

SUSTAINABILITY
REPORT 2022



Advancing our sustainability journey

by enhancing resource
and capital efficiency



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INTRODUCTION

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ABOUT THIS REPORT

IN THE YEAR 2022, ARABIAN DRILLING COMPANY (“ARABIAN DRILLING” OR THE “COMPANY”) CONTINUED ITS UNWAVERING COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES, AND MADE SUBSTANTIAL ADVANCEMENTS IN FORTIFYING ITS OPERATIONS, PROGRAMS, AND SUSTAINABILITY STRATEGIES, THEREBY REINFORCING ITS PROMINENT POSITION WITHIN SAUDI ARABIA’S DRILLING SECTOR. THROUGHOUT THE YEAR, WE EXPERIENCED REMARKABLE GROWTH AS WE DILIGENTLY CONTINUED TO CONTRIBUTE TO SAUDI ARABIA’S VISION 2030, HIGHLIGHTING OUR DEDICATION TO SUSTAINABILITY.

In this, our fifth Sustainability Report, we take immense pride in offering a comprehensive account of Arabian Drilling’s sustainability journey. Our aim is to present our achievements transparently, accurately, and comprehensively, recognizing the significance of open communication and shared objectives with our

stakeholders, which fosters trust and engagement. The challenges we faced during the year have only fueled our commitment to ongoing sustainability improvements. This report highlights the key guidelines we adopted to exceed our clients’ expectations, with a strong emphasis on sustainability in the initiatives and projects we

planned and executed. It also showcases our accomplishments, sustainable initiatives, and best practices, all while prioritizing the well-being of our people, contributing positively to society, and safeguarding the environment.

FRAMEWORKS AND GUIDELINES

Arabian Drilling adopts a holistic and transparent approach to reporting, aiming to provide its stakeholders with a focused and balanced report featuring integrated thinking and value creation, while also recognizing aspects of value decline during the year under review. We present our 2022 Sustainability Report in accordance with the Global Reporting Initiative (GRI) Standards. The report covers Arabian Drilling’s endeavors and dedication to people, governance, economy, operations, society, and the environment. To ensure transparency and facilitate easy reference, we have provided a GRI content index at the end of this report. Additionally, the report includes information on our major accomplishments and future commitments and targets, demonstrating the Company’s comprehensive approach to sustainability.

SCOPE AND BOUNDARIES

This report presents information for the financial period from 1 January 2022 to 31 December 2022. It focuses on the most material topics relevant during this reporting period, and where applicable, it includes data up to the report’s finalization on 29th October 2023.

Material topics are determined based on entities directly controlled by Arabian Drilling, which includes its employees and owned assets. Arabian Drilling’s subsidiary, OFSAT, is included in this report. The Company tracks OFSAT information through financial and operation reports. No mergers, acquisitions or disposals of entities took place in 2022.

As Arabian Drilling operates exclusively in Saudi Arabia, the reporting boundaries for certain topics also account for the Company’s indirect influence on various contractors and vendors with whom Arabian Drilling has business relationships for different activities within the Kingdom. 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

This report follows on from our 2021 Sustainability Report, which was published in 2022 and covered the 2021 financial year. Arabian Drilling’s material sustainability focus areas are determined through a structured risk management approach that considers its value creation approach, assesses the Company’s significant impacts on human, natural, social, and relationship capitals, while also considering stakeholder views and interests. The report’s chapters are aligned with these focus areas and associated issues to provide a comprehensive overview of our sustainability efforts and commitments.

FEEDBACK AND SUGGESTIONS

Thank you for being a part of our journey towards positive change. We welcome any feedback and suggestions on our activities and operations, particularly our sustainability performance and commitments. Please direct all your feedback to the email: sustainability@arabdrill.com.

BOARD STATEMENT OF RESPONSIBILITY

The Board, as a collective, has thoroughly reviewed the content of this report and affirms that it believes this Sustainability Report for the year 2022 effectively addresses the Company’s current material issues. The Board is satisfied with the balance and appropriateness of the presentation of Arabian Drilling’s sustainability performance. The Board endorses the credibility and reliability of the information presented in this report, recognizing its alignment with the Arabian Drilling’s values and commitment to sustainability.

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.

ARABIAN DRILLING AT A GLANCE

ABOUT ARABIAN DRILLING

SINCE 1964, ARABIAN DRILLING HAS BEEN THE SAUDI NATIONAL DRILLING CHAMPION, SPECIALIZING IN ONSHORE AND OFFSHORE DRILLING. COMMITTED TO ENSURING THE HIGHEST LEVEL OF SAFETY, ACCOUNTABILITY AND EFFICIENT TECHNOLOGICAL DRILLING PRACTICES, ARABIAN DRILLING CONTINUES TO ADD VALUE TO CUSTOMERS, INVESTORS, EMPLOYEES, AND SUPPLIERS.

Its current majority Shareholders include the Industrialization & Energy Services Company (TAQA) – a Saudi Joint Stock Company – and global oilfield services leader SLB (previously known as Services Pétroliers Schlumberger S.A.).

Arabian Drilling engages in land and offshore drilling, as well as workover operations, managing both land rigs and offshore jack-up rigs within the Kingdom of Saudi Arabia and the partitioned Neutral Zone bordering Kuwait. Our clientele comprises esteemed companies such as Saudi Aramco, Al-Khafji Joint Operations (KJO), SLB, and Baker Hughes.

OUR SUBSIDIARY

OFSAT Arabia LLC (OFSAT) is a leading rig move company with an extensive fleet of over 500 specialized heavy oilfield winch trucks, cranes, forklifts, low beds, and other machinery. The Company handles the complexity of moving different sizes of rigs and has provided safe and reliable rig move services since 1980.



HIGHLIGHTS

59
years of service

Offshore rigs

12



Drilling efficiency

98.57%



Based on 2022 YTD NPT of 1.43%.

Saudization rate

74.4%



Lost Time Injury (LTI)

36

36 rigs achieved Days without LTI milestone in 2022



IKTIVA score

73%



Total asset value

SAR 9.5 Billion

(Total non-current and current)



Wells drilled in FY22

306



Onshore rigs

38



Utilization of our rig fleet

94%



Market share

17%



Total rigs

50



Employees

>4,600



Code of Conduct awareness

134 sessions



Employee engagement level

75.8%

(4.4% above industry benchmark)



HSE events in 2022

41

rigs completed 2022 without recordable injuries



Local procurement

88%



Customer satisfaction based on REI

93.36%

(3 years January 2020 to December 2022)



Zero

Environmental Spills and Incidents



ARABIAN DRILLING AT A GLANCE (continued)

AWARDS AND RECOGNITION

Local Currency Corporate Bond
Capital Markets and ESG Finance SA 2022

Local Market IPO / Capital Markets Deal of the Year
Capital Markets and ESG Finance SA 2022



