



**STRENGTHENING
OUR CAPACITY
FOR SUSTAINABLE
DEVELOPMENT**

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STRENGTHENING OUR CAPACITY FOR SUSTAINABLE DEVELOPMENT

Arabian Drilling is committed to “strengthening our capacity for sustainable development” by integrating responsible practices into our operations, aligning with global standards and Saudi Vision 2030, to foster innovation, efficiency, and long-term value for all stakeholders.

ABOUT THIS REPORT

ARABIAN DRILLING PLACES A HIGH PRIORITY ON TRANSPARENCY, DISCLOSURE, COMMUNICATION AND ENGAGEMENT WITH ALL OUR STAKEHOLDERS. IN THIS SIXTH ANNUAL SUSTAINABILITY REPORT, WE SHARE OUR COMPANY'S CONTINUED PROGRESS IN ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) AREAS AND OUR ONGOING CONTRIBUTIONS TO SAUDI VISION 2030 DURING 2023. THIS LATEST REPORT HIGHLIGHTS OUR DEDICATION TO RESPONSIBLE BUSINESS PRACTICES, AND THE PROGRESS WE HAVE MADE TO GROWING OUR BUSINESS AND SOLIDIFYING OUR LEADING POSITION IN KINGDOM OF SAUDI ARABIA BY FURTHER STRENGTHENING OUR OPERATIONS, PROGRAMS AND PRACTICES. IN PARTICULAR, THIS REPORT SHOWCASES THE SUSTAINABILITY INITIATIVES AND BEST PRACTICES WE UNDERTOOK IN 2023.

Frameworks and Guidelines

This report has been developed in accordance with the GRI Sustainability Reporting Standards, and highlights our alignment with the United Nations Sustainable Development Goals (UN SDGs).

We have also achieved a limited level of alignment with the Sustainability Accounting Standards Board (SASB) Oil and Gas Standard and the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards. We will continue our efforts in enhancing our disclosures going forward.

Scope and Boundary

This report covers the financial period from 1 January 2023 to 31 December 2023. It focuses on the topics most material to Arabian Drilling and its stakeholders during this period. This report follows our 2022 sustainability report, which was published in 2023 for the 2022 financial year.

For 2023, Arabian Drilling's operations were limited exclusively to the Kingdom of Saudi Arabia. As such, this report covers the company's operations within Saudi Arabia, including direct employees and owned assets, as well as the company's indirect influence on various contractors and vendors within the Kingdom where applicable. Arabian Drilling's subsidiary OFSAT is also included in this report. The company tracks OFSAT information through financial and operation reports. No mergers, acquisitions or disposals of entities took place in 2023.

To ensure transparency and clarity, the report provides clear definitions of these boundaries for each specific topic.

Unless otherwise stated, the dates used in this report are provided in terms of the Gregorian calendar.

Materiality

All report content has been developed with consideration for the priorities, interests, needs and expectations of Arabian Drilling and its stakeholders. All material topics have been determined via a structured risk management approach that considers value creation and assesses our impacts on human, natural, social and relationship capital while considering stakeholder views and interests. The report is organized in alignment with these focus areas and our strategic sustainability commitments. Learn more about our stakeholders and materiality process in the [Materiality Assessment](#) section of this report.

Feedback and Suggestions

Arabian Drilling welcomes feedback and suggestions on our company's activities and operations, particularly our sustainability performance and commitments.

Please submit feedback via: sustainability@arabdrill.com.

Forward-Looking Statements

This report may include forward-looking statements that go beyond historical facts and pertain to future projections and expectations. These statements are not audited by Arabian Drilling's external auditors and should not be solely relied upon by investors. They may involve forecasts, predictions, objectives, events, trends, or plans based on current assumptions and expectations. It is important to acknowledge that unexpected events and uncertainties can arise, which may not be accounted for in these statements.

While Arabian Drilling has made every effort to ensure the accuracy and completeness of the information in this report, forward-looking statements are valid only as of their date. Actual results may differ significantly from the expressed or implied statements, and the company does not commit to publicly update or modify them after the publication date of this report.

CEO'S MESSAGE

I AM DELIGHTED TO INTRODUCE THE 2023 SUSTAINABILITY REPORT FOR ARABIAN DRILLING. THIS REPORT PROVIDES AN OVERVIEW OF OUR SUSTAINABILITY PROGRESS IN 2023 AND SETS FORTH OUR OBJECTIVES FOR 2024.

Sustainability is a core value deeply ingrained in every aspect of our operations. As we navigate the complexities of our industry and a changing global climate, sustainability becomes not merely a choice but a business imperative integral to our culture. By integrating sustainability principles into our business strategy, we are not only mitigating risks but also unlocking new opportunities and **strengthening our capacity for sustainable growth.**

Throughout the year, we consistently advanced our Sustainability Framework, which is built upon three critical ESG dimensions: **People and Society, Climate Actions, and Corporate Governance.** Aligned with the Saudi Vision 2030 and the United Nations Sustainable Development Goals, this framework has guided us to foster social well-being, minimize our environmental footprint, and enable robust governance and economic prosperity.

From a social responsibility perspective, we remained deeply committed to safeguarding the health, safety, and welfare of our associates and enabling our people to build fulfilling long-term careers providing an environment of equal opportunities and a balanced gender diversity. We continued to support the communities where we operate through local employment opportunities, skills development programs, community engagement initiatives, and leadership aimed at empowering future generations.

Our initiatives focused on enhancing our environmental responsibility through collaboration and innovation. We aimed to tackle climate change, reducing our carbon footprint, optimize water usage, and minimize waste across our operations.

We are also proud to announce that Arabian Drilling was selected by Aramco to drill in the emerging geothermal sector. This will continue to entrench Arabian Drilling as an important contributor to the development of sustainable energy sources for Saudi Arabia.

A cornerstone of all our activities in 2023 and beyond is our commitment to accelerating economic prosperity by continuously improving our sustainability governance, developing new targets, and reporting on our performance.

On behalf of the Board and management, I would like to take this opportunity to thank our employees, shareholders, business partners, and all stakeholders for their contribution to our sustainability journey. We look forward with enthusiasm to our shared accomplishments in the upcoming years. It is my pleasure to invite you to review our 2023 Sustainability Report.

“

A CORNERSTONE OF ALL OUR ACTIVITIES IN 2023 AND BEYOND IS OUR COMMITMENT TO ACCELERATING ECONOMIC PROSPERITY BY CONTINUOUSLY IMPROVING OUR SUSTAINABILITY GOVERNANCE, DEVELOPING NEW TARGETS, AND REPORTING ON OUR PERFORMANCE.

”



GHASSAN MIRDAD
CHIEF EXECUTIVE OFFICER



AN OVERVIEW OF ARABIAN DRILLING

Who We Are

Arabian Drilling is an award winning onshore and offshore gas and oil rig drilling company in Saudi Arabia with an extensive track record of operational excellence and a history of innovation that has brought tremendous safety and efficiency gains to the drilling process.

Established in 1964, Arabian Drilling is the leader in the drilling sector in Saudi Arabia, with founders and majority shareholders the Industrialization & Energy Services Company, a Saudi Joint Stock company and SLB previously known as Services Petroliers (Schlumberger) S.A., a global leader in oilfield services.

Arabian Drilling serves clients including Aramco, Al-Khafji Joint Operations (KJO), SLB, as well as Baker Hughes, and has a large fleet of onshore and offshore rigs operated by highly skilled, qualified, and professional staff, that are built to withstand the harsh weather and drilling conditions e.g H2S and High pressure High temperature wells, found in the Middle East region.

Arabian Drilling has adapted to meet the needs of a changing industry and world, integrating sustainable practices throughout the business and contributing to sustainable global energy demand. Arabian Drilling’s sustainability strategy is aligned with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Arabia’s Vision 2030, with initiatives and business practices that empower employees, local suppliers, and the communities and economies in which the company operates and serves, while responsibly managing the impacts of the growing business on the planet.

OFSAT Arabia LLC (OFSAT) is a wholly owned subsidiary of Arabian Drilling. A leading oilfield rig move company with an extensive fleet of specialized heavy oilfield winch trucks, cranes, forklifts, low beds and other machinery, OFSAT has handled the logistics and complexities of safe, reliable rig moving services since 1980.

Vision

Leading sustainable drilling services.

Mission

Evolve our business to add value to our people, customers and shareholders by following the highest safety, technological, and operational standards

Values

- S Safety:** The safety of our people is our guiding compass and guides all our actions. We adhere to the highest safety standards as we act to create operational excellence.
- T Teamwork:** We collaborate and coordinate our actions to achieve superior results with efficiency, acting in mutuality and harmony.
- R Reliability:** We are consistent in our performance, and always deliver on our commitment. We inherently value reliability to build long-term relationships based on trust.
- I Integrity:** We are open and transparent in our conduct. We act with honesty, integrity, and in compliance with our code of ethics.
- V Value:** We create value for those around us through responsible, cleaner, and safer access to energy for every community. As we highly adhere to ESG standards in everything we do.
- E Environment:** Our planet is our responsibility, and all our actions are driven by our concern for the environment and our commitment to protect and preserve it.

ARABIAN DRILLING CORPORATE STRATEGY

Arabian Drilling’s strategy sets the aspiration for where we are and where we want to be, the strategy guides all the company’s actions, directions and decisions. Arabian Drilling’s strategy has three main pillars, the first pillar is to be the best at what Arabian Drilling does by eliminating inefficiencies and optimizing our operational and rig move performance. The second pillar is to grow our conventional land and offshore business and penetrate into unconventional gas drilling to create a balanced business mix. The third pillar is to modernize our operating model, which will lay the foundation for both optimizing the operational/rig move performance and growth, and includes attracting talent and being the employer of choice, setting our sustainability goals to align with our customers’ goals, and leveraging AI and technology across our operations.

3 Pillars of Focus

Performance improvement to top quartile



Being the best at what we do by eliminating inefficiencies and optimizing Arabian Drilling’s operational and rig move performance.

Focus on growing the core



Growing our conventional land and offshore business and expanding into unconventional gas drilling to create a balanced business mix.

Upgrade our operating model

Modernizing our operating model across the organization and supply chain in ways that enable us to:

- Attract top talent and become the employer of choice.
- Establish a culture of operational excellence and continuous improvement.
- Leverage AI and technology across our operations.
- Reduce our carbon footprint in the industry and the region.
- Align our sustainability goals with those of our customers.

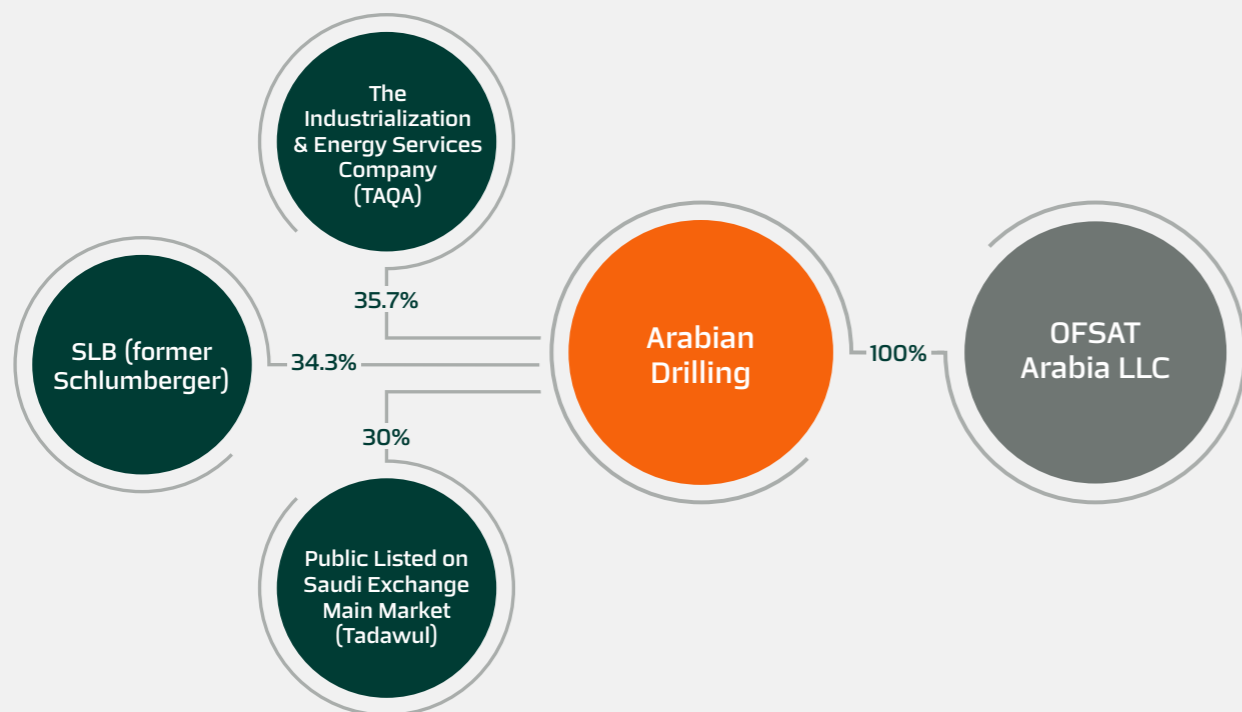


To ensure Arabian Drilling is continuously poised to capitalize on emerging opportunities and contribute to the Kingdom’s industrial expansion, we are committed to upholding six market-differentiating standards for our strategic operations and activities.

<p>Strong presence in a resilient market</p>	<p>Driving forward-looking market growth and engagement strategies including:</p> <ul style="list-style-type: none"> ■ Optimizing low production costs and drilling-intensive legacy fields to ensure production stability and rig operation stability amidst fluctuating oil prices. ■ Driving onshore and offshore rig demand by anticipating growth in hydrocarbon and Exploration and Production (E&P) drilling CAPEX.
<p>Provider of industry leading drilling services</p>	<ul style="list-style-type: none"> ■ Commanding around 17% of the Kingdom’s total rig capacity. ■ Expertly navigating complex regulatory environments and removing barriers to entry. ■ Maintaining strong Saudi Aramco ties to reinforce our established position.
<p>Operational Integrity</p>	<ul style="list-style-type: none"> ■ To be one of the leading drilling contractors in the region by maintaining high Rig Efficiency Index (REI) scores, evolving into the new technology of digital world and a sustained and improved safety results. ■ Contributing to the Kingdom’s growth via local sourcing and Saudization.
<p>Solid financial profile</p>	<ul style="list-style-type: none"> ■ Maintaining robust profitability margins, underpinned by a lean cost structure, skilled workforce, disciplined CAPEX, and prudent financial practices, resulting in a strong balance sheet.
<p>Disciplined growth strategy</p>	<ul style="list-style-type: none"> ■ Leveraging industry expertise and market insight to ensure preparedness for increasing drilling demand driven by Saudi Aramco’s goals and new ventures like the Jafurah gas field and emerging geothermal sector. ■ Extending our adaptability to renewable energy, hydrogen, biofuel and carbon capture and storage technology to meet our carbon emission reduction targets.
<p>Experienced and aligned management team</p>	<ul style="list-style-type: none"> ■ Enabling and supporting seasoned leadership, supported by TAQA and SLB, who possess deep industry knowledge and regional insights. ■ Maintaining and growing a commitment to regional interests and strategic partnerships to expand local manufacturing and industrial capabilities.

Legal Structure

Headquartered in Al Khobar, Eastern Province, Saudi Arabia, Arabian Drilling operates as a Mixed Closed Joint Stock Company operating exclusively within the Kingdom of Saudi Arabia with no operations in other countries. Arabian Drilling's major shareholders are TAQA and SLB.



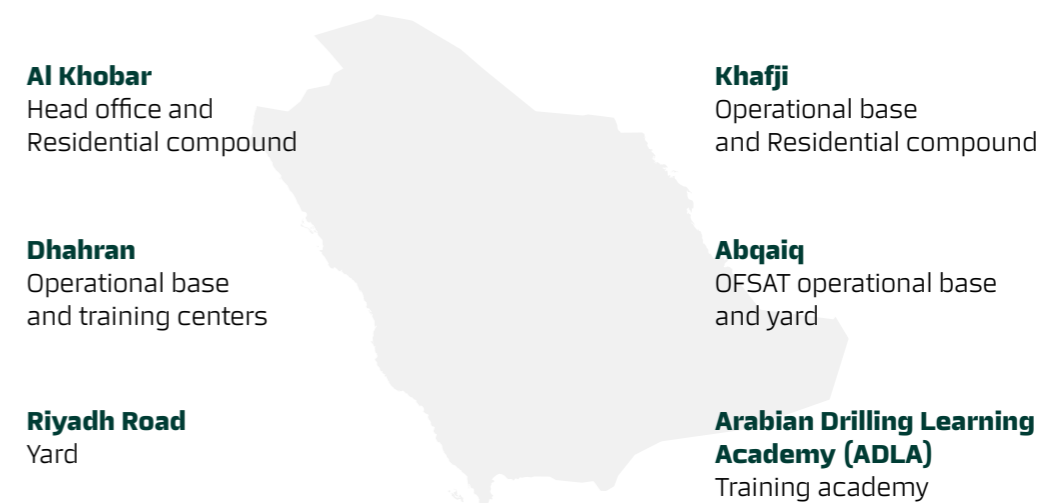
In 2022, Arabian Drilling was listed on the Tadawul stock exchange, with an initial public offering of 30% of its shares.

Substantial shareholders and their ownership in the company pre- and post-offering

Shareholder	Pre-offering			Post-offering		
	Number of shares	Ownership (#)	Overall nominal value (SAR)	Number of shares	Ownership (#)	Overall nominal value (SAR)
TAQA	40,800,000	51%	40,800,000	31,773,000	35.7%	317,730,000
SLB	39,200,000	49%	39,200,000	30,527,000	34.3%	305,270,000
Public	-	-	-	26,700,000	30%	267,000,000
Total	80,000,000	100%	80,000,000	89,000,000	100%	890,000,000

Location and Facilities

Arabian Drilling is headquartered in Al Khobar with premises in seven additional facilities. As of 31 December 2023, these premises included:



Awards and Recognition

- January 2023**
 - Best Drilling Contractor Award** – Received from International Finance Magazine (Dubai, UAE)
 - Most Innovative Drilling Contractor Award** – Received from International Finance Magazine (Dubai, UAE)
- February 2023**
 - Local Currency Corporate Bond** – Deal of the Year -Received from Capital Markets and ESG Finance (Riyadh, Saudi)
 - Local Market IPO / Equity Capital Markets** – Deal of the Year -Received from Capital Markets and ESG Finance (Riyadh, Saudi)
- March 2023**
 - Highly Commended Service Provider of the Year** – Received from Oil and Gas Middle East (Dubai, UAE)
- November 2023**
 - Winner of the Best IPO Main Market** – Received from Saudi Exchange (Tadawul) (Riyadh, Saudi)
 - Drilling Contractor of the Year Award** – Received from the Energy Year (Alkhobar, Saudi)

BEST PRACTICE

Sharing Knowledge with Our Industry

Throughout the year, our CEO Ghassan Mirdad, along with other leaders and subject matter experts from Arabian Drilling represented our company at a variety of leading oil and gas industry events to help share knowledge, foster collaboration, and inspire innovation as we collectively work towards a more sustainable future for our industry and our region.

- Society of Petroleum Engineers (SPE): Integrated Digitalization and AI Technologies – Maximizing Efficiency and Sustainability (keynote, Ghassan Mirdad, CEO).
- SPE/International Association Drilling Contractors (IADC): Drilling Technology Conference and Exhibition: The Role of Human Capital for the Energy Needs of the Future (panel session, Ghassan Mirdad, CEO).
- 22AIS Leveraging Artificial Intelligence to Shape the Future of the Energy Industry – Symposium (speech, Ghassan Mirdad, CEO).
- In-Kingdom Total Value Add (IKTVA)* – Dammam Expo Center.
- King Fahd University of Petroleum and Minerals Career Day.

*IKTVA is a program that falls under the National Industrial Development and Logistics Program (NIDLP), which is part of Saudi Vision 2030.

In-Kingdom Total Value Add (IKTVA) 2018

Best in Saudization

In-Kingdom Total Value Add (IKTVA) 2019

Highest Overall IKTVA Performance

In-Kingdom Total Value Add (IKTVA) 2021

Best in Saudization (Services)



2023 Performance Highlights

In January 2023, Arabian Drilling won the “Best Drilling Contractor” and “Most Innovative Drilling Company” awards during the 10th Annual International Finance Awards sponsored by International Finance magazine in Dubai.

People and Society

ISO 9001:2015
ISO: 14001:2015
ISO: 45001: 2018
Certification achieved

A total of **762,652 hours** in Quality, Health, Safety, and Environment training, representing a 26.3% increase compared to 2022

Arabian Drilling Learning Academy launched

An average of **145.1 training hours** per employee, marking a 6% increase from 2022

66.3% Saudization rate

85.3% retention rate

Climate Actions

GHG emissions calculated for the past three years

15,262 hours of environmental training, with a 36.3% increase compared to 2022

ZERO spills

100% of all hazardous waste recycled

93 environmental audits

Corporate Governance

The Health, Safety, Environment, and Sustainability Committee was established

4,163 Code of Conduct training sessions and surveys

7 training sessions on conflict of interest with senior management

Economic Performance

Revenue of SAR 3,476.52 million, a **28.6% increase** compared to 2022.

EBITDA of SAR 1,485.3 million, with a **29.8% increase** compared to 2022.

10 new land rig contracts awarded for Aramco’s Unconventional Program, valued at SAR 3 billion

98.72% drilling efficiency in 2023

94.15 Rig Efficiency Index score for 2023.

Spending on local suppliers increased by 57.2%, ratio of spending to total at **58%**

SUSTAINABILITY STRATEGY

ARABIAN DRILLING RECOGNIZES OUR LEADING ROLE IN THE KINGDOM'S DRILLING INDUSTRY AND IN THE REGION'S ECONOMY. IN KEEPING WITH OUR ROLE AND IN ALIGNMENT WITH OUR MISSION AND VALUES, WE HOLD SUSTAINABILITY AS ONE OF OUR HIGHEST PRIORITIES. WE ARE DEDICATED TO **STRENGTHENING OUR CAPACITY FOR SUSTAINABLE DEVELOPMENT** BY FOSTERING INNOVATION, EFFICIENCY, AND LONG-TERM VALUE FOR OUR STAKEHOLDERS BY EMBEDDING RESPONSIBLE PRACTICES INTO OUR OPERATIONS THAT ALIGN WITH GLOBAL STANDARDS AND SAUDI VISION 2030.

KNOWING ENVIRONMENTAL AND SOCIAL RESPONSIBILITY ENCOMPASS ALL ASPECTS OF OUR OPERATIONS, FROM LONG-RANGE PLANNING TO DAY-TO-DAY ACTIVITIES, WE HAVE IMPLEMENTED A SUSTAINABILITY STRATEGY TO DEFINE OUR COMMITMENTS AND MANAGE OUR EFFORTS ACROSS THREE PRIMARY FOCUS AREAS SUPPORTED BY ELEVEN ESSENTIAL ELEMENTS OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY.

