
SHELF DRILLING

STATEMENT ON THE NORWEGIAN TRANSPARENCY ACT AND UK MODERN SLAVERY ACT

This report is published pursuant to Section 5 (§ 5) of the Norwegian Transparency Act (2021) and section 54 of the UK Modern Slavery Act 2015 for the year 2023.

A. About Shelf Drilling

Shelf Drilling, Ltd. (Shelf Drilling) is a leading international offshore drilling contractor with jack-up rig operations across the Middle East, Southeast Asia, India, West Africa, the Mediterranean and the North Sea. Through our majority-owned subsidiary Shelf Drilling (North Sea), Ltd., the Shelf Drilling Barsk is expected to commence operations in Norway in the second half of 2024, and the Shelf Drilling Fortress is operating in the UK.

We are solely focused on the shallow water sector and strive to provide best-in-class drilling operations for our customers that include National Oil Companies, International Oil Companies, and local independents. We have complex supply chains that cover a wide range of products and services procured from vendors across various sectors located in the UK, EU, Middle East, Southeast Asia, India and West Africa. Since our inception, we have prioritized sustainability throughout our operations and supply chain to ensure the long-term success of our business, the environment, and the communities in which we operate.

B. Our Commitment

Shelf Drilling is fully committed to respecting fundamental human rights as set out in the International Bill of Human Rights and the International Labor Organization's (ILO) fundamental conventions, both in its own operations and across all aspects of its value chain. We are also fully committed to ensuring that modern slavery and human trafficking does not occur within our operations and supply chain.

In conducting our human rights, modern slavery and human trafficking due diligence, we adhere to internationally recognized frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. We recognize the impacts that our activities may have on human rights and the risks of modern slavery and human trafficking occurring in our business and our supply chain. We are committed to ensuring compliance with relevant regulatory frameworks across the areas that we operate in and identifying and reporting human rights, modern slavery and human trafficking concerns. This annual statement represents our commitment to the ongoing human rights due diligence and mitigation of human rights, modern slavery and human trafficking risks.

C. Governance of Human Rights, Modern Slavery and Human Trafficking

Responsibility for governance of sustainability matters, including human rights, modern slavery and human trafficking, lies with our Board of Directors who approve policies and set and agree with Executive Management the plans, goals, and targets for key sustainability activities. Our Enterprise Risk Management (ERM) program is overseen by the Audit Committee of the Board and incorporates risks associated with sustainability matters. For more information on our corporate governance structure and ERM process, please refer to our 2023 Sustainability Report (pages 7, 14-15, available [here](#)).

D. Policies & Procedures

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

By following these policies and procedures and requiring vendors to adhere to our Vendor Code of Conduct, Shelf Drilling is taking steps to mitigate the risks of slavery, human trafficking and negative human rights impacts in its operations and supply chain.

Our Sustainability Policy outlines the basic principles that Shelf Drilling expects all employees to comply with, including a strict prohibition on the use of forced and compulsory labour and child labour. This policy also stipulates that the selection of vendors and agents must follow the vendor due diligence process.

Our Vendor Code of Conduct requires all our vendors to treat their employees ethically and fairly and show respect for human dignity and the rights of the individual. The Vendor Code of Conduct also requires vendors to respect labour rights of individuals as described in the international human rights conventions.

E. Upholding Human Rights and Preventing Modern Slavery / Human Trafficking in Our Supply Chain

At Shelf Drilling, we believe in a responsible and sustainable supply chain ensuring that our vendors and business partners share our commitment to human rights and decent working conditions. Effective supply chain governance enables Shelf Drilling to identify and prevent negative human rights impacts, modern slavery and human trafficking by its vendors. We maintain effective supply chain governance through clear policies, proactive risk management, and monitoring of vendors' performance. Key elements of our program are outlined below:

Vendor Due Diligence

As part of the vendor onboarding process, we conduct a risk-based due diligence, determined by the nature of services provided, the country risk profile and other considerations including Human Rights risks. In 2023, we revised our third-party due diligence policies and procedures to incorporate vendor screening based on human rights and Environmental, Social, and Governance (ESG) risks. We will continue to expand our vendor onboarding processes to further enhance disclosures on ESG Risks, including human rights, modern slavery and human trafficking.

Vendor Code of Conduct

It is mandatory for all our vendors to acknowledge and accept our Vendor Code of Conduct or otherwise provide suitable explanation for any deviations. We also require all our vendors to extend the Vendor Code of Conduct expectations to their own vendors and subcontractors, with the purpose of establishing a supply-chain that promotes respect for human rights.

Screening / Monitoring

Our vendor onboarding processes integrate human rights risk assessment as part of initial screening and ongoing monitoring. We conduct adverse media search to identify exposure due to any misconduct related to human rights, modern slavery or human trafficking.

Grievance Mechanism

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

F. Human Rights Due Diligence

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

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

In addition to prioritizing these risk areas, we also consider the risk of modern slavery and human trafficking and the steps to mitigate these risks.

In 2023, action plans were developed to address these salient human rights areas, which are detailed in section G below. We continue to monitor the implementation and track the effectiveness of these action plans. These plans will guide our efforts in mitigating risks and enhancing human rights across our operations and supply chain. By identifying and addressing these priority areas, we strive to continuously improve our performance and uphold our responsibility to respect and protect human rights.