Best IPO – Main Market
Saudi Tadawul Group 2022

Best Drilling Contractor
International Finance Magazine 2022

Most Innovative Drilling Company
International Finance Magazine 2022



PURPOSE, VISION AND MISSION

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

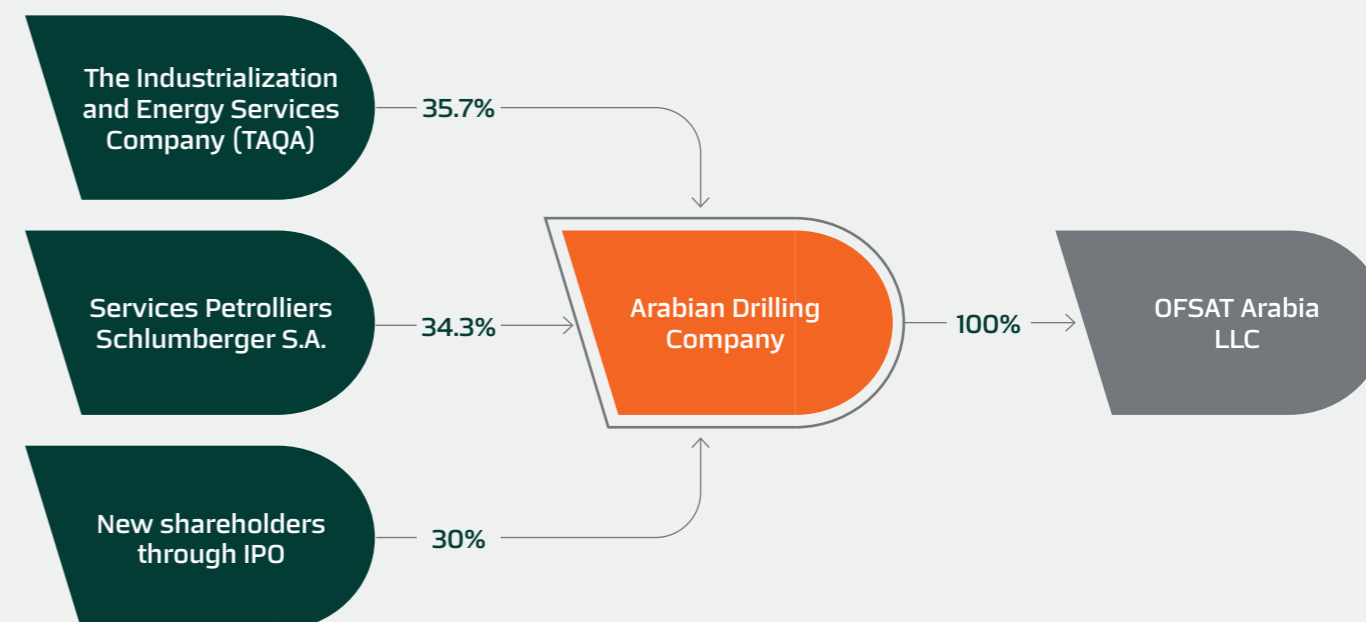
Values:

STRIVE

- **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.
- **Integrity:** We are open and transparent in our conduct. We act with honesty, integrity, and in compliance with our code of ethics.
- **Value:** We create value for those around us through responsible, cleaner, and safer access to energy for every community. We strongly adhere to ESG standards in everything we do.
- **Teamwork:** We collaborate and coordinate our actions to achieve superior results with efficiency, acting in mutuality and harmony.
- **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.
- **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.

LEGAL STRUCTURE

Arabian Drilling operates as a Mixed Closed Joint Stock Company, with the major Shareholders being TAQA and SLB. The Company is headquartered in Al Khobar, Eastern Province, Saudi Arabia. Arabian Drilling operates exclusively within the Kingdom of Saudi Arabia and does not have operations in any other countries.

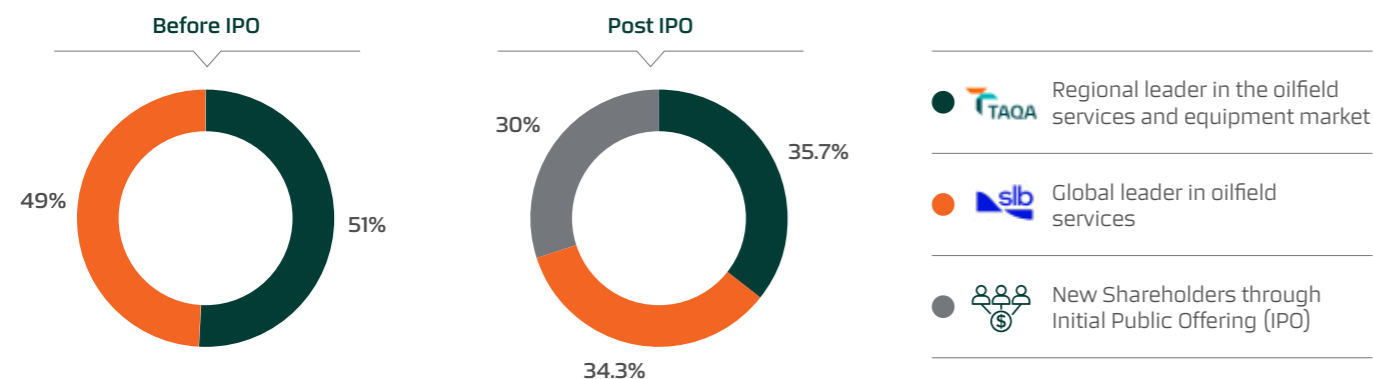


ARABIAN DRILLING AT A GLANCE (continued)

In 2022, Arabian Drilling listed on the Tadawul, the Saudi Stock Exchange, with an initial public offering of 30% of its shares.

Direct ownership structure of the Company pre- and post-offering

Shareholder	Shareholding (Pre-offering)			Shareholding (Post-offering)		
	Number of shares	Ownership (%)	Nominal value (SAR)	Number of shares	Ownership (%)	Overall nominal value (SAR)
The Industrialization & Energy Services Company (TAQA)	40,800,000	51.0%	408,000,000	31,773,000	35.7%	317,730,000
Services Pétroliers Schlumberger S.A.	39,200,000	49.0%	392,000,000	30,527,000	34.3%	305,270,000
Public	-	-	-	26,700,000	30.0%	267,000,000
Total	80,000,000	100.0%	800,000,000	89,000,000	100.0%	890,000,000



ACTIVITIES, VALUE CHAIN, AND OTHER BUSINESS RELATIONSHIPS

Arabian Drilling, as a major drilling contractor in the Kingdom, holds a prominent position within the hydrocarbon Exploration & Production (E&P) value chain. The Company's operations are centered on exploring crude oil and natural gas fields, as well as overseeing their production and processing. Arabian Drilling's activities are

concentrated exclusively in the upstream phase of the oil and gas value chain, with no involvement in the midstream or downstream phases.

Within the E&P value chain, Arabian Drilling is actively engaged in all 4 main phases: exploration, development, production, and abandonment.

A. Exploration phase

In the exploration phase, initial exploration wells are drilled to confirm the presence of hydrocarbons in the targeted area. Subsequently, appraisal wells are drilled to ascertain the extent of hydrocarbon accumulations. This phase requires substantial capital investment by the operating company due to the inherent uncertainty in discovering hydrocarbons. Exploration is sensitive to oil prices and return on investment metrics, as low oil prices impact the risk-adjusted expected returns from exploration activities. Offshore exploration involves higher costs due to the need for technologically advanced and robust equipment to withstand harsh offshore conditions.

B. Development phase

The development phase entails creating a development plan and drilling wells that will serve as the initial sources of hydrocarbon production once a sufficient understanding of the subsurface has been gained through exploration. This includes drilling both production wells and injection wells, which support optimal hydrocarbon production. While the technical risk is lower compared to exploration, high capital requirements can lead to project deferrals or cancellations depending on oil price fluctuations.

C. Production Phase

In the production phase, additional wells are drilled to counteract declines in the existing well base and enhance overall hydrocarbon recovery from the reservoir. All fields experience depressurization as energy is released from the hydrocarbon-containing reservoirs. This phase also involves increasing production levels from existing wells, often referred to as "workover" activities, which may require the use of drilling rigs. As capital has already been invested before production begins, this phase is relatively resilient during oil price fluctuations.

D. Abandonment Phase

During the abandonment phase, as a field reaches the end of its life, wells must be plugged and abandoned, potentially involving the use of drilling rigs. The timing of abandonment can be influenced by oil prices, extending the economic life of fields during periods of high prices and shortening it during periods of low prices.