TO FURTHER ENSURE THE SEAMLESS INTEGRATION OF SUSTAINABILITY PRINCIPLES AND PRACTICES THROUGHOUT OUR OPERATIONS, WE HAVE ALSO IMPLEMENTED ROBUST SUSTAINABILITY GOVERNANCE MECHANISMS TO ADDRESS CLIMATE-RELATED ISSUES. IN THE PROCESS, WE ESTABLISHED A SET OF FOUNDATIONAL KEY PERFORMANCE INDICATORS (KPIs) FOR BENCHMARKING AND MEASURING OUR ESG PERFORMANCE OVER TIME.



SUSTAINABILITY MANAGEMENT AT EXECUTIVE AND BOARD LEVEL

HSE&S Committee at Board Level

The highest governance body at Arabian Drilling responsible for sustainability management is the Health, Safety, Environment, and Sustainability (HSE&S) Committee. Established in 2023 and existing at the board level, the HSE&S Committee is responsible for decision-making related to Arabian Drilling's impacts on people, the environment, and the economy. The committee consists of four members: one member from the Board of Directors, one independent member from the Board, and two non-board members. The committee met three times in 2023.

Committee Functions and Responsibilities

1. Set long-term HSE and sustainability goals with the Arabian Drilling executive team, assess progress against those goals and report to the Board of Directors.
2. Advise the Executive Team on HSE issues that may affect Arabian Drilling business, performance or reputation.

3. Develop strategic plans to maintain and improve health, safety, environment and sustainability creating value consistent with maintaining and enhancing the company's long-term value.
4. Provide recommendations to the Arabian Drilling Executive Team on economically, environmentally and socially responsible business practices that are consistent with the HSE and Sustainability objectives of Arabian Drilling.
5. Monitoring HSE risk processes in Arabian drilling.
6. Oversee the construction, review the ongoing effectiveness and ensure that the processes and systems necessary to ensure compliance with HSE policies, rules and regulations are up-to-date.

Sustainability Steering Committee

The company's Sustainability Steering Committee, chaired by Arabian Drilling's CEO, is comprised of the COO, HSE Director, Asset Director and Sustainability Manager. The committee oversees all internal plans and initiatives to sustain and excel in the ESG components of Arabian Drilling's sustainability strategy. The committee reports to the HSE&S Committee on a regular basis.


OUR SUSTAINABILITY FRAMEWORK



OUR SUSTAINABILITY FRAMEWORK PROVIDES A WELL-DEFINED STRUCTURE FOR EMBEDDING SUSTAINABILITY PRINCIPLES, PRACTICES, AND CONSIDERATIONS INTO OUR ORGANIZATION. THE FRAMEWORK ORGANIZES OUR SUSTAINABILITY COMMITMENTS AND ASSOCIATED ACTIVITIES INTO THREE CORE AREAS OF FOCUS, ARRANGED INTO ELEVEN ESSENTIAL ELEMENTS AND ADDITIONAL SUB-ELEMENTS, WHICH ARE ALIGNED WITH THE RELEVANT UN SDGS.

1. People and Society

Arabian Drilling understands that supporting and engaging with our employees and stakeholders, and contributing to the communities we operate in are central to a successful, sustainable business. Our People and Society focus area encompasses these aspects, including health, education, corporate social responsibility (CSR), and community citizenship, ensuring we have implemented holistic policies that support dignified living standards, individual rights, diversity, equal opportunity and community development.

The following essential elements are included in our People and Society focus:

- Occupational Health and Safety:** Ensuring a healthy and safe environment for all employees, mitigating risks and hazards, preventing injuries and facilitating overall employee health, safety, and wellbeing.
 

- Workplace Diversity and Equal Opportunity:** Creating a culture that invites, respects and welcomes everyone regardless of background, identity or experience, enabling everyone to participate freely and equally throughout our workplace without discrimination on the basis of race, color, age, religion, national origin, gender, or physical or mental disability.
 


- Labor Best Practices:** Upholding best practices for human resources, workplace management, hiring, promotion, education, training and career development, as well as labor rights and employee engagement.
 
- CSR and Community Development:** Integrating social responsibility considerations and concerns into our business operations and interactions with stakeholders, taking an active, positive role in our communities.
 


2. Climate Actions

Arabian Drilling is committed to undertaking a variety of efforts to combat climate change. These include both operational and governance mechanisms for managing our environmental impacts. Our Climate Actions focus area encompasses these mechanisms through a set of initiatives focused on reducing our greenhouse gas (GHG) emissions, maximizing our energy efficiency and enacting a range of other environmental performance management activities.

The following essential elements are included in our Climate Actions focus area:

- **GHG Emissions and Energy Use:** Reducing our carbon footprint by changing how we participate in activities that generate GHG, and continuously improving our energy management practices for optimal efficiency.



- **Water Management:** Taking an “every drop counts” approach to managing our water consumption and maximizing our water efficiency. (SDG 6)



- **Waste Management:** Actively monitoring waste management processes with the aim of measurably reducing waste generation across all our activities. (SDG 12, SDG 14)



- **Biodiversity:** Taking steps to protect, conserve and support the health and diversity of the natural systems and ecosystems on which all life depends. (SDG 14, SDG 15)



3. Corporate Governance

In alignment with our vision, mission and values, Arabian Drilling is committed to upholding the highest standards of ethics and business practices throughout our organization. Our Corporate Governance focus area ensures we are applying the most rigorous and robust standards and controls for environmental awareness, ethical behavior, corporate strategy, compensation, and risk management.

The following essential elements are included in our Corporate Governance focus area:

- **Arabian Drilling Code of Conduct:** setting the foundation upon which we sustain our business. The Code of Conduct defines our principles of operations, fundamental management values, expected ethical behavior, corporate culture, transparency, and integrity.



- **Compliance:** Ensuring we adhere to all laws and regulatory requirements applicable to our business.



- **Enterprise Risk Management:** Monitoring and managing organizational risks, including identifying, monitoring, analyzing, assessing, evaluating, and controlling operational, financial, legal, strategic and security risks. These include financial uncertainty, legal liabilities, strategic management errors, accidents, and natural disasters.








STAKEHOLDER ENGAGEMENT

Arabian Drilling defines our stakeholders as individuals or entities with the greatest potential impact on our business and operations, and those who stand to be most materially affected by our activities. Anticipating and understanding the evolving needs and priorities of these stakeholders is vital to our success. Each year we undertake purposeful engagement with our stakeholders and conduct comprehensive assessment of their interests and concerns in order to identify significant areas of concern and opportunity. Knowing our range of stakeholders is broad, we focus on engaging with key groups based upon their scope of influence, and the legitimacy and urgency of their concerns. Our approach to stakeholder engagement follows global best practices and processes for engagement.



STAKEHOLDER ENGAGEMENT (continued)

	Stakeholder group	Key interests and priorities	Methods of engagement	Value Added
 Shareholders	Arabian Drilling operates as a Joint Stock Company. Our major shareholders are TAQA and SLB. The company is headquartered in Al Khobar, Eastern Province, Saudi Arabia. Arabian Drilling exclusively operates within the Kingdom of Saudi Arabia and does not have operations in any other countries	<ul style="list-style-type: none"> Profitability and sustainable growth Effective corporate governance Minimized risk exposure Excellent reputation management Transparent communication practices Compliance with laws and regulations Support for local programs 	<ul style="list-style-type: none"> Investor Relations team Annual General Assembly Board of Directors meetings Annual, quarterly, and monthly reports Board of Directors workshops Emails Website 	<ul style="list-style-type: none"> Net income profit Sustained growth Efficient and improved corporate governance framework Cutting-edge training programs Seamless communication Culture of excellence and ongoing improvement Reputation risk management Adherence to the Code of Conduct
 Customers	Arabian Drilling's primary customers, including Saudi Aramco, SLB, Baker Hughes and Al Khafji Joint Operations (KJO)	<ul style="list-style-type: none"> High-quality services Health, safety, and environment protection Security measures Confidentiality and data protection Compliance with ethical and regulatory standards Utilization of modern technology Competent local workforce 	<ul style="list-style-type: none"> Quarterly service quality appraisal Monthly drilling health, safety, and environmental leadership initiative meetings Daily and weekly meetings Quarterly Safe Operations Committee meetings Daily reports Alerts from the Drilling Operational Excellence and Compliance Division Website 	<ul style="list-style-type: none"> Skilled workforce Timely delivery Health, safety, and environmental training Code of Conduct Confidentiality and Privacy Policy Competent local workforce Security Policy Implementation of an ERP system Adoption of cutting-edge technology
 Employees	Arabian Drilling's workforce of over 5,000 employees, with a Saudization rate of 66.3%	<ul style="list-style-type: none"> Fair and competitive remuneration and benefits Equal opportunity and fair treatment Health and safety Learning and development opportunities Employee motivation and appreciation Recognition and award programs Transparent management practices 	<ul style="list-style-type: none"> Employee satisfaction survey Employee engagement workshops Regular meetings Quarterly and annual performance reviews Emails Ongoing training 	<ul style="list-style-type: none"> Cultivating a harmonious working environment underpinned by the company's values Competitive compensation and incentives Robust retention policy Comprehensive health insurance Employee recognition through safety awards Adherence to Code of Conduct (CoC) Emphasis on training and development opportunities
 Suppliers	Arabian Drilling cultivates enduring relationships and collaborates closely with our core suppliers and service providers	<ul style="list-style-type: none"> Transparent procurement processes Tender opportunities Business development opportunities Environmental protection and sustainability 	<ul style="list-style-type: none"> Email Procurement notices Workshops 	<ul style="list-style-type: none"> Empowering smaller businesses and service providers Creating a pipeline of suitable businesses in the company's supply chain Partnering with local business to leverage synergies Enhanced economies of scale Cost savings
 Communities	Residents of the Kingdom	<ul style="list-style-type: none"> Economic development Employment opportunities Environmental protection and sustainability Education and medical facilities Ethical business practices Giving back to communities 	<ul style="list-style-type: none"> Social media Youth training initiatives Creating employment opportunities Organizing medical camps for employees and their families Participating in HSE events organized by Saudi Aramco 	<ul style="list-style-type: none"> CSR initiatives Health campaigns Knowledge sharing workshops

MATERIALITY ASSESSMENT

In alignment with our vision and values and in harmony with our overall risk strategy and management approach, Arabian Drilling’s sustainability strategy focus areas and essential elements were developed using insight and analysis from a materiality assessment we conducted in order to identify the issues most significant to our business and our stakeholders. Conducted in accordance with GRI principles, the assessment considered a spectrum of social and environmental issues, evolving concerns, and sustainability-related impacts on our internal and external stakeholders.

Determining Materiality

01

We identified topical issues and concerns that are material to Arabian Drilling and our key stakeholders, including activities that may have an impact on the natural environment.

02

We evaluated the significance of each topic with regard to its impact on business processes and strategy realization. Rate the topics from both the business perspective and stakeholder perspectives to gain a comprehensive understanding of their importance and relevance.

03

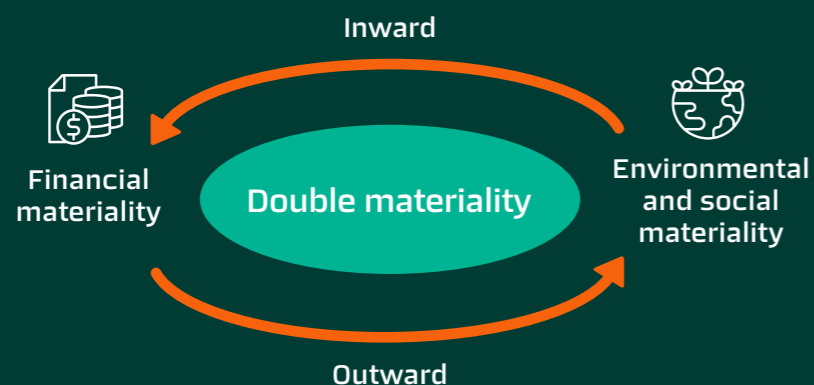
We conducted a rating assessment encompassing internal and external factors, utilizing statistical methods to determine the significance of each material risk, then assigning low, medium, high priority, or concentrated impact weights.

04

We visually presented findings to our stakeholders to assess risk ratings from both internal and external perspectives. The ESG materiality risk matrix is derived from the combined assessment.

Our Materiality Assessment Approach

We adopted a dual materiality lens to determine significant ESG and sustainability risks for Arabian Drilling. This approach considered both the impacts of external factors and forces influencing Arabian Drilling’s corporate actions and values, as well as the factors and forces influenced by Arabian Drilling, which may be used by the company as levers of change.

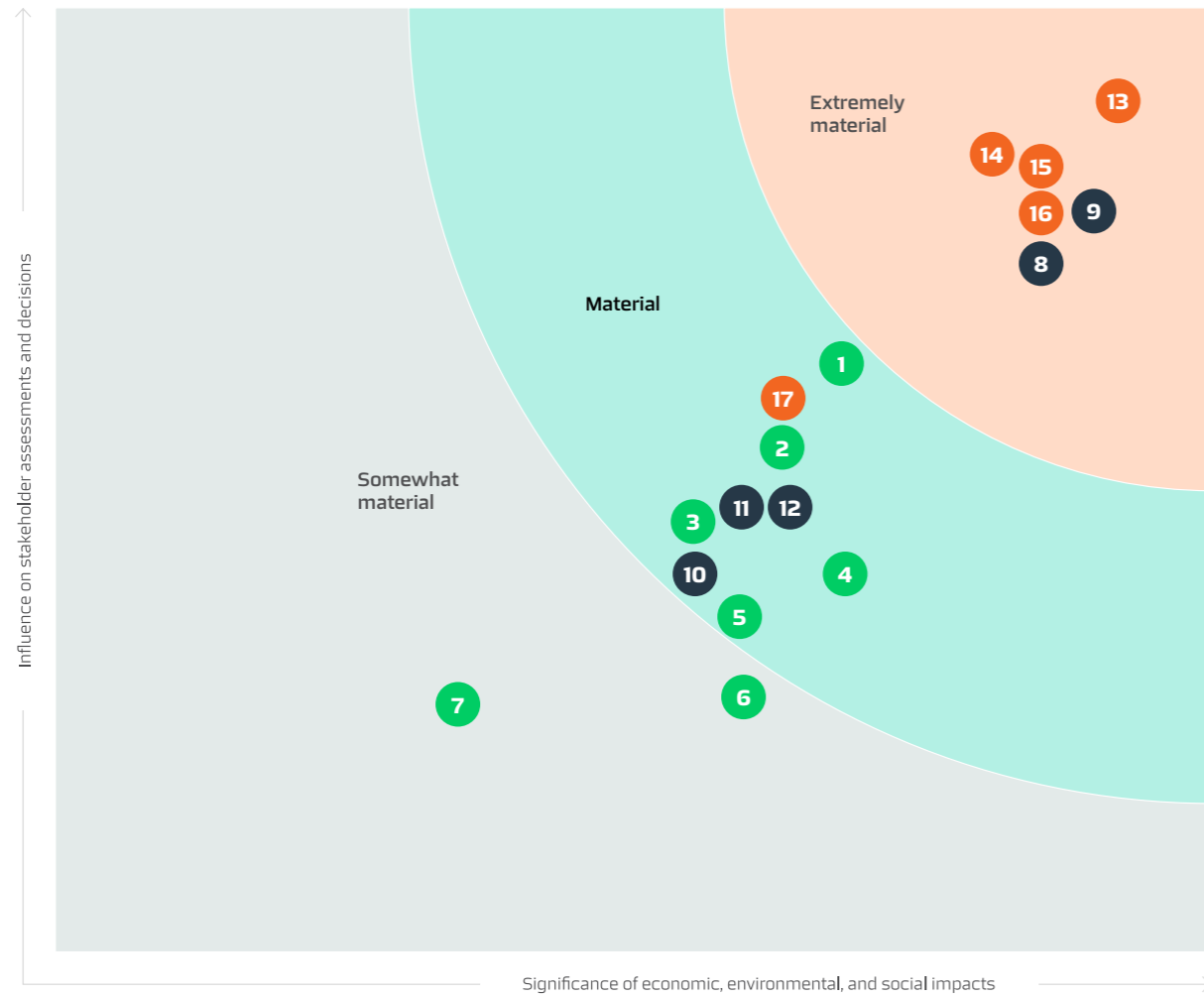


A survey of internal stakeholders which also reflected the interests of external stakeholders was a central tool in the materiality assessment. These topics were reviewed and rated on a scale from 1 to 10 by Arabian Drilling’s senior management and Board, categorizing them as Not Significantly Material (1-3), Material (4-7), or Highly Material (8-10). Issues categorized as Highly Material were identified as key areas of focus for the year.

In total, 17 key material topics were identified, considering Arabian Drilling’s operations, importance to the business, and internal stakeholders’ viewpoints.

As part of the materiality process, we also conducted a review of sustainability standards and national priorities, including the Kingdom of Saudi Arabia Vision 2030, the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the United Nations Sustainable Development Goals (SDGs), and the MSCI ESG ratings.

Materiality Matrix



Environment

- 1 Waste management
- 2 Spill prevention and response
- 3 Energy consumption
- 4 Water consumption
- 5 GHG emissions control & reduction
- 6 Impact on biodiversity and habitat protection
- 7 Use of alternative fuel

Social










- 8 Occupational health and safety
- 9 Non-discrimination policies and practices
- 10 CSR, social impact and local community development programs
- 11 Employee diversity and inclusion
- 12 Training and education








Governance and Economics

- 13 Economic performance
- 14 Compliance policies
- 15 Code of conduct practices
- 16 Leadership
- 17 Corporate risk management

ALIGNING TO THE UN SDGS AND VISION 2030

Sustainability Framework Focus Area	Sustainability Framework Essential Elements	Material Issues*	How Arabian Drilling Manages This Issue	Contribution to UN SDGs	Contribution to Saudi Vision 2030
People and Society	Occupational health and safety	Occupational health and safety	We uphold comprehensive health and safety standards, conduct detailed risk evaluations, deliver thorough safety training, and adhere to emergency readiness protocols, all to ensure our employees' safety and meet industry standards.		A Vibrant Society: Prioritizing health and safety aligns with societal well-being.
	Labor best practices	Training and education	We are committed to fostering employee growth through extensive training and development programs, equipping our team with the latest skills and knowledge to excel in their roles and meet industry benchmarks.		A Thriving Economy: Enhancing skills and education drives economic development.
	Workplace diversity and equal opportunity	Employee diversity and inclusion	Arabian Drilling champions diversity and inclusion by creating a workplace that respects and values individual differences. The company actively promotes diversity in its hiring, training, and career advancement practices, ensuring a supportive environment where all employees can thrive.		A Vibrant Society: Promoting social inclusion and diversity enriches the community. A Thriving Economy: Diverse workplace perspectives boost economic innovation.
Non-discrimination policies and practices		We enforce stringent non-discrimination policies, guaranteeing fair and equitable treatment for all employees, irrespective of their background or identity, to cultivate a respectful and inclusive workplace culture.		A Vibrant Society: Advocating fairness strengthens social cohesion. A Thriving Economy: Providing equal opportunities boosts economic participation.	

Sustainability Framework Focus Area	Sustainability Framework Essential Elements	Material Issues*	How Arabian Drilling Manages This Issue	Contribution to UN SDGs	Contribution to Saudi Vision 2030
Climate Actions	CSR and community development	CSR, social impact and local community development programs	The company participates in various CSR initiatives that have a positive impact on local communities, with a focus on supporting Saudi talent and demonstrating its commitment to community development.	 	A Vibrant Society: CSR and community initiatives enhance societal welfare.
	GHG emissions and energy use	GHG emissions control and reduction	Arabian Drilling actively implements measures to control and reduce GHG emissions, incorporating advanced technologies and practices to minimize its environmental footprint and contribute to global sustainability efforts.	 	A Thriving Economy: Reducing GHG emissions aligns with the Kingdom's sustainable, diversified economic goals.
		Energy consumption	We concentrate on reducing energy consumption through the adoption of energy-efficient technologies and practices, aiming to diminish energy waste and boost our operational sustainability.	 	A Thriving Economy: Optimizing energy use bolsters market competitiveness.
		Use of alternative fuels	Arabian Drilling aims to adopt more environmentally friendly fuels that minimize our GHG emissions.	 	A Thriving Economy: Adopting alternative fuels catalyzes new economic sectors.
Water management	Water consumption	We utilize water-conservation technologies and methodologies to reduce water usage in our operations, highlighting our commitment to sustainable water management and preservation.		An Ambitious Nation: Responsible water use aligns with environmental conservation goals. A Thriving Economy: Water efficiency contributes to economic sustainability.	

Sustainability Framework Focus Area	Sustainability Framework Essential Elements	Material Issues*	How Arabian Drilling Manages This Issue	Contribution to UN SDGs	Contribution to Saudi Vision 2030
Climate Actions	Waste management	Waste management	The company has effective waste management systems in place to minimize waste generation through reduction, reuse, and recycling strategies, showing its commitment to environmental stewardship.	 	A Thriving Economy: Strategic waste management supports economic efficiency.
		Spill prevention and response	We maintain solid spill prevention and response protocols to ensure swift and efficient action during environmental incidents, minimizing impact and reinforcing our commitment to environmental safeguarding.		A Thriving Economy: Spill prevention safeguards economic resources.
	Biodiversity	Impact on biodiversity and habitat protection	The company assesses and acts to safeguard local biodiversity, underscoring its dedication to environmental conservation.		A Vibrant Society: Protecting natural habitats enhances community living environments.
Corporate Governance	Board Leadership and Structure	Leadership	Our leadership at Arabian Drilling is marked by robust governance, a clear vision, and strategic direction, ensuring we stay true to our core values and goals while fostering a culture of excellence and ethical conduct across the company.		An Ambitious Nation: Strong leadership underpins effective governance.
	Arabian Drilling Code of Conduct	Code of conduct practices	Arabian Drilling maintains a robust code of conduct that outlines ethical behavior and expectations for all employees, reinforcing the company's commitment to integrity, transparency, and accountability.		An Ambitious Nation: Upholding ethical standards promotes transparency.
	Compliance	Compliance policies	We adhere to rigorous compliance policies, aligning our business practices with legal and industry norms, thereby maintaining our commitment to lawful and ethical operations and safeguarding our reputation.		An Ambitious Nation: Compliance with laws underscores regulatory adherence.

