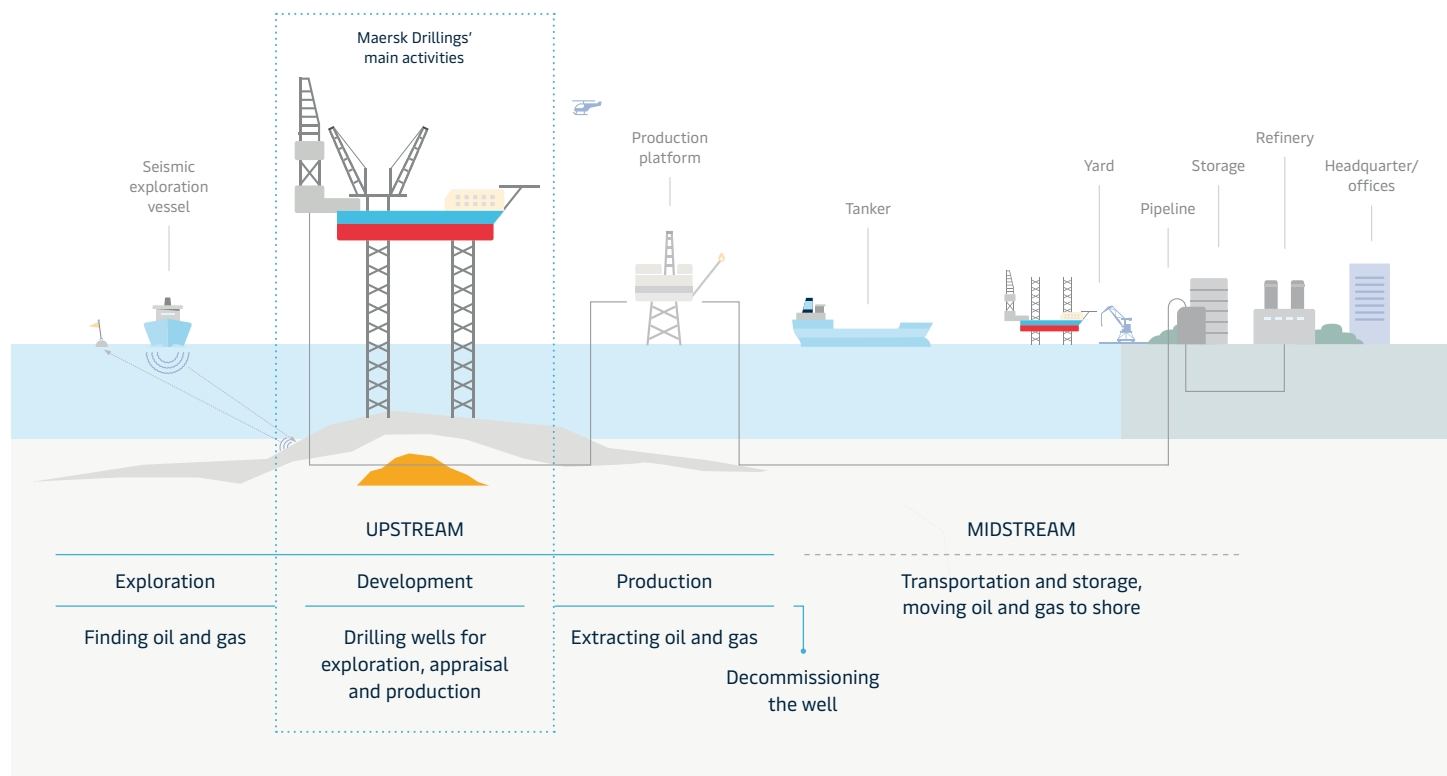
Maersk Drilling reports GHG emissions according to the Greenhouse Gas Protocol which classifies emissions into scope 1, 2, 3 emissions. Scope 1 includes emissions from sources directly owned or controlled by the company. Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company. Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions. Scope 3 emissions are a consequence of the company's activities, but occur from sources not owned or controlled by the company. Maersk Drilling reports scope 1 and 2 emissions, but not yet scope 3 emissions.

Maersk Drilling's **scope 1** emissions come from the main engines, which deliver power to the rigs while operating and while at quayside. For floating units – the drillships and the semi-sub – the main engines also provide power for station keeping and moving the rig to new locations.

Scope 2 emissions are derived from our rig Maersk Invincible when operating in a location which is electrified. When the harbour is capable of delivering enough power, our rigs may also run on electricity during stacking. Furthermore, our local offices and the Danish headquarters use electricity and thereby generate scope 2 emissions.

Exact figures on our scope 1 and 2 emissions can be found in our ESG data-table on page 42.

Maersk Drilling's **Scope 3** emissions have not been comprehensively analysed yet, but would include elements such as business travel, re-location of our non-floating rigs, supply services, etc.



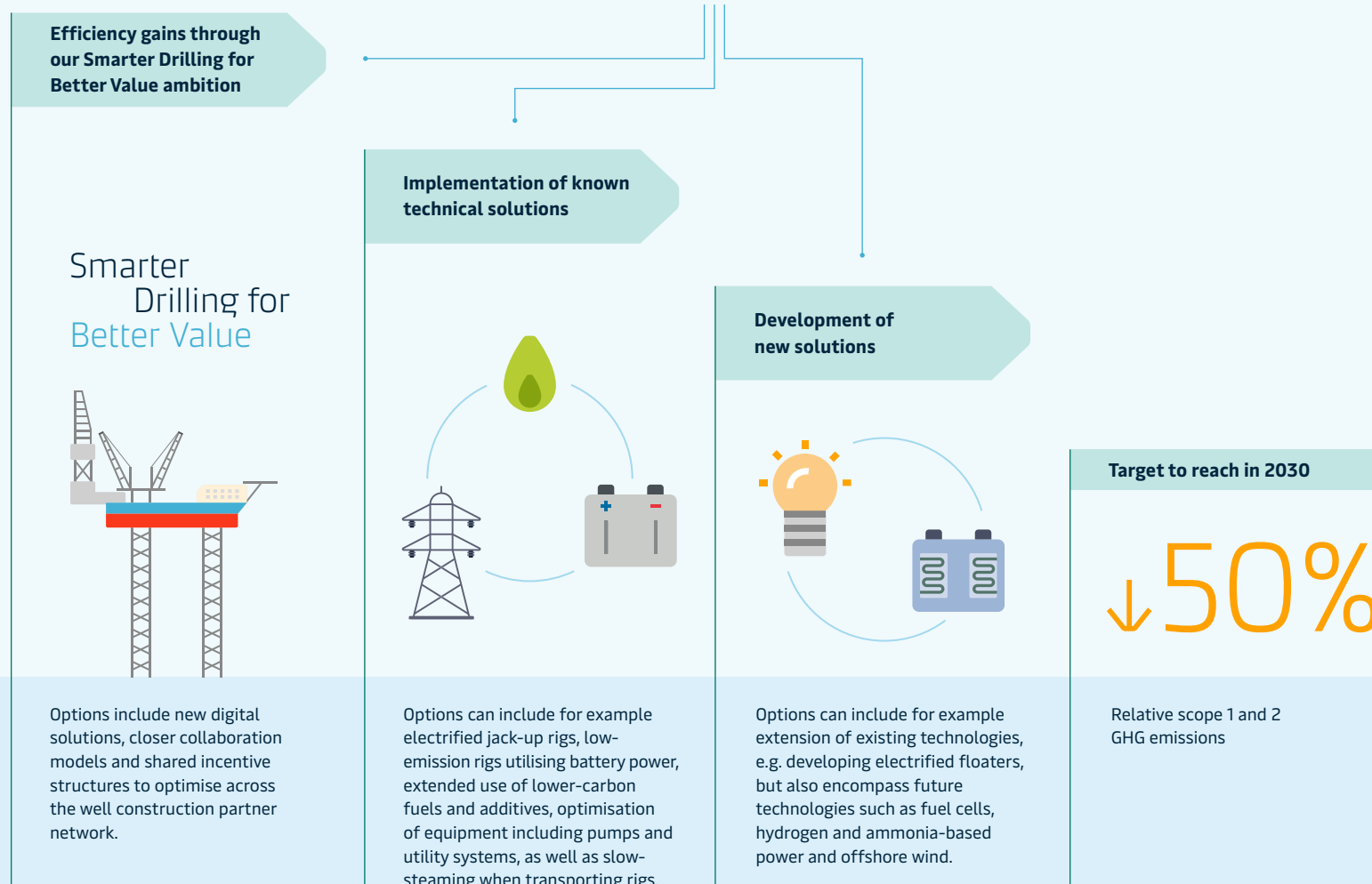
The road to 50%

As part of the new sustainability strategy launched in 2020, Maersk Drilling established a Climate Action Plan comprising the drilling industry's most ambitious emissions reduction target. By 2030, Maersk Drilling will have reduced its relative scope 1 and 2 GHG emissions by 50% compared to 2019, which is the baseline year. We are actively staying abreast of developments and technological advancements to ensure that our target can be met as effectively as possible. The target will be measured on GHG emissions relative to revenue, contracted days and drilled meters.

At the onset of the strategy implementation, Maersk Drilling expects that around half of the needed savings can be achieved via known solutions. The other half will be achieved by deploying new technologies or existing technologies that are not yet commercially viable.

Carbon offsets, e.g. via investments in carbon-saving projects, may be applied to achieve any residual savings.

The ambitious Climate Action Plan rests on three main levers





Project Greensand

The depleted oil reservoirs in the North Sea can be attractive locations for carbon storage. Maersk Drilling and its consortium partners are targeting

3.5

million tonnes of CO₂ stored annually by 2030.



"With Project Greensand we have put our strong innovation and engineering capacity behind one of the most promising Carbon Capture and Storage projects in Europe. Together with our consortium partners, we want to develop a solution that can make a real difference in the fight against climate change."

Marika Reis Chief Innovation Officer

Preventing CO₂ from entering the atmosphere

In addition to decarbonising drilling activities, it will be important to apply Carbon Capture, Utilisation and Storage (CCUS) and hereby prevent CO₂ from entering the atmosphere.

The IEA Sustainable Development Scenario expects increased investment and rapid growth in CCUS. The annual capacity is expected to increase from 33 million tonnes CO₂ per year today to 850 million tonnes CO₂ in 2030 and 5,000 million tonnes CO₂ in 2050. For comparison, total global

CO₂ emissions were around 30,000 million tonnes in 2020.