FOOTPRINT

Arabian Drilling's head office is located in Al Khobar. As of 2022, the Company's premises were located in the following areas:



1. Al Khobar

Premises: Head office and 2 compounds
Land (m²): 36,000

2. Dhahran

Premises: Operational base and training centers
Land (m²): 115,000

3. Riyadh Road

Premises: Yard
Land (m²): 250,000

4. Khafji

Premises: Operational base and compound
Land (m²): 11,091

5. Abqiq

Premises: Operational base and yard
Land (m²): 56,000

- Regional leader in the oilfield services and equipment market
- Global leader in oilfield services
- New Shareholders through Initial Public Offering (IPO)

CEO'S MESSAGE

I AM PLEASED TO PRESENT ARABIAN DRILLING'S 2022 SUSTAINABILITY REPORT. THIS REPORT HIGHLIGHTS OUR 2022 OVERALL RESULTS AND OUTLINES OUR PRIORITIES FOR 2023. IT REFLECTS OUR APPROACH TO SUSTAINABILITY, BASED ON TOPICS THAT ARE MOST MATERIAL TO OUR BUSINESS AND STAKEHOLDERS.

Stakeholder engagement and materiality

In 2022, we strengthened our engagement with internal and external stakeholders on issues that are important to them through collecting their feedback. This feedback informs our focus on the issues facing our industry, the community we operate in, and our clients, which allows us to prioritize activities within our business strategy. The materiality assessment survey with our stakeholders identified our top priority material topics for 2022 and provided the opportunity to engage and manage these matters.

Our sustainability framework

At the core of the Arabian Drilling sustainability framework are three priorities: climate actions, society, and our corporate governance. Arabian Drilling has set in place a group of objectives covering all three focus areas.

To protect the environment, we are implementing a GHG emission reduction roadmap, reducing our waste, using water conservation best practices, participating in green plantation activities, and supporting national and regional green initiatives.

On the societal front, Arabian Drilling is aiming to expand its corporate social responsibility initiatives and linking its activities to the UN SDGs. Training the next generation of industry professionals, both internally and externally, remains a major focus for us.

Good corporate governance underpins the success of our social and environmental initiatives. Arabian Drilling has instituted a solid code of conduct that applies to everyone in the company and defines the principles of operation, our fundamental management values, the expected ethical behavior in the work environment, and our corporate culture that embodies our STRIVE value model (Safety, Teamwork, Reliability, Integrity, Value, and Environment).

Embedding sustainability at Arabian Drilling

In 2022, we also successfully established our sustainability steering committee, led by me. This committee played a pivotal role in charting a clear way forward for our company's sustainable practices. We are setting ambitious sustainability goals, reflecting our determination to be at the forefront of responsible and ethical business practices.

We have prioritized focusing on our climate impacts and GHG emission reduction. Arabian Drilling's ambition is to reduce our Carbon Footprint and to achieve Net-Zero GHG emissions for our direct Scope 1 and indirect Scope 2 emissions by 2050. In 2022, we started by defining our base year and we are planning to set science-based targets before the end of 2023. At that point Arabian Drilling will be able to introduce its complete sustainability strategy, supported by its implemented roadmap.

Although we are making good progress in meeting our sustainability objectives, we continue to strengthen our focus on those areas of improvements.

On behalf of the Board and management, I invite you to review our sustainability journey during the 2022 financial year. We will continue to strengthen our sustainability governance, develop new targets and report on our performance. We intend to regularly announce our sustainability successes and challenges with our stakeholders, and we welcome your feedback on our efforts.



AT ARABIAN DRILLING WE ARE COMMITTED TO INTEGRATING SUSTAINABILITY INTO EVERY ASPECT OF OUR BUSINESS AND ENHANCING OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) GOALS AS A KEY PART OF OUR GROWING BUSINESS.



GHASSAN MIRDAD

Chief Executive Officer

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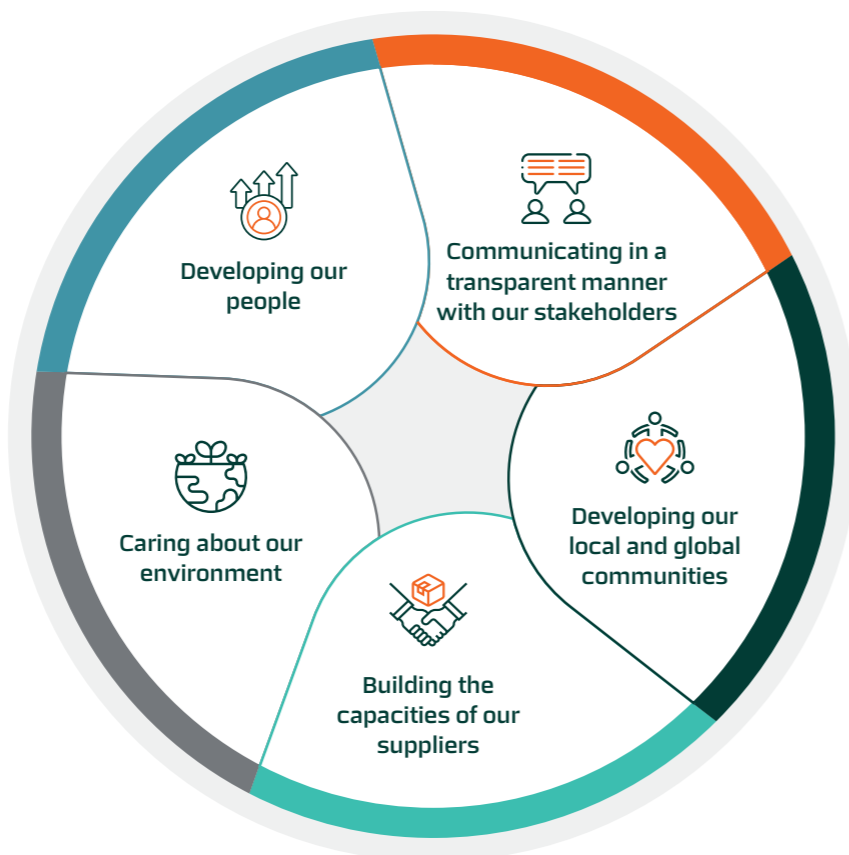
STAKEHOLDER ENGAGEMENT

ARABIAN DRILLING PLACES EMPHASIS ON ACTIVELY ENGAGING WITH A DIVERSE RANGE OF STAKEHOLDERS, AIMING TO INTEGRATE THEIR PERSPECTIVES INTO OUR BUSINESS PLANS, SUSTAINABILITY STRATEGIES, AND OBJECTIVES. THIS COLLABORATIVE APPROACH IS NOT LIMITED TO PROJECT PLANNING BUT EXTENDS ACROSS ALL STAGES OF OUR OPERATIONS, FROM EXECUTION TO LONG-TERM MANAGEMENT AND CUSTOMER INTERACTIONS.

Throughout the year, we maintain open lines of communication with key stakeholders that cover a wide spectrum of topics. At Arabian Drilling, our workforce operates with a strong commitment to accountability and transparency when interacting with stakeholders. Effective engagement exceeds mere feedback collection; it involves nurturing cooperation and collaboration to generate broader societal value. We are committed to attentively listening to and addressing the interests and concerns of our stakeholders. This unwavering dedication to stakeholder engagement remains central to all our operations.

APPROACH

Arabian Drilling’s stakeholder engagement approach encompasses the following:



ENGAGEMENT PROCESS






Each year, we conduct a thorough assessment of our stakeholders, taking into account factors such as stakeholder influence, legitimacy, and the urgency of their concerns. This comprehensive engagement process enables us to identify any significant concerns and potential opportunities. Through purposeful engagement, we aim to address and enhance these matters while gaining deeper insights into the requirements of our stakeholders.