ALIGNING TO THE UN SDGs AND VISION 2030 (continued)

Sustainability Framework Focus Area	Sustainability Framework Essential Elements	Material Issues*	How Arabian Drilling Manages This Issue	Contribution to UN SDGs	Contribution to Saudi Vision 2030
Corporate Governance	Enterprise risk management	Corporate risk management	We implement thorough risk management approaches, identifying, evaluating, and addressing potential risks within our operations, bolstering our stability and adaptability in the ever-changing industry environment.		<p>An Ambitious Nation: Strategic risk management ensures preparedness.</p> <p>A Thriving Economy: Risk mitigation secures economic assets.</p>
Economic performance	Financial Impact	Economic performance	We ensure our business growth contributes to regional economic development and aligns with value creation for our stakeholders through diligent monitoring and proactive risk management.		<p>A Thriving Economy: Economic performance fuels growth and stability.</p> <p>A Vibrant Society: Economic prosperity enables enhanced social programs.</p>

Saudi Vision 2030 Initiatives

How Arabian Drilling Contributes



Saudi Green Initiative

We're committed to reducing carbon emissions to achieve the Net-Zero Target by 2060 and enhancing environmental practices, including waste management and recycling, in line with Saudi Vision 2030. We are focused on decreasing energy usage and carbon dioxide emissions and have introduced initiatives to monitor GHG emissions remotely using engine efficiency monitoring devices on rigs.



Quality of Life Program

We support The Quality of Life Program, which aims to transform Saudi Arabia into a world-renowned sports and entertainment location, through our sponsorships in sports to the Saudi Arabian Athletics Federation and the Saudi Triathlon Federation.



Human Capability Development Program

The Human Capability Development Program is dedicated to empowering Saudi citizens and equipping them for success at every life stage. We contribute to this initiative with an average of Saudization rate of 66.3% in our organization, and we implement programs that nurture and develop young Saudi talent.

PEOPLE AND SOCIETY

WE TAKE AN ACTIVE APPROACH TO PRIORITIZING THE SAFETY OF ALL PEOPLE ASSOCIATED WITH ARABIAN DRILLING, AND TO EMPOWERING OUR TEAM THROUGH WORLD-CLASS TOOLS, RESOURCES, EDUCATION, AND TRAINING. KNOWING OUR ACTIVITIES HAVE A VERY REAL HUMAN IMPACT, WE ALSO TAKE PRIDE IN SUPPORTING THE COMMUNITIES WHERE WE OPERATE, AND WHERE OUR EMPLOYEES LIVE, WORK, AND PLAY. WE ARE COMMITTED TO SUPPORT THE SAUDI VISION 2030 AND UN SDGS THROUGH OUR INITIATIVES.

MATERIAL ISSUES

- OCCUPATIONAL HEALTH AND SAFETY
- TRAINING AND EDUCATION
- EMPLOYEE DIVERSITY AND INCLUSION
- NON-DISCRIMINATION POLICIES AND PRACTICES
- CSR, SOCIAL IMPACT, AND LOCAL COMMUNITY DEVELOPMENT PROGRAMS

SAUDI VISION 2030 PILLARS



A Vibrant Society



A Thriving Economy

SDGS



OCCUPATIONAL HEALTH AND SAFETY

Arabian Drilling understands that a strong safety culture is mission-critical for the protection, health, and wellbeing of our people and our stakeholders. In keeping with our aim of serving as the region's leading drilling provider, it is our objective to protect all people and assets within our operations, as well as protect our environment, and the communities in which our operations exist.

In 2023, Arabian Drilling experienced a good reduction in injuries severity while having zero fatalities and no incidents of permanent impairment, however, a general increase in work-related injuries was observed. Hazards such as stepping, handling, manual lifting, and falling represented 42% of these incidents, while machinery, equipment, and hand tools represented 40% of these incidents.

QHSE Performance	Unit	2021	2022	2023
Hours worked	Number	13,956,650	15,082,330	17,002,780
Lost day rate (LDR)	Rate*	0.07	0.20	0.47
Work-related fatalities	Number	0	1	0
Total Recordable Injury Frequency (TRIF)	Rate	0.22	0.33	0.94
Automotive accidents rate (AARM – in miles)	Rate	0.15	0.15	0.22

*Rate = Total numbers of recordable incidents / total man hours) x 1,000,000

Our Journey to Zero Incidents

We believe that any incident is one incident too many. Every year, we aim to achieve zero major incidents across our rig buildups, transportation, rigging-up at well sites, and spudding of new rigs/wells. The success of our zero incidents goal relies upon a collaborative approach between our leadership teams and our entire workforce.

Years without lost time injury:

<5 years:
11 rigs

5-10 years:
24 rigs

>10 years:
7 rigs

BEST PRACTICE

Health and Safety Governance Principles

Our comprehensive health, safety and environment (QHSE) policy outlines guiding principles for health and safety governance in alignment with all regulatory requirements and industry best practices. Through our prevention-first focus, we mitigate risk through a variety of mechanisms, including safety management systems, training, regular risk assessments, and incident reporting. We also employ leading and lagging indicators to measure, monitor, and manage our progress, as well as proactively engage stakeholders (particularly employees) on our safety practices.

Our health and safety governance principles are informed by, adhere to, and comply with the following recognized risk management and management system standards and guidelines:

- Arabian Drilling Safety Management System
- The specification/standard for Occupational Health and Safety Management Systems: ISO 45001

- The International Standard for Environmental Management Systems: ISO 14001
- The International Standard for Quality Management Systems: ISO 9001
- The IADC QHSE Case Guidelines for Land Drilling Units
- IADC QHSE Case Guidelines for Offshore Drilling Contractors
- The International Association of Oil and Gas Producers (IOGP) Guidelines
- The American Petroleum Institute (API) Recommendations
- The American Bureau of Shipping (ABS) requirements for offshore units
- The International Convention for the Safety of Life at Sea (SOLAS) requirements for offshore operations
- Local laws and regulations

Health and Safety Management Approach

We have a robust occupational health and safety management system in place to ensure health, safety and compliance practices are embedded throughout our operations. The system is built on six areas of best practice:

- **Legal Compliance:** The system is aligned with local government regulations, industry best practices, client requirements, and internal policies as documented in our comprehensive QHSE manual and our legal obligation register.
- **Standards and Guidelines:** Our health and safety practices are guided by internationally recognized risk management and management system standards, particularly ISO and IOGP guidelines.
- **Coverage and Inclusivity:** Every worker, activity and workplace within our operations is covered by the system.
- **Audits and Reviews:** Regular internal audits are conducted and reinforced by client audits across all our operational locations. Additional external audits provide an extra layer of assurance and accountability.
- **Identifying and Addressing Hazards:** We proactively identify and address work-related hazards that pose a risk of high-consequence injury. This includes an investigation process that delves deep into potential hazards to help us mitigate risk and enhance safety measures.
- **Continuous Improvement and Action Plans:** We use every injury or other safety event as an opportunity to drive an ever-evolving safety culture by taking proactive steps to prevent recurrence. This includes development of a high-level strategy and action plan outlining strategies and initiatives to minimize risks and enhance safety measures across the company.

Loss Prevention Teams

In addition to embedding health and safety into our governance and management policies, we proactively operationalize health and safety through Loss Prevention teams at our operating sites and company locations. Loss Prevention team responsibilities and activities include but are not limited to:

- Developing QHSE plans and monitoring performance.
- Engaging and communicating with employees on QHSE actions and progress.
- Conducting worksite inspections.
- Identifying and making management recommendations on accident prevention and recurrence prevention.
- Reviewing employee recommendations and suggestions for safety improvements.
- Fully investigating and reviewing all accidents, including personnel injuries, occupational illness, and damages to equipment.

Emergency Preparedness

To ensure the protection of human life, assets, properties, and the environment, Arabian Drilling has an established emergency preparedness procedure and an emergency preparedness committee to ensure our readiness for contingencies such as spills, fires, leaks, and explosions. We also conduct regular emergency drills are conducted to maintain the stability of the emergency response system.

- Implementing Control Measures: Relevant risk assessment tools are employed to identify appropriate hazard control measures against a hierarchy of controls, with elimination being the preferred option.
- Monitoring and Reviewing: We conduct regular monitoring and reviews of the effectiveness of our control measures, ensuring effective risk mitigation and correct execution.

Eliminating HSE Hazards and Minimizing Risk

Arabian Drilling applies the hierarchy of controls to eliminate hazards and minimize HSE risks in the workplace, including:

- Identifying and Assessing Hazards: Employees receive hazard identification training and are equipped with the skills they need to recognize and apply suitable risk management techniques to reduce risks to As Low as Reasonably Practicable (ALARP).



**“IN 2023
THERE WAS
NO TIER 1
PROCESS
SAFETY EVENT.”**

Occupational Health and Safety Management System

We take a multi-layered approach to fostering a culture of safety and emergency preparedness throughout our entire value chain and across project lifecycles. Our robust QHSE management system sets forth an overall, enterprise-wide management structure incorporating the following elements:

- Commitment, Leadership, and Accountability
- Policies and Objectives
- Organization and Resources
- Contractor and Supplier Management
- Risk Management
- Business Processes
- Performance Monitoring and Improvement
- Audits and Reviews

We use a management-led Quality, Health, Safety and Environment Management System (QHSE MS) to operationalize and enable the health and safety management guidance set forth in the QHSE. The QHSE MS defines the practices and processes that enable Arabian Drilling to conduct business in a safe and efficient manner, ensuring all company activities are conducted in compliance with our QHSE MS policies, procedures and applicable laws and regulations.

- Embedding QHSE as a core value of our organization and ensuring QHSE remains fundamental to our corporate objectives.
- Implementing a management system that guarantees and enables the continuous improvement of health and safety practices and our services.
- Training and mentoring employees and subcontractors to embrace QHSE policies, requirements, and procedures.
- Continuously improving our QHSE performance, with systems in place to assess our performance against QHSE targets at rig level, division level, and at our headquarters.

While dedicated resources are assigned to provide continuous support and guidance, responsibility for implementing our QHSE MS lies with Arabian Drilling line managers, who hold responsibility for each area of our business and operations. Managers are expected to lead by personal example, serving as safety champions, and helping cultivate a culture of safety. This includes setting priorities, monitoring progress, focusing resources on areas with the highest risk to quality, health, safety and/or the environment, and engaging their teams in implementing QHSE measures.

■ **QHSE Accountability:** Our managers are accountable for providing the resources necessary for achieving defined and expected QHSE performance levels and objectives. In addition, all employees hold individual responsibility for complying with QHSE policies, requirements, procedures, and standard work instructions when conducting Arabian Drilling business and operations. Employees who do not comply can be held accountable in accordance with Arabian Drilling’s accountability matrix.

■ **Incident Investigation:** We use the DNV SCAT (Systematic Cause Analysis Technique) system to methodically investigate all work-related incidents, ensuring a consistent and thorough approach to incident management, including defining corrective actions. Coupled with our risk-based approach to learning from events, this approach enables the continuous improvement of our safety practices, creating a safe and healthy work environment for all employees.

Stopping the Job

Arabian Drilling employees and contractors are not permitted to perform a job prior to receiving adequate training or specific instructions related to the job task. All employees have the right and the responsibility to “Stop the Job” if they feel they have not received adequate training or specific instructions, or if they feel it is unsafe to proceed for any reason, and they are actively empowered and encouraged to do so. In the event an employee stops the job, the supervisor in charge of the work has an obligation to address any legitimate safety concerns before the employee or contractor conducts the work.

Enhancing Our Safety Practices

Arabian Drilling’s Job Safety Assessment (JSA) process enhances our safety practices by embedding foundational workplace safety practices such as planning, safety meetings, training, and risk assessments for all personnel. Similarly, risk management tools like permit to work systems and SALAMA cards (a risk management tool used by crews in any task where they are not going to issue Permit to Work (PTW)) to further ensure safety.

Should a work-related incident occur, Arabian Drilling uses a DNV SCAT system to investigate each incident. Each SCAT analysis ensures a thorough examination of each incident, providing data and insights that are used to determine corrective actions and identify opportunities improving our occupational health and safety management. Alongside our risk-based approach to learning from events, this process enables the ongoing enhancement of our safety practices, creating a healthier and ever safer work environment for all employees.

Cultivating a Culture of Safety

We take a holistic approach to cultivating a safety-focused culture encompassing all Arabian Drilling operations, our employees, representatives, clients, and other service providers. The following core tenets define our safety culture:

- Compliance
- Risk assessment
- Inspections and audits
- Training and development
- Awards and recognition

Knowing each stakeholder has their own interests and needs, we actively encourage any individual to report potential safety concerns without fear of reprisal, empowering our employees to use their “stop the work” authority if they believe a situation may potentially cause injury or ill health, or pose any other risk to personal safety. To report work-related hazards or hazardous situations using a digital stop card, or Quest, our online reporting system.

Safety Audits

Arabian Drilling conducts regular safety audits designed to identify hazards and unsafe acts, ensure procedural compliance, and assess the effectiveness of our safety systems. We also use an internal audit system to assess process management, address employee competency and create improvement plans. The outcomes of these audits drive the continuous enhancement of our occupational health and safety management system in several ways, including:

- Pinpointing opportunities to enhance the health and safety management system.
- Reducing risk and ensuring proper implementation through monitoring system effectiveness.
- Reporting and communicating health and safety updates to employees, stakeholders, and regulatory bodies.
- Using system reviews to guide modifications to our occupational health and safety management system, keeping it up-to-date and aligned with evolving company needs.

Employee Engagement and Participation

Employee engagement in our safety practices is a critical means of continuously monitoring and improving the efficacy of safety practices. We actively foster employee participation through a variety of pathways.

1. Employee Consultation

- Encouraging employees to share their perspectives through dedicated feedback channels right from the outset.

2. Development and Implementation

- Involving employees directly or via elected representatives in:
 - Identifying hazards and risks during workplace inspections and risk assessments.
 - Providing feedback on proposed safety policies, procedures, and work practices.
 - Participating in safety committees to discuss safety concerns and propose solutions.

3. Evaluation and Improvement

- Inviting employees to contribute to the ongoing evaluation of the QHSE MS by:
 - Participating in safety audits and providing feedback on system effectiveness.
 - Reporting near misses and incidents.
 - Suggesting changes to safety procedures based on experience.

4. Communication and Information Access

- Ensuring all workers have access to safety information and data via SharePoint and Quest.

Safety Campaigns and Programs

Zero Tolerance

To reinforce our robust safety governance and to safeguard our employees, reputation, and assets including machinery and resources, Arabian Drilling has adopted a zero-tolerance approach to IOGP Live Saving Rules and QHSE standards that all employees strictly adhere to via our Zero Tolerance Rules.

Occupational Health Services

In addition to safety, Arabian Drilling places an equal priority on the health and wellbeing of our employees. We provide a suite of occupational health services designed to support employee health and wellbeing throughout our company.

- **Expert Occupational Health Advisor:** Our highly qualified, dedicated health advisor spearheads Arabian Drilling’s health and safety initiatives, including conducting health risk assessments (HRAs), and collaborating closely with QHSE managers.
- **Pre-qualification of Medical Service Providers:** Our medical service providers are evaluated against Arabian Drilling’s stringent standards as well as Saudi Aramco’s guidelines for Medical Management of Substance Abuse in the Workplace, ensuring our medical services align with or exceed industry best practices.
- **Quality Assurance:** The Arabian Drilling medical unit takes the lead in ensuring the validity of our quality assurance processes. Using comprehensive audits and periodic reviews, we assess and monitor our medical service providers to guarantee their services meet our employees’ needs and our standards.

All employee health information is classified as confidential and protected in our access-controlled SAP system.

Managing Health and Safety Across the Supply Chain

Arabian Drilling takes a comprehensive approach to occupational health and safety throughout our operations and supply chain, including taking proactive steps to prevent or mitigate negative occupational impacts related to our business relationships. To accomplish this, we ensure our network of partners share our safety commitments through contractual obligations, regular audits, training, collaboration on preventive measures, and open reporting.

Behavior Empowerment Center

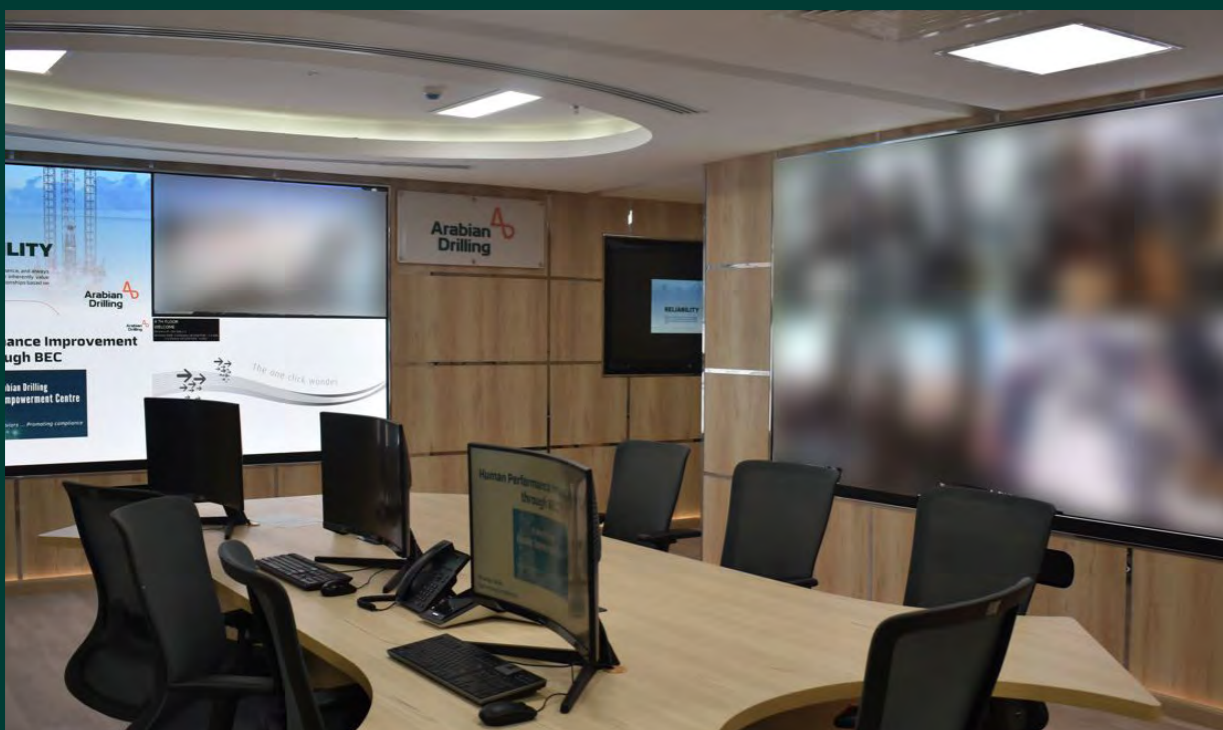
In 2023, we created a Behavior Empowerment Center (BEC) to support human performance improvement. Located in the Arabian Drilling head office, the center has a livestream from selected rigs' CCTVs, enabling observers to monitor the rigs in real time with the aim of capturing both safe and unsafe acts and conditions across our operations. This allows safety interventions from BEC observers and creates safety coaching and recognition opportunities in real time. Working on the basis of a "no blame culture," proactive observations are shared anonymously without identifying individuals or the rig in question. Looking ahead, we plan to introduce the use of AI to detect unsafe acts, further amplifying the potential for early intervention and safety enhancement.

Now

14 rigs are live streaming
+200 CCTV cameras online

Planned

60 rigs live streaming
+1000 CCTV cameras online



BEST PRACTICE

Safety Training

Regular safety training is one of the cornerstones of our health and safety management approach. On-the-job training is provided to all employees to ensure full competence for their job functions, and QHSE Training is mandatory for all personnel working on our drilling rigs. During the reporting period, we provided training on a comprehensive list of safety topics including emergency mitigation, risk analysis, JSA, accident investigation, electrical safety, firefighting among others. We also conducted process-specific and refresher training for employees, contractors, and stakeholders. The training programs we delivered in 2023 included:

- Minimum QHSE training
- Job-related QHSE training including ISO EMS, SMS, and QMS awareness sessions for processes owners
- Technical training
- Non-Technical leadership skill training – Crew Resource Management
- Client-specific training
- Offshore Mobile Unit crew training in compliance with the requirements of Classification Society regulation, SOLAS, and The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) regulation

QHSE Training	Unit	2021	2022	2023
Direct employees	Hours	43,750	603,698	762,652
Contractor employees	Hours	4,863	117,993	165,249

The expansion of three offshore rigs in 2023 led to a 26.3% increase in training hours compared to 2022.



LABOR BEST PRACTICES

As a responsible corporate citizen, Arabian Drilling understands that maintaining the highest ethical labor standards and practices is foundational to our success, particularly in a highly regulated and competitive industry. This includes ensuring an inclusive, conflict-free workplace, and upholding human rights, including those in our local communities.

Our current workforce comprises 5,650 full-time employees, encompassing both Arabian Drilling personnel and non-employee workers, including rig and office staff.

Arabian Drilling's workforce expanded in 2023 with the addition of three new offshore rigs to our fleet. Due to the suspension of the government's Tamheer program (a program paid by the government to enable local workforces to gain experience for three, six or twelve months), the number of temporary workers decreased, as Arabian Drilling directly hired these employees instead. Finally, an increase in non-employee workers can be attributed to the hiring of people as consultants, rig welders at the rigs and HR coordinators at the office level.

Employee Headcount	Unit	2021	2022	2023
Full-Time Employees	Number	4,190	4,779	5,650
Middle Management	Number	149	180	282
Senior Management	Number	8	9	8
Rig Employees	Number	3,563	3,694	4,789
Office Employees	Number	470	896	571

New Hires and Turnover	Unit	2021	2022	2023
Employees Hired	Number	578	1,134	1,694
Employees Who Left the Organization	Number	497	525	830
Employee Turnover	Percentage	11.7	11.0	14.7

*Includes termination, resignation, retirement, death and redundancy.

Employee Education, Training and Capacity-Building

Our training program encompasses a wide spectrum of professional development and skill-building designed to enable emerging leaders and support employees at every stage of their careers with Arabian Drilling. In addition to career planning and skills-based education and training, our capacity-building programs also provide exposure to working in virtual and multicultural teams. Each thoughtfully designed learning opportunity is designed to align closely with our company's objectives and projects, forming a foundational component of our overall strategy by cultivating a strong talent pipeline equipped to address our company's operational and managerial needs now – and into the future.

Any employee concerns regarding our training approaches are addressed during CEO roundtable meetings, and corrective action is promptly taken when necessary. Similarly, we proactively recognize positive impacts via feedback and recognition of employees who excel in their training and education efforts.



IN 2023, THE AVERAGE TRAINING HOURS PER EMPLOYEE REACHED 145.1, MARKING A 6% INCREASE COMPARED TO 2022.

The decrease in average hours of training for females in 2023 can be attributed to a transition from Dhahran Base to ADLA, during which the training center was suspended for a few months. Most training is valid for two to three years e.g. H2S, firefighting. In 2023, the addition of three new rig start-ups meant providing training for a significantly higher number of male employees, as there are no female employees at rig sites.

Training Hours	Unit	2021	2022	2023
Overall	Number	11.16*	136.61	145.10

*Training hours decreased in 2021 due to the suspension of the training center as a result of COVID-19 protocols.