During 2020, Maersk Drilling joined INEOS Oil & Gas Denmark and Wintershall Dea in the Project Greensand consortium, which is maturing one of the most advanced Carbon Capture and Storage (CCS) projects inside Danish jurisdiction. Project Greensand targets the development of CO₂ storage capacity beneath the Danish North Sea by re-using discontinued oil and gas fields for permanent CO₂ storage.

The project has received support from the Energy Technology Development and Demonstration

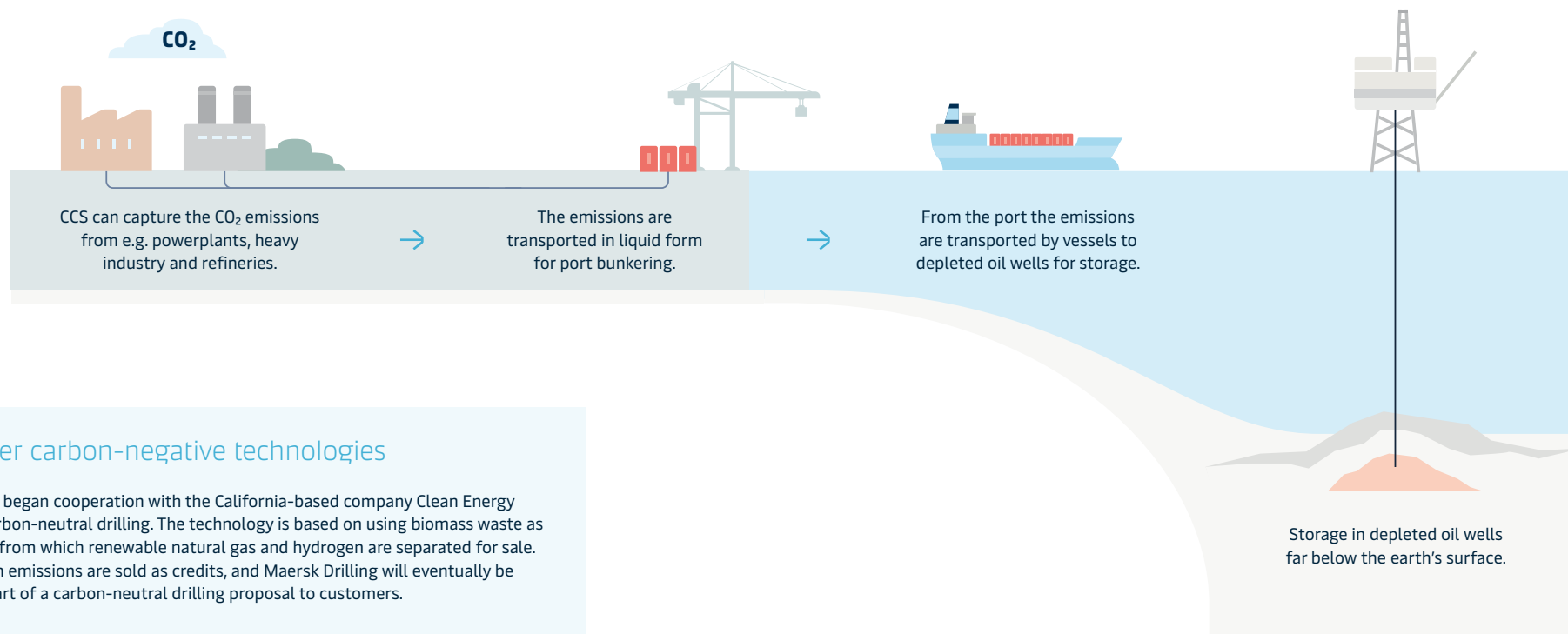
Program (EUDP) via the Danish Energy Agency and entered the validation phase in 2020, including successful feasibility studies for the chosen reservoir's compatibility for CO₂ injection. Laboratory experiments and results analysis were conducted by the project's research partner, the Geological Survey of Denmark and Greenland (GEUS), and the external verifier DNV GL has issued a certificate of feasibility for the reservoir.

The target is to have the first well ready for injection from the Nini platform offshore Denmark in 2025. Longer-term, the goal is to develop the capacity to store approximately 3.5 million tonnes CO₂ per year by 2030. CCS is one of the four pillars

of the green research strategy announced by the Danish government in September 2020.

Storage in depleted offshore reservoirs is a relatively new concept and involves challenges, particularly in terms of ensuring cost- and carbon-efficient transportation of the CO₂ from shore to the injection site. However, employing CCS in offshore reservoirs also has significant advantages since the geological structures are well understood, existing infrastructure can be utilised, and the injection sites are situated far away from populated areas.

→
Carbon Capture and Storage – how does it work?



Supporting other carbon-negative technologies

In 2020, Maersk Drilling began cooperation with the California-based company Clean Energy Systems to facilitate carbon-neutral drilling. The technology is based on using biomass waste as fuel to produce syngas, from which renewable natural gas and hydrogen are separated for sale. The net-negative carbon emissions are sold as credits, and Maersk Drilling will eventually be able to offer these as part of a carbon-neutral drilling proposal to customers.

2020 climate performance

Efforts to introduce low-carbon solutions on the fleet continued in 2020 with activities in our main market, Norway, leading the way. Two of our biggest jack-up rigs, *Maersk Intrepid* and *Maersk Integrator*, are converted to low-emission rigs by installing energy efficiency software, hybrid power, and NO_x scrubbers. The first, fully upgraded rig went into operation in autumn in Norwegian waters and data loggers tracked the carbon efficiency gains at around 25%.

Our total greenhouse gas emissions were impacted by the Covid-19 pandemic. Customers cancelled or postponed projects, resulting in a sharp decline in demand for drilling services and an increased number of stacked rigs. As a result, on-contract GHG emissions declined while off-contract GHG emissions increased significantly. Total GHG emissions in 2020 were 399,200 tonnes of CO₂e compared to 442,000 tonnes in 2019.

As part of our newly launched climate action plan, we have identified three KPIs to measure our efforts towards halving the carbon intensity by 2030:

GHG emissions **per contracted day** improved for both of our rig classes respectively, with jack-ups lowering emissions from 37.7 to 35.4 tonnes per contracted day and floaters reducing emissions from 104.1 to 100.7 tonnes per contracted day. Despite these improvements, the overall GHG emissions per contracted day grew from 57.8 to 61.3 tonnes, impacted by a lower share of the more carbon-efficient jack-ups. The number of contracted days for jack-ups declined by 27% while floaters increased by 7% compared to 2019.

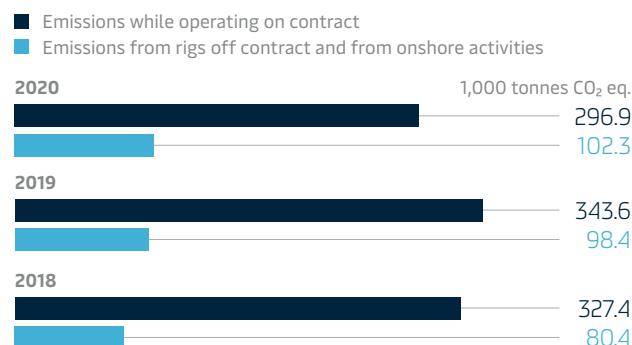
This higher average fleet emission level per contracted day also impacted GHG emissions **per drilled meter** which increased by 18%. The number of meters drilled in 2019 was unusually high with 2020 returning to a more normal level. The drilled meters vary from campaign to campaign

depending on the nature of the services performed with well-completion and plug and abandonment activities generating fewer drilled meters.

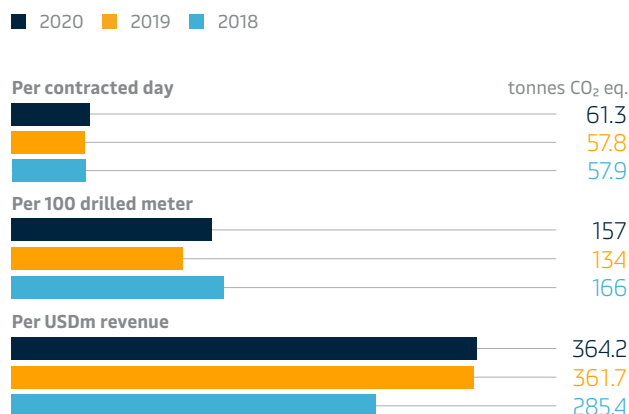
GHG emissions **per revenue** ended at 364.2 tonnes of CO₂e per USD million which was a 0.7% increase compared to 2019. A decline in revenue generating days due to the high number of stacked rigs in combination with the higher average emissions of the fleet were the main factors driving this development.

Though the trends across the three selected KPIs was not showing strong progress in 2020, the developments should to a large extent be viewed in the light of the extraordinary market situation following the Covid-19 pandemic. We expect a reversal of these effects and in combination with our continued long-term actions and investments in low-emission solutions, we are confident we can achieve our 2030 target, even if the reductions are modest in the first part of the 10-year period.

GHG emissions 2018–2020






GHG intensity 2018–2020



Driving impact through transparency

Maersk Drilling has established three KPIs to track the carbon footprint of our activities comprehensively. We believe that enhanced transparency will drive the right behaviours in our organisation, and hopefully also inspire the entire drilling industry to establish comparable metrics. The three KPIs are:

-  Focus on operations, measuring the emissions from our rigs **per contracted day**
-  Emissions from contracted rigs **per drilled meter**, focusing on our main deliverable of drilling wells
-  Overall carbon intensity of our business, tracked through measurement of total emissions **per revenue**

Strengthening our climate-related disclosure

In 2020, Maersk Drilling decided to strengthen its climate-related disclosure by reporting according to TCFD and by submitting data to the Carbon Disclosure Project.



Caring for People



We want to be a safe,
diverse, inclusive and
people-centric company



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH



10 REDUCED
INEQUALITIES



17 PARTNERSHIPS
FOR THE GOALS

A safer place to work

We registered the best safety performance in years, despite the many obstacles from the Covid-19 pandemic. Our Safety as Capacity strategy explores new ways and makes a difference.

Our goal has for several years been to achieve zero serious incidents and we have met this goal since April 2019. To further strengthen our efforts, a new goal was introduced in 2020, targeting a continuous downward trend in the average severity of all incidents.