The essential stages for implementing proactive stakeholder engagement are as follows:



STAKEHOLDER ENGAGEMENT (continued)

ARABIAN DRILLING'S STAKEHOLDERS

Stakeholder group		Key interests and priorities	Methods of engagement	Value added
Investors 	<p>Arabian Drilling operates as a Joint Stock Public Listed Company, with its major Shareholders being 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</p>	<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 • Social media 	<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 	<p>Arabian Drilling's primary customers include Saudi Aramco, Schlumberger, and Al Khafji Joint Operations</p>	<ul style="list-style-type: none"> • Service excellence • 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 Department • Website • Social media 	<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 	<p>Arabian Drilling has a workforce of over 4,500 employees, with a Saudization rate of 74.4%</p>	<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 • Quarterly townhalls • 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 	<p>Arabian Drilling cultivates enduring relationships and collaborates closely with our core suppliers and service providers</p>	<ul style="list-style-type: none"> • Transparent procurement processes • Tender opportunities • Business development opportunities • Environmental protection and sustainability 	<ul style="list-style-type: none"> • Emails • Procurement notices • Workshops • Social media 	<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 businesses to leverage synergies • Enhanced economies of scale • Cost savings
Communities 	<p>Residents of the Kingdom</p>	<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"> • Corporate Social Responsibility initiatives • Health campaigns • Knowledge sharing workshops

MATERIAL MATTERS

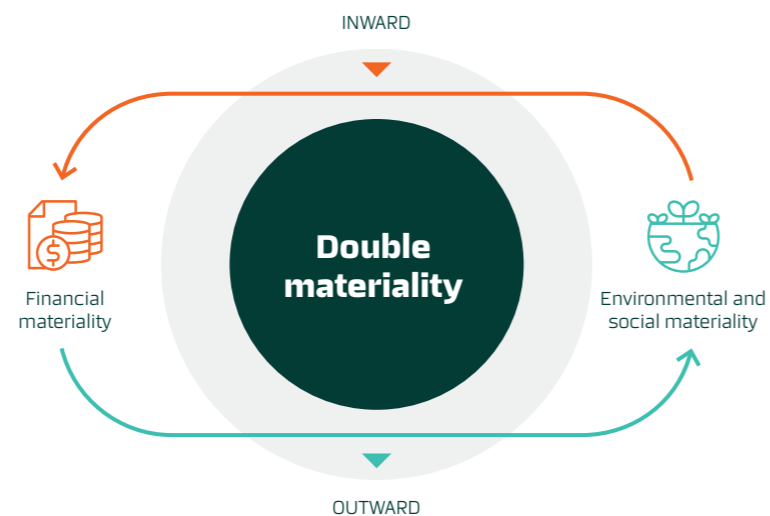
MATERIALITY WITHIN THE ESG SPACE INVOLVES IDENTIFYING, EVALUATING, AND PRIORITIZING ESG TOPICS THAT HAVE THE MOST SIGNIFICANT INFLUENCE ON BOTH THE COMPANY AND ITS STAKEHOLDERS. CONDUCTING A MATERIALITY ASSESSMENT ALLOWS THE BUSINESS TO GAIN A COMPREHENSIVE UNDERSTANDING OF ITS ESG AND SUSTAINABILITY CONTEXTS BY DETERMINING WHICH TOPICS ARE MATERIAL OR NOT, TO WHOM THESE TOPICS ARE MATERIAL, AND WHY THEY MATTER.

To enhance our evolving ESG journey, we conducted a comprehensive sustainability materiality assessment. While this analysis delved deeply into ESG topics, it also harmonized with the broader enterprise risk management frameworks and processes of the Company, ensuring alignment with its overall risk strategy.



MATERIALITY DETERMINATION APPROACH

Arabian Drilling employs a dual materiality lens to determine significant ESG and sustainability risks. This lens encompasses both the incoming impacts influencing corporate value and the external impacts through which the Company holds the power to effect meaningful change. This comprehensive approach enables us to grasp our obligations and potential, guiding our decisions in harmony with our dedication to sustainability and ethical business practices.



In 2022, our materiality assessment adhered to our Company's vision and value framework, aligning seamlessly with GRI Reporting Principles. This assessment considered various crucial dimensions, including identified risks and opportunities, evolving sustainability concerns, the relevance of sustainability-related impacts on external stakeholders and employees, and significance to our stakeholders.

To ensure a robust assessment, we conducted a survey among internal stakeholders which reflected the interests of external stakeholders as well. These topics were then reviewed and rated on a scale from 1 to 10 by Arabian Drilling's Management, categorizing them as Somewhat Material (1-3), Material (4-7), or Extremely Material (8-10). Issues categorized as Extremely 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.

STEPS TO MATERIALITY DETERMINATION

- 01

Identify material aspects that are material to the business and key stakeholders, including activities that may have an impact on the natural environment.
- 02

Evaluate the significance of each topic considering its impact on business processes and strategy realization. Rate the topics from both the business perspective and stakeholder perspective to gain a comprehensive understanding of their importance and relevance.
- 03

Conduct a rating assessment considering internal and external factors. Utilize statistical methods to determine the significance of each material risk, assigning low, medium, high priority, or concentrated impact weights.
- 04

Visually present findings to assess risk ratings from both internal and external perspectives. The materiality risk matrix is derived from the combined assessment.

MATERIAL MATTERS (continued)

ARABIAN DRILLING'S SUSTAINABILITY PRIORITIES

Priority	Impact	Reference
Extremely material		
Occupational health and safety	Social	Page 86
Non-discrimination policies and practices	Social	Page 80
Economic performance	Governance and Economics	Page 52
Compliance policies	Governance and Economics	Page 42
Code of Conduct practices	Governance and Economics	Page 43
Leadership	Governance and Economics	Page 40
Material		
Waste management	Environment	Page 120
Spill prevention and response	Environment	Page 122
Energy consumption	Environment	Page 112
Water consumption	Environment	Page 118
GHG emissions control and reduction	Environment	Page 112
CSR, social impact & local community development programs	Social	Page 102
Employee diversity and inclusion	Social	Page 75
Training and education	Social	Page 96
Corporate risk management	Governance and Economics	Page 46
Somewhat material		
Impact on biodiversity and habitat protection	Environment	Page 122
Use of alternative fuels	Environment	Page 114

Materiality Matrix



Environment

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

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

CORPORATE STRATEGY

OUR STRATEGIC PILLARS

Arabian Drilling's competitive strategy is built on 4 key pillars:

<p>Preferred employer for national & international talent in the industry</p>  <p>The Company is committed to fostering a highly skilled national and international workforce, emphasizing national talent recruitment, training and retention.</p>	<p>To promote a culture of service excellence and be recognized as an industry leader</p>  <p>Arabian Drilling prioritizes delivering exceptional and sustainable drilling services, focusing on continuous improvement, employee competency, asset integrity, and industry-leading management systems, leading to high recognition and performance scores.</p>	<p>To optimize cost within our operations</p>  <p>The Company emphasizes cost optimization through efficiency measures, training, and a flexible cost structure, ensuring operational resilience in the face of business fluctuations.</p>	<p>To grow our market share in the kingdom and GCC region</p>  <p>Arabian Drilling seeks to grow its market share in the kingdom and GCC region by actively participating in tenders and capitalizing on the growing demand for drilling services within the kingdom, while also exploring opportunities in the neighboring markets like Kuwait, Bahrain, Qatar, UAE and Oman.</p>
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OUR STRENGTHS AND COMPETITIVE ADVANTAGES

Our corporate strategy is built on a foundation of strengths and strategic foresight, benefiting from a robust presence in the Kingdom's resilient oil and gas market. Our leadership position, operational excellence, and commitment to safety and sustainability is what makes Arabian Drilling such a prominent market player. The Company's financial stability, growth strategy, and experienced Management further solidify its status as a national drilling champion, poised to seize emerging opportunities and contribute to the Kingdom's industrial expansion.