2023 Training Programs and Initiatives

Facilitated by a new online booking system to make training access and engagement easier than ever, Arabian Drilling offered an array of education, skills, and safety training to our employees and contractors in 2023. This included a variety of simulator and training workshops such as:

- Crane simulator
- Amphion simulator
- Cyber chair drilling simulator
- Instrumentation workshop
- Welding and fabrication workshop
- Refrigeration and air conditioning workshop
- Offshore rigs marine courses
- Original Equipment Manufacturer (OEM) technical courses
- Man lift training for new unconventional rigs

BEST PRACTICE

Arabian Drilling Learning Academy

In August 2023, we inaugurated ADLA, a new state-of-the-art training center that will enable us to provide even more world-class education, training and professional development programs for our employees and other stakeholders.

The new ADLA facility has been awarded the following certifications and credentials:

- ISO 9001:2015 Provision of Technical, Operational and HSE learning Services to Oil and Gas Drilling Operations
- IADC DIT (drilling industry training program)
 - Accident Investigation and Root Cause Analysis
 - Scaffolding Safety
 - H2S Train the Trainer
 - Stuck Pipe Prevention - Fundamental
- Stuck Pipe Prevention - Advanced
- Management Of Major Emergency Response
- Emergency Response Leader
- Approved training center by HIS (Health and Safety Institute) / Medic First Aid / EMS Safety.
- ISO 29993:2017 - Provision of technical, operational and HSE learning services to oil and gas drilling operations - QACS International
- IWCF - Associate member
- IADC Well Sharp Accreditation for
 - Drilling Operations Driller Surface Stack
 - Drilling Operations Introductory
 - Drilling Operations Supervisor Surface Stack



Cultivating Next-Generation Talent

Arabian Drilling believes in the value of nurturing emerging talent and fostering collaboration between academia and the oil and gas industry. To facilitate these relationships, we welcome visits from students and academic institutions throughout the year for interactive demonstrations, discussions and knowledge-sharing designed to connect real-world applications with the next generation of innovators and industry leaders.

On one such visit in 2023, we had the opportunity to welcome members of the student chapter of the IADC from King Fahd University of Petroleum and Minerals to tour the newly opened ADLA.



Leadership Development

Through our structured leadership development program, emerging leaders within Arabian Drilling have the opportunity to understand business trends, strategic insights and decision-making models while developing interpersonal skills and creating a global best practice and knowledge-sharing network. With support from talent and succession planning, this leadership initiative aims to prepare and enable high-potential individuals to step into pivotal roles within Arabian Drilling, facilitating our 'promote from within' philosophy and shoring up organizational stability and growth.

Empowering Performance Improvement

Professional development and skill-building considerations are integrated into annual employee performance reviews via the creation of

Individual Development Plans (IDPs). Additionally, Arabian Drilling has provided a pro bono rig for SADA, resulting in practical experience for all students. Through workshops and collaboration, our talent department actively collaborates with rig department heads and senior crews to ensure our training, education and development initiatives support IDP needs.

FARES Career Development

Our FARES career development program was created to provide career development support for our graduate-level staff. Launched in 2021, the program evaluates their skills, core competencies, and knowledge while broadening their awareness of our company's support functions with the aim of helping each employee develop a clear, personalized career advancement pathway at Arabian Drilling.

Training Programs

Technical Development Program

Our Technical Development Program (TDP) sets the foundation for their career growth as engineers at Arabian Drilling. The TDP equips recent engineering graduates with essential field skills and a comprehensive understanding of both onshore and offshore rig operations, along with insights into the human aspects of rigs, including the importance of interpersonal dynamics within that environment. While the responsibilities of engineers and rig supervisors differ significantly, the program affords valuable exposure to both roles with an emphasis on collaboration. Focus is also given to engineers' role as a crucial link between the rig and the broader world, including the need for well-honed communication skills, close engagement with rig personnel, and an understanding of rig routines.

year national workforce development program in the field after completing their education, ultimately graduating as supervisors. Arabian Drilling also offers a Supervisor Development Program (SDP) to train safety technicians and engineers, preparing them for permanent roles as rig safety and training specialists.

Finance Internal Training Academy (FITA)

In 2023, we introduced the Finance Internal Training Academy (FITA) to help employees build valuable business finance skills. Introducing the Finance Internal Training Academy (FITA). Six training sessions were held in 2023 between May and November. Encouraged by positive feedback, the program is set to continue.



The Saudi Arabian Drilling Academy (SADA)

Arabian Drilling contributes to the SADA, an institution formed via a partnership between Saudi Aramco, the Technical and Vocational Training Corporation (TVTC), and industry collaborators. SADA provides a diverse training program for Arabian Drilling employees, who undertake a three-



Competence Assurance Management System (CAMS)

Our Competence Assurance Management System (CAMS) defines competency benchmarks for onshore and offshore rigs in alignment with Arabian Drilling's competence standards. Guided by a CAMS risk matrix, which aids in assessing necessary competence levels, the comprehensive system is designed to ensure every employee possesses the requisite skills and knowledge for their operational roles and responsibilities. A testament to our dedication to industry leadership, the system exercises governance over training, development, and competency criteria, including monitoring and delivery.

CAMS leverages our Competence Assessment Programs (CAP) to systematically evaluate and enhance training and development through a progressive 3-stage approach as follows:

CAP 1 Training: Rig crews complete CAP 1, where supervisors assess their ability to perform roles safely and effectively. Completion is required before moving to CAP 2.

CAP 2 Assessments: Involves evaluating employee competence through specific tasks assessed by a qualified individual, determining their technical proficiency and areas for improvement, followed by an IDP for further development.

CAP 3 Simulator Training: Focuses on high-risk positions, using simulators to assess personnel's operational readiness, especially for special operations and emergencies, with subsequent feedback and personalized IDPs.

In addition to the CAP assessments, Simulator Competence Assessments also play an important role in identifying operational readiness and assessing the potential for promotion among high-potential employees.

Trainings	Unit	2021		2022		2023	
		Training Sessions	Trainees	Training Sessions	Trainees	Training Sessions	Trainees
Technical Training	Number	475	1,221	385	1,467	310	1,264
Marine Training	Number	424	1,060	335	1,179	498	3,912
HSE Training	Number	14,797	50,754	13,347	64,339	10,717	41,199
Mechanical Lifting	Number	839	1,697	1,159	4,886	1,025	4,227
Soft Skills	Number	11	59	47	816	68	904
Code of Conduct Awareness	Number	741	741	2,410	2,410	4,163	4,163

Performance and Career Development Reviews

We provide regular performance and career development reviews to support the long-term success of each employee.

Performance and Career Development Reviews	Unit	2021	2022	2023
Employees	Number	3,804	4,310	4,072
Middle Management Employees	Number	149	180	205
Senior Management Employees	Number	8	9	8

Employee Satisfaction

As a leading employer in Saudi Arabia, we are proud of our exceptional retention rate- 85.3% in 2023- which we use as one indicator of employee satisfaction. To continue to maintain and grow employee satisfaction and engagement, our Employee Services Department operates a series of strategic initiatives designed to enhance the experience of Arabian Drilling employees. These include data management systems, technical assessments, IDPs, career advancement programs, and field visits to enhance services and awareness. We also facilitated employee self-assessments and 360 surveys involving supervisors and peers, encouraging the adoption of Tayseer to reduce the need for in-person attendance. To ensure open lines of communication and feedback from all employees, we also use regular engagement surveys and feedback requests. Employees also have 24/7 access to our ethics hotline to report any potential concerns.

Employee Grievances

Arabian Drilling is committed to creating and sustaining an environment in which all employees are treated fairly, and in which they have the right and ability to raise complaints about decisions or actions the company, or another employee has taken or is contemplating in connection with them.

Our employee grievance policy outlines the procedure for any employee to report a grievance to Arabian Drilling without fear of reprisal, with the aim of resolving valid complaints as quickly as possible. Complaints must be submitted by employees in writing to the Arabian Drilling HR department with their immediate supervisor. If a complaint is not resolved, it becomes a grievance which is then handled through up to three hearings with the employee's department manager, supervisors, and HR with the aim of reaching a resolution within the first hearing. The HR code of conduct is followed using an accountability matrix for the complaints received.

Employee Benefits

Arabian Drilling offers a comprehensive package of benefits and incentives to our employees, in alignment with industry standards and local requirements. Employee remuneration is informed by applicable regulations and by performance, and we provide a variety of benefits, including insurance, retirement provisions, rewards, awards, and other allowances, designed to support our employees and foster a positive work environment. We also ensure alignment with the General Organization for Social Insurance (GOSI) minimum wage standards, set at 4,000 Saudi Riyals.

- Bonuses for eligible employees, including offshore staff retention, remote area staff, Performance Improvement Plan (PIP), Personnel Safety Training System (PSTS), safety, rig move, and HSE field bonuses
- Life insurance
- Healthcare programs and coverage
- Disability coverage
- Parental leave
- Retirement provision

Arabian Drilling Employee Benefits

We offer competitive remuneration and benefits to our employees, including:

- Competitive base pay
- Allowances to qualified employees for housing, transportation, travel, mobile, cyber, food, on-call, remote area, interim hardship, cars, tuition, and other special allowances.
- Awards and recognition, including attendance awards for rig staff, seniority, performance, and service quality awards

Arabian Drilling does not provide or manage a retirement plan for employees. Instead, we offer the End of Service as per Saudi Labor Law, which includes half salary for the first five years of retirement, and one salary for the six years onwards. All Saudi employees are also covered by GOSI for retirement.

Parental Leave

All employees who took parental leave have successfully returned to their roles.

Parental Leave	Unit	2021		2022		2023	
		Male	Female	Male	Female	Male	Female
Employees that were Entitled to Parental Leave	Number	2,332	9	2,710	14	3,388	15
Employees that Took Parental Leave	Number	112	1	147	0	157	3
Employees who Returned to Work After Parental Leave Ended	Number	112	1	147	0	157	3
Employees who Returned from Parental Leave who were Still Employed Twelve Months After Returning to Work (Retention)	Number	112	1	147	0	157	3

Tayseer

Tayseer is an employee self-service portal introduced in 2021 to provide access to a range of convenient features such as salary slips, employment verification letters, GRO/visa services, Aramco ID and stickers, salary in advance, medical insurance, and general inquiries. Available in both Arabic and English, the application also enables employees to access information, request services, and resolve issues promptly.

2023 Health Awareness Events

Every year, Arabian Drilling conducts a targeted campaigns and events designed to raise health awareness and support our employees with their personal health goals. In 2023, this included:

- A **breast cancer awareness campaign** aimed at empowering our female employees with the information and resources they need to support prevention, screening and early detection.
- Making **medical checkups** available to employees at the Arabian Drilling office compound
- A **biggest weight loser win campaign**, promoted by Arabian Drilling management, awarded prizes to our biggest weight losers, including Elite Gym memberships and sports bicycles.



Employee Health Programs

Arabian Drilling believes supporting employee health and wellbeing beyond occupational health concerns alone is instrumental in creating a positive workplace. Our employee health support includes:

- **On-site Medical Care:**
For immediate medical needs we offer medical clinics located directly on each land and offshore rig to provide basic medical treatment.
- **Comprehensive Medical Insurance:**
A comprehensive group health insurance plan is available to all employees and their families to cover a wide range of non-occupational medical services.

In addition, our Health Lounge program offers a range of health examinations, monitoring, and care for our employees' health, along with seasonal influenza vaccines and preventive healthcare services to safeguard employees and their families. We also offer voluntary health promotion services and programs, including tailored health screenings based on medical history, plus other programs focused on non-work-related health risks such as cardiovascular factors and mental health. For these services, employees can access healthcare providers using their health insurance coverage provided by Al Rajhi Takaful Insurance.



WORKPLACE DIVERSITY AND EQUAL OPPORTUNITY

We believe in recognizing and championing the contributions of all Arabian Drilling employees, regardless of gender, nationality, religion, socioeconomic status, or disability, and we are dedicated to creating and preserving a workplace that is safe and inviting for all employees. To prevent and address any incidents of workplace discrimination or harassment, we have the following measures in place: the Arabian Drilling Code of Conduct, our internal HR policy, all applicable labor laws, and our HR manual.

Attracting and retaining top-tier employees remains critical for meeting the needs of our expanding business. In alignment with the Saudi Vision 2030, this commitment extends throughout our operations, and we work hard to attract and retain diverse talent locally and internationally.

Enabling Women in Our Workforce

Knowing the drilling industry has been traditionally male dominated, we are particularly dedicated to increasing women's representation across all positions within our company, and to actively promoting gender diversity and equal opportunity. Our female workforce encompasses engineers, scientists, and administrative support personnel. We provide in-house and on-the-job training to all female employees, promoting site visits to enhance their operational insights. Newly hired female staff also have the opportunity to engage with multiple departments to gain comprehensive business knowledge and our fair employee evaluation policy ensures gender-neutral promotions by assessing all employees equitably. Our workspaces are also thoughtfully designed to meet women's requirements, aligned with labor law standards, and we actively seek consistent input to improve their experiences.



BEST PRACTICE

BEST PRACTICE

Board Diversity

Arabian Drilling's Board is predominantly comprised of male Saudi nationals, with a range of age between members. We are committed to diversity and aim to attract more women to join the Board in the future.

Diversity of Board of Directors	Unit	2021		2022		2023	
		Male	Female	Male	Female	Male	Female
By Gender	Number	6	1	6	1	8	1
By Age							
<30 Years Old	Number	0		0		0	
30-50 Years Old	Number	6		6		1	
50+ Years Old	Number	1		1		8	
Saudization							
Saudi	Number	3		3		3	
Non-Saudi	Number	4		4		6	
Independence of Board Members							
Independent	Number	0		1		2	
Non-independent	Number	7		6		7	

Gender Pay Equity

In keeping with our commitment to equal compensation practices and eliminating gender-based salary discrepancies, Arabian Drilling ensures gender pay equity with a consistent 1:1 ratio of basic salary and remuneration for men and women across all employee categories, regardless of age or Saudization status.



Saudization

As of December 2023, 66.3% of our workforce consists of Saudi nationals, reflecting a 12% decrease attributed to the expansion of the Unconventional Project, which included the addition of 10 rigs to our fleet. Despite this expansion, we maintained robust hiring practices and faced challenging deadlines. We remain committed to actively attracting, supporting, and retaining Saudi talent through rigorous recruitment processes, comprehensive training programs, competitive compensation packages, and robust employee engagement initiatives. These efforts contribute to our enduring sustainability, reduced turnover rates, strengthened client relationships, and enhanced operational efficiencies.

Beyond recruitment, we are deeply committed to fostering the growth and development of Saudi nationals in various technical and support roles. This commitment not only benefits our organization but also plays a pivotal role in the economic advancement of local communities. Aligned with our vision for growth, we are determined to further bolster our Saudi national workforce, in support of the Saudi Vision 2030. This strategic focus on enhancing local human capital capabilities is not just a priority but also one of our core social responsibilities.

Saudization	Unit	2021	2022	2023
Total Employees	Percentage (%)	76	74.4	66.3

*Saudization including OFSAT 72.9, 68.7, 62 for 2021, 2022 and 2023 respectively.

CSR AND COMMUNITY DEVELOPMENT

As the leading drilling company in Saudi Arabia, we have a responsibility to contribute to the economic and social development of the communities in which we operate. To do this, we focus our efforts on three cornerstone areas: empowering Saudi youth and supporting community organizations, programs and projects designed to drive positive social impact. Because our CSR and community development commitment is expanding, in 2023 Arabian Drilling began to establish a formal management approach to CSR. Slated to launch in 2024, our new CSR Committee will oversee efforts to support economic development and to share our time and resources for good causes throughout our operational areas.

Empowering Saudi Youth

We take pride in supporting the training and development of young Saudi talent through initiatives such as:

- SADA, which provides young Saudis with a comprehensive training experience that combines theoretical classroom knowledge and practical on-the-job training, preparing them for crucial roles on the rig site.
- The Saudi Petroleum Services Polytechnic (SPSP), which offers training and growth opportunities to young Saudis, enabling them to excel in their careers across various positions at the rig site.



Enabling People and Communities

In 2023 our CSR activities focused on three elements of community development: social enterprise, environmental awareness, and sports.

Social Responsibility

- A contribution of SAR 100,000 to the Nama Association for Orphans.
- Financial support for the neediest families at Tarahum via a contribution of SAR 334,050 to the Tarahum Association.

Environment

- During Saudi Environment Week led by the Saudi Ministry of Environment, Water, and Agriculture, volunteers from Arabian Drilling participated in a Beach Cleaning Campaign in Khobar Municipality organized by TAQA in collaboration with the Eastern Region and Dharan municipalities.

Sport

Arabian Drilling's sponsorship of the 2023 Asian Sprint Championship is aligned with Saudi Arabia's Vision 2030, a bold initiative aimed at diversifying the kingdom's economy and fostering a vibrant society. By supporting one of the region's premier athletic events, Arabian Drilling exemplified Vision 2030's commitment to promoting a healthy and active lifestyle among the community. The triathlon took place in two major cities in Eastern Province, Jubail and Khobar. With nearly 550 athletes from across Asia joined to compete in the swim, bike, and run competitions along with hundreds of kids and community members with a total of 1.5M SAR contributing towards these events.

By championing athletic excellence, Arabian Drilling contributed to the development of a robust sports ecosystem that empowers individuals and communities across the region. This alignment with Vision 2030's principles reinforced the company's role as a catalyst for positive change and a key contributor to Saudi Arabia's journey towards a prosperous and sustainable future.

Arabian Drilling Sports Leagues

In alignment with our commitment to employee health, wellbeing and engagement, Arabian Drilling hosted an internal volleyball league in 2023 for the second year running. The competition brought together 60 teams of participants from our rigs and our officers for friendly competitions over the course of a few months, culminating in a final match played with Arabian Drilling senior management, enabling all involved to show off skills in both work and sport.

Arabian Drilling also books a football pitch in Ghosaibi Club Khobar for a weekly football league open to all employees who are passionate about football and want to maintain a healthy lifestyle. Held outside business hours, the Arabian Drilling football league also welcomes the kids of employees, creating a chance to connect and bond beyond the working day.



CLIMATE ACTIONS

AS CLIMATE CHANGE EMERGES AS A TOP CONCERN FOR OUR BUSINESS AND OUR STAKEHOLDERS, ARABIAN DRILLING HAS AN IMPERATIVE TO TAKE ACTION IN WAYS THAT ACCELERATE POSITIVE IMPACT FOR OUR COMPANY, OUR REGION, AND BEYOND. WE UNDERSTAND THAT OUR OPERATIONS AND OUR INDUSTRY HAVE A VERY REAL IMPACT ON THE ENVIRONMENT, AND WE ARE COMMITTED TO REDUCING THOSE IMPACTS BOTH DIRECTLY AND INDIRECTLY IN EVERYTHING WE DO.

FOR THIS REASON, CLIMATE ACTION IS A KEY PILLAR IN OUR SUSTAINABILITY STRATEGY. ENCOMPASSING FOUR MATERIAL ELEMENTS: GHG EMISSIONS AND ENERGY USE, WATER MANAGEMENT, WASTE MANAGEMENT, AND BIODIVERSITY, THE STRATEGY PROVIDES A FRAMEWORK FROM WHICH TO IMPLEMENT BEST-IN-CLASS INITIATIVES FOR SAFEGUARDING OUR ENVIRONMENT AND FOR MEASURING, MONITORING AND MANAGING OUR PROGRESS TOWARDS KEY ENVIRONMENTAL PERFORMANCE TARGETS.

MATERIAL ISSUES

- GHG EMISSIONS CONTROL AND REDUCTION
- ENERGY CONSUMPTION
- USE OF ALTERNATIVE FUELS
- WATER CONSUMPTION
- WASTE MANAGEMENT
- SPILL PREVENTION AND RESPONSE
- IMPACT ON BIODIVERSITY AND HABITAT PROTECTION

SAUDI VISION 2030 PILLARS



A Vibrant Society



A Thriving Economy



An Ambitious Nation

Guided by our commitment to contributing to the Saudi Vision 2030, the Kingdom's 2060 Net Zero target, and key UN SDGs, our approach to environmental management is underscored by a deep focus on:

- Developing and implementing innovative solutions for tackling climate change across water conservation, energy efficiency, waste management and environmental safeguarding.
- Minimizing discharges, waste, and emissions, and optimizing our use of natural resources in order to decrease our carbon footprint and amplify sustainable practices across our operations.
- Optimizing energy performance by ensuring energy efficiency improvements are taken into account throughout the intended lifecycle of our assets.
- Closely collaborating and partnering with stakeholders, including service providers, local communities, governmental bodies, and environmental organizations to grow our own awareness, raise awareness, and drive change that is meaningful and valuable to our planet's future.

“WE HAVE METICULOUSLY CALCULATED AND TRANSPARENTLY DISCLOSED OUR GREENHOUSE GAS EMISSIONS INTENSITY FOR THE PAST THREE YEARS.”

SDGS



ENVIRONMENTAL MANAGEMENT APPROACH

Arabian Drilling has a formal policy and Environmental Management Plan (EMP) designed to operationalize our environmental stewardship commitments by setting forth a framework for mobilizing action towards our environmental performance goals. As a result, in 2023, we received ISO 14001 Certification for our environmental management policies, system and practices.

The Environmental Management Plan addresses main areas of potential environmental impact, including water management, waste management, oil spill control, hazardous materials management and control, engine emissions management and noise control. Key elements of the EMP include:

- **Evaluation:** Systematic assessment and identification of all activities that have a potential environmental impact.
 optimizing production processes, minimizing waste and conducting employee training.
- **Targets:** Setting SMART (specific, measurable, achievable, relevant and time-bound) targets for our environmental performance, such as energy consumption or waste reduction milestones.

■ **Monitoring and Measurement:** Continuously monitoring and measuring our environmental performance, using data collection and analysis to drive innovation and continuous improvement.
- **Operational Controls:** Establishing and maintaining clear procedures for achieving our environmental performance objectives, such as implementing energy-saving technologies,

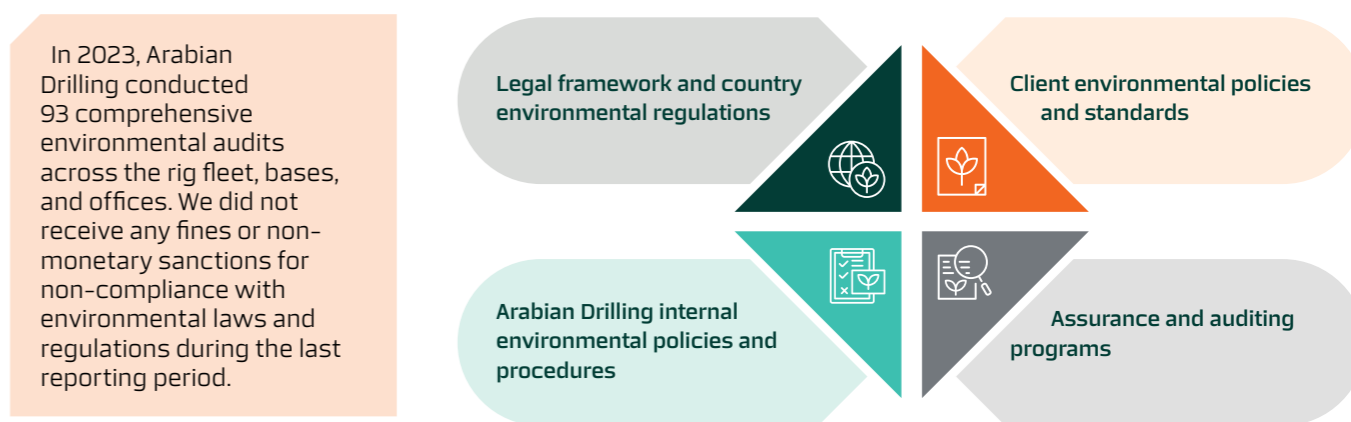
■ **Auditing and Continuous Improvement:** Conducting regular audits of our EMP to ensure its efficacy and identify opportunities for improving our systems and environmental management practices.