In 2020, we registered a positive development in our performance with safety figures showing the best results in years. The positive trend came despite the many obstacles induced by the Covid-19 pandemic which made rig operations exceptionally difficult. Still, due to relentless efforts from our offshore crews, we successfully met this challenge. We see it as a general indication that our new Safety as Capacity strategy – which is exploring new roads within safety – makes a difference. We are doing our utmost to share our findings with the rest of the industry because keeping people safe is everyone's business.

Safety as Capacity – understanding the human factor in incidents

The health and safety approach of Maersk Drilling is founded on the belief that human errors are unavoidable. Understanding the human dimension and properly integrating it into the systems, processes and policies will be key to the continuous improvement of our performance. Human factors are the physical, psychological and social characteristics that affect human interactions with equipment, systems, processes and other individuals. Strengthening our people capacity to avoid incidents or prevent incidents from escalating as well as managing controls and safeguards are at the core of our efforts to account for the human factor in any incident.

In 2020, we focused on three key initiatives to strengthen our people's ability to maintain a high safety level:



Safety as Capacity

Strengthening our people capacity to avoid incidents or prevent incidents from escalating as well as managing controls and safeguards are at the core of our efforts to account for the human factor in any incident.



Control of work platform
securing a robust work execution process



Toolbox Talks
meetings to increase situational awareness



'Out of Harm's Way' award
given every quarter to the best safety ideas

62

ideas received and approved in 2020.

1. Simple to be safe

Our Simple to be Safe initiative aims at making our systems less complex and time-consuming. In 2020, we completed a review of our management system to simplify and reduce the amount of content. The new user-friendly, digital platform *Control of Work* was rolled out to all rigs. It secures a robust work execution process with a focus on control, clarity and capability, and reduces bureaucracy to allow for more time to work with safety. In 2020, the reduced time per task was about 30% or more than 15,000 working hours.

2. Situational awareness

A key element in Safety as Capacity is to avoid incidents escalating from minor issues to a chain reaction of bigger problems. The ability to rapidly and decisively handle unexpected events and spot unusual developments during operations is vital. Our *Zone in on safety* campaign was rolled out to all rigs with tools dedicated to train and maintain situational awareness. We improved the well-established Toolbox Talks where leaders and crew members meet to discuss what can go wrong. In this way, we increase situational awareness of risks and strengthen the feedback from the crews on what is required.

3. Building a strong safety culture

Our yearly safety day centered around building a strong safety culture. In line with the general focus of capturing frontline experience, all rig teams were engaged in providing solutions and ideas for increased safety. This bottom-up approach goes hand-in-hand with the quarterly 'Out of Harm's Way' awards which go to the best safety ideas. 62 ideas were received and approved from the frontline. The best ideas are subsequently pushed to all our rigs.

Improving our core barrier management system

Maersk Drilling's safety efforts are anchored in a strong barrier management system which is the foundation for delivering reliable and efficient operations to our customers.

In 2019 an updated Barrier Management Strategy was implemented on all rigs, focusing on identifying all safety-critical technical barriers, operational barriers, and organisational barriers. To continuously drive improvement of the barrier management system, all major incidents or near-misses are thoroughly investigated. In 2020, we continued the work to improve our investigation model with a particular focus on our high-potential incidents, with increased efforts devoted to capturing learnings from near-misses which never turned into real incidents. We also widened the scope of our investigations to include more than just accidents and near misses, but also successful, day to day work. This is to enable operational learning.



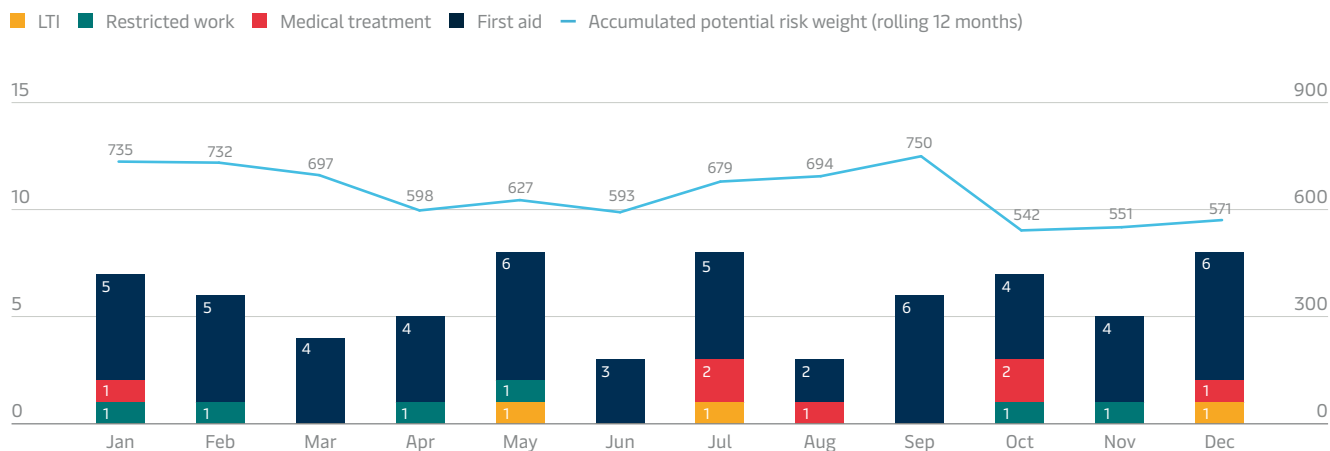
"With our Safety as Capacity strategy, we have zoomed in on the human factor. We have realised how important focus and situational awareness are when it comes to avoiding serious incidents. To me, this is one of the main drivers behind this year's positive safety record."

Erik Larsen Head of HSSE



Personal injuries and potential risk weight

In 2020, we launched a new indicator which captures not only actual injuries (coloured data bars) but also incidents that could have caused severe harm. This potential risk weight, shown as a blue trend line below, is based on evaluation and has shown a downward trend during 2020.



2020 Performance

In 2020, we improved safety performance with all indicators showing a decline in incidents. The improvement was especially noticeable for the more serious incidents which are our main focus area. We had zero serious injuries and only two lost time injuries, corresponding to a lost time Injury frequency of 0.44. This is a significant improvement compared to 0.75 in 2019, representing the lowest levels recorded in years.

In 2020, we further developed our metrics and have launched a new severity grading index that incorporate the high potential incidents which could have turned into serious incidents. With this index as part of our safety scorecard, we have put additional focus on bringing down the serious near-misses which could have caused significant harm to our people.

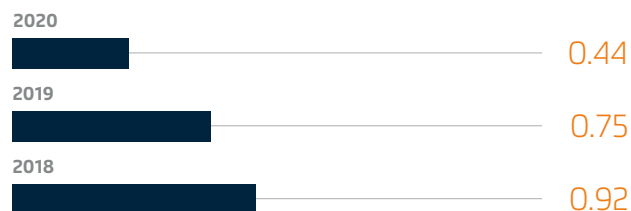
The severity index declined during 2020, reflecting a lower level of near misses, especially in the second half of the year. We see this as an indicator that our new Safety as Capacity strategy is effective and will support us in continuing this trend.



Watch our *Safety as a Capacity* strategy video [here](#).

Our safety performance 2018–2020

LTI frequency



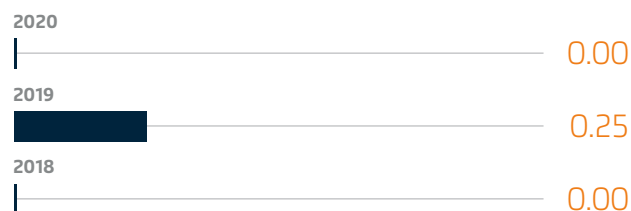
LTIf measures the frequency of LTIs and fatality incidents per million man-hours divided by total hours worked. Lost Time Incident (LTI) is a work related injury or illness to an employee which a physician or licensed health care professional recommends days away from work due to the incident.

TRC frequency



TRCf measures the frequency of all recordable incident data (medical treatment cases, restricted work cases, lost time incidents and fatalities) per million man-hours divided by total hours worked.

Serious injuries frequency



Serious injuries frequency (Sif) is measured as fatalities and injuries with partial or permanent disability per million man hours divided by total hours worked.

Keeping global operations afloat during the pandemic

As the global pandemic hit the world in the first quarter of the year, Maersk Drilling faced considerable challenges. With operations spanning most continents and a vivid exchange of personnel across frontiers, it quickly became necessary to establish a focused task force to handle the challenges. As protocols and procedures were developed during spring, the task force could be dismantled.

Some of the most critical issues centered around offshore operations. It is a top priority to uphold the rigorous process for personnel coming on board rigs. All crew, customers, third-party partners and maintenance personnel must complete a COVID-19 test, a pre-departure travel questionnaire and, when required by the client or local authority, take part in a two-week quarantine. All non-essential personnel continue to be prohibited from visiting rigs globally.

In order to further ensure a healthy working environment on board, Maersk Drilling rigs now have rapid COVID-19 test kits on board all rigs. Even if the test is only indicative, the crew now has the ability to test anyone that displays symptoms and can take further action when necessary. This is especially important for rigs in remote locations where access to testing is not always readily available.

In addition, mitigating travel restrictions and quarantine measures have become key to safeguarding everyday operations. A framework for back-up crew pools has become standard practice for operations. This includes sourcing of more local crew members within a given country or region in order to effectively conduct crew changes.



In 2020, our rig *Maersk Highlander* received the International Association of Drilling Contractors' Award for Best Safety Performance in the North Sea.



"The world of energy is changing, and a successful transformation of our business requires that we mobilise multiple perspectives and skills. Diversity is ultimately about equality for all: providing equal access to thriving, dreaming and contributing. As a company with strong values and operations globally, we have the obligation and privilege to make an impact. Our business and the world depend on us."

CEO Jørn Madsen's pledge to the Above & Beyond Diversity Council Nordics

Diversity and Inclusion

Maersk Drilling is first and foremost a people business. Therefore we have identified Diversity & Inclusion as one of two key focus areas of our sustainability strategy alongside Climate Action.

We want to uphold a supportive and productive working environment where all of our people are valued for their contributions, accepted for who they are, and can develop a meaningful career in a trusted environment that is free from discrimination – regardless of gender, nationality, religion, sexual orientation, socioeconomic background, or disability.

In an industry facing transformation, it is imperative to attract, develop, and retain the best talent effectively. Maersk Drilling is actively focusing on tapping into a broader, diverse talent pool to meet challenges and generate sustainable value.