<p>STRONG PRESENCE IN A RESILIENT MARKET</p> <p>The Company thrives in the Kingdom's robust oil and gas sector, known for its low production costs and drilling-intensive legacy fields, ensuring stability in production and rig operations amid oil price fluctuations. Anticipated growth in hydrocarbon production and E&P drilling CAPEX drives onshore and offshore rig demand.</p>	<p>PROVIDER OF INDUSTRY LEADING DRILLING SERVICES</p> <p>As the premier drilling services provider in the Kingdom, the Company commands around 17.0% of the nation's total rig capacity. Renowned for operational excellence and market insight, it navigates regulatory complexities expertly, cementing barriers to entry. Strong Saudi Aramco ties reinforce its established position.</p>
<p>OPERATIONAL EXCELLENCE</p> <p>The Company's remarkable operational track record shines in its high Saudi Aramco REI scores and exceptional safety standards. Its focus on sustainability, carbon reduction, and social initiatives further enhances its reputation, while local sourcing contributes to the Kingdom's growth.</p>	<p>SOLID FINANCIAL PROFILE</p> <p>Despite economic challenges and global events, the Company maintains robust profitability margins, underpinned by a lean cost structure, skilled workforce, disciplined CAPEX, and prudent financial practices, resulting in a strong balance sheet.</p>
<p>DISCIPLINED GROWTH STRATEGY</p> <p>Positioned as a national drilling champion, the Company is well-prepared for increasing drilling demand driven by Saudi Aramco's goals and new ventures like the Jafurah gas field. Its adaptability extends to carbon capture storage and expansion into GCC Region markets.</p>	<p>EXPERIENCED AND ALIGNED MANAGEMENT TEAM</p> <p>The Company's seasoned leadership, supported by TAQA and Schlumberger, possesses deep industry knowledge and regional insights. The commitment to regional interests, along with its strategic partnerships, strengthens its goal of expanding local manufacturing and industrial capabilities.</p>

SUSTAINABILITY FRAMEWORK

The core of our sustainability framework comprises 3 focus areas (FAs). These support 11 essential elements (EEs) and several sub-elements.

Arabian Drilling Code of Conduct EE 3.1

Our Code of Conduct is defined by a set of rules, principles, values, employee expectations, behaviors, and relationships that a business considers important and believes necessary for its success. The Arabian Drilling Code of Conduct lays the foundation upon which the Company sustains its business. The Arabian Drilling code defines: The principals of operation, fundamental management values, the expected ethical behavior in the work environment, and corporate culture, transparency and integrity.



Enterprise Risk Management (ERM) EE 3.2

As the framework for managing organizational risks, ERM identifies, analyzes, assesses, evaluates, and controls operational, financial, legal, strategic and security risks to an organization. ERM is used to monitor these risk controls to mitigate the adverse effects of loss from a wide variety of sources. These include financial uncertainty, legal liabilities, strategic management errors, accidents, and natural disasters.



Compliance EE 3.3

Business organizations are compelled to adhere to laws and regulations applicable to them. These include country and regulator specific laws and requirements, supported by internal company directives. Organizations can maintain good compliance by implementing targeted processes and tools.



Labor Best Practices EE 1.1

Our labor practices encompass employee hiring and promotion, remuneration, disciplinary action, complaint response system, transfers and reassignment, and termination of employment. These also cover human resources development (capacity-building, training for competencies), occupational safety, health, working conditions (working hours and remuneration), labor rights, and engagements.



CSR and Local Communities EE 1.2

Corporate social responsibility (CSR) is a management concept through which organizations integrate social concerns into their business operations and interactions with their stakeholders. Arabian Drilling utilizes CSR to take an active and positive social role in our communities and among our stakeholders.



Arabian Drilling Sustainability Framework

3 Corporate Governance

Corporate governance is the system by which companies are directed and controlled. Corporate governance covers areas such as environmental awareness, ethical behavior, corporate strategy, compensation, and risk management.

2 Climate Actions

These are efforts undertaken to combat climate change and its impacts through a range of activities, mechanisms, policy instruments and other channels that aim to reduce the severity of human induced climate change and its impacts. These actions include reducing greenhouse gas emissions and introducing energy management practices.

1 People and Society

Arabian Drilling has implemented policies that support dignified living standards, individual rights, treating employees fairly, and equality within society. These aspects such as health, education, CSR, being a good neighbor and community member are all included in our social policies. We understand that a sustainable business should have the approval of its employees, stakeholders, and the community it operates in.

Carbon Footprint Reduction EE 2.1

A carbon footprint is the total amount of greenhouse gases (including carbon dioxide and methane) that are generated by our actions. Reducing our carbon footprint means changing how we approach and participate in activities that produce greenhouse gases.



Water Management EE 2.2

Water resources should be managed to minimize damage to life and property and maximize its efficient use for maximum benefit. This includes safe and reliable water processing and distribution.



Waste Management EE 2.3

This means reducing the quantities of unusable materials and avoiding potential health and environmental hazards. These activities include the processes and actions required to manage waste from its creation to its final disposal. Specific aspects include the collection, transport, treatment, and disposal of waste, together with monitoring the waste management process and waste-related laws, technologies, and economic mechanisms.



Biodiversity EE 2.4

Biodiversity – short for biological diversity – is the variety of all living things and their interactions. Biodiversity changes over time as extinction occurs and new species evolve. Biodiversity is essential for the processes that support all life on Earth, including humans. Without a wide range of animals, plants, and microorganisms we cannot have the healthy ecosystems that we rely on to provide us with the air we breathe and the food we eat.



Workplace Diversity and Equal Opportunity EE 1.3

Diversity means recognizing, respecting, and welcoming everyone's different backgrounds, identities, and experiences. Equal opportunity means every person can participate freely and equally in the different areas of the workplace. This means that employers should not to discriminate against an employee or job applicant because of race, color, religion, national origin, gender, physical or mental disability, or age.









Occupational Health and Safety EE 1.3

Occupational health and safety (OHS) is aimed at improving workplace health and safety standards. It enables the analysis of injury and illness trends in the working population and offers suggestions for mitigating the risks and hazards they encounter on the job. In the workplace, OHS is used to prevent work-related injuries and diseases, while promoting the overall health of employees. It also supports the improvement of working conditions to prevent injuries or disease.



ALIGNING TO THE SDGs AND VISION 2030

UNSDGs	Saudi Vision 2030	Arabian Drilling material matters	Arabian Drilling's contribution
<p>Ensure healthy lives and promote well-being for all at all ages</p> 	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Living healthy, being healthy Caring for our families Caring for our health 	<ul style="list-style-type: none"> Occupational health and safety 	<p>Arabian Drilling promotes the health and safety of our employees and community, including through our Journey to Zero Incidents. Our robust health and safety policy and HSE Management System is based on the International Association of Oil & Gas Producers (IOGP) model, supporting Saudi's national health agenda.</p> <p><i>For more, visit page 86 [Health and safety]</i></p>
<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> 	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Developing our children's character <p>A Thriving Economy</p> <ul style="list-style-type: none"> Rewarding Our commitment to an education that contributes to economic growth 	<ul style="list-style-type: none"> Training and education 	<p>Arabian Drilling's initiatives to upskill its employees are closely linked to our community development focus areas, through initiatives like the Saudi Arabian Drilling Academy (SADA), the FARES career development program, and the Saudi Petroleum Services Polytechnic (SPSP). The Company helps to fund education for young people and graduates looking to join the industry, while ensuring a healthy pipeline of skilled employees for its operations.</p> <p><i>For more, visit page 96 [Training programs]</i></p>
<p>Achieve gender equality and empower all women and girls</p> <p>Reduce inequality</p>  	<p>A Thriving Economy</p> <ul style="list-style-type: none"> Providing equal opportunities 	<ul style="list-style-type: none"> Non-discrimination Employee diversity and inclusion Arabian Drilling Code of Conduct 	<p>Arabian Drilling supports women empowerment by promoting diversity, equal opportunity, and non-discrimination in its workforce.</p> <p><i>For more, visit page 80 [Diversity and equal opportunity]</i></p>
<p>Ensure availability and sustainable management of water and sanitation for all</p> <p>Conserve and sustainably use the oceans, seas, and marine resources</p>  	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Achieving environment sustainability <p>An Ambitious Nation</p> <ul style="list-style-type: none"> Protecting our vital resources 	<ul style="list-style-type: none"> Water consumption 	<p>Arabian Drilling recognizes the water scarcity and the need for global water security, and this has been reflected in our corporate HSE policies. It is of critical importance that Arabian Drilling takes care of water, a most precious resource – especially around our offshore rigs. Our Environmental Management Plan outlines how the Company must ensure responsible water use.</p> <p><i>For more, visit page 118 [Water]</i></p> <p>In addition, Arabian Drilling understands the severe impacts that an oil spill would have on the environment and has several measures in place to safeguard against such a scenario.</p> <p>We have very strict standards and procedures in place when it comes to freshwater consumption and to the wastewater treatment and track on a daily basis our related KPIs and implement the mitigation measures as required.</p> <p>In the marine drilling operations, our units are designed and operated as per the international standards for mobile offshore drilling units (MODU) and as per ABS (American Bureau of Shipping) specifications where each unit operates a specific water treatment unit. Furthermore our offshore unit's wastewater treatment plant is designed as per the last updates by marine regulations, it is well operated, maintained, and frequently checked.</p>