*We continue efforts to improve our disclosures and environmental performance as part of our environmental journey. Enhanced transparency concerning emissions data and climate-related matters will serve to elevate our standing, enabling further progress with the CDP and our score.

Environmental Compliance

Adherence with all regulatory requirements is a critical element of our environmental safeguarding practices and Arabian Drilling is committed to setting the industry standard for exemplary environmental stewardship throughout our operations by demonstrating full compliance with all applicable environmental laws, regulations, and standards. To further protect the environment and ensure the safety and wellbeing of our employees, we have implemented a suite of environmental protection and waste management programs. In addition to our EMP, these include safe work procedures, employee training, environmental risk management, subcontractor management, management reviews, and regular system monitoring.



Environmental Training

In 2023, we strategically increased the volume of environmental training hours delivered to employees by 36.3%, as part of our commitment to educate, enable, and empower all Arabian Drilling employees to actively participate in our environmental stewardship and responsibility practices. The steep increase in training hours in 2022 and 2023 is attributable to the impact of COVID-19 in 2021, during which nearly all training sessions were suspended at our training center.

Environmental Training Delivered	Unit	2021	2022	2023
Employees, Contractors and Suppliers	Hours	296	11,196	15,262



GHG EMISSIONS AND ENERGY USE

Reducing GHG emissions and optimizing our energy consumption is a pivotal element of our approach to climate action and the mitigation of our environmental impacts. Based upon a thorough assessment of our climate impact, Arabian Drilling has developed an ambitious plan for maximizing energy efficiency and driving towards Net Zero for Scope 1 and 2 GHG emissions by 2050 in alignment with the Kingdom’s Net Zero target.

Key to our strategy is a series of emissions intensity reduction targets designed to drive steady and significant progress towards our goal of Net Zero. Using 2023 as our baseline, these targets include:



Our targets are currently reviewed and updated bi-annually; however, the launch of a new fuel monitoring system (scheduled for implementation in 2024), will enable real-time monitoring of these targets.

To achieve these objectives, Arabian Drilling collaborates with leading technology providers in renewable energy and energy efficiency, piloting projects in drilling rig locations to implement green solutions and enhance efficiency.

Energy Consumption	Unit	2021	2022	2023
Electricity Consumption	kWh	3,972,356	5,296,475	7,262,879*
Fuel Consumption from Operations and Vehicles**	Liters	6,942,503	5,264,334	6,536,541
Total Fuel Consumed by Off-road Equipment, including Stationary Rigs, Generators and Mounted Equipment	Liters	89,817,657	106,567,880	129,469,241
Total Fuel Consumption	Liters	96,760,160	111,832,214	136,005,782
Rig Count (Active Rigs)	Number	39	44	48

*Electricity consumption increased in 2023 due to the addition of a new facility - ADLA.

**The majority of fuel consumption and emissions originate from the diesel generators at the rig site.

GHG Emissions	Unit	2021	2022	2023
Direct GHG emissions (Scope 1)	metric tons of CO2eq	261,511	302,395	367,739
Indirect GHG Emissions (Scope 2)	metric tons of CO2eq	2,260	3,013	4,132
Total GHG Emissions	metric tons of CO2eq	263,771	305,409	371,872

Total GHG Emission increased in 2023 due to addition of 3 offshore rigs to our fleet.

GHG Emissions Reduction Initiatives

Balancing the growth of our operations and an expanding fleet of drilling rigs with driving progress towards our carbon emissions, energy efficiency and overall environmental responsibility targets is one of our key challenges. In 2023, we continued to accelerate our progress via a range of proactive initiatives in two key areas:

- **Transportation and Distribution:** Ensuring the use of upstream transport and distribution modes with maximum energy efficiency and cost efficiency.
- **Waste Generation:** Responsibly sourcing materials and managing waste disposal in ways that maximize efficiency and minimize environmental impact, including requiring all sites to implement engineering and administrative waste reduction controls in accordance with our QHSE standards and Environmental Management Plan.

Other recent activities include:

- Upgrades to our diesel consumption systems.
- Exploring sustainable alternatives for engines powering drilling rigs.
- Improvements to the journey management system for crew change practices.
- Investigating best-in-class solutions and hybrid systems with solar energy supply for residential camps.
- Pursuing more renewable energy options for our operations.

Reducing Scope 1 Emissions

Reducing Scope 1 emissions resulting from stationary combustion in our drilling rigs (engines and generators) and residential camps powered by generators is critical to achieving our Net Zero target. Arabian Drilling has determined that the following activities will generate the highest impact reductions across our operations:

- Executing administration mitigation plans at the corporate level, including enabling new sustainability and GHG reduction policies designed to embed climate action into our overall strategy.
- Engaging employees in carbon reduction efforts and educating all members of Arabian Drilling on their roles and responsibilities in minimizing emissions.
- Establishing KPIs for carbon reduction and measuring and monitoring our progress towards reduction milestones and Net Zero.
- Closely collaborating with top technology providers specializing in best-in-class renewable solar energy systems, hybrid energy systems, fuel enhancement use, battery solutions and accredited offsetting projects to leverage the best available technologies for our operations. In 2023, Arabian Drilling initiated the following actions in support of these initiatives:
 - Piloting Battery Energy Storage Saving (BESS) by installing one 1200 KW generator on one rig. With a total of 5 generators on each rig, the full implementation of BESS could reduce our emissions by as much as 20%.
 - Powering one residential camp facility with a solar hybrid energy system, with the aim of expanding this approach to more camps.
 - Conducting a feasibility study to install energy-efficient crown lights on our rigs, discarding the use of tower lights, which consume 7800 liters of diesel per year. Crown lights have been installed on one rig and installation on a second rig is underway.
- Installing tower lights at one rig and removing diesel dependent mobile tower lights
- Using solar power generators at one of our main camps to reduce dependence on diesel generators.
- Four rigs are shortlisted for implementing an intelligent power management system (IPMS) for 2024, which allows diesel generators to identify power demand, reducing consumption and emissions by automatically turning on or off in response to demand. Intelligent power management provides a solution for reducing emissions and fuel consumption on a rig by:
 - Reducing engine run time
 - Reducing number of engines
 - Reducing engine maintenance and increase life
 - Reducing emission and carbon footprint
 - Improving generated energy utilization
 - Reducing fuel consumption.
- Trials are in progress on the digital platforms to constantly monitor fuel consumption with the aim of using this data to track and optimize consumption over time. Two trials are currently in progress on two rigs.



Reducing Scope 2 Emissions

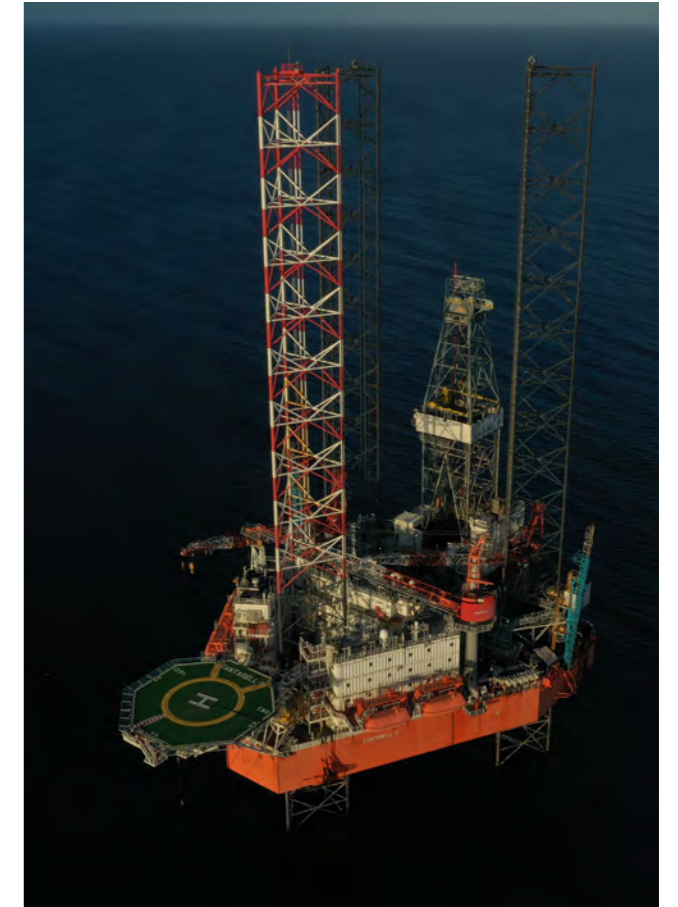
Increasing our low carbon energy consumption is another key priority in driving towards our Net Zero target. Our scope 2 emissions reduction activities are specifically designed to address Scope 2 emissions arising from our head office and residential area electricity consumption.

While our goal is to achieve 40% of our energy consumption from low-carbon or renewable energy sources, we are in the initial stages of action towards this goal. In 2023, we worked alongside a renewable PVC solar energy provider to implement the most effective system for managing energy and associated Scope 2 emissions and to establish monitoring and reporting mechanisms for managing our progress. We also undertook two major initiatives for emissions reduction including:

- Installing motion sensor lights in our head office to save electricity.
- Installation of Solar PVC in Head office and Training center (ADLA). Planned in 2024 Q2, 2024.

Use of Alternative Fuels

- Arabian Drilling is strategically planning to initiate pilot testing of alternative biofuels, with the objective of mitigating greenhouse gas emissions stemming from our primary engines. This initiative involves collaboration with our clients as part of the plan to diversify fuels that is provided to rig contractors by them, aligning with our overarching commitment to achieving our net-zero target.



GAS BLENDING OPTION IS ALSO BEING EXPLORED WITH OUR CLIENT TO RUN THE DIESEL ENGINE UTILIZING A MIXTURE OF DIESEL & NATURAL GAS UP TO RATIO 20/80 RESPECTIVELY.

WATER MANAGEMENT

Headquartered in one of the world’s driest regions, Arabian Drilling fully understands the critical need to take an ‘every drop counts’ approach to carefully managing our water consumption and impact. As pressure on our water resources escalates because of population growth, industrial operations and climate change, responsible water usage is now mission-critical to our business, our stakeholders, and our region.

Our Approach to Water Management

Our commitment to responsible water stewardship is embedded in the preventive measures and proactive management approaches incorporated in our QHSE policies and our Environmental Management Plan, along with the implementation of best-in-class engineering controls for water treatment. We have also implemented a portfolio of measures to save water and reduce effluent discharge across our operations as part of our commitment to optimizing our water stewardship and consumption practices.

Because most of our water consumption is driven by our drilling rigs and land operations, our 2023 water management actions focused on maximizing our water efficiency in these areas:

- Using water-saving low-flow technologies to minimize water.
- Conducting routine inspections for water leaks
- Conducting employee awareness campaigns
- Reducing potable water consumption by documenting daily consumption, analyzing data on a regular basis and engaging employees

- Cleaning and sanitizing all portable water tanks annually, including track tankers.
- Conducting daily water testing by the MOH (Ministry of Health) medics, along with monthly third-party laboratory bacterial, physical, and chemical testing.
- Equipping each offshore rig or marine operation unit with a dedicated marine water treatment plan to provide water for sanitary use, along with a wastewater treatment plan in accordance with current marine regulations and international standards for mobile offshore drilling units (MODU) and the American Bureau of Shipping (ABS) specifications.
- Adhering to strict standards and procedures for freshwater consumption and wastewater treatment, monitoring our performance daily, and implementing mitigation measures as necessary.
- Providing fresh water for our land rigs from an approved government source or treatment facility and conveying water to the rigs via closed tankers.
- Reducing potable water consumption by tracking daily water consumption then using employee engagement and other measures to encourage consumption reduction.
- Purchasing fresh water for crews’ domestic use



Water Consumption and Wastewater Treatment Policies

Arabian Drilling’s commitment to addressing water scarcity and global water security is embedded in our corporate policies, which prioritize water consumption reductions and effective wastewater treatment. Key policy commitments include:

- Upholding international best practices and industry standards for the tracking and managing of water-related impacts by land and offshore operations. For land rigs, this includes the purchase of fresh water from approved facilities and the treatment of wastewater through approved systems prior to discharge. In offshore operations, this includes seawater desalination and treatment for domestic use and wastewater treatment prior to discharge.
- Mitigating potential negative environmental impacts through the application of QHSE policies and engineering controls, the conduction of regular water sampling, and analysis through approved labs. This includes engaging in awareness campaigns to engage and incentive employee participation in water reduction initiatives, and active engagement with Arabian Drilling’s stakeholders through meetings, workshops, volunteering opportunities and regular communication with employees and external organizations.

- Tracking the effectiveness of our water management practices through proactive monitoring, measuring, reporting, leadership dashboards, training, compliance with audit plans and adherence to water management standards, regulations, and requirements. This includes actively considering feedback from key stakeholders as part of our continuous improvement commitment.
- Adhering to QHSE policies, country regulations and client requirements for waste management and water discharge-related impacts. This includes integrating client water and wastewater management practices into our EMP. In locations without specific requirements, Arabian Drilling applies the highest and best industry standards.

At Arabian Drilling, we understand the importance of taking ownership of our impact and actively reducing our environmental footprint. Headquartered in one of the world’s driest regions, we are acutely aware of the value of water. As water resources face mounting pressure from population growth, industrial operations, and climate change, we recognize the critical role water plays not just for ecosystems but also for our operations. To ensure responsible usage, we implement water management measures across all aspects of our operations, striving to lower our water consumption in every possible way.

Water Consumption	Unit	2021	2022	2023
Total Water Consumption	Kiloliters	426,208	501,540	752,928

WASTE MANAGEMENT

Tackling the escalating accumulation of landfill waste has become a global imperative in the effort to address climate change. At Arabian Drilling, the majority of our solid waste is generated at the site of our base camps and rig locations. As such, we have prioritized our waste management efforts to focus on driving significant reductions at those locations as well as across our broader operations. This approach is reflected in our corporate QHSE and in our EMP, which includes a group of standards and work instructions for regulating waste and waste management in the most environmentally responsible manner possible. Some of these practices include:

- Implementing a comprehensive waste segregation and recycling program across our facilities to ensure recyclable materials are separated from general waste and diverted from landfill.
- Tracking all disposed waste with a waste manifest to ensure it is removed and disposed of at the approved landfill.
- Maintaining waste data and management records in our Safety Net System.
- Conducting regular inspections of our waste collection areas by our rig teams to ensure the collection and disposal area meets all requirements set forth in our Environmental Management Plan.

Our Approach to Waste Management

In 2023, Arabian Drilling continued to make significant progress towards effective waste management, via a strategic portfolio of waste reduction and management approaches, including:

- Abiding by waste management standards and work instructions embedded in the environmental policies and commitments set forth in our QHSE and our EMP.
- Employing best-in-class engineering controls to ensure proper waste segregation practices designed to mitigate potential negative impacts on the environment and enable effective waste reduction and recycling programs. This includes close collaboration with leading technology providers in waste management and recycling to adopt a comprehensive approach to reducing, reusing and/or recycling all generated waste.
- Tracking waste quantities and maintaining waste records, as well as monitoring and evaluating waste subcontractors, and taking immediate preventive and/or corrective action when necessary.
- Fostering employee engagement in environmental activities, including frequent waste-related awareness campaigns and recognition programs alongside regular communications with employees and stakeholders to keep them apprised of environmental health issues and encouraging their active participation in waste reduction activities.
- Engaging internal stakeholders via meetings, workshops, emails, conferences, and essential training. For external stakeholders, the Company organizes various programs and volunteering activities in collaboration with the CSR team. Feedback from all stakeholders is then used to inform the continuous improvement of our waste management practices.
- Using proactive reporting, leadership dashboards, training, compliance with audit plans, and adherence to local and client waste management requirements to monitor and manage our waste.

- Employing administrative controls, such as policies, procedures, standards, and work instructions, complemented by best-in-class engineering controls and the expertise of technology providers.
- Using regular tracking, monitoring, and training sessions further contribute to waste-related improvements and reducing our company's environmental footprint.
- Ensuring third-party waste management aligns with Arabian Drilling's commitment to responsible waste practices by monitoring compliance with contractual and legislative obligations concerning waste management and via comprehensive contractor management and evaluation procedures.
- Collecting and monitoring waste data through our QUEST platform, into which trained and qualified personnel input monthly data for easy accessibility, highlighting specific locations, and required information. This data enables Arabian Drilling to make informed decisions and continually improve our waste management strategies across our value chain.

Waste Management	Unit	2021	2022	2023
Total hazardous weight of waste diverted from disposal	Kilograms	NA	NA	56,544
Landfilling	Tons	2,740	3,170	3,321

Managing Hazardous Waste

Arabian Drilling works with numerous approved vendors and contractors to ensure critical waste is in accordance with all applicable laws and regulations, and in the most environmentally responsible manner.

For more than 10 years, Arabian Drilling has recycled 100% of all hazardous waste oil produced as part of our activities through an approved waste management vendor.

Our waste management contractor Automated Environmental Technologies (AET) is licensed by the Saudi Arabia Ministry of the Environment, Water and Agriculture (MEWA) for the transporting of hazardous waste. AET works in partnership with Abdullah Hadi Balharith & Partners Co (ABCO), which is licensed by MEWA and authorized to dispose of hazardous waste generated on our rigs. ABCO employs a variety of recovery techniques and treatment methods for handling each material at an approved disposal facility (these include stabilization, neutralization, solidification, and the recycling of landfill class 1 & II waste).

Arabian Drilling has no underground storage tank system for petroleum or hazardous substances.

BEST PRACTICE

Spill Prevention and Response

Arabian Drilling fully understands that oil spills by our offshore rigs can have long-term negative effects on both our environment and communities. As such, controlling water discharges and spill prevention is critical to our marine protection strategy and we are committed to implementing a robust spill prevention and mitigation approach as part of our dedication to environmental safeguarding.

Our modern units are designed for zero discharge and containment in accordance with global environmental concerns. In addition, all our offshore rigs have Ship Oil Spill Emergency Plans (SOPEP) and conduct regular spill response exercises to ensure swift response times in the event of a spill. Our rigs also follow International Maritime Organization (IMO) regulations regarding oily water and sewage treatment and disposal, and accidental dumping overboard is controlled through engineering and administrative controls.



ARABIAN DRILLING IS PROUD TO HAVE ACHIEVED ZERO SPILLS FOR THE SECOND YEAR IN A ROW.

Rig crews are trained to utilize spill kits to clean a spill promptly, should it arise. In addition, our maintenance management system ensures that our rig infrastructure is regularly inspected and maintained to prevent leaks or equipment failures, and strict controls are in place for fuel bunkering and fuel transfer. This includes hose inspections, bunkering during favorable weather conditions, and crew monitoring during the activity to prevent the accidental release of oils or chemicals.

Using a Preventive Maintenance System and the help of third-party laboratories, water quality around our rigs is routinely tested to inform the efficacy of our separators and treatment units, and to provide an early-warning system for potential concerns.

While rig operators are ultimately responsible for spill prevention and for responding effectively should a spill occur, Arabian Drilling recognizes that every rig employee has a role to play, and our spill response drills ensure that everyone is equipped and empowered to respond quickly in the event of a leak. Our comprehensive spill and emergency preparedness program includes:

1. A well-defined Emergency Response Plan and Procedures (ERPs) tailored to address various potential incidents including spills of different materials, fires, and natural disasters.
 - ERPs clearly outlines roles and responsibilities, communications protocols, and detailed response procedures for each type of emergency.
 - ERPs are regularly reviewed, updated, and readily accessible to all employees.
2. The development and testing of contingency plans using scenario planning exercises to test the effectiveness of our ERPs and identify opportunities for improvement.
 - Contingency planning includes conducting regular risk assessments to identify potential threats and update ERPs accordingly.
3. Conducting comprehensive emergency response training for all employees along with skills development and response exercises. The training covers:
 - Personal Protective Equipment (PPE)
 - Spill response
 - Hazard Communications
 - ERP
 - First Aid

BIODIVERSITY

Biodiversity is a key issue that Arabian Drilling is committed to addressing, recognizing its fundamental importance to all life on our planet. Upholding biodiversity safeguards ensures compliance with environmental regulations and helps us strengthen our relationships with local communities and stakeholders. Additionally, conserving biodiversity helps mitigate operational risks associated with ecosystem degradation, such as climate change impacts and habitat loss. Embracing biodiversity also fosters innovation, opens up opportunities for sustainable practices, and enhances our long-term resilience and competitiveness.



CORPORATE GOVERNANCE

ARABIAN DRILLING IS A MAJOR PLAYER IN SAUDI ARABIA'S OIL SECTOR, AND OUR DEEP COMMITMENT TO RIGOROUS CORPORATE GOVERNANCE IS CRITICAL TO OUR ROLE AS ONE OF THE LEADING CONTRIBUTORS TO ECONOMIC GROWTH. WE STRIVE TO UPHOLD THE HIGHEST STANDARDS OF BUSINESS ETHICS, CONDUCT, AND MANAGEMENT IN ACCORDANCE WITH OUR VISION, MISSION AND VALUES, AND WE ARE COMMITTED TO SUPPORTING THE SAUDI VISION 2030 AND THE UN SDGS BY ENSURING SUSTAINABLE FINANCIAL PERFORMANCE AND OPERATIONAL EXCELLENCE THROUGHOUT OUR COMPANY.