Our Diversity & Inclusion Plan

In 2020 Maersk Drilling developed a dedicated D&I plan with targets and initiatives to make significant progress within a time-frame of three years.

We believe in the value of diverse role models at the top, and are therefore tackling the industry-specific challenge of gender diversity in leadership. We are pursuing a significant leap forward on gender diversity to increase female representation on all onshore leadership levels through a female leadership target of 30% across leadership levels, 25% for senior leaders, and 20% for the Executive Leadership Team by end-year 2023.



Targets for female representation in onshore leadership by end-year 2023

30%
across leadership levels

25%
for senior leaders

20%
for the Executive Leadership Team

Our initial targets focus on female representation in leadership, as we expect this to produce cascade effects across all diversity parameters. At the same time, we are focusing on inclusion in the company to truly make diversity thrive.

In addition to the new leadership target, Maersk Drilling will be targeting four focus areas:

- **Attracting** and hiring female talent by removing bias from our recruitment process
- **Promoting** impactful leadership careers through a more inclusive approach to talent identification and development
- **Transitioning** to greater flexibility in ways of working and making inclusive leadership part of our leadership development programs
- **Showing** senior leadership commitment and increasing awareness across the company

To further strengthen implementation, Chief Strategy and People Officer Nikolaj Svane additionally took on the role of Chief Diversity Officer in September 2020.

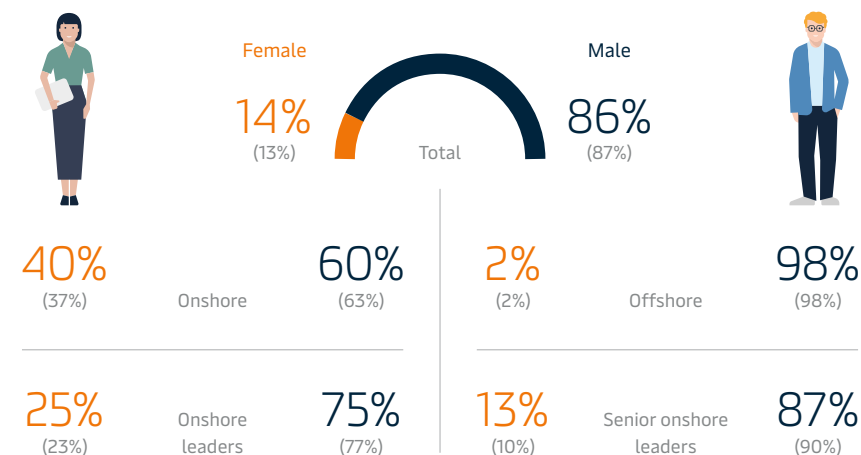
Female representation in leadership

Continued improvements needed

In 2020, Maersk Drilling saw a slight improvement in diversity performance and with the new strategic focus, these developments will be accelerated. Our share of female employees increased from 13% in 2019 to 14% in 2020. Onshore, women represent 40% of our workforce. Female leaders made up 25% of our onshore leadership in 2020 compared to 23% in 2019. Offshore, women only make up 2% of the workforce. In 2020, we appointed our second female rig manager in the history of the company.

Additionally, in 2020 we have focused on pairing female talents with senior leadership sponsors to provide greater exposure to the organisation, facilitate network building and enable cross-functional development opportunities. Regarding the Executive Leadership team, it was announced in December that a new female CFO would start in January 2021, bringing the female representation to 25%.

Gender distribution in 2020 (2019)



Board diversity target

Maersk Drilling has an ambition of diverse representation in terms of gender, nationality, international experience and qualifications on the Board of Directors. In 2019, a board diversity target to elect two female board members no later than the Annual General Meeting in 2022, was set. In 2020, Maersk Drilling has directed

attention towards reaching this and did so already in April 2020. Additionally, Maersk Drilling's target to have at least 1/3 of the Board of Directors comprise non-Danish citizens is currently satisfied. The current composition of the board, including employee-elected members is four females and five males, as well as four non-Danish citizens represented.



"Given the nature of our industry, gender diversity in particular is difficult. I am proud that Maersk Drilling is stepping up to this challenge and is ready to fight for more equality and diversity by committing to a female leadership target."

Nikolaj Svane Chief Diversity Officer and Chief Strategy and People Officer

Diversity of shareholder-elected board members 2020





Nationality distribution 2020 – total population

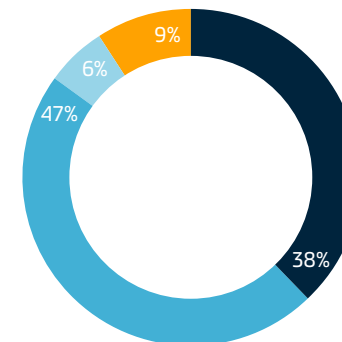
Europe (outside Scandinavia) Scandinavia
Southeast Asia Other

Maersk Drilling has a highly international workforce with

59

different nationalities represented.

Around half are Scandinavians, a share which has been relatively stable in recent years.



Involving the organisation to embed D&I

Successful implementation of our D&I initiatives relies heavily on the commitment and engagement of our people. As a first step to ingrain a D&I mindset in the organisation, Maersk Drilling dedicated the month of October 2020 to diversity & inclusion.

During the month we hosted and facilitated 12 events and initiatives accessible to all our 2,383 employees both on- and offshore, including:

- Running an organisation-wide **inclusion survey**
- Filming an **inclusion video** featuring our colleagues
- Facilitating a **'bias in hiring' workshop**
- Livestreaming a **Diversity & inclusion panel debate** featuring our CEO Jørn Madsen, Chief Diversity Officer Nikolaj Svane, and Board Member Caroline Alting to the global organisation
- Hosting a **workshop** for 20+ international companies on co-creating solutions for inclusive recruitment

12

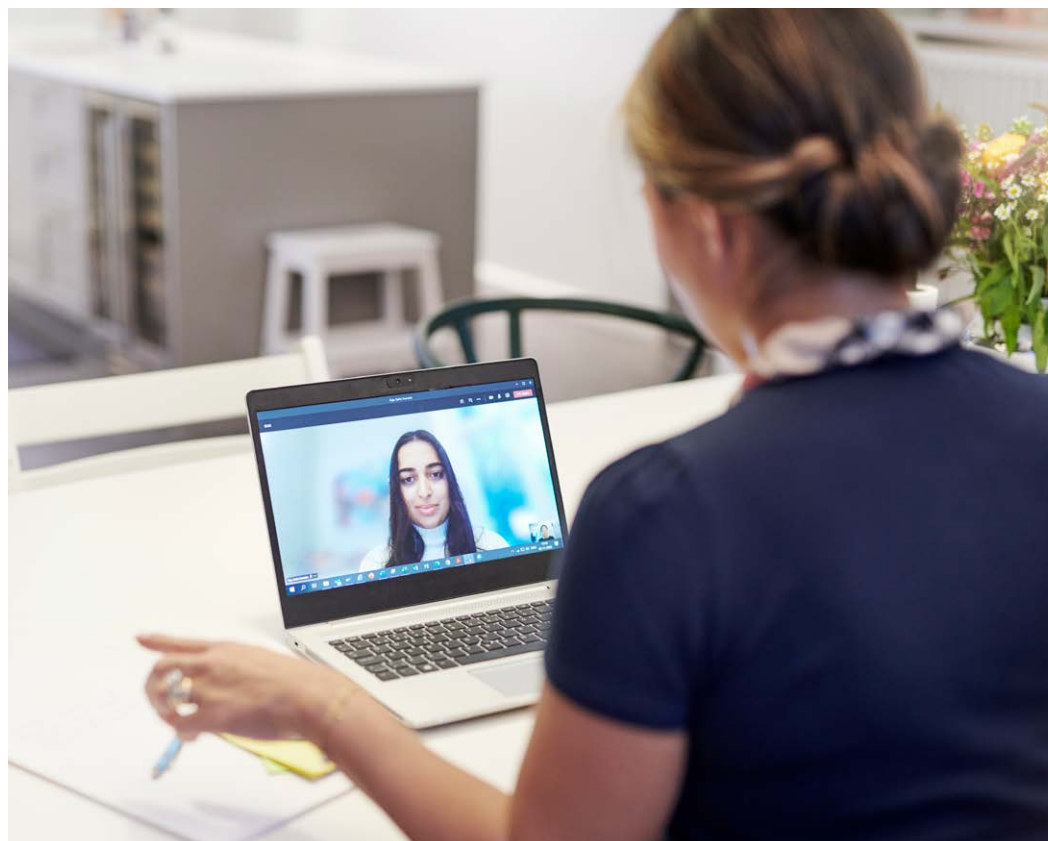
events and initiatives
accessible to all employees





"I really appreciate that the D&I plan has been tailormade to Maersk Drilling, using real experiences from our colleagues. Personally, being able to take part in confidential conversations where nothing is left off the table, has made me feel that this area is being taken seriously and that our plan is not just a theoretical exercise."

Signe Martedal Head of Gdansk Location



Committed to co-creating D&I solutions

Partnering with other businesses to drive forward sustainability efforts is grounded in our corporate value of Humbleness to listen to, learn from and share with others. We are pleased to have joined the Above & Beyond Diversity Council this year which comprises a strategic alliance of 20+ Nordic companies collaborating on the acceleration of diversity and inclusion, with dedicated engagement from top management.



← Conversations for inclusion

Our approach to making strides within D&I is to foster a safe culture where important conversations and the personal experiences of our employees can be shared and are heard.

In the first half of 2020, Maersk Drilling developed its D&I plan utilising a data-driven approach grounded in our employees' experiences and perceptions. Both qualitative and quantitative research was conducted internally to gain an understanding of how bias, differential treatment, and barriers to equal opportunities and inclusion are experienced in the company.

Based on the voices of our people, intervention areas specifically tailored to barriers in the organisation have been designed.

We are committed to continuing the focus and conversation on D&I.

Watch our Conversations for inclusion video [here](#).

A healthy organisation during challenging times

Maersk Drilling is a people business. Attracting and retaining competent and engaged people who are committed to Maersk Drilling's successful future remains a top priority and a vital leadership task.