Arabian Drilling is committed to driving positive socio-economic development in the regions where it operates (Saudi Arabia), aligning with the objectives of the United Nations Sustainable Development Goals (UNSDGs) and Saudi Vision 2030. Through a series of targeted initiatives, we aim to make significant contributions to economic prosperity and social advancement. In the following table, we outline how our Vision 2030 focus areas link directly to the UNSDGs that Arabian Drilling supports.

UNSDGs	Saudi Vision 2030	Arabian Drilling material matters	Arabian Drilling's contribution
<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p> 	<p>A Thriving Economy</p> <ul style="list-style-type: none"> Renewable energy markets Increasing the competitiveness of our energy sector 	<ul style="list-style-type: none"> Energy consumption GHG emission control and reduction Use of alternative fuel 	<p>Arabian Drilling is working fervently to enhance its energy efficiency, thereby minimizing its carbon footprint.</p> <p><i>For more, visit page 112 [Energy and emissions]</i></p>
<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all</p> 	<p>A Thriving Economy</p> <ul style="list-style-type: none"> Boosting our small businesses and productive families Our commitment to an education that contributes to economic growth Providing equal opportunities 	<ul style="list-style-type: none"> Economic performance CSR, social impact, and local community development programs Code of Conduct Compliance Risk management 	<p>The Company, as one of the major players in Saudi Arabia's oil sector, contributes to economic growth by ensuring sustainable financial performance and operational excellence. We also support IKTVA targets, promoting local businesses and skills.</p> <p><i>For more, visit page 52 [Economy].</i></p> <p>In addition, Arabian Drilling looks after its employees through internal employee engagement initiatives.</p> <p><i>For more, visit page 82 [Employee satisfaction]</i></p>
<p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p> 	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Developing our cities <p>A Thriving Economy</p> <ul style="list-style-type: none"> Our commitment to developed digital infrastructure 	<ul style="list-style-type: none"> Economic performance 	<p>In conducting its business, Arabian Drilling promotes technological innovation and develops its infrastructure with sustainability in mind while providing environmentally responsible drilling services. Our environmental policy emphasizes compliance, risk mitigation, and accountability. In addition to our IKTVA recognition, we always remain alert for opportunities to be better, more efficient, and more sustainable.</p> <p><i>For more, visit page 60 [Operational excellence]</i></p>
<p>Substantially reduce waste generation through prevention, reduction, recycling, and reuse</p> 	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Achieving environment sustainability 	<ul style="list-style-type: none"> Waste management Spill prevention and response 	<p>Arabian Drilling is fully aware of the problem of waste and waste accumulation to the landfill, and this has been reflected in our corporate HSE policies. The Company's Environmental Management program (EMP) is considering all activities in the waste segregation, reduction, and recycling with well-designed programs and campaigns. We track on a daily basis our waste generated and implement the mitigation measures as required.</p> <p>The Company has specific standards for spill prevention and mitigation, supported by annual related campaigns and provides the required training.</p> <p><i>For more, visit page 120 [Waste]</i></p>
<p>Take action to combat climate change and its impacts</p> 	<p>A Vibrant Society</p> <ul style="list-style-type: none"> Achieving environment sustainability 	<ul style="list-style-type: none"> Energy consumption GHG emission control and reduction Use of alternative fuel 	<p>Arabian Drilling has an ambitious plan to reach Net-Zero GHGs emissions for Scope 1 and 2 emissions by 2050. The Company is setting related standards, policies, and targets and working closely with the best-in-class technology providers to achieve our climate actions.</p> <p><i>For more, visit page 112 [Energy and emissions]</i></p>

ALIGNING TO THE SDGS AND VISION 2030 (continued)

Vision 2030



National Transformation Program

- Arabian Drilling is implementing state-of-the-art technologies to fulfill its commitment to Saudi Arabia's Vision 2030.
- Arabian Drilling offers innovative technological drilling solutions to the oil and gas industry that tackles some of the most critical challenges.



Quality of Life Program

- Arabian Drilling is committed to supporting employees and the local communities where it operates, through hiring and development practices, as well as supporting community groups, educational institutions, humanitarian and charitable organizations, national initiatives, and other entities.
- Arabian Drilling is proud to support "Made in Saudi" and has chosen projects, training and initiatives with the local community and Vision 2030.



Sustainable Saudi

- Arabian Drilling's sustainability strategy determines how it proceeds with its journey of sustainability by improving the efficiency and effectiveness of resources, and capital utilization.
- Arabian Drilling strives to minimize the environmental impact of its business by improving operational efficiency through innovation, digitization, and operational excellence.



Saudi Green Initiative

- In line with Saudi Vision 2030, Arabian Drilling is striving to reduce our carbon emissions to contribute to the Net-Zero Target by 2060, by increasing the efficiency of waste management, establishing comprehensive recycling projects, reducing all types of pollution, and fighting desertification. Committed to reducing energy consumption and carbon dioxide emissions, Arabian Drilling has launched initiatives to remotely monitor GHG emissions using engine efficiency monitoring devices on rigs.



Human Capability Development Program

- Arabian Drilling's strategy is aligned with Vision 2030 pillars of building an ambitious nation, a vibrant society, and a thriving Saudi economy and testament to this is being awarded the Gold Status Certification for its contribution and IKTVA Excellence Award for "The Best Saudization (Services)". The Company is committed to growth and progress in alignment with that of our nation.



GOVERNANCE

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ARABIAN DRILLING’S COMMITMENT TO ETHICAL PRACTICES IS INTEGRAL TO ITS CORPORATE GOVERNANCE STRATEGY. ALIGNED WITH STAKEHOLDER EXPECTATIONS AND THE OPERATIONAL LANDSCAPE, THIS COMMITMENT REINFORCES OUR REPUTATION, PROPELS STRATEGIC PROGRESS, AND ENHANCES STAKEHOLDER VALUE. GUIDED BY THE BOARD AND EXECUTIVE MANAGEMENT, WE ESTABLISH GOVERNANCE OBJECTIVES WHILE ENSURING POSITIVE EXPERIENCES FOR ALL STAKEHOLDERS. THIS EFFORT IS BOLSTERED BY OUR ORGANIZATIONAL CULTURE AND CODE OF ETHICS, FORMING THE BASIS OF ETHICAL CONDUCT.



HIGHLIGHTS AND CHALLENGES FROM THE YEAR

HIGHLIGHTS

ON 24 FEBRUARY 2022, GHASSAN MIRDAD WAS APPOINTED AS CHIEF EXECUTIVE OFFICER, SIGNIFYING A SIGNIFICANT STEP IN ARABIAN DRILLING’S LEADERSHIP AND GROWTH TRAJECTORY.

IN JUNE 2022, ARABIAN DRILLING EMBARKED ON A REBRANDING INITIATIVE, UNVEILING A FRESH LOGO, VISION, MISSION, VALUES, AND SLOGAN. THIS COMPREHENSIVE TRANSFORMATION MIRRORS OUR DEDICATION TO GROWTH, INNOVATION, AND CUSTOMER-CENTRICITY.