MATERIAL ISSUES

- LEADERSHIP
- CODE OF CONDUCT PRACTICES
- COMPLIANCE POLICIES

SAUDI VISION 2030 PILLARS



A Thriving Economy



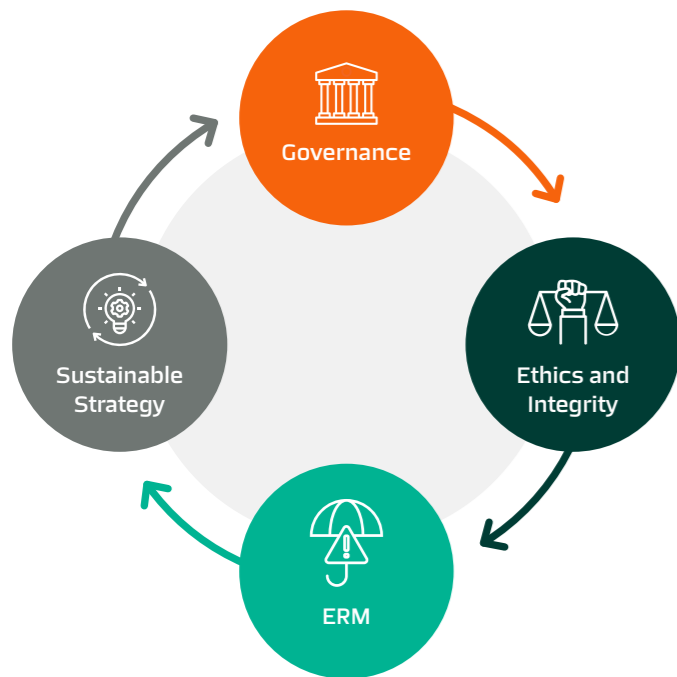
An Ambitious Nation

SDGs



GOVERNANCE STRUCTURE

Rooted in corporate governance policies, ethics, and human rights, our governance framework organizes our robust governance practices in alignment with all relevant laws, regulations, Tadawul Listings Requirements, and Arabian Drilling’s memorandum of incorporation.

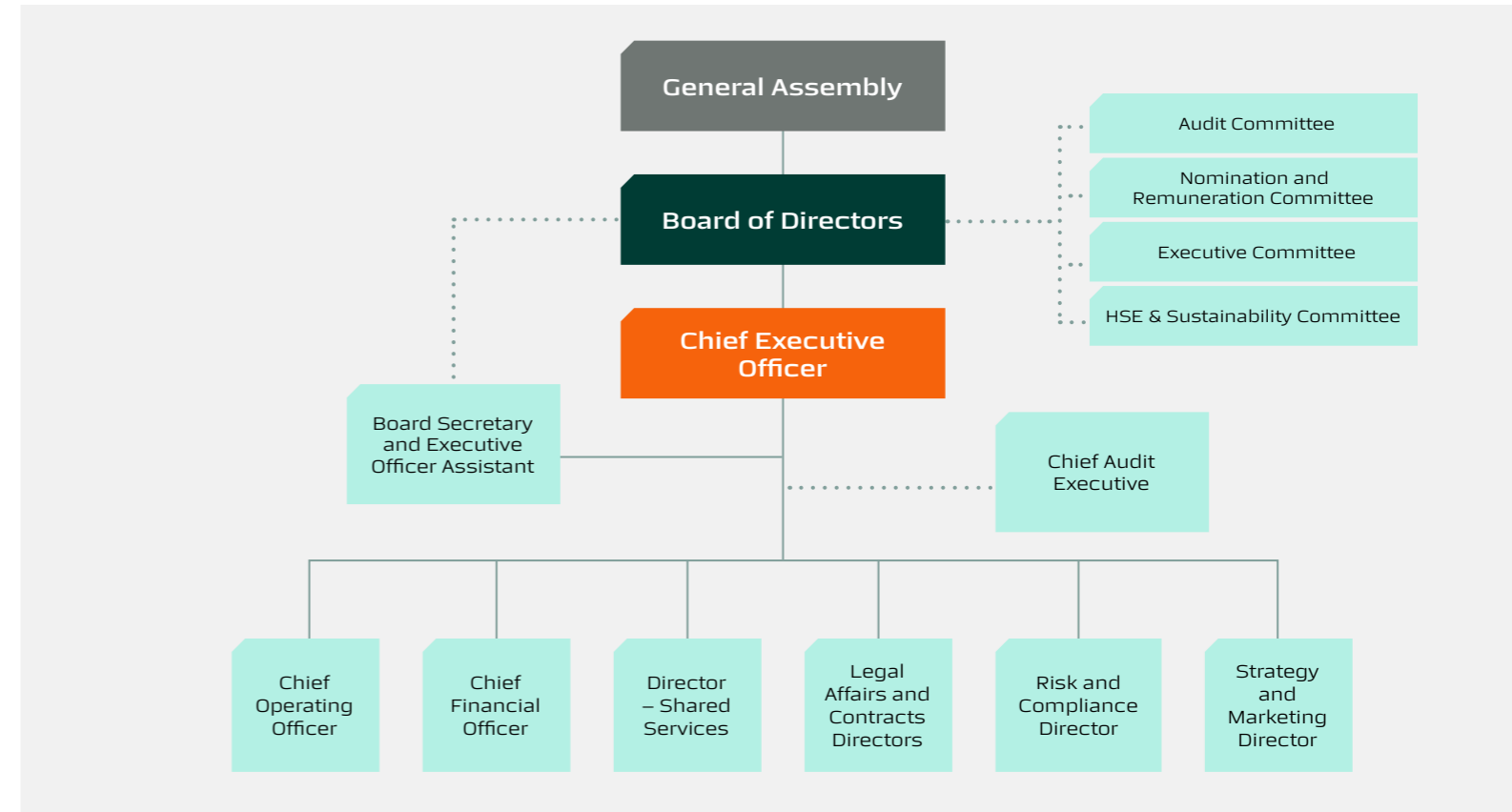


Board of Directors

- **Khalid Mohammed Nouh**, Chairman of the Board
- **Tarek Rizk**, Board Member and Vice Chairman
- **Waleed Al-Mulhim**, Board Member
- **Vijay Kasibhatla**, Board Member
- **Samir Seth**, Board Member
- **Jesus Lamas**, Board Member
- **Khlood Aldukheil**, Independent Board Member
- **Adnan Ghabris**, Independent Board Member
- **Michael Mannering**, Independent Board Member

Board Leadership and Structure

Arabian Drilling became a publicly listed company in November 2022 when it completed its Initial Public Offering (IPO) on the Saudi Stock Exchange Tadawul. The current Board, executive management, and governance structure are aligned with regulatory requirements for publicly listed companies.



Board Committees

The Arabian Drilling Board of Directors is composed of nine members: six non-executive members serving a 4-year tenure, and three independent members serving a three-year tenure. The tenure of the committee members is three years, allowing for regular rotation and fresh perspectives on various matters.

The Board includes four committees:



Gender Diversity in Board Committees

Gender diversity across our board and committees is an ongoing focus area for Arabian Drilling. In 2023, our Audit committee was chaired by a female board member, and we are committed to ensuring a growing number of women are represented at the board and committee level.

Board Selection Process

Arabian Drilling considers the views of stakeholders, including shareholders, in the selection of board members, observing diversity and independence in the nomination and selection process. Board and committee members are nominated and selected by shareholders, whose voting power is commensurate with the size of their shareholding in the company. The skills, qualifications and credentials required for membership to Board and the company's executive management team are reviewed annually and recommendations are made, including setting the time commitment required for such membership and job specifications for executive, non-executive, and independent directors and members of the company's executive management.

Following the shareholder nomination and vote, a cumulative voting selection process is followed in accordance with Companies Law. The Audit and the Nomination and Remuneration committees are formed via the authority of the company's General Assembly of shareholders, while the Executive Committee is formed and authorized by Arabian Drilling's Board of Directors.

The nomination process includes:

- Board member nomination in accordance with all policies and criteria related to the appointment of directors and executive management.
- A review of candidate qualifications and completion of all background inquiries.
- Recommendation of candidates for nomination or re-nomination to the board in accordance with applicable law.

- Annual verification of the independence of each independent director in accordance with applicable law and the absence of any conflict of interest, in case a director also serves as a member of the board of directors for another company.
- Periodic succession planning review and recommendation to the board for directors and senior executives, taking into consideration the challenges and opportunities faced by the company along with future skills and expertise that may be required.
- Evaluation and recommendation of potential executive management candidates to the board for open roles as well as facilitating the Board with selection, development and evaluation of candidates for the CEO position.
- Development and periodic review of procedures for filling vacancies in the Board and the company's executive management, along with recommendations to the board for the selection and approval of candidates to fill such vacancies.

Board Performance Evaluation

Arabian Drilling evaluates board performance annually via a yearly self-assessment administered by the Nomination & Remuneration Committee.

ARABIAN DRILLING CODE OF CONDUCT



Arabian Drilling's board-level Audit Committee holds responsibility for ensuring our company maintains ethical business practices across our operations, and that we continuously cultivate an ethical business culture. This includes overseeing the implementation of our Code of Conduct and grievance mechanisms.

To ensure we uphold the highest standards of integrity and responsibility for all our actions, Arabian Drilling has a Code of Conduct (CoC) by which all employees and associates, including board members and suppliers, must abide. Our Code of Conduct serves as a central, guiding document clarifying the ethics, behavior and standards expected of all associated with our company. The CoC is included in all new employee onboarding, and training is given to all employees. All employees must agree to act in accordance with the CoC throughout the tenure of their employment with Arabian Drilling.

Arabian Drilling's CoC covers the following topics:

- Anti-corruption
- Anti-bribery
- Business Conduct
- Compliance
- Conflicts of Interest
- Customer and Supplier Relations
- Discrimination and Harassment
- Diversity, Inclusion and Equal Opportunity
- Employee Rights, Responsibilities and Accountability
- Environmental Responsibility
- Health and Safety
- Human Rights
- Whistleblowing Policy
- Workplace Etiquette

The Arabian Drilling CoC is available on [our website](#).

Should a conflict of interest arise in any area, stakeholders are required to disclose all relevant information to the company.

Whistleblowing Policy

To enable all employees and associates of Arabian Drilling to maintain the highest ethical standards, we actively foster a culture of openness and accountability. Our Whistleblowing Policy is designed to facilitate this by safeguarding the right of any individual (internal or external) to report a matter that they suspect may be a breach of Arabian Drilling’s ethics or may involve improper or inappropriate conduct within our company. The policy encourages individuals to report any concerns about actual or potential breaches of our Code of Conduct, or any other instances of misconduct or conflicts of interest without fear of reprisal. These include reports about suspected:

- Violation of laws or regulations, or criminal activity
- Violation of company policies and procedures
- Healthy, safety, or environmental violations
- Non-compliance with legal or professional obligations or regulations
- Non-compliance or wrongdoing in financial reporting, including financial accounting and auditing
- Fraud or mismanagement
- Corruption
- Bribery
- Misappropriation of assets
- Breaches of security
- Conflicts of interest
- Negligence
- Actions likely to cause reputation damage to the company
- Unauthorized disclosure of confidential information or data
- Harassment
- Deliberate attempts to conceal any of the behaviors above

All concerns or complaints are reported to the company via our ethics telephone lines and reports are recorded by the Internal Audit and Compliance Department for review by the Audit Committee. Each report outlines the severity of the concern and makes recommendations on appropriate actions.

Whistleblower Hotline

To address concerns about Arabian Drilling’s business conduct, individuals can use the Arabian Drilling Ethics Lines, which provide a confidential and secure platform for reporting on ethical concerns and standards:

Email: ethics@arabdrill.com
 Phone: +966 50 953 7766

Guidance on responsible business practices and on implementing Arabian Drilling’s policies is available via multiple channels, including the Arabian Drilling Employee Handbook, HR announcements, training, and awareness initiatives within our Learning Management System (LMS) focused on the Arabian Drilling Code of Conduct. Employees are also supported with guidance from direct supervisors and managers to ensure an engaged, accountable and transparent workplace.



Grievance Process

Our whistleblower hotline is dedicated to reporting breaches of our Code of Conduct and any other violations of applicable laws. Available for Arabian Drilling employees, the hotline is managed by our Internal Audit function, which prepares reports and recommended courses of action for the Audit Committee to review. This includes conducting thorough investigations into potential cases of non-compliance and anti-competitive behavior.

In 2023, Arabian Drilling completed the comprehensive investigations, reviews, resolutions and closures for all grievances brought to our attention. All grievance cases raised during the year were resolved through our resolution processes.

Conflict of Interest

In compliance with Companies Law (Article 71), the Arabian Drilling governance framework is structured to ensure that company directors do not have the authority to vote on contracts or transactions involving their direct or indirect interests. Company directors must abide by all other relevant regulations, abstain from voting on resolutions tied to related party transactions, plus pledge not to compete with the company’s business without approval from the Ordinary General Assembly (as outlined in Article 72 of Companies Law). As of the prospectus date, no directors, senior executives, or their relatives have interests in the company’s shares, debt instruments, or subsidiary’s shares or debt instruments that could influence operations.

Arabian Drilling directors affirm that as of the reporting date, they have no conflicts of interest concerning contracts or transactions with the company, except as detailed in our Annual Board Report 2023. Furthermore, none of them are involved in activities resembling or competing with the company’s operations, except for one specified director. This director obtained approval from the General Assembly on 5 April 2022 to engage in competing activities. This director’s involvement in similar or competing ventures is as follows:

Employee CoC Training and Onboarding

Every new Arabian Drilling employee receives Code of Conduct training as part of our new employee onboarding process. To make sure employees comprehend the Code of Conduct, we also survey employees as part of the training process. The survey results are indexed, providing us with ongoing insight into the understanding and adoption of our Code of Conduct across the business. In 2023, the Arabian Drilling Training Center conducted 4,163 Code of Conduct training sessions and surveys.



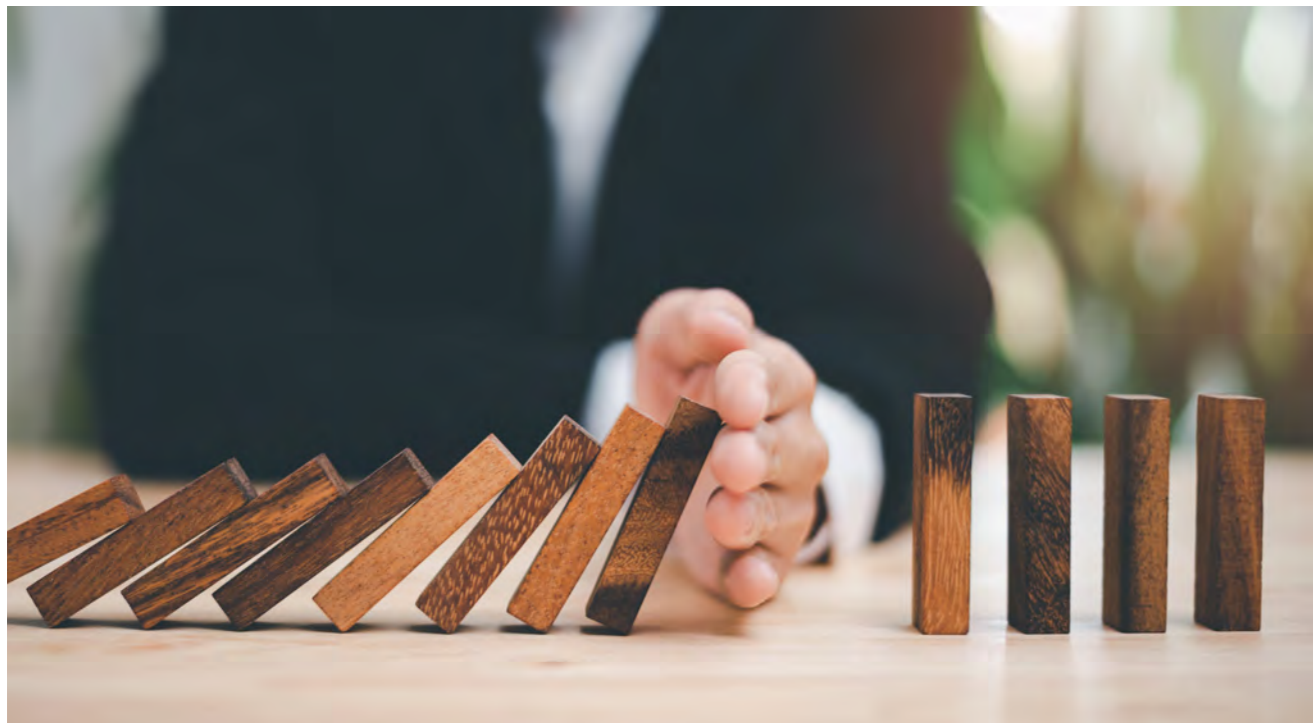
7 TRAINING SESSIONS WERE CONDUCTED IN 2023 BY OUR COMPLIANCE MANAGER RELATED TO CONFLICT OF INTEREST AND REGULATION COMPLIANCE.

Managing Conflicts of Interest

Potential conflicts of interest must be immediately reported to Arabian Drilling’s Audit Committee. In accordance with statutory requirements and government regulations, should a potential conflict of interest arise, company directors, committee members, substantial shareholders, senior executives, employees, auditors, advisors and other stakeholders are advised of the need to avoid and deal with situations that may lead to a conflict between their own interests and those of the company.

Arabian Drilling’s conflict of interest standards applies to:

- Substantial shareholders who own more than five percent (5%) of the company’s capital.
- Directors and committee members, including the members of Arabian Drilling’s Board of Directors, any of the company’s affiliates, and their relatives.
- Senior executives of the company and any of its affiliates, and their relatives.
- Directors and senior executives of the substantial shareholders in the company.
- Sole proprietorships owned by a director, a senior executive or any of their relatives.
- Companies in which any of the directors, senior executives or their relatives is a partner.
- Companies in which any of the directors, senior executives or their relatives is a member of its Board of Directors or is one of its senior executives.
- Joint stock companies in which any of the directors, senior executives or their relatives owns five percent (5%) or more.
- Any person whose advice and guidance influences the decisions of the company, its directors or senior executives. Advice and guidance provided on a professional basis by a person licensed to provide such advice is excluded from this definition.



COMPLIANCE

Adhering to all laws and regulations applicable to our business is a foundational aspect of our approach to corporate governance. This includes adherence to the laws of the Kingdom of Saudi Arabia, the countries where we do business, and regulator-specific laws and requirements supported by internal company directives. Our approach to compliance is guided by Arabian Drilling’s compliance policies, along with our audit and privacy and data protection approaches. Arabian Drilling has the following compliance policies in place:

- Anti-Money Laundering
- Audit Committee Charter
- Authority and Delegation
- Compliance
- Conflict of Interest and Business Ethics
- Corporate Governance Manual
- CSR Policy Compliance Review
- Disclosure
- Dividends Distribution
- Insider Trading
- Investor Relations
- Nomination and Remuneration Committee Charter
- Risk Management
- Stakeholder Protection
- Whistleblowing

Audit

Arabian Drilling’s Internal Audit team provides critical independent assurance on internal controls, as well as ensuring our full compliance with all applicable internal and external legal and industry regulations. This includes leading Arabian Drilling’s compliance with evolving, ESG requirements as well as legal requirements and risk mitigation. Guided by the board’s audit committee, the responsibilities of the internal audit team include:

- Ensuring the adequacy and effectiveness of Arabian Drilling’s corporate governance structure
- Evaluating the efficiency of internal control systems
- Closely monitoring the implementation of recommendations

The team also enables effective risk management by providing timely information to decision-makers and ensuring compliance with internal and external regulations.

Arabian Drilling’s Audit Committee held 6 meetings during 2023.

Privacy and Data

Led by our Data Management and Cybersecurity departments, we continuously update and uphold the most stringent standards for data privacy, protection, and security. Established in 2023 to lead and manage Arabian Drilling's cybersecurity, the cybersecurity department works in partnership with the data management department to employ multiple layers of data and information safeguarding measures, and we conduct regular assessments and cybersecurity tests to ensure the security and integrity of our IT infrastructure. An external audit is in progress to assess and evaluate the effectiveness of our privacy and security management systems.

In addition to launching our cybersecurity department in 2023, we continued making progress towards achieving ISO 27001 certification for information security management (certification is anticipated by 2026). We also made investments in enhancing AI for our operations.

Other key privacy and data protection achievements for 2023 include:

- Obtaining Saudi Aramco Cybersecurity Certification.
- Developing an in-house intranet portal.
- Developing internal Azure GPT.
- Partnering with Deloitte to form a cybersecurity operation center

To better manage workplace operations and improve efficiency, we also adopted Microsoft Azure, Office365 and SAP Cloud.

Data Protection Training

Helping employees understand the principles and practices of data privacy and protection is crucial to our information, data and cyber security efforts. Twice a year, we provide online data privacy awareness training to all employees to enable and empower them to safeguard confidential information and data. Arabian Drilling defines confidential information as information that includes but is not limited to the following:

- Investment opportunities still under consideration by the company
- Contracts under negotiation
- Industrial and production secrets relating to the company's products
- Detailed secrets relating to manufacturing cost and the company's products
- Designs and programs
- Financial details of operating units
- IAD reports



ENTERPRISE RISK MANAGEMENT

Within Arabian Drilling, ongoing engagement between internal stakeholders and our management team fosters regular discussions and evaluations of the company's sustainability-focused strategy, risk management strategies, and performance outcomes. This collaborative engagement is a factor in helping us anticipate and manage the numerous internal and external risks inherent to the oil and gas industry, including but not limited to crude supplies and product pricing limitations. As part of our holistic corporate governance approach, we have implemented a robust risk governance system to help us counter these potential threats. The backbone of this system is our powerful Enterprise Risk Management (ERM) framework, which has been intentionally designed to enhance and fortify the resilience of Arabian Drilling's operations in the face of potential disruption.

First introduced in 2019, the ERM framework is guided by the principles of the Committee of Sponsoring Organizations (COSO) ERM Framework. It serves as a valuable tool for systematically identifying, quantifying, and categorizing risks, leading to the formulation of robust mitigation plans. Risks across various domains, including environmental, financial, strategic, and operational sectors are carefully classified. Oversight of risk management programs including the ERM framework is undertaken by Arabian Drilling's Audit Committee.

ERM Plans in 2024

In 2024, we will continue to focus our ERM activities around three pillars of emphasis as we continue to advance our enterprise risk management initiatives:

1. **PEOPLE** – Fostering a culture of effective risk management by delivering consistent ERM training and awareness sessions for all departments and all levels of employees, ensuring a comprehensive understanding of ERM principles is embedded throughout our company.
2. **PROCESS** – Reinforcing our dedication to robust risk management and strategic alignment by strengthening our ERM practices by:
 - Providing training for risk owners and champions across departments
 - Benchmarking ERM practices with industry leaders
 - Integrating risk assessment into the company's annual strategy and business objectives
3. **TECHNOLOGY** – Ensuring a proactive approach to risk management by enhancing our ability to identify, assess, and mitigate risks through the continued implementation of our ERM system.

BEST PRACTICE

Key ERM Achievements

We are committed to the continuous improvement of our risk management governance and ERM framework with the aim of continually enhancing and strengthening our risk management practices. This continuous improvement practice encompasses various aspects of risk management, including risk identification, monitoring, mitigation, prioritization, treatment, response, communication, and control. In 2023 we took the key step of prioritizing energy and water on our risk register in accordance with our ESG commitments and sustainability strategy. These risks will be tracked through key risk indicators aligned with our sustainability performance targets.