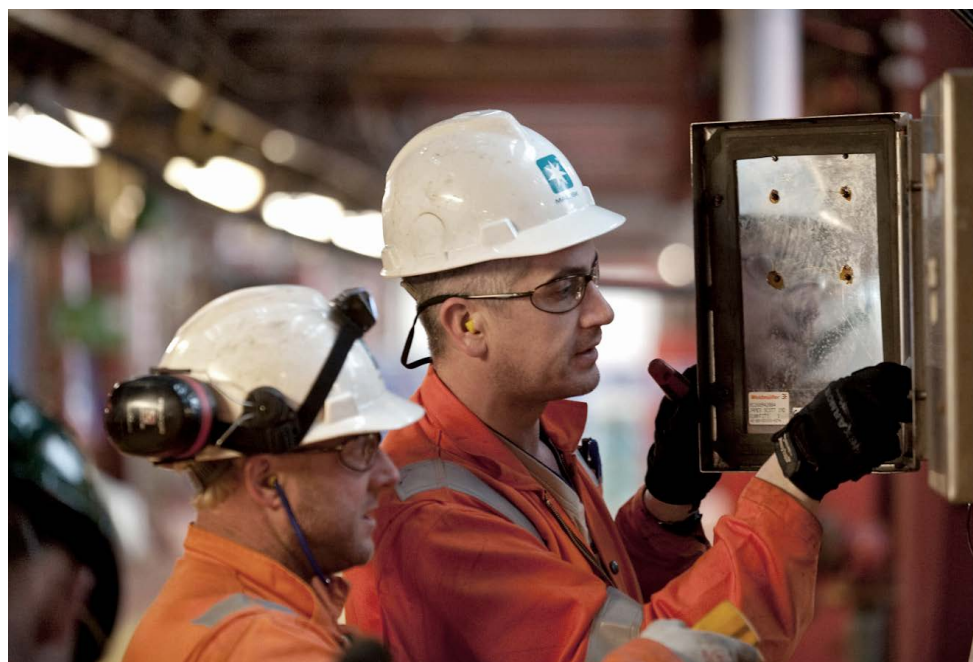
Employee turnover

We saw an improvement throughout the year with our onshore turnover rate moving from 10.2% in Q1 to 6.6% accumulated in Q4 and offshore moving from 7.3% in Q1 to 4.5% accumulated in Q4.



6.6%
onshore
turnover rate

4.5%
offshore
turnover rate



Maersk Drilling is focused on ensuring that senior leaders are updated regularly on key topics such as Employee Engagement, Organisational Effectiveness, Diversity & Inclusion and Capability Development.

In 2020, there has been uncertainty in many areas of our business due to Covid-19 and it has been a constant challenge to secure a stimulating work environment that supports employee development.

Dialogue and employee engagement

Maersk Drilling's quarterly Compass Survey allows us to regularly track employee engagement levels and implement the necessary actions to maintain a positive employee experience. A new approach to engagement surveys was launched in 2018, and this lighter and more frequent survey model has helped drive better dialogue between managers and staff.

The Compass system generates an employee net promoter score (eNPS). The eNPS ranges from -100

to 100 and reflects the employees' willingness to recommend Maersk Drilling as a good place to work. The score improved significantly from -23 in Q4 2019 to -4 in Q4 2020, with the onshore population moving from -15 to 3 and offshore increasing from -29 to -8. A large number of factors have contributed to these improvements, with the most frequently mentioned being:

- Continuous Communication – open discussions led by senior leadership about the future of Maersk Drilling.
- Strengthened Sustainability Strategy – Providing long term strategic aspirations within D&I and climate change in uncertain times.
- Improved team leadership – with a focus on employee wellbeing and increased flexible working.
- Solid response to Covid-19 – the swift implementation of new social distancing and safety interventions both on our rigs and onshore, protecting the health of our employees.

Training

Maersk Drilling offers an array of training for our offshore and onshore employees via our Learning Management System and we apply personal development plans to detail the individual goals of our employees. Our training covers a range of capabilities, from operational excellence and task-oriented issues to leadership, culture and mindset development.

In 2020, a total of 6,481 training days were carried out across Maersk Drilling compared to 8,571 in 2019. The lower number reflects the impact of the Covid-19 pandemic.

Leadership and development

To develop transformational leadership skills, we created the *Leading in MD* programme which commenced for all leaders in the last quarter of 2019. The programme focuses on our 4Cs leadership framework promoting Curiosity, Courage, Collaboration and Conversation. Due to Covid-19 restrictions, the programme had to be paused. Nevertheless, 159 leaders have been through the programme so far with a further 270 (95 onshore and 175 offshore) pending.

To address a continued need for social distancing, Maersk Drilling has during 2020 developed virtual leadership development sessions, including both refresher modules for those who have completed the programme and onboarding modules for new participants.



Leading in MD programme focuses on the 4C's leadership framework promoting Curiosity, Courage, Collaboration and Conversation.

159

leaders have been through the programme so far.



Our Acceleration Programme, which invests in talent to secure a strong pipeline of employees with leadership capabilities for mid and senior level roles, was postponed due to logistical issues caused by Covid-19. An alternative solution, which incorporates the key aspects of the original programme, e.g. on-the-job challenges and leadership development tasks, has been developed for rollout in 2021.

Training to ensure operational excellence

We follow industry, regulatory and client requirements to ensure employees in our offshore operations are fully trained and compliant. For compliance areas, our offshore employees are all

trained. In addition we also have Maersk Drilling specific procedure requirements, where each rig has approx. 90 different qualifications mapped to multiple positions.

To further support that all rigs can safely handle all requirements when changing crew, a new Competency Assessment System (CAS) was fully implemented during 2020. The system ensures that key competencies provided during training courses and procedure requirements are validated on board the rig. With a single, unified digital system, we maintain the same high safety and efficiency standards across jurisdictions.

Handling redundancies in a responsible way

Maersk Drilling is used to operating in an industry which is cyclical by nature. The Covid-19 disruption caused several customers to cancel operational contracts and postpone future contracts. As a consequence, it was necessary to reduce the number of employees. Prior to the decision, multiple options were explored, including re-deployment, early retirement and a hiring freeze but these measures were deemed insufficient given the scale of the crisis.

Market disruptions and the resulting restructuring processes encompass significant negative consequences. Maersk Drilling has made considerable efforts to handle the processes responsibly and tailor compensation packages accordingly. The packages were the result of negotiations with employee representatives. Due to the geographical spread of our employees, redundancy packages varied according to their country of employment.

Onshore and offshore redundancy processes are governed by legal processes and all impacted employees were provided notice according to their statutory entitlements. Employees were consulted via an employee council and notifications to authorities were given according to the specific legal procedures.



Bringing Value to Local Communities

As part of our sustainability approach and in line with our values, Maersk Drilling strives to positively impact the communities in which we operate.

Maersk Drilling has a long-standing tradition of contributing to local societies, not least in developing countries. This has traditionally been done by building local competences and local procurement practices. Local content requirements can for instance include

the percentage of local workforce, and sourcing from local suppliers. Maersk Drilling aims to go beyond specified targets where feasible and build on long-term collaborations with customers and suppliers who value local contributions.

Exceeding local requirements in 2020



Local staff



Local procurement

	Requirement 2020	2019	2020
Angola	70%	60%	65%
Australia	40%	n/a	87%
Azerbaijan	90%	86%	84%
Brunei	63%	78%	64%
Egypt	49%	57%	57%
Ghana	60%	54%	62%
Mexico	20%	34%	34%
Myanmar	24%	37%	37%
Trinidad/Tobago	48%	52%	48%

	Requirement 2020	2019	2020
	n/a	n/a	30%
	40%	n/a	67%
	37%	53%	36%
	42%	48%	43%
	30%	41%	15%
	40%	69%	55%
	20%	n/a	48%
	n/a	5%	11%
	n/a	n/a	25%

Building local skills

Local offshore competencies are vital to secure efficient and reliable operations in emerging oil and gas markets, such as parts of Latin America, Africa and South East Asia. The presence of local colleagues with the necessary skills is crucial for Maersk Drilling to deliver safe and efficient services to our customers. We see local content as a central element securing our ability to operate at the highest standards and support this by contributing to building competencies and investing in the training and upskilling of the local workforce.

In 2020, we met or exceeded local staff requirements in 78% of the countries.

Local procurement

Maersk Drilling strives to procure locally when possible to support the domestic economy and secure local supply for Maersk Drilling and the offshore sector. When we are cooperating with local suppliers, we also contribute to developing the necessary skills and know-how to meet the requirements of international customers in the oil and gas sector.

In 2020, Maersk Drilling hosted local Suppliers Days in Trinidad and Suriname. The programme invited local suppliers to learn about Maersk Drilling's responsible procurement policy and the standards required to work as a supplier in the oil and gas industry. By working with local suppliers, we play a part in developing emerging economies and, at the same time, benefit from increasing the range of products and services available to our industry in the local market.

In 2020, we reached or exceeded local procurement requirements in 67% of the countries.



Supplier Day in Trinidad and Tobago

Supplier Days is an important element in our local contribution efforts. In February, Maersk Drilling hosted a Supplier Day in Port of Spain, Trinidad, inviting potential local suppliers to learn more about Maersk Drilling's upcoming campaign and how Maersk Drilling works with suppliers. More than 100 people from more than 60 companies signed up for the event, and many more wanted to join. The strong attendance provided Maersk Drilling with a good understanding of the local supplier landscape across a segment of different products and services, ranging from tool rental, workforce and logistics solutions to safety training and environmental services.



Responsible Business



We are committed to being a good corporate citizen conducting our business in a way that protects people and minimises adverse effects on environment and society



Protecting our marine environment

Life in the oceans represents a unique ecosystem. It is Maersk Drilling's ambition to reduce the environmental impact of our operations.

The main areas that we target relate to spills, recycling, waste handling and the safe use of chemicals on board our rigs. Our staff functions work in close cooperation with our rigs to optimise our activities which are governed by a strong set of policies including our HSSE Policy our Corporate Major Accident Prevention Policy as well as a newly launched Rig Recycling Policy.

Environmentally safe operations

Maersk Drilling has established provisions in its Environmental Management System that mitigates the risk of environmental harm. Prior to campaign commencement, Maersk Drilling will conduct an Environmental Impact Assessment (EIA) which shall form part of the overall Environmental Management Program. The EIA assesses the impacts of our activities, identifies quantitatively the significance and describes mitigation and control measures. We implement

a barrier management philosophy with technical, operational and organisational barriers to secure environmentally safe operations. Through these processes which are engrained in our management system, we ensure compliance with the ISO 14001:2015 Environmental Management Standard.