IN NOVEMBER 2022, WE REACHED A SIGNIFICANT MILESTONE WITH THE SUCCESSFUL COMPLETION OF OUR INITIAL PUBLIC OFFERING (IPO) ON THE SAUDI STOCK EXCHANGE (TADAWUL). THIS LANDMARK ACHIEVEMENT HAS USHERED IN A NEW ERA AS A PUBLICLY LISTED COMPANY, OFFERING EXPANDED HORIZONS FOR GROWTH AND VALUE CREATION FOR OUR VALUED SHAREHOLDERS.



CHALLENGES

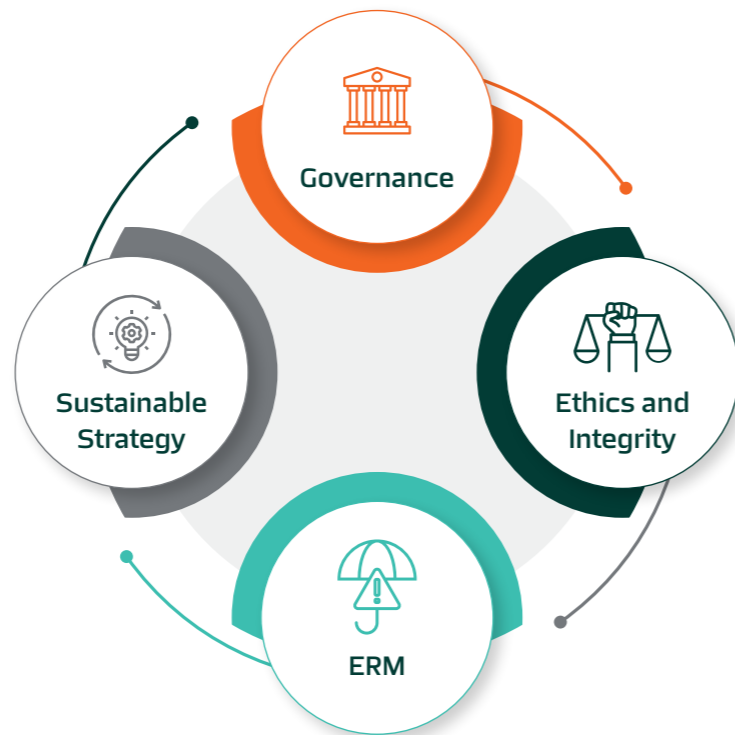
Our greatest challenge during the IPO process was ensuring compliance with the strict regulations set forth by the Capital Market Authority (CMA). Meeting these regulatory requirements, while working diligently to complete the IPO on time, demanded rigorous efforts and meticulous attention to detail.

Despite the challenges faced, we embraced them as opportunities for growth and learning. Our successful IPO and rebranding efforts represent our dedication to achieving excellence in all aspects of our business and positioning ourselves for continued success in the future.

We are grateful for the support of our stakeholders and look forward to the journey ahead as we strive to create sustainable value for all.

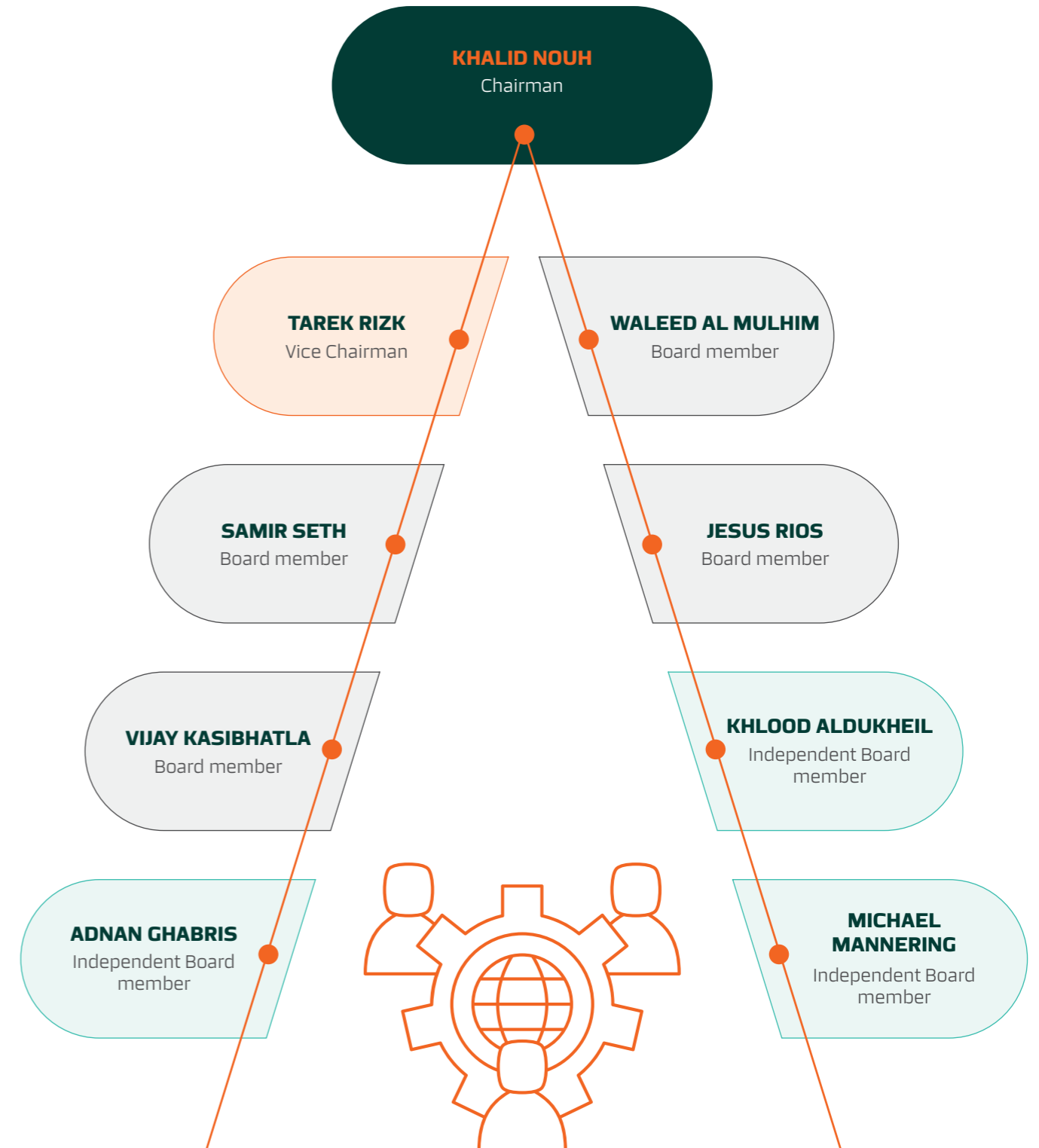
GOVERNANCE STRUCTURE

ARABIAN DRILLING'S GOVERNANCE FRAMEWORK PROVIDES A CLEAR ROADMAP FOR ROBUST GOVERNANCE PRACTICES ALIGNED WITH RELEVANT LAWS, TADAWUL LISTING REQUIREMENTS, AND THE COMPANY'S MEMORANDUM OF INCORPORATION. ANCHORED IN CORPORATE GOVERNANCE POLICIES, ETHICS, AND HUMAN RIGHTS, THIS FRAMEWORK ENSURES ETHICAL BUSINESS PRACTICES, REINFORCING THE COMPANY'S COMMITMENT TO BEING A RESPONSIBLE CORPORATE CITIZEN.



BOARD OF DIRECTORS

The leadership structure of Arabian Drilling's Board of Directors is designed to facilitate effective oversight of Management and promote the best interests of Shareholders. Khalid Nouh currently leads the Board.