	Electronic Document Management System (EDMS)
2019	Implemented electronic data management system to centralize the process of capturing, storing, and retrieving documents. The EDMS guidelines, established in 2019, have facilitated the creation of an efficient document management system.
	Enhancing reporting processes
2020	<ul style="list-style-type: none"> ■ Conducted in the fourth quarter of 2020, the First Annual Risk Refresh Workshop involved the participation of 13 departments and required more than 225 man-hours for its effective implementation. ■ Notably, revisions were made to the Risk Impact and Risk Appetite Criteria for the Finance, HR, and Market/Reputational segments. ■ A noteworthy milestone was reached as Arabian Drilling introduced its first ERM Annual Report for the year 2020, underscoring substantial progress in the realm of ERM.
2021	Improvements to ERM, and risk assessment processes
2022	Improvements to ERM, and risk assessment processes using best practices in the market
2023	<ul style="list-style-type: none"> ■ Risk assessments are performed on a quarterly basis, and reports are provided to the Audit Committee also quarterly. ■ Reviewed risk factors from the Arabian Drilling IPO prospectus, identifying risks related to operations, industry, and post-IPO phases. ■ Training and awareness programs have been provided to new business owners and risk champions. ■ Developed, reviewed, and revised the policies, procedures, and Employee Manual of Arabian Drilling departments according to business requirements.



ECONOMIC PERFORMANCE

AS A LEADING DRILLING SERVICE PROVIDER IN SAUDI ARABIA, ARABIAN DRILLING HAS A RESPONSIBILITY TO CONDUCT BUSINESS IN WAYS THAT GENERATE VALUE FOR OUR STAKEHOLDERS AND ALSO CONTRIBUTE TO ECONOMIC DEVELOPMENT IN OUR REGION. TO DO THIS, WE PRIORITIZE STRATEGIC INITIATIVES, PROGRAMS, AND INVESTMENTS DESIGNED TO AMPLIFY SOCIOECONOMIC GROWTH, PROMOTE INNOVATION, AND DRIVE SUSTAINABLE DEVELOPMENT ACROSS OUR OPERATIONS AND BEYOND.

TO ACCOMPLISH THIS, WE DILIGENTLY MONITOR AND PROACTIVELY MITIGATE POTENTIAL SOURCES OF NEGATIVE IMPACT ON OUR BUSINESS GROWTH. WE ALSO APPLY STRINGENT CRITERIA TO THE SELECTION OF PARTNERS, SUPPLIERS, AND SUBCONTRACTORS, AND PRIORITIZING ALIGNMENT WITH THE SAUDI VISION 2030 AND UN SDGS.



MATERIAL ISSUES

- ECONOMIC PERFORMANCE

SDGS



SAUDI VISION 2030 PILLARS



A Vibrant Society



A Thriving Economy

FINANCIAL IMPACT

Arabian Drilling owns and operates 47 rigs in Saudi Arabia, along with eight facilities including our head office, Khafji Base, ADLA, Dhahran Base, Abqaiq Yard, Riyadh Road Yard and Khobar residential compound.

In 2023, our revenue increased by 28.6% compared to 2022 and reached SAR 3,476.52 million, EBITDA grew by 29.8% and reached SAR 1,485.3 million, and net profit after Zakat and tax rose by 8.4% and reached SAR 604.61 million. This strong financial performance was supported by the operation of three new jack-up rigs that generated additional revenue.

2023 Market Share Highlights

16.1% (2022: 17.3%)

KSA MARKET SHARE (ARAMCO AND KJO)

Land and offshore

Closing period
December 2023

Number of rigs
47 out of 294

Local Market IPO / Equity Capital Markets
– Deal of the Year, Capital Markets & ESG Finance – Riyadh, KSA.

14.5% (2022: 16.4%)

SAUDI ARAMCO MARKET SHARE

Land and offshore

Closing period
December 2023

Number of rigs
44 out of 291

Local Market IPO / Equity Capital Markets
– Deal of the Year, Capital Markets & ESG Finance – Riyadh, KSA.

The 2023 drop in Saudi Aramco market share is due to an increase of 42 rigs in Saudi Aramco's offshore fleet. Arabian Drilling's owns five of these rigs.

Financial Statement	Unit	2021	2022	2023
Revenue	SAR million	2,198.97	2,703.54	3,476.52
EBITDA (SAR million)	SAR million	911.18	1,144.38	1,485.30
EBITDA margin	Percentage (%)	41.44	42.33	42.72
Net profit after Zakat and Tax (SAR million)	SAR million	273.58	557.72	604.61
CAPEX (SAR million)	SAR million	247.63	1,749.34	1,884.33
Net debt (SAR million)	SAR million	971.32	895.39	1,753.73

Economic Value	Unit	2021	2022	2023
Economic value generated (revenues)	SAR million	2,198.97	2,703.54	3,476.52
Economic value distributed				
■ Operating costs incurred	SAR million	1,835.58	2,084.44	2,675.29
■ Dividends paid and financial charges incurred*	SAR million	36.64	88.47	338.45
■ Income taxes, foreign taxes and Zakat expense**	SAR million	25.32	52.37	67.42
Total economic value distributed	SAR million	1,897.54	2,225.27	3,081.16
Total economic value retained	SAR million	301.42	478.26	395.36

*Dividend amounts were omitted from the disclosures for both 2021 and 2022. They have been added to the 2023 report.
**Tax amounts previously reported for 2021 and 2022 included deferred taxes. These amounts now exclude deferred tax.

In-Country Economic Development

In keeping with our commitment to the Saudi Vision 2030, Arabian Drilling is dedicated to achieving high IKTVA scores by localizing our spend and investing in the education, training and hiring of Saudi nationals and young Saudis. In recognition of this commitment, Arabian Drilling has received both Gold status certification and the IKTVA Excellence Award for the best Saudization services. Facilitated by a dedicated IKTVA unit, we regularly monitor our IKTVA scores, and actively reinforce our IKTVA requirements with our key local suppliers, integrating an IKTVA clause into supplier contracts.

IKTVA	Unit	2021	2022	2023
IKTVA scores	Percentage (%)	70	73	73

OPERATIONS INTEGRITY AND SERVICE QUALITY

A deep commitment to continuous improvement is the hallmark of Arabian Drilling's approach to driving operational excellence across our organization. Built around a Plan-Do-Check-Act model, this approach helps us keep pace with the evolving strategic and operational needs of our company and industry in ways that propel us towards our sustainability and business performance targets. Along the way, the continuous improvement process gives our teams, rigs, and business units the opportunity for incremental learning, improvement, and growth.

Some of the essential tools employed by Arabian Drilling's operations department include:

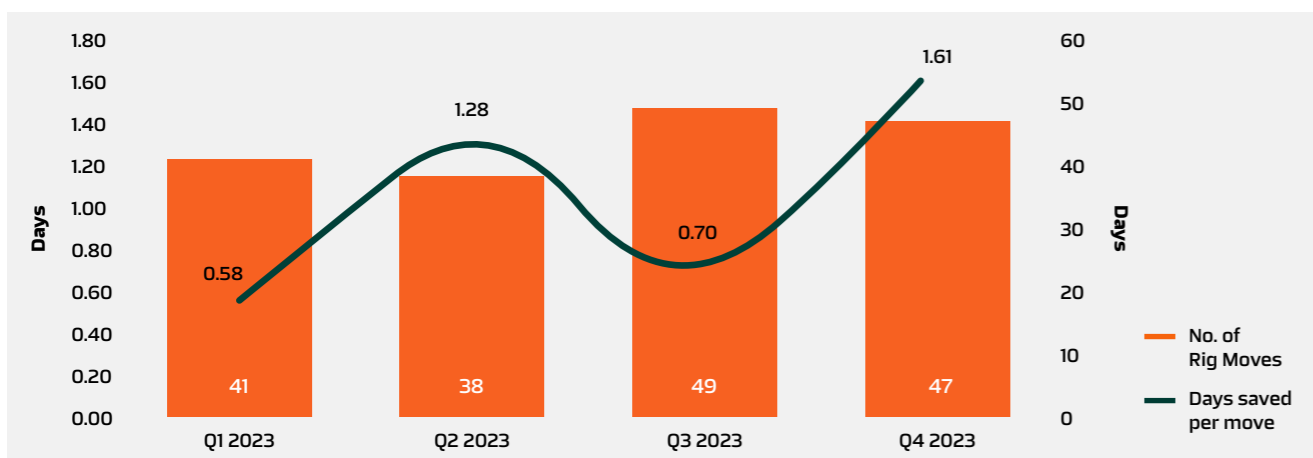
- Digital Reporting Tool (DRS): Integrated with Fiore SAP, DRS facilitates daily reporting and enhances transparency throughout our operations.
- Sharepoint Knowledge Sharing: The Arabian Drilling e-library leverages Sharepoint to electronically disseminate knowledge and insights, promoting collaboration and learning.
- Semi-Automated Operational Optimization Insight Tool: Used to measure flat time performance, this tool tracks service quality non-conformance, helping us pinpoint areas for improvement.
- Standardization: We have standardized checklists, work instructions and emergency checklists to establish consistent procedures and sustain improved performance levels.



Operational Achievements in 2023

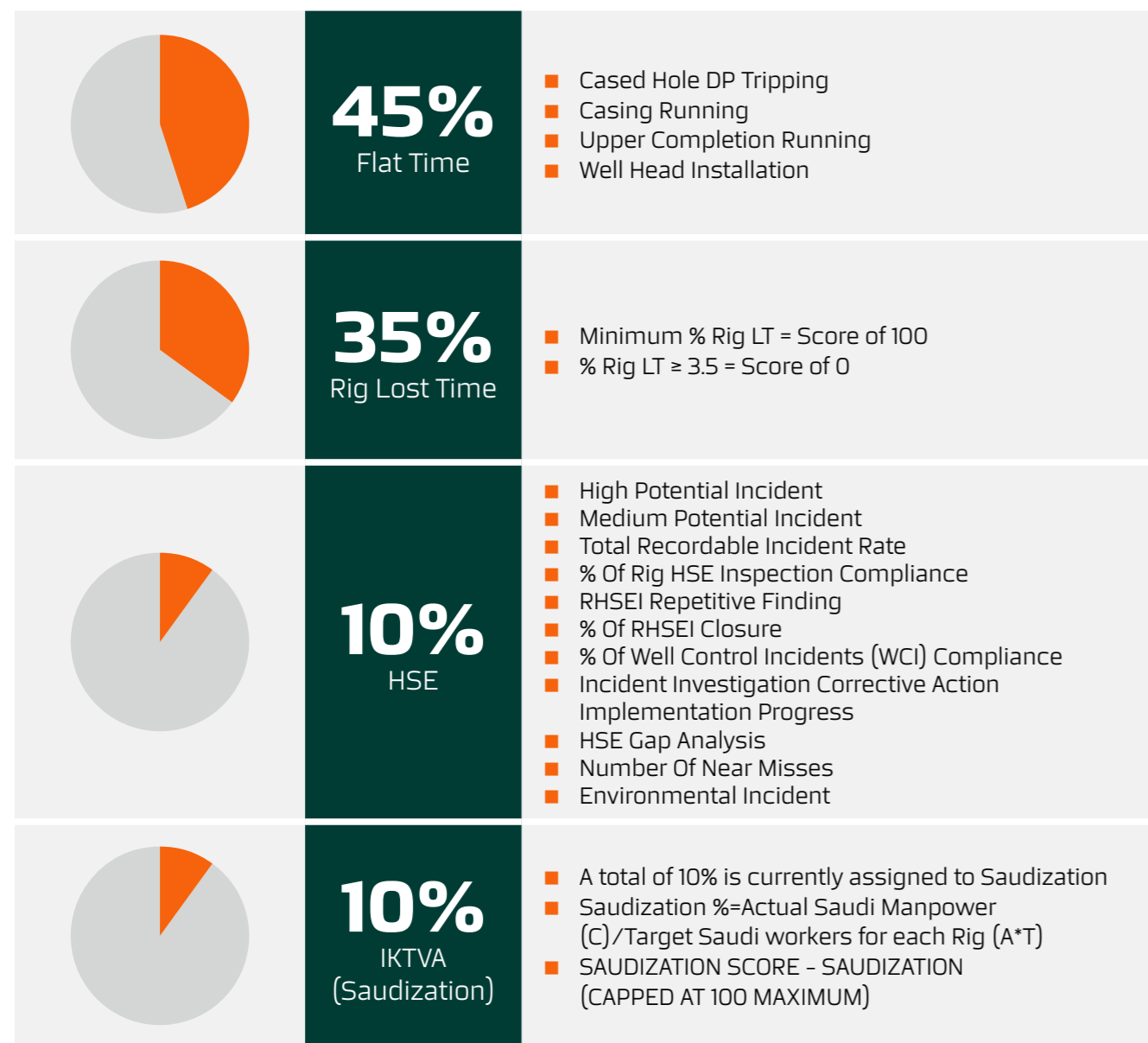
- 10 new land rig contract awards worth an estimated SAR 3 billion for Aramco's Unconventional Program. The ten new-build rigs will represent a 26% increase in our existing land rig fleet. In keeping with Arabian Drilling's growth strategy, the contracts provide an opportunity to establish our footprint in the unconventional drilling sector.
- We acquired API Q1 Certification.
- A new state of the art training center launched for dynamic training and development programs.
- 233 wells completed for a total of 2.54 million feet drilled..
- Non-Productive Time (NPT). performance:
2019: 1.51% 2020: 0.93% 2021: 0.74% 2022: 1.43% 2023: 1.28%
- Rig performance:
 - 27 rigs remained below 1.0% NPT.
 - 2 rigs completed the year with zero NPT hours.
 - AD45, our best onshore rig, achieved a 106.8 score for Q3.
 - AD70 was named HSE Rig of the Year for 2023.
 - We revamped and rolled out the advanced Operations Manual 4.0.
 - New real-time Service Quality and Rig Move Performance dashboards introduced to accelerate digitalization and transparency.
- Established a dedicated "Marine Department" which will play a pivotal role in supporting offshore drilling activities, ensuring marine compliance for enhanced performance and safety.
- Established "Data Management Center of Excellence". This new department represents an important step towards shaping our data management, and ensuring data is digitalized, collected, stored, managed, and utilized effectively.

Rig Move Efficiency - 2023



Total 175 rig move were completed in 2023 and Total 182.55 days saved against Aramco KPI (Saving 1.04 days per move).

Rig Efficiency Index (REI)



Customer Satisfaction – Rig Efficiency Index

We have adopted the REI, a comprehensive internal assessment tool used by Saudi Aramco to gauge individual rig performance among drilling contractors, as an internal performance measure. REI factors our HSE, non-productive time, drilling flat time, and IKTVA into its scoring. High REI scores result in favorable treatment by Saudi Aramco for contract renewals and extensions. Arabian Drilling’s rigs consistently achieve high scores in the REI, and our incremental performance in uptime is what makes us a drilling contractor of choice.

REI	Unit	2021	2022	2023
Annual REI averages	Percentage (%)	93.73	93.36	94.15

2023 REI results*

- 22 Arabian Drilling Rigs are Superior performer (95 and above)
- 12 Arabian Drilling Rigs are High performer (85 to 95)
- 2 Arabian Drilling Rigs are Consistent performers (75 to 85)
- 3 Arabian Drilling Rigs Average performer (50 to 75)
- 0 Arabian Drilling Rig Below Average (50 and below)

*New start-ups of five jack-up rigs and three KJO rigs are not included in the performance analysis.

BEST PRACTICE

Optimizing Performance Through Communication

Arabian Drilling employees are disseminated across a wide range of locations and operational sites. We use a variety of communication channels to regularly engage and connect with employees, including:

- Weekly in-person supervisor meetings in Dhahran.
- Monthly Rig Superintendent / Assistant Rig Superintendent engagement sessions at ADLA. These sessions also serve as an induction for new joiners, where all the support functions present “who’s who” in Arabian Drilling.
- Twice-weekly operational and topical meetings led by our KSA director for operations and support teams.

Two COO-organized sub-committees, the Well Control Committee and the Service Quality Committee, are charged with actively supporting the operations team by providing expertise on downhole operations issues.

Standards and Procedures

Arabian Drilling is continuing to work towards standardizing our projects through the introduction of new checklists alongside adherence to existing standards and procedures. In 2023, we also worked on Operations Manual version 4 where all 65 critical Rig specific procedures were updated according to the rig type and model.

Using Technology to Improve Operations

The drilling industry is home to a dynamic and constantly evolving array of innovation and technology designed to make rig operations safer and more efficient. Arabian Drilling is proud to stay on the leading edge of new and emerging technology, particularly when the adoption of advanced tools can mitigate operational risks. Led by our Asset Management Department, we have a working group dedicated to sustaining and enhancing our rig fleet. Comprised of subject matter experts in structural engineering, marine

engineering, rig power and controls, pressure control, and drilling equipment, alongside rig crew members, the group is charged with identifying and evaluating breakthrough technologies for rig maintenance.

We also have a technology group dedicated to identifying and implementing value-adding solutions from aligned industries, including emissions reduction technologies, safety improvements, image recognition, machine learning, equipment health monitoring, and the use of data analytics and micro KPIs to enhance well performance and reduce costs.

Fleet Management

We work hard to balance the art and the science of maintaining our assets for optimal operational performance while minimizing downtime and capital expenditures. Scheduled maintenance for each of our rigs is carefully planned between contracts to limit downtime and maximize the opportunity for our maintenance teams to undertake routine preventive maintenance, upgrades, technology integrations, inspections, and certifications as well as OEM recommendations. During maintenance, we also ensure each rig continues to meet or exceed all regulatory requirements. When necessary, our Asset Management Department may also engage qualified third-party contractors to undertake specialized work.

Arabian Drilling has a fleet replacement strategy in place for technology adoption to boost fleet efficiency in alignment with ongoing industry shifts towards automation. The strategy includes:

- 1. Rig Automation:** Reducing manual intervention in the drilling process through simultaneous mechanization and drilling automation, along with the automation of equipment such as iron roughnecks, catwalks, power slips, and pipe handlers.
- 2. Rig Moving System:** Optimizing rig moving time and cost efficiency through a system of rig moving that involves dismantling and transporting the rig to the next drilling location with the mast upright.

Fleet Management	Unit	2021	2022	2023
Total Assets	SAR million	6,544	9,554	10,686
Total Rigs	Number	45	47	47

Artificial Intelligence and Our Digitalization Roadmap

The role of artificial intelligence (AI) in the energy industry is multi-faceted, and its application presents significant scope of opportunity for improving efficiency, sustainability, safety, and innovation. AI applications can be leveraged for predictive maintenance, optimizing renewable energy sources, enhancing employee safety, and reducing emissions. As a result, it is already transforming energy production, distribution, and consumption by utilizing vast data to improve decision-making and operational processes.

Drill Ops

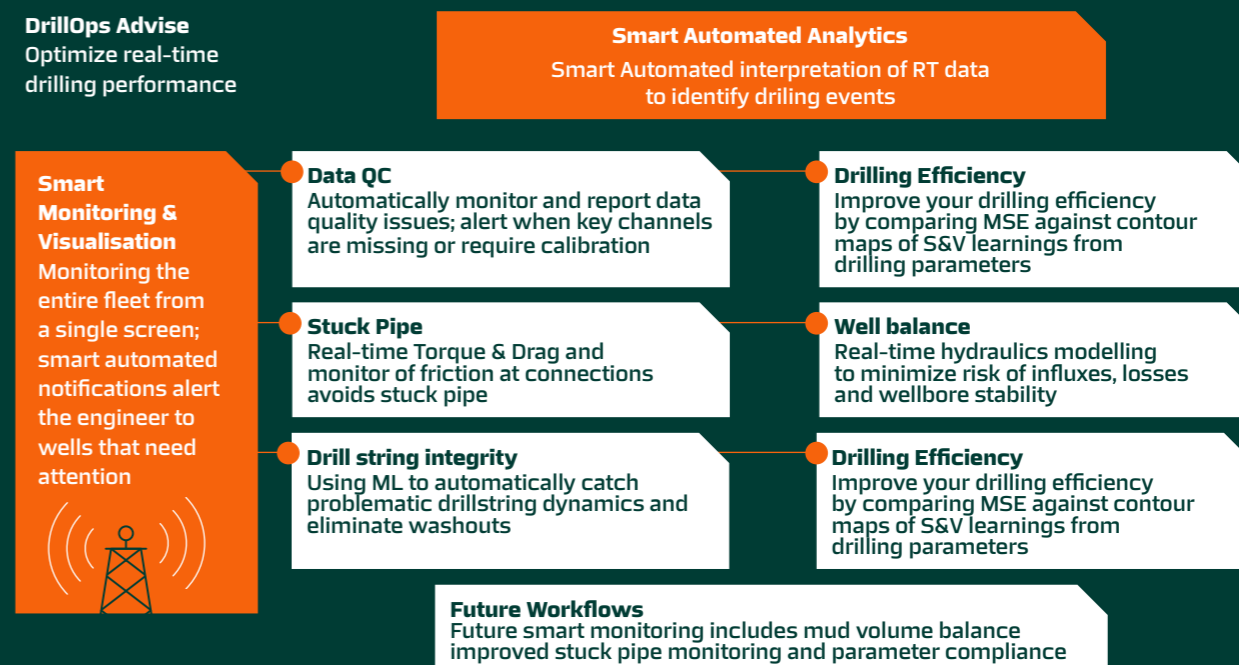
In 2023, Arabian Drilling took another significant step on our path to digitalization by deploying the cutting-edge AI solution, DrillOps Advise, on our 11 rigs. This initiative aims to optimize drilling operations and enhance well delivery objectives. DrillOps Advise is an intelligent, automated, real-time multi-well monitoring advisory system that:

- Optimizes real-time drilling performance
- Avoids or minimizes non-productive time (NPT)
- Delivers consistent performance
- Integrates with DrillPlan and the well construction data foundation
- Scales operations without increasing the footprint
- Provides flexibility through future extensibility

DrillOps Advise monitors and captures a broad range of operational data, offering real-time advice and coaching to support well construction, improve decision-making, and reduce risks. Intelligent advisory systems guide crews to maintain operations within safety thresholds and operating windows.

Predictive analytics continuously identify drilling dysfunctions and alert personnel before predefined limits are exceeded, increasing safety and reducing NPT. Progress is continually compared with targets defined in the drilling plan across various criteria, including operating costs and other KPIs, to deliver a live picture of performance.

Any deviations from the plan are recorded in the digital well file along with all relevant operational data. By capturing the full operational context across multiple domains, DrillOps Advise enhances the value of reporting and post-job analysis, improving each subsequent well



HSE Digital Initiatives

1. AI Video Intelligence

- Uses AI and computer vision for real-time safety monitoring.
- Analyzes live drilling data and video to assess risks and activate safety zones.
- Alerts staff to safety violations through sound and visual warnings.
- Ensures correct use of PPE to prevent accidents.
- Currently being tested on 11 rigs.

Salient Features:

- Monitors rigs in real time with safety alerts.
- Detects improper use of PPE to reduce hazards.
- Alerts on-site staff to anomalies with noise and visual signals.
- Works in remote locations with limited connectivity.

2. Digital Stop Card Initiative

- Replaces traditional paper stop cards with digital versions using Microsoft Forms.
- Simplifies and digitalizes QHSE processes, reducing manual data entry.
- Provides immediate analytics to identify critical areas.
- Notably increased use of stop cards since digital adoption in 2023.
- Accessible via computers and mobile phones using a QR code, available in common areas like tea rooms and office spaces.