Rig Recycling policy

Maersk Drilling has a tradition for ensuring that our rigs are handled sustainably, also when they reach end-of-life. While it is relatively infrequent that a rig leaves our fleet, we want to make sure that established procedures ensure responsible conduct both when a rig is recycled or sold for further use by another operator.

In February 2021, a new recycling policy was launched. The new policy stipulates that Maersk Drilling will follow the principles laid out in the Hong Kong convention when recycling a rig.

A full version of the new policy is available on our website.

From 1 January 2021, all EU flagged rigs and all rigs operating in EU sea territory including Norwegian waters are required to comply with the EU Ship Recycling Regulations. As part of this regulation, the rigs are required to create and maintain an Inventory of Hazardous Materials (IHM). The inventory is a register that provides an overview of the hazardous materials on board, its location and approximate quantity. The recycling yards use the register to plan for the safe and responsible recycling of the rig.

15 Maersk Drilling rigs were required to be compliant by the end of 2020, which has been achieved. An IHM for each rig has been prepared through investigations, onboard sampling surveys, lab analysis and documentation. Furthermore, a

system has been designed to create and maintain IHMs for the rigs operating outside EU jurisdiction, once the recycling of a rig approaches. This will also be beneficial for rigs currently operating outside the EU, but which will move to the EU on a new contract.



15

Maersk Drilling rigs were required to be compliant with the EU Ship Recycling Regulations by the end 2020 and this has been achieved.

Spills

Environmental spills may have long-lasting adverse effects on both environment and the surrounding communities. Our goal is to have zero spills during our operations.

At Maersk Drilling, we face four major spill risks:

- Loss of well control
- Loss of drilling fluid through formations
- Spills from machinery on board the rig or subsea
- Fuel and bulk material bunkering from supply vessel to rig

Rigorous procedures and systems are in place to reduce these risks. Through close evaluations – via our incident and investigation processes – any lessons learned greatly improves our barrier management hence reducing the risk in the foreseeable future.

In 2020, Maersk Drilling recorded four spills above 1 barrel to the environment in 2020. This is an unsatisfactory number and we have thoroughly analysed root causes and designed appropriate mitigation actions.

Two of the cases were the product of equipment fatigue which caused leakage of oil-based drilling mud. One was due to failing crew attention during bunkering operations, causing a hose with diesel fuel to be disconnected from the supply vessel.

In the wake of these incidents, we have tightened our procedures, increased the frequency of equipment inspections and conducted awareness programs on optimal supply vessel coordination.

Waste

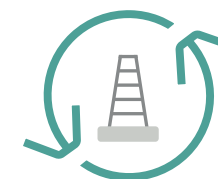
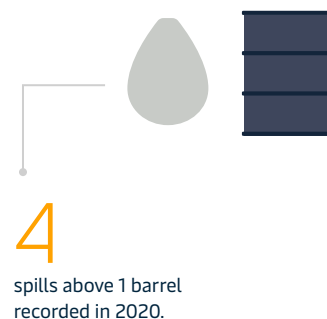
In order to ensure sustainable drilling operations, waste generated on board must be effectively and responsibly handled. The Maersk Drilling management system incorporates procedures and processes to eliminate or reduce the amount of waste generated and enable optimal handling of waste. This includes:

- Identifying waste streams
- Handling and segregation of waste on board
- Recording wastes
- Minimising waste generation
- Optimising recycling and disposal

The waste on board the rigs are broadly classified into hazardous, non-hazardous and recycled wastes. The main contributors to these are bore cuttings and chemicals used during drilling operations, domestic wastes like paper, plastic, metal cans etc. and waste generated from maintenance activities on board and while in shipyards. By having dedicated colour-coded bins or containers located at various locations on the rig, education of the crew on waste management and regular inspections, we ensure that wastes are correctly collected and segregated.

We work towards waste minimisation through optimising the control and recovery of drilling fluid and handling of cuttings, giving careful consideration before purchasing of materials or services, proper planning of storage to name a few initiatives.

In 2020, our waste amounts were relatively stable at 14,000 tonnes compared to 12,900 tonnes in 2019.



Maersk Decom has a circular economy, with recycling and waste management at the heart of operations.

Chemical Management

The management of our chemicals is important to ensure that risk towards people's health and safety is reduced. It is imperative that any associated risk and usage is conveyed in its entirety to the user.

New operational chemicals undergo a product risk assessment before it is approved for use on board. Use of high-risk chemicals is avoided when possible. Alternatively, a lower risk substitute with the equivalent functionality is often sought. Such instances also include the purchase of better biodegradable chemicals with low impact on the environment.

To ensure that chemicals on board are managed and handled safely, an onboard Chemical and Environmental inspection is carried out twice a year. Observations made are evaluated by the management for appropriate follow-up actions.

Decommissioning

Maersk Drilling has together with Maersk Supply Service founded the joint venture Maersk Decom. The company and its activities target the rising need to provide efficient and sustainable decommissioning of oil and gas fields. Its business model is centred around a circular economy, with recycling and waste management at the heart of operations. The company provides scalable solutions to responsibly handle end-of-life installations, restore the seabed, extend the lifetime of materials and reduce risk in the process.

In February 2020, the company signed a contract for plugging and abandonment of Tullow Oil's Banda and Tiof fields in Mauritania. This is the first project where Maersk Decom will provide an end-to-end plugging and abandonment solution under one single contract. Maersk Decom has completed the first phase of the Engineering and plans to begin the offshore P&A work in Q2 2021.



The last two rigs that left the Maersk Drilling fleet – Maersk Completer and Mærsk Giant – have both continued their active service life with new operators. Here, Mærsk Giant passes through Danish waters on the way to new owners in Poland.





Ethical business practices

Doing business the right way is ingrained in how we act, and is simply Maersk Drilling's license to operate.

It is grounded in our core values to comply with applicable regulations on anti-corruption, competition and anti-trust, trade and economic sanctions, export controls, protection of personal data, and human and labour rights. We uphold our high standards for business ethics worldwide, whenever we interact with customers, suppliers, regulators, governments and other parties.

Although Maersk Drilling already has a robust business ethics approach, we continually reassess our processes to ensure that they accurately reflect our compliance objectives and the organisation's structure.

Our approach to business ethics is grounded in a solid toolbox of tried and tested methods:

- Code of Conduct for employees, suppliers, and consultants, as well as Third-Party Code of Conduct for suppliers
- Anti-corruption due diligence
- Audits of core compliance processes as part of our compliance risk monitoring programme (two conducted in 2020)

- Shorebase awareness training on anti-corruption risk in new jurisdictions (three conducted in 2020 for commencements in Suriname, Trinidad & Tobago, and Angola)
- Internal live training sessions on export controls, competition law and data protection for functions most sensitive to these compliance risks
- Daily trade sanctions and export controls counterparty and transactional screenings
- Legal compliance risk assessments for potential new jurisdictions covering inter alia corruption, exposure to financial and trade sanctions, level of protection of personal data, the general rule of law and internationally accepted reports regarding the observance of human rights
- Annual review of written procedures and guidance documents

In 2021 we plan to convert supplier risk alignment interviews from face-to-face onsite to remote online, both as a practical response to the global pandemic and an efficiency enhancement to increase robustness and flexibility in compliance risk monitoring.



“Due to the nature of our work, there is a whole ecosystem of Maersk Drilling functions and third-party subcontractors with whom we work globally. We have an unwavering commitment and responsibility to conduct business in a responsible and upright way, and we extend these high standards and expectations to the third parties we choose to interact with.”

Zahra Kitson Frimor Chief Compliance Advisor, Head of Legal Compliance

Internalising good business practices

Speaking up

In Maersk Drilling, we have a company culture of collective responsibility to ensure that we are operating in an upright manner and accordance with the law.

If a breach of Maersk Drilling’s ethical principles is witnessed amongst employees, consultants, agents, suppliers, or any other partner, we encourage reports to line management, the legal department, an HR representative, or even our executive leadership team.

If a reporter feels that reporting through these channels is impossible, or if anonymity is desired, our Ethics Hotline is available. Maersk Drilling utilises a secure and confidential reporting tool administered by an independent third-party. In 2020 we processed 13 reports to the Ethics Hotline or via e-mail to the Legal Compliance function and conducted appropriate follow-up action.

In December 2021, a new EU whistleblower directive will come into force. We are actively taking steps to ensure our compliance with this new legislation.



13

reports in 2020 were processed and appropriate follow-up action conducted.

Human and labour rights

Maersk Drilling aims to protect all people that the business touches and minimise any adverse effects of operations on society. Maersk Drilling's respect for and adherence to human and labour rights is constant. We are continuously aiming to raise the bar even higher and build on our heritage of responsible business practices.

Maersk Drilling adheres to the fundamental labour conventions of the International Labour Organisation (ILO), the UN Declaration of Human Rights, and dedicated principles of the UN Global

Compact. In addition to reporting on human rights via our annual sustainability report, Maersk Drilling reports according to the United Kingdom Modern Slavery Act and is guided by a dedicated Modern Slavery Policy.

Human rights relate to many areas of Maersk Drilling's business operations. The infographic to the right highlights these.

In 2021, we aim to further increase our screening efforts regarding human and labour rights due diligence for suppliers and seamlessly incorporate human and labour rights assessments based on standardised and objective parameters into our strategic pre-market-entry risk picture.