G. Priority Human Rights Issues

1. Health and Safety

Health and safety risks are inherently present within the offshore rig working environment. At Shelf Drilling, the safety of our employees, contractors, customer representatives, and other service providers is our greatest responsibility. Anchored in our Health, Safety, and Environment (HSE) Policy Statement, our comprehensive HSE Management System ensures the identification, assessment, and management of HSE risks throughout our operations. All employees have full access to over 260 On-the Job Training (OJT) and E-learning modules, which were certified and accredited by International Association of Drilling Contractors (IADC), customized and fit-for-purpose for our operation. Our employees completed over 60,000 training modules and 91,000 hours of HSE training in 2023. The company equipped all employees, contractors and all personnel working onboard our rig with the HSE policy, standards, requirements as well as the safety tools and training designed to empower and prioritize personal safety, the safety of colleagues and team, assets and environmental protection where we operate. We consider that these measures will reduce the number of health and safety incidents across our operations.

This is demonstrated through our HSE performance, measured by the Total Recordable Incident Rate (TRIR). In 2023, Shelf Drilling achieved a Total Recordable Incident Rate (TRIR) of 0.12 from 7 recordable incidents, marking the lowest rate in the Company's history. The company TRIR was 76% below the industrial IADC average of 0.51. In 2023, our Lost Time Incident Rate (LTIR) was at 0.02, which compares favourably with the industry average of 0.15.

In 2023, the company adopted the Human Performance Principles into the company management system, to drive the integration of Human Factors in the organization. These Principles will support the organization when designing tasks, making sure human capabilities, limitations and motivations are considered so that work is designed to maximize human performance and safely deliver results, taking into account the necessary controls to prevent potential Human Error Traps. A comprehensive overview of our health and safety measures, performance, and initiatives can be found in our latest Sustainability Report (pages 32-39, available [here](#)).

2. Decent Working Conditions

As a global organization operating in diverse geographies, Shelf Drilling recognizes the unique cultural and operational challenges in ensuring decent working conditions across our fleet of rigs and identifying modern slavery and human trafficking. We already have a comprehensive system of audits and inspections in place, to verify and ensure compliance with existing standards. In 2023, we began work to formalise minimum standards related to working conditions and, in particular, accommodation for workers and transportation. We expect these standards to act as a strong foundation to ensure decent working conditions for our workers in these areas.

3. Use of Contractors

The use of contractors is a common practice in the oil and gas industry, and in certain locations for Shelf Drilling. We recognize that the degree of separation inherent in contract work may result in certain rights being impacted and modern slavery and human trafficking going unnoticed. To mitigate this risk, we have a hotline process in place, with information readily accessible on our rigs and website to ensure any breaches in contractor performance can be highlighted. In addition, we are reviewing our Master Service Agreement (MSA) for third party contracts to incorporate human rights related matters, including modern slavery and human trafficking.

In 2023, we did not receive any complaints regarding contractors failing to meet their obligations. However, we did receive information that contractors in one of our locations felt their wages were not being kept in line with sky-rocketing inflation in the country. To resolve this, we engaged with the contractors and their employees and increased their wages through entering into a new agreement.

4. Rig Recycling and Scrap

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

In 2023, we did not recycle and scrap any of our Rigs.

5. Supply Chain Visibility, Modern Slavery and Human Trafficking

Our current vendor onboarding process includes a risk based due diligence and the requirement that vendors adhere to our Vendor Code of Conduct which sets out ethical performance requirements for all third parties relating to, amongst other things, human rights, modern slavery and human trafficking. In 2023, we had no hotline complaints regarding human rights, modern slavery or human trafficking concerns or violations by any of our vendors.

As a result of the saliency review, we are enhancing the human rights, modern slavery and human trafficking aspects of our existing vendor onboarding questionnaire and overall process. In 2023, we completed our initial supply-chain mapping process by identifying top 30 vendors for a Human Rights, including modern slavery and human trafficking, focused third-party due diligence, expected to be completed by end of the 2024. We will work in the coming year to use this to better understand potential risks in our supply chain related to human rights, modern slavery and human trafficking.

We continue to conduct site visits and physical audits on selected key vendors to assess human rights related risks.

H. Employee Awareness

In addition to the specific actions outlined above, we are committed to continually enhancing awareness of human rights throughout our organization. As part of our ongoing commitment to ethical conduct, employees are required to recertify the Code of Business Conduct and Ethics annually. Further, in 2023, we have launched a comprehensive human rights training for our global shore-based and identified offshore employees. This training equips them with the knowledge and skills to identify and respond to potential adverse human rights issues and risks across our operations. To date, we have had 705 employees enrolled to the human rights training course, with a 99% completion rate. This includes shore-based employees and selected offshore employees. These trainings foster a culture of awareness and responsibility and we aim to ensure that human rights considerations are deeply ingrained in all aspects of our work.

I. Looking Ahead

At Shelf Drilling, we consider that managing and improving our human rights impact, including taking steps to ensure that modern slavery and human trafficking are not taking place in our supply chain, is an ongoing process. We therefore regularly review our identified salient issues to ensure that we effectively address those with the greatest potential to negatively impact people.

In 2024, Shelf Drilling will further expand its due diligence and vendor onboarding processes to seek further information from its vendors on the steps they are taking to ensure that modern slavery and human trafficking is not taking place in their supply chains or business and that they are meeting our human rights expectations. In addition, we will continue integrating human rights due diligence best practices into our management processes, to ensure that human rights are managed properly across the organisation.

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

J. Requests for Further Information

Requests for information regarding this statement or Shelf Drilling's human rights due diligence policies and practices at large can be made to sustainability@shelfdrilling.com.

This statement shall be updated and published on the Shelf Drilling company website no later than 30th June of each year.



Ernie Danner
Chairman of the Board of Directors



David Mullen
Chief Executive Officer

June 2024