3. AI Application in Journey Management

- Land departure alert, Collision Alert, Safe distance alert
- Utilizes AI to monitor drivers and alert them to signs of fatigue or distraction.
- Aims to reduce fatigue-related incidents and achieve a zero incident/accident rate.
- Monitors drivers' actions and provides voice commands to caution them about potential dangers.
- Offers solutions like suspending the journey, rescheduling, or providing an additional driver.
- Set to start trials in 2024.

Arabian Drilling Performance Center

In 2023, Arabian Drilling began the process of establishing the Arabian Drilling Performance Center as a proactive step toward facilitating greater AI application and similar performance enablers, and to accommodating future technological advancements. The new center provides a “one-stop shop” to measure, analyze, and drive continuous performance improvement across our rig teams and rig operations by:

- Allowing real-time monitoring of drilling operations including Tripping, Flat-Time, and NPT, enabling immediate response to deviations or issues.
- Contributing to operations surveillance by accessing accurate, comprehensive data from rig or equipment sensors, enabling data-driven decision-making for optimizing drilling processes and improving efficiency.
- Enabling continuous performance analysis by leveraging Drill Ops Insight/Performance Insight, reducing downhole problems and facilitating the identification of opportunities to improve and optimize drilling processes with the aim of increasing efficiency and reducing costs.
- Utilizing sensor data to predict equipment failures or maintenance needs before they occur, minimizing downtime and maximizing productivity.
- Facilitating the tracking of drilling performance metrics over time, allowing for trend analysis and benchmarking to industry standards, as well as obtaining lessons learned from other rigs.
- Promoting collaboration and communication with the client and leadership team, as performance data and analysis are readily available and easily accessible to relevant parties.



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

We pride ourselves on building long-term partnerships with trusted suppliers and third parties who share Arabian Drilling’s values and a commitment to upholding our policies. We also place a strong emphasis on prioritizing local procurement across all operational domains, whether for short-, medium-, or long-term engagements. To help strengthen the depth and scope of our local supplier network, we actively encourage foreign suppliers to invest in Saudi Arabia as well, strengthening their local presence and supporting regional economic growth in ways that align with both the Saudi Vision 2030 and UN Sustainable Development Goals.

Supply Chain Strategy

The drilling sector holds an impactful role in Saudi Arabia’s economy and in the region’s capacity for growth. With this in mind, our holistic supply chain strategy is rooted in a commitment to cultivating enduring long-term partnerships with collaborators who share our dedication to sustainability and whose own business activities reflect values aligned with our own. To mitigate potential risks across our supply chain associated with social, human and safety rights, we back up our supplier relationships with robust guidelines, policies, and standards for ethical and responsible

practices designed to safeguard humans and our environment. We also follow a careful supplier onboarding process, ensuring suppliers are clearly informed of all our supply chain policies and practices.

Arabian Drilling follows a careful process before working with suppliers. We have established clear guidelines that inform our supply chain policies and practices.

Supply Chain Transparency and Ethics

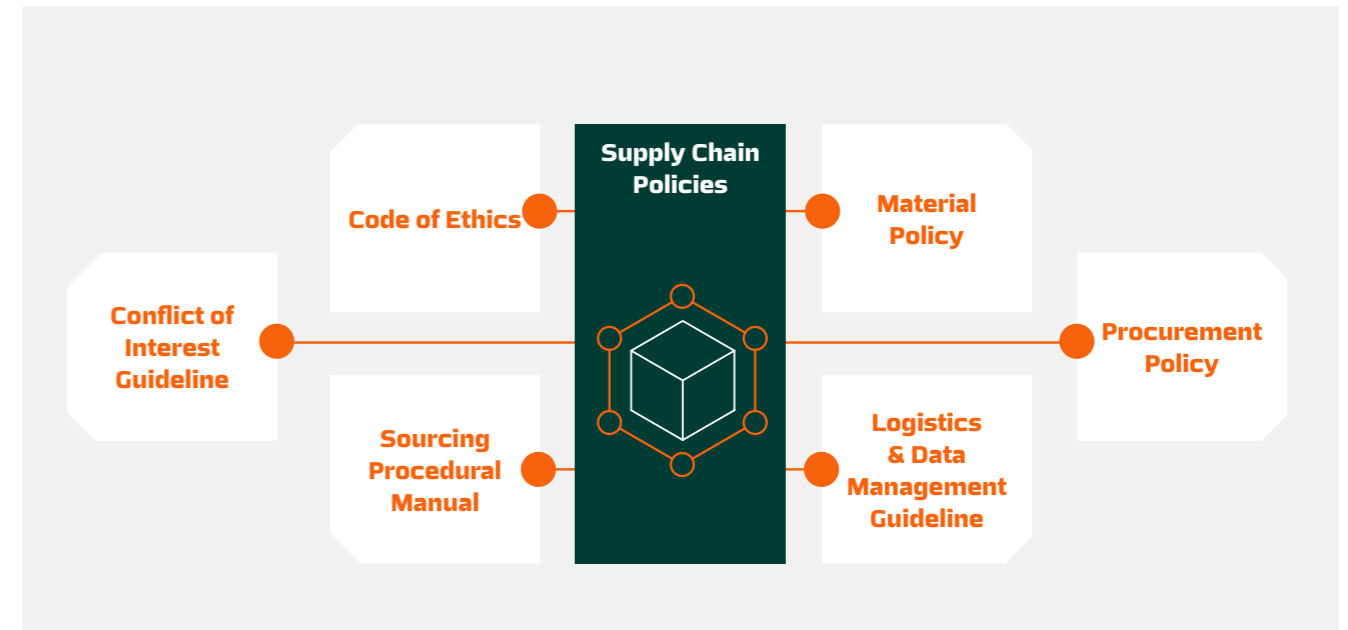
Arabian Drilling has an open approach to managing our supply chain, ensuring transparency and ethical practices through all our supplier management activities and interactions. These practices are rooted in established rules and procedures that protect the rights of our company and our suppliers.

- **Procurement Management:** We integrate suppliers based on prequalification criteria, thorough HSE compliance audits, quality control and procedures, and skillful price negotiation in line with our procurement policy.

- **IKTVA:** The impact of our supplier selections on our IKTVA KPIs is taken into consideration as part of our procurement process.

- **Data Management:** We adhere to industry standards and best practices for reporting, data analysis, catalogue management, dashboard creation, and tracking.

- **Distribution:** We employ careful inventory management and distribution practices including meticulous attention to strategic planning, warehouse operations, storage guidelines and established standards to ensure seamless logistics and maximum efficiency of our import and export processes.



Procurement Policy

The primary objective of our procurement policy is to ensure all Arabian Drilling suppliers uphold our performance standards and ethics and adhere to all applicable laws and regulations. We conduct regular reviews of the policy to keep it up to date and in full alignment with our corporate governance principles and strategic direction. We also conduct continuous pre-qualification and post-qualification audits of suppliers and contractors whenever there is an added scope to the policy, such as requirements for specific training, health checks or legal permits. Throughout their engagement with us, suppliers are also required to maintain appropriate records substantiating their compliance with the terms and conditions of the Arabian Drilling Code of Conduct.

Protecting Against Forced, Compulsory and Child Labor

Arabian Drilling takes a zero-tolerance approach to forced or compulsory labor and child labor, and we have an absolute commitment to monitoring these serious labor concerns within our own supply chain.

Saudi Arabia has already defined many laws designed to protect minors from being subject to child labor risks; however, Arabian Drilling understands that we maintain a responsibility to identify potential risks. Our use of continuous audits

and assessments is designed to help mitigate these risks and monitor our suppliers’ own anti-child labor commitments, including compliance with Arabian Drilling’s Code of Conduct, which specifically prohibits child labor.

Similarly, to identify operations and suppliers with a significant risk of forced or compulsory labor, Arabian Drilling may conduct risk assessments and audits, and engage with stakeholders to gather information on labor practices. Potential and actual violations of the Arabian Drilling Code of Conduct, which specifically prohibits forced labor, or any other ethical irregularities must be reported to our internal audit department by phone or email. Based upon the nature of the violations, Arabian Drilling reserves the right to disqualify and terminate any supplier or potential supplier proven to be in violation of the Code of Conduct.

Supplier Selection

Our vendor selection process is designed to find the best value for the company based upon a variety of factors, including QHSE standards, IKTVA, technical specifications, quality, timely delivery, and price. In accordance with our procurement policy and our commitment to the Saudi Vision 2030, we give preference to local vendors whenever possible. If local vendors are deemed unfeasible for specific reasons, overseas vendors may be considered.

Arabian Drilling suppliers are required to acknowledge and adhere to our Code of Conduct, which states that they shall always comply with relevant labor laws of Saudi Arabia, including but not limited to forced labor, working hours, working conditions, minimum age, minimum wage, and medical insurance. During the vendor selection process, we may also conduct on-site audits and assessments of suppliers to evaluate compliance with social, environmental, and human rights standards, and we may require suppliers to obtain independent, third-party certifications to verify compliance with environmental and social standards.

All suppliers must confirm their compliance with the Arabian Drilling Code of Conduct via their registration in SAP Ariba. The small number of suppliers who are not registered in SAP Ariba are still required to acknowledge and follow the Arabian Drilling Code of Conduct.

Supplier Onboarding and Assessment

Beyond our initial supplier onboarding assessment process, Arabian Drilling upholds a practice of conducting regular compliance audits for our top 30 suppliers based on procurement spend value. This thorough assessment ensures alignment with all Arabian Drilling policies and standards, including alignment with our sustainability goals, and assesses suppliers' capacity to maintain superior service quality. Our audits also include:

1. Relevant ISO certifications
2. Compliance with Saudi Arabia's regulatory legislature, including IKTVA percentages, Zakat, GOSI, VAT, commercial registration, and Chamber of Commerce membership
3. Implementing training programs for local workforce development

Audits are undertaken by a dedicated team from our QHSE, Operations, and Supply Chain Departments.

Environmental Management Plan Compliance

In addition to complying with our Code of Conduct, all Arabian Drilling suppliers must adhere to our Environmental Management Plan. To ensure this mandatory compliance, we engage in a methodical evaluation process aimed at assessing suppliers' environmental performance against national and international standards, including:

- Commercial bid evaluation to assess the value, viability, and environmental impact of the supplier.
- Prequalification of all new contractors via an environmental assessment.
- Annual compliance audits of existing high-risk contractors to ensure alignment with our environmental requirements.
- Using adherence and benchmarking to enhance operational excellence and drive quality standards.

Compliance with our EMP extends to certifications from relevant governing bodies, including Baladyat, the Ministry of Health, Saudi Aramco, environmental organizations, and KJO requirements.

Supporting Local Businesses

Maximizing our use of local suppliers is one of the most significant ways we can actively support the Saudi Vision 2030 goals for strengthening our economy. Every year, Arabian Drilling looks for opportunities to increase our investment in local procurement, as well as grow our existing relationships with local suppliers and businesses.

In 2023, we expanded our investment in local businesses, increasing the total number of businesses invested in by 15.1%, adding more local suppliers to our network in support of our growing rig fleet. The expenditure on locally based suppliers and contractors saw substantial growth, reaching 1,399.32 million SAR in 2023, a remarkable 57.2% increase from 2022.

To carry on this positive momentum in local supplier engagement, our Supply Chain department maintains a growing list of potential new suppliers who stand to add value to Arabian Drilling via cost savings, improved lead-times, and high-quality standards.

Supply Chain Management	Unit	2021	2022	2023
Suppliers	Number	1,273	1,417	1,629
Local Suppliers	Number	789	879	1,012
Ratio of Local Suppliers	Percentage (%)	62	62	62
Total Spending on Suppliers and Contractors	Million SAR	541.87	1,302.61	2,431.38
Spending on Locally based Suppliers and Contractors (SAR)	Million SAR	395.52	890.04	1,399.32
Ratio of Spending on Local Suppliers	Percentage (%)	73	68	58



APPENDICES



GRI CONTEXT INDEX

GRI Standard/ Other Source	Disclosure	Location/ Direct Answer	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	7	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization's sustainability reporting	4			
	2-3 Reporting period, frequency and contact point	4			
	2-4 Restatements of information	No Restatments			
	2-5 External assurance	107-108			
	2-6 Activities, value chain and other business relationships	11-12			
	2-7 Employees	41-49			
	2-8 Workers who are not employees	41			
	2-9 Governance structure and composition	71-72			
	2-10 Nomination and selection of the highest governance body	73			
	2-11 Chair of the highest governance body	72			
	2-12 Role of the highest governance body in overseeing the management of impacts	17			
	2-13 Delegation of responsibility for managing impacts	17			
	2-14 Role of the highest governance body in sustainability reporting	17			
	2-15 Conflicts of interest	76			
	2-16 Communication of critical concerns	75			
	2-17 Collective knowledge of the highest governance body	Annual Report			
	2-18 Evaluation of the performance of the highest governance body	74			
	2-19 Remuneration policies	Annual Report			
	2-20 Process to determine remuneration	Annual Report			
	2-21 Annual total compensation ratio	51			
	2-22 Statement on sustainable development strategy	15			
	2-23 Policy commitments	74-76			
	2-24 Embedding policy commitments	74-76			
	2-25 Processes to remediate negative impacts	46, 47			

GRI Standard/ Other Source	Disclosure	Location/ Direct Answer	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
GRI 2: General Disclosures 2021	2-26 Mechanisms for seeking advice and raising concerns	75			
	2-27 Compliance with laws and regulations	Annual Report			
	2-28 Membership associations	Not disclosed	Information unavailable/incomplete	Value not measured yet	
	2-29 Approach to stakeholder engagement	20-21			
	2-30 Collective bargaining agreements	Not Applicable	Legal prohibitions	Collective bargaining is prohibited in Saudi Arabia	
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	23-25			
	3-2 List of material topics	25-29			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	83			11.2.1 11.12.1 11.14.1 11.21.1
	201-1 Direct economic value generated and distributed	86			11.14.2 11.21.2
	201-2 Financial implications and other risks and opportunities due to climate change	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.2.2
	201-3 Defined benefit plan obligations and other retirement plans	Not disclosed	Information unavailable/incomplete	Value not measured yet	
GRI 201: Economic Performance 2016	201-4 Financial assistance received from government	Not disclosed	Information unavailable/incomplete		11.21.3
	GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	98		11.14.6
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not disclosed	Information unavailable/incomplete	Value not measured yet	
	308-2 Negative environmental impacts in the supply chain and actions taken	Not disclosed	Information unavailable/incomplete	Value not measured yet	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.10.8
	414-2 Negative social impacts in the supply chain and actions taken	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.10.9
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.14.4
	203-2 Significant indirect economic impacts	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.14.5

GRI Standard/ Other Source	Disclosure	Location/ Direct Answer	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
Code of Conduct practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	74			11.20.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Not disclosed	Confidentiality constraints	Due to Internal policies	11.20.2
	205-2 Communication and training about anti-corruption policies and procedures	76			11.20.3
	205-3 Confirmed incidents of corruption and actions taken	Not disclosed	Confidentiality constraints	Due to Internal policies	11.20.4
Energy consumption					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	59			11.1.2
	302-2 Energy consumption outside of the organization	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.1.3
	302-3 Energy intensity	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.1.4
	302-4 Reduction of energy consumption	Not disclosed	Information unavailable/incomplete	Value not measured yet	
	302-5 Reductions in energy requirements of products and services	Not disclosed	Information unavailable/incomplete	Value not measured yet	
Water consumption					
GRI 3: Material Topics 2021	3-3 Management of material topics	63-64			11.6.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	64			11.6.2
	303-2 Management of water discharge-related impacts	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.6.3
	303-3 Water withdrawal	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.6.4
	303-4 Water discharge	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.6.5
	303-5 Water consumption	64			11.6.6
GHG emissions control and reduction					
GRI 3: Material Topics 2021	3-3 Management of material topics	59-62			11.1.1 11.2.1 11.3.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	60			11.1.5
	305-2 Energy indirect (Scope 2) GHG emissions	60			11.1.6
	305-3 Other indirect (Scope 3) GHG emissions	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.1.7
	305-4 GHG emissions intensity	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.1.8

GRI Standard/ Other Source	Disclosure	Location/ Direct Answer	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
GHG emissions control and reduction					
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.2.3
	305-6 Emissions of ozone-depleting substances (ODS)	Not disclosed	Information unavailable/incomplete	Value not measured yet	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.3.2
Waste management					
GRI 3: Material Topics 2021	3-3 Management of material topics	65-67			11.5.1 11.8.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts				11.5.2
	306-2 Management of significant waste-related impacts	65-66			11.5.3
	306-3 Waste generated	66			11.5.4
	306-4 Waste diverted from disposal	66			11.5.5
	306-5 Waste directed to disposal	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.5.6
GRI 306: Effluents and Waste 2016	306-3 Significant spills				11.8.2
Impact on biodiversity and habitat protection					
GRI 3: Material Topics 2021	3-3 Management of material topics	68			11.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.4.2
	304-2 Significant impacts of activities, products and services on biodiversity	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.4.3
	304-3 Habitats protected or restored	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.4.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.4.5
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	33			11.3.1 11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	36			11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	34-35			11.9.3
	403-3 Occupational health services	38			11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	40			11.9.5
	403-5 Worker training on occupational health and safety	40			11.9.6

GRI Standard/ Other Source	Disclosure	Location/ Direct Answer	Omission		GRI Sector Standard Ref. No.
			Reason	Explanation	
Occupational health and safety					
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	39			11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	35			11.9.8
	403-8 Workers covered by an occupational health and safety management system	36			11.9.9
	403-9 Work-related injuries	33			11.9.10
	403-10 Work-related ill health	33			11.9.11
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.3.3
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	42,45-46			11.7.1 11.10.1 11.11.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	41			11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	48			11.10.3
	401-3 Parental leave	48			"11.10.4 11.11.3"
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	42			"11.10.6 11.11.4"
	404-2 Programs for upgrading employee skills and transition assistance programs	45-46			11.10.7 11.7.3
	404-3 Percentage of employees receiving regular performance and career development reviews	47			
Employee diversity and inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51			11.7.1 11.10.1 11.11.1
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed	Information unavailable/incomplete	Value not measured yet	
	202-2 Proportion of senior management hired from the local community	52			11.11.2 11.14.3
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	51			11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	51			11.11.6
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.7.2 11.10.5
Non-discrimination policies and practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	50			11.11.1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Not disclosed	Information unavailable/incomplete	Value not measured yet	11.11.7
CSR, social impact & local community development programs					
GRI 3: Material Topics 2021	3-3 Management of material topics	53-54			11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	54			11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	53-54			11.15.3

We also report on topics that are not covered by the GRI standards

Use of alternative fuels		
GRI 3: Material Topics 2021	3-3 Management of material topics	62
Spill prevention and response		
GRI 3: Material Topics 2021	3-3 Management of material topics	67
Leadership		
GRI 3: Material Topics 2021	3-3 Management of material topics	45
Compliance policies		
GRI 3: Material Topics 2021	3-3 Management of material topics	78-79
Corporate risk management		
GRI 3: Material Topics 2021	3-3 Management of material topics	80-81

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
Topic 11.12 Forced labor and modern slavery	Information unavailable/incomplete
Topic 11.13 Freedom of association and collective bargaining	Legal prohibitions
Topic 11.16 Land and resource rights	Information unavailable/incomplete
Topic 11.17 Rights of indigenous peoples	Not applicable
Topic 11.18 Conflict and security	Information unavailable/incomplete
Topic 11.19 Anti-competitive behavior	Information unavailable/incomplete
Topic 11.22 Public policy	Information unavailable/incomplete

EXTERNAL ASSURANCE



Independent Verification and Reasonable Assurance Report of American Bureau of Shipping to Arabian Drilling

We were engaged by Arabian Drilling (“the Company”) to report on the ESG metrics and the key performance indicators (KPIs) and disclosure of the Company’s Sustainability Report 2023 (“the Report”) relating to the year ended 31 December 2023 in the form of a reasonable assurance conclusion about the preparation of the Metrics, in all material respects, in accordance with the Company’s methodology following the GRI Sustainability Reporting Standard.

This independent reasonable assurance statement is made solely to the Company in accordance with the proposal document number: QUO-29983-X8S3D as amended. Our work has been undertaken so that we might provide reasonable assurance to the Company on those matters that we have been engaged to consider in this report only and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Company for our work, for this independent reasonable assurance statement, or for the conclusions we have reached.

Responsibilities of the directors of the company

The directors of the Company are responsible for the preparation of the Report, and the Metrics, information and statements contained therein, in accordance with the Company’s procedure.

It is the directors’ responsibility to develop, operate and maintain internal systems and processes relevant to the preparation of a Report that is free from material misstatement.

Responsibilities of American Bureau of Shipping

Our responsibility is to independently verify the information disclosed in the report for its reliability and completeness and express a reasonable assurance conclusion to the Company, based on the procedures performed and evidence viewed in Company’s data recording and management systems in place, as to the proper preparation of the Report, in all material respects, in accordance with the Company’s methodology and GRI standard. We conducted our work over the course of April-May 2024, in accordance with the *International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information* (“Standard”), issued by the International Auditing and Assurance Standards Board. The Standard requires that we obtain sufficient and appropriate evidence related to the Metrics that is free of material misstatement on which to base our conclusion.

Scope of work

A reasonable assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Metrics as a basis for our reasonable assurance conclusion. The procedures selected depend on our judgment, on our understanding of the Report and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.



The procedures performed included:

- Investigating, observing, inspecting, and reporting on the processes and documents, and agreeing or reconciling with the underlying records to check errors or omissions in data analysis, consistency, and reasonableness of reporting.
- Reviewing the Company’s Sustainability Report for 2023 and identifying key Metrics and other ESG-related disclosures for review.
- Inquiries and interviews with the Company’s management and personnel involved in the sustainability report’s preparation process, the internal control system governing this process, and selected disclosures in the sustainability report.
- Verification of data collection, calculation, and records in the company’s integrated management system, including reasonable substantive testing, on a selective basis to verify the Metrics stated in the report.

Inherent limitations

The extent of verification of reported data is applied for reasonable level assurance only. To the best of our knowledge, there are no circumstances which would render the information and documents provided and viewed by the Company to be unreliable.

Observation

Selected Key Performance Indicators (KPIs) as guided by the GRI standard are implemented in the organization and disclosed in the subject sustainability report, as relevant to the organization’s activity. Further inclusion of KPIs is in the Company’s plan for subsequent years.

No significant data gaps were detected.

The data set and methodology have also been audited internally and externally as a requirement of the quality management system of the Company. The actionable items identified in the audits and reviews are in progress.

Conclusion

In our opinion, Arabian Drilling’s statement that the key performance indicators and other key disclosures presented in the ESG Report for the year ended 31 December 2023 are presented in accordance with GRI standard and the Company’s internal criteria, in material respects, fairly stated.

American Bureau of Shipping

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Date: 30 May 2024



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