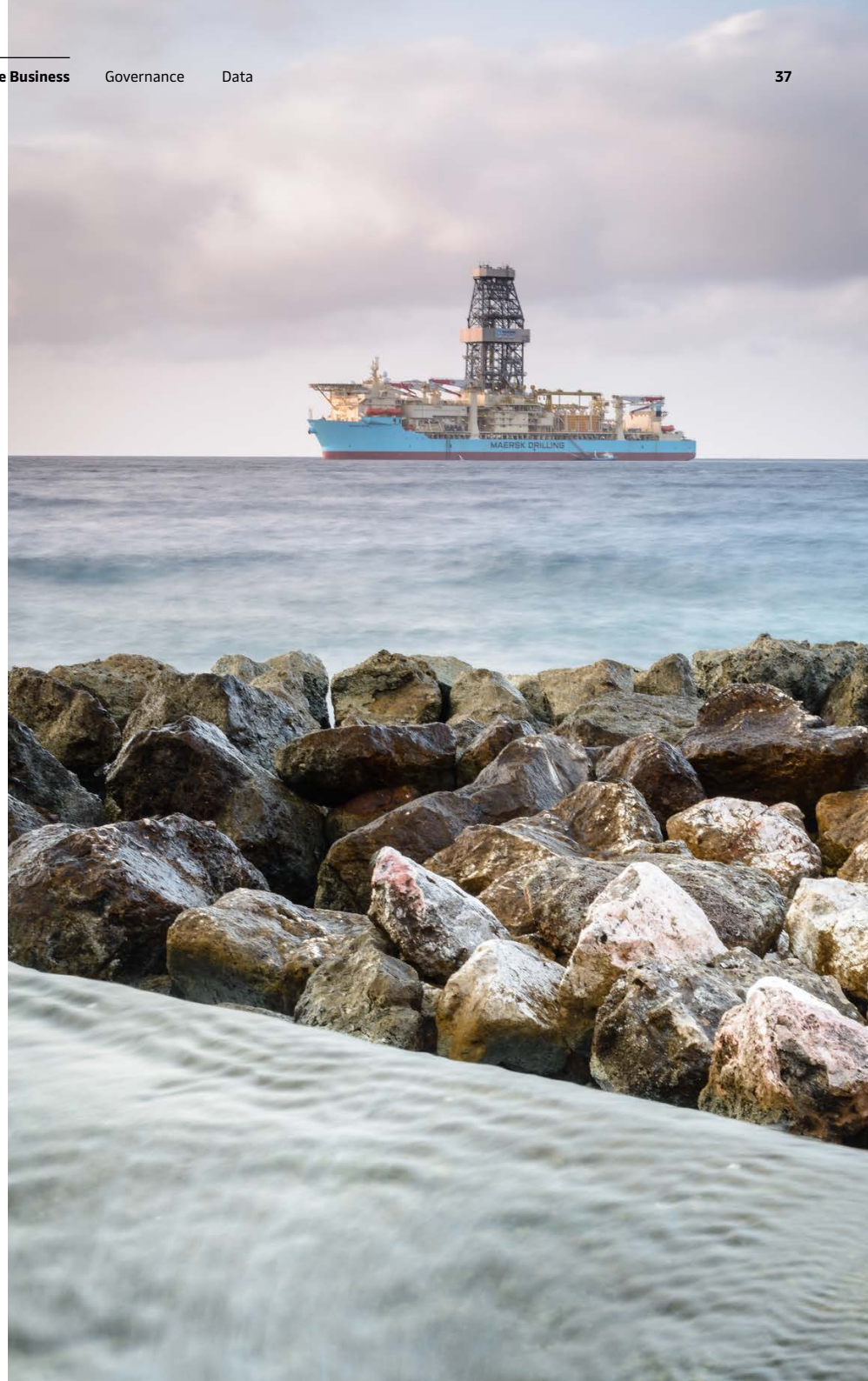
New anti-fraud strategy

To better align Maersk Drilling's Fraud Risk Management, a new Anti-Fraud strategy was developed in 2020. The strategy was based on research conducted internally, in which insights on where risks for fraud in company processes and operations were gathered across functions. Based on the Committee of Sponsoring Organisations

of the Treadway Commission (COSO) framework, a course of action to solidify Maersk Drilling's approach to effective internal control against fraud has been designed, including efforts within anti-fraud awareness, risk mitigation and follow-up. In alignment with the new strategy, an update to Maersk Drilling's internal anti-fraud policy has also been made.

Ensuring personal data protection amidst a global pandemic

Comprehensive COVID-19 testing and use of health questionnaires for our offshore personnel on a regular basis have been critical to controlling the spread of the virus and safeguarding operations in 2020. However, this massive collection of sensitive medical data poses risks to the protection of personal data if mismanaged. Maersk Drilling has from the beginning of the pandemic structured testing and data collection measures so that only third-party medical professionals handle health information, test results and other sensitive personal information. It is shared only when deemed essential to preserving our people's lives and health, on a strict need-to-know basis.





Responsible Procurement

The social and environmental impact of Maersk Drilling goes beyond our own premises. Working together with more than one thousand suppliers, we have an obligation to improve the entire value chain and influence behaviours on human rights, labour rights, environment, and anti-corruption. This is why our Responsible Procurement Program has been designed to leverage our long-term business relationships and promote continuous improvement by partners in our supply chain. We aim to build commercial ties to suppliers with the lowest risk of adverse impacts on human

rights, labour rights, the environment, and anti-corruption.

Our Responsible Procurement Programme includes tools such as questionnaires, desktop supplier assessments, supplier audits, and corrective action plans. In 2020, 15 supplier assessments were carried out, focusing on human rights and labour conditions, environmental management, and health and safety.

No major breaches were discovered, but several minor non-conformance issues were identified. To correct these, designated action plans have been established by the audited companies.

In 2020, our main improvement focus was to strengthen the responsible procurement program

by fully integrating it digitally into our processes. Furthermore, work has started to expand the supplier assessments questions into the relevant environmental, social and governance-related issues to a defined section of our supplier universe. This work is expected to be finalised and implemented in 2021.



15

supplier assessments were carried out in 2020.

High-risk categories

High-risk categories have been identified based on potential adverse impact on human rights, labour rights, and the environment. We work with these high-risk suppliers as part of our Responsible Procurement Programme, to focus our efforts on the highest risk and improve our suppliers' performance on sustainability.



Yards

pose risks from the perspectives of health and safety, human and labour rights, environment and climate, resulting from the use of heavy machinery, chemicals, and other hazardous materials.



Services

pose reputational risks in part due to the use of sub-contractors. Risks are related to health and safety, human and labour rights and environmental compliance.



Security

provided by sub-contractors potentially exposes security personnel to physical hazards.

Ingraining sustainability in our governance structure

Sustainability is an integral part of how we do business. Our Board of Directors and Executive Leadership Team regularly review, monitor and discuss sustainability issues. This includes climate-related business risks and opportunities and sustainability aspects of investment decisions.

Governance structure

The Board of Directors in 2019 established a permanent Safety & Sustainability Committee dedicated to supervising the Company's performance in these areas. The committee, currently comprising the Chairman and two other board members as well as members from management, meets at least twice a year and focuses on the identification, management and mitigation of risks and opportunities. This entails assessing strategies, policies, activities, management systems and strategic progress, as well as reviewing the annual Sustainability Report.

In addition, a separate Audit and Risk Committee has been established. The committee convenes at least 5 times per year to advise and make recommendations on risk management, including climate-related risks and other relevant

sustainability risks. A key element in this work is our Enterprise Risk Management system in which major risks are reviewed on a bi-annual basis. Climate-related risks are tracked and categorised according to the recommendations of the Task Force for Climate-related Financial Disclosure.

The Executive Leadership Team holds the operational responsibility for our sustainability performance.

Day-to-day management of the sustainability efforts is anchored in the corporate department for Communication and Sustainability. The department is responsible for proposing strategic initiatives, following up on strategic progress, as well as reporting in accordance with the legal obligations. The department orchestrates the efforts carried out at functional level on



sustainability-related issues, including key areas such as safety, climate action, diversity and inclusion.

The heads of the relevant functions are responsible for securing execution of their part of the sustainability strategy and for reporting on risk and performance within these respective areas. During daily operations, the individual rigs all have vital roles in ensuring that sustainability standards are upheld offshore.

Policies and principles

Maersk Drilling's Sustainability Policy is the overarching framework providing high-level guidance on how we operate.

The Sustainability Policy builds on the ten principles of the UN Global Compact, the Universal Declaration of Human Rights, and the fundamental labour conventions of the International Labour Organization (ILO). The overall policy is further supported by several subject-specific policies that guide daily operations, such as:

- Code of Conduct
- Third-party Code of Conduct
- HSSE policy
- Diversity and Inclusion policy
- Modern slavery policy
- Rig recycling policy
- Tax policy

Performance assessment

Management of sustainability performance is integrated into our corporate strategy, business planning, risk management and decision-making processes. Our performance scorecard assures an appropriate and effective link between strategic priorities, goals and actions. We measure progress and results through a combination of qualitative and quantitative measures, resulting in a corporate performance score. This performance

score influences the collective bonus element of executive and staff remuneration.

In 2020, one of the six performance measures in the corporate scorecard was Transformation, including the establishment of emission-based metrics to set targets and measure company performance in the area of climate action. In the future, carbon intensity metrics will be applied











to link carbon reductions with remuneration. These new carbon metrics will, together with new diversity targets, complement the existing safety metrics which have been part of the corporate scorecard for several years.

The success of our management approach is regularly evaluated through performance reviews at several management levels, including the

executive leadership team, the Board of Directors and the Board Committees. The nature and extent of performance reviews vary depending on materiality and management level. Internal audits and self-assessments also constitute key assurance elements of our management approach.