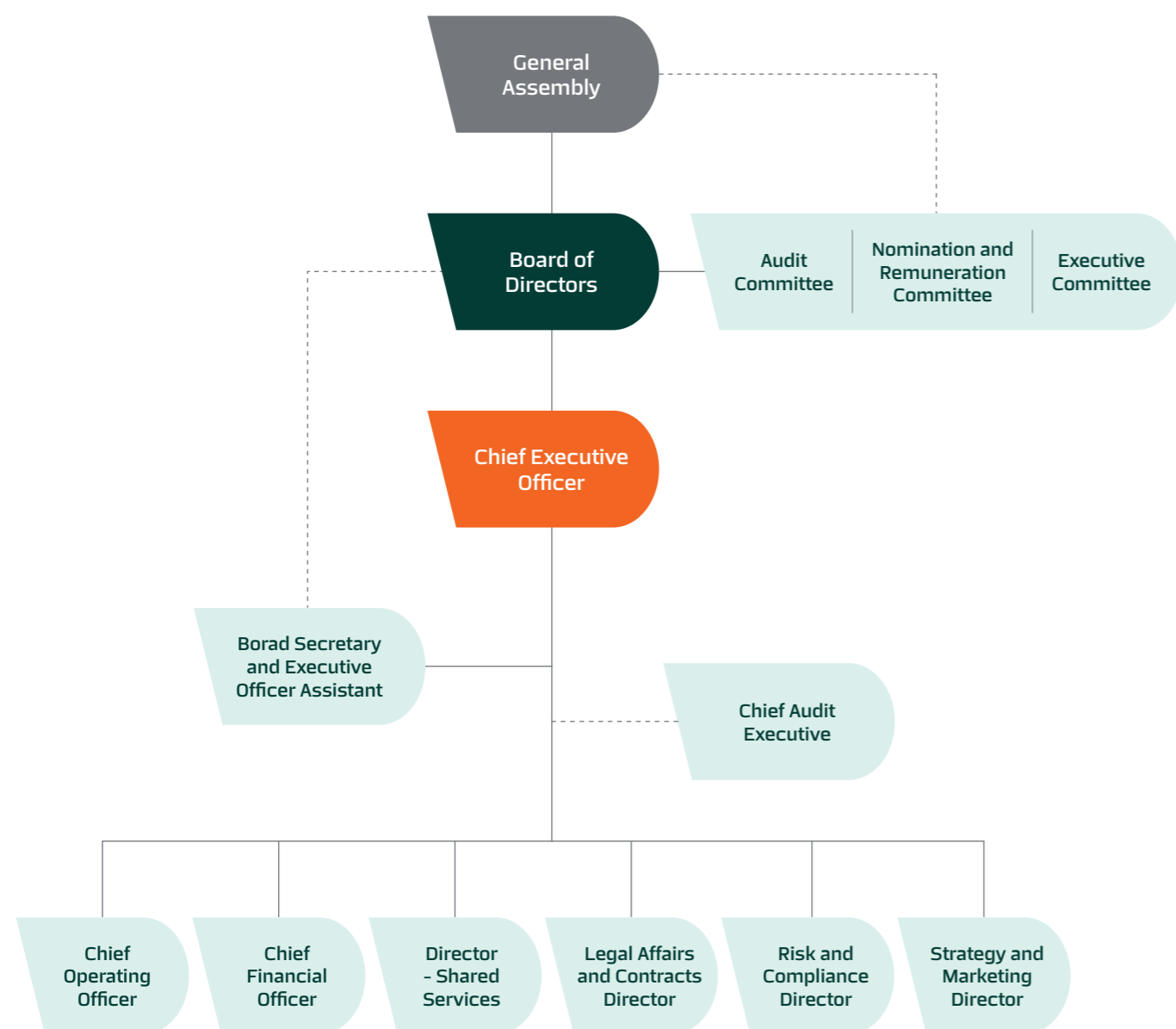


GOVERNANCE STRUCTURE (continued)

BOARD LEADERSHIP AND STRUCTURE

Arabian Drilling has undergone changes in its Board of Directors and Executive Management since becoming a listed company. Based on regulatory requirements, some members have left, and others have been replaced by incoming Board members and Executive managers. The Company's governance structure includes the following:

Organizational Structure of the Company



APPOINTMENT OF NEW CEO AT ARABIAN DRILLING

In 2022, the Board of Arabian Drilling introduced a new organizational structure and appointed Ghassan Mirdad as the Company's first Chief Executive Officer. Mr. Mirdad's CEO role combines the responsibilities of the 2 former Managing Directors, making the CEO responsible for leading the national drilling champion in the Kingdom of Saudi Arabia, and overseeing the Company's strategic direction and growth to ensure value-driven operations for its stakeholders and investors. Mr. Mirdad's career is deeply rooted in the upstream oilfield services sector, spanning 26 years. For 24 of those years, he held pivotal leadership roles at Schlumberger (SLB). The Board is confident in Mr. Mirdad's leadership, to lead the Company's growth journey.



COMPOSITION OF THE BOARD

The Board of Directors consists of 9 members, 6 of whom are Non-Executive, and 3 are Independent. The Independent members serve a 3-year tenure.

The Company has 3 committees, namely the Audit Committee, Nomination and Remuneration Committee, and Executive Committee. A female Board member chairs the Audit Committee, with the remaining positions being taken up by male members.

Board and committee members are nominated and selected by Shareholders, with voting power based on the size of their shareholdings in the Company, followed by a selection process

through cumulative voting according to the Companies Law. The Audit Committee and Nomination and Remuneration Committee are formed through the authority of the Company's General Assembly of Shareholders, while the Executive Committee is formed and authorized by the Company's Board of Directors.

The Company considers the views of stakeholders, including Shareholders, in this process and observes diversity and independence in the nomination and selection of Directors.

TENURE OF COMMITTEE MEMBERS

The tenure of the committee members is 3 years, allowing for regular rotation and fresh perspectives on various matters.

GENDER DIVERSITY IN BOARD COMMITTEES

Arabian Drilling's Board consists of 3 committees: the Audit Committee, Nomination and Remuneration Committee, and Executive Committee. The Audit Committee is chaired by a female member, while the other committees are chaired by male members.

BANKRUPTCY/ INSOLVENCY

None of the Directors, senior Executives, or the Company Secretary of Arabian Drilling have been declared bankrupt or undergone bankruptcy proceedings. Additionally, over the past 5 years leading up to the present date, none of the Directors, senior Executives, or the Company Secretary have held managerial or supervisory roles in companies that have been declared insolvent or bankrupt.

GOVERNANCE STRUCTURE (continued)

SUSTAINABLE MANAGEMENT AT EXECUTIVE AND BOARD LEVEL

Arabian Drilling has implemented robust governance mechanisms to address climate-related issues and seamlessly integrate them into various dimensions of the Company's operations. This commitment is underscored by the presence of a dedicated Sustainability Steering Committee, chaired by the CEO. Sustainability governance mechanisms are integrated through the following processes:

REVIEWING AND GUIDING STRATEGY

Climate-related issues are integrated into the strategic planning process. The Sustainability Steering Committee collaborates with Management to ensure that climate considerations are woven into the Company's long-term objectives and decision-making.

MONITORING PROGRESS TOWARDS CORPORATE TARGETS

The Sustainability Steering Committee regularly monitors and assesses progress towards achieving climate-related targets. This ongoing evaluation ensures accountability and allows for timely adjustments to stay on track.

OVERSEEING VALUE CHAIN ENGAGEMENT

The Sustainability Steering Committee is involved in engaging with stakeholders throughout the value chain to ensure sustainability considerations are integrated into all relevant processes and decision-making.

REVIEWING INNOVATION/R&D PRIORITIES

The Sustainability Steering Committee ensures that climate-related issues are considered while reviewing and setting innovation and research priorities. This approach fosters a focus on sustainable and environmentally friendly practices throughout the organization's technological advancements.

OVERSEEING THE SETTING OF CORPORATE TARGETS