Ambition and progress

	Sustainable Energy Future			Caring for People			Responsible Business		
Ambition	We strive to minimise the carbon intensity of our business as well as the activities of our customers and our supply chain			We want to be a safe, diverse, inclusive, and people-centric company			We are committed to being a good corporate citizen conducting our business in a way that protects people and minimises adverse effects on environment and society		
Topic areas	Climate Action	Preparedness for the Energy Transition	Responsible Consumption	Safety	Diversity & Inclusion	Bringing Value to Local Communities	Marine & Air Environment	Business Ethics & Compliance	End-of-Life – Oil & Gas Assets
Numerical targets	50% emissions intensity reduction target by 2030	–	–	Zero serious injuries as well as a continued decline in the severity of all incidents	• Onshore female leadership target by 2023 (30%) • Board diversity target by 2022	–	Zero spills of hazardous materials into the environment	–	–
Main initiatives	<ul style="list-style-type: none"> Establishment of an Emissions Task Force to focus on decarbonisation of drilling activities. Formalise a partnering strategy to leverage future green tech and start-up networks. 	<ul style="list-style-type: none"> Inclusion of climate change and energy transition into our risk management system and consistency with the TCFD framework. Leverage innovation capabilities to explore potential offerings that align with the energy transition. 	<ul style="list-style-type: none"> Enhance global responsible consumption efforts. 	<ul style="list-style-type: none"> Implementation of our <i>Safety as Capacity</i> strategy. This includes a focus on the <i>Simple to be Safe</i> project, increasing situational awareness, and building a strong safety culture. 	<ul style="list-style-type: none"> Implementing our Diversity & Inclusion Plan based on four focus areas. Focus on attracting and retaining competent and engaged people. 	<ul style="list-style-type: none"> Develop a centralised approach to contributions, to ensure long-lasting impact in local communities. 	<ul style="list-style-type: none"> Ensure that well-control and spill prevention processes and training reflect industry best practices. Progress to remove NO_x and SO_x from the atmosphere. 	<ul style="list-style-type: none"> Increased focus on ESG factors in supplier assessments and digitalisation of Responsible Procurement activities. Increased focus on human and labour rights in country-entry risk assessments. 	<ul style="list-style-type: none"> Increase transparency and formalise approach to responsible rig recycling in alignment with major conventions.
Progress	<ul style="list-style-type: none"> Carbon emissions decreased by 10% from 2019 to 2020. Due to more stacked rigs and a relatively lower demand for our more carbon-efficient rigs, our relative emissions increased slightly. Two low-emission rigs being upgraded in the second half of 2020. 	<ul style="list-style-type: none"> Entered Project Greensand, the leading Danish Carbon Capture and Storage project, which targets carbon storage below the seabed in former oil and gas reservoirs. Engaged with California-based Clean Energy Systems using biomass waste as fuel to produce syngas and generate carbon-negative emissions. 	<ul style="list-style-type: none"> Increased focus on opportunities to improve capacity to consume responsibly through more coordinated efforts and increased employee involvement. Continued efforts to optimise the control, cleaning, and reuse of drilling fluids and cuttings. Waste amounts were relatively stable at 14,000 tonnes compared to 12,900 tonnes in 2019. 	<ul style="list-style-type: none"> We registered the lowest level of safety incidents in years with an LTI frequency of 0.44 and TRC frequency of 2.48. Our twin goals of zero serious injuries and a continued decline in severity of all incidents were also reached. 	<ul style="list-style-type: none"> Improvements in gender diversity. Percentage constant in executive team. 2022 board diversity target reached in 2020. 6,481 training days completed – 159 leaders through Leading in MD programme. Improved eNPS from -23 in Q4 2019 to -4 in Q4 2020. 	<p>Our efforts to contribute locally registered higher fulfilment for local staff but lower fulfilment for local procurement compared to 2019:</p> <ul style="list-style-type: none"> 78% of requirements for local workforce achieved 67% of requirements for local procurement achieved 	<ul style="list-style-type: none"> 4 registered spills compared to 2 in 2019. Improvement measures have been set in motion to bring down the number. We continued to develop our decommissioning activities in the joint venture Maersk Decom which secured the first end-to-end plug and abandonment solution contract. 	<ul style="list-style-type: none"> Complied with applicable laws and regulations and conducted assurances and audit throughout our operations. Launched a new anti-fraud strategy. 	<ul style="list-style-type: none"> Publication of a responsible rig recycling policy based on the principles of the Hong Kong convention. Established conformity with the EU Ship Recycling Regulation for 15 rigs.
Page	page 11–13, 16	page 14–15	page 16 & 32	page 18–20	page 22–28	page 29	page 31–32	page 34–38	page 31
SDGs impacted	  			   			  		

ESG performance data

Environmental performance*

	2020	2019	2018	Notes and definitions
Energy consumption (rigs on contract)**				
Fuel oil (1,000 tonnes)	90.6	105.7	100.7	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	4.5	n/a	n/a	Electricity from shore.
Energy consumption (TJ)	3,873.9	4,500.6	4,288.6	Direct energy and indirect imported energy.
Fuel intensity (tonnes fuel oil/contracted day)	18.7	17.8	17.8	Tonnes of fuel oil per contracted day.
Energy consumption (other)**				
Fuel oil (1,000 tonnes)	30.8	30.1	24.5	Marine Diesel Oil (MDO) and Marine Gas Oil (MGO).
Electricity (1,000 MWh)	5.1	2.0	2.1	Includes purchased electricity and district heating consumed in onshore offices.
Energy consumption (TJ)	1,330.4	1,287.4	1,050.7	Direct energy and indirect imported energy.
GHG emissions (rigs on contract)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	294.5	343.6	327.4	Total greenhouse gas emissions from sources at facilities owned (partly or wholly) and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions as defined by the GHG Protocol and WRI/WBCSD.
Indirect GHG emissions (scope 2)	2.4	n/a	n/a	Greenhouse gas 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. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by the GHG Protocol and WRI/WBCSD.
Total (On contract)	296.9	343.6	327.4	
GHG emissions (other)** (1,000 tonnes CO₂ eq.)				
Direct GHG emissions (scope 1)	100.2	97.7	79.6	Total greenhouse gas emissions from sources at facilities owned (partly or wholly) and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions as defined by the GHG Protocol and WRI/WBCSD.
Indirect GHG emissions (scope 2)	2.1	0.7	0.8	Greenhouse gas 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. Indirect GHG emissions from imported energy correspond to Scope 2 emissions as defined by the GHG Protocol and WRI/WBCSD.
Total (Other)	102.3	98.4	80.4	
Total GHG Emissions** (1,000 tonnes CO₂ eq.)				
Total (On contract + Other)	399.2	442.0	407.8	Sum of offshore (on contract and off contract/yard stay) and onshore CO ₂ eq. impact (scope 1 and 2)

* For a full description of accounting principles applied, see <https://www.maerskdrilling.com/who-we-are/sustainability/accountingprinciples>. Maersk Drilling follows the principles recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). For a full overview of how we report according to TCFD, see Annual Report.

** Figures have been restated compared to last year's report due to more complete data and recalculation of conversion factor of fuel to CO₂e.

ESG performance data

Environmental performance*

	2020	2019	2018
Carbon intensity**			
CO ₂ /Contracted Days (tonnes CO ₂ eq./contracted day)	61.3	57.8	57.9
CO ₂ /Revenue (tonnes CO ₂ eq./Million USD)	364.2	361.7	285.4
CO ₂ drilled meter (tonnes CO ₂ eq./drilled meter)	1.573	1.336	1.66
Other air emissions (rigs on contract)			
SO _x (1,000 tonnes)	0.18	0.21	0.20
NO _x (1,000 tonnes)	6.81	8.3	7.9
SO _x intensity (tonnes SO _x /contracted day)	0.04	0.04	0.04
NO _x intensity (tonnes NO _x /contracted day)	1.41	1.40	1.40
Other air emissions (other)			
SO _x (1,000 tonnes)	0.06	0.06	0.05
NO _x (1,000 tonnes)	2.42	2.36	1.92
Other production consumption			
Waste (On contract) (1,000 tonnes)	10.5	10.2	14.2
Waste (Other) (1,000 tonnes)	3.5	2.7	1.7
Total Waste (1,000 tonnes)	14.0	12.9	15.9
Water (1,000 m ³)	10.3	9.6	11.4
Spills			
Number of spills to environment (above 1.16m ³)	4	2	2

Notes and definitions

Scope 1 & 2 Emissions (On Contract) divided by contracted days.

Total Emissions divided by Revenue.

Scope 1 & 2 Emissions (On Contract) divided by drilled meter.

Sulphur oxide (SO_x) emissions are calculated indirectly using fuel consumption and conversion factor.

Mono-nitrogen oxides (NO_x) emissions are calculated indirectly using conversion factors for energy consumption.

Tonnes of SO_x emissions per contracted day.

Tonnes of NO_x emissions per contracted day.

Sulphur oxide (SO_x) emissions are calculated indirectly using fuel consumption and conversion factor.

Mono-nitrogen oxides (NO_x) emissions are calculated indirectly using conversion factors for energy consumption.

Sum of all waste types generated, recycled, hazardous and non-hazardous, on contract.

Sum of all waste types generated, recycled, hazardous and non-hazardous, off contract.

Sum of all waste types generated, recycled, hazardous and non-hazardous, total (off + on contract).

Freshwater withdrawn (onshore only).

Any type of unintended release to environment of chemicals or hydrocarbon liquids.

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** Figures have been restated compared to last year's report due to more complete data and recalculation of conversion factor of fuel to CO₂e.

ESG performance data

Social performance*

	2020	2019	2018	Notes and definitions
Our employees				
Number of employees	2,383	2,850	2,854	Headcounts included are regular employees not on leave, paid leave, nor unpaid leave. Contractors and temporary staff are excluded.
Gender – female/total %	14%	13%	11%	
Women in leadership (% based on headcount)	15%	10%	10%	Women in management at level 5 and above for 2018–2019. For 2020 includes all levels.
Fatalities	0	0	0	Fatality is a work-related injury or illness that results in death.
Lost-time Incident frequency	0.44	0.75	0.92	LTIf measures the frequency of LTIs and fatality incidents per million man-hours divided by total hours worked. Lost Time Incident (LTI) is a work related injury or illness to an employee which a physician or licensed health care professional recommends days away from work due to the incident.
Serious Injuries Frequency	0	0.25	0	Serious injuries frequency (Sif) is measured as fatalities and injuries with partial or permanent disability per million man hours divided by total hours worked.
TRC Frequency Actual	2.48	2.49	2.50	TRCf measures the frequency of all recordable incident data (medical treatment cases, restricted work cases, lost time incidents and fatalities) per million man-hours divided by total hours worked.

Economic & Operational performance

	2020	2019	2018	Notes and definitions
Revenue (USD million)	1,096	1,222	1,429	Financial data is taken from the audited Annual Report of Maersk Drilling.
EBITDA before special items (USD million)	289	415	611	The annual accounts and independent auditor's report can be found at: investor.maerskdrilling.com/financial-reports-presentations
Total assets (USD million)	3,719	5,517	5,718	
Number of contracted days	5,208	6,310	6,024	
Drilled meters	188,749	257,228	196,817	

* For a full description of accounting principles applied, see <https://www.maerskdrilling.com/who-we-are/sustainability/accountingprinciples>. Maersk Drilling follows the principles recommended by the Taskforce on Climate-related Financial Disclosure (TCFD). For a full overview of how we report according to TCFD, see Annual Report.



Board of Directors

Claus V. Hemmingsen, Chairman
Robert M. Ugglå, Vice Chairman
Kathleen McAllister
Martin Larsen
Alastair Maxwell
Ann-Christin G. Andersen
Kristin H. Holth
Caroline Alting
Glenn Gormsen

Safety and Sustainability Committee

Claus V. Hemmingsen
Ann-Christin G. Andersen
Kristin H. Holth

Executive Management

Jørn Madsen (CEO)
Christine Morris (CFO)

Editors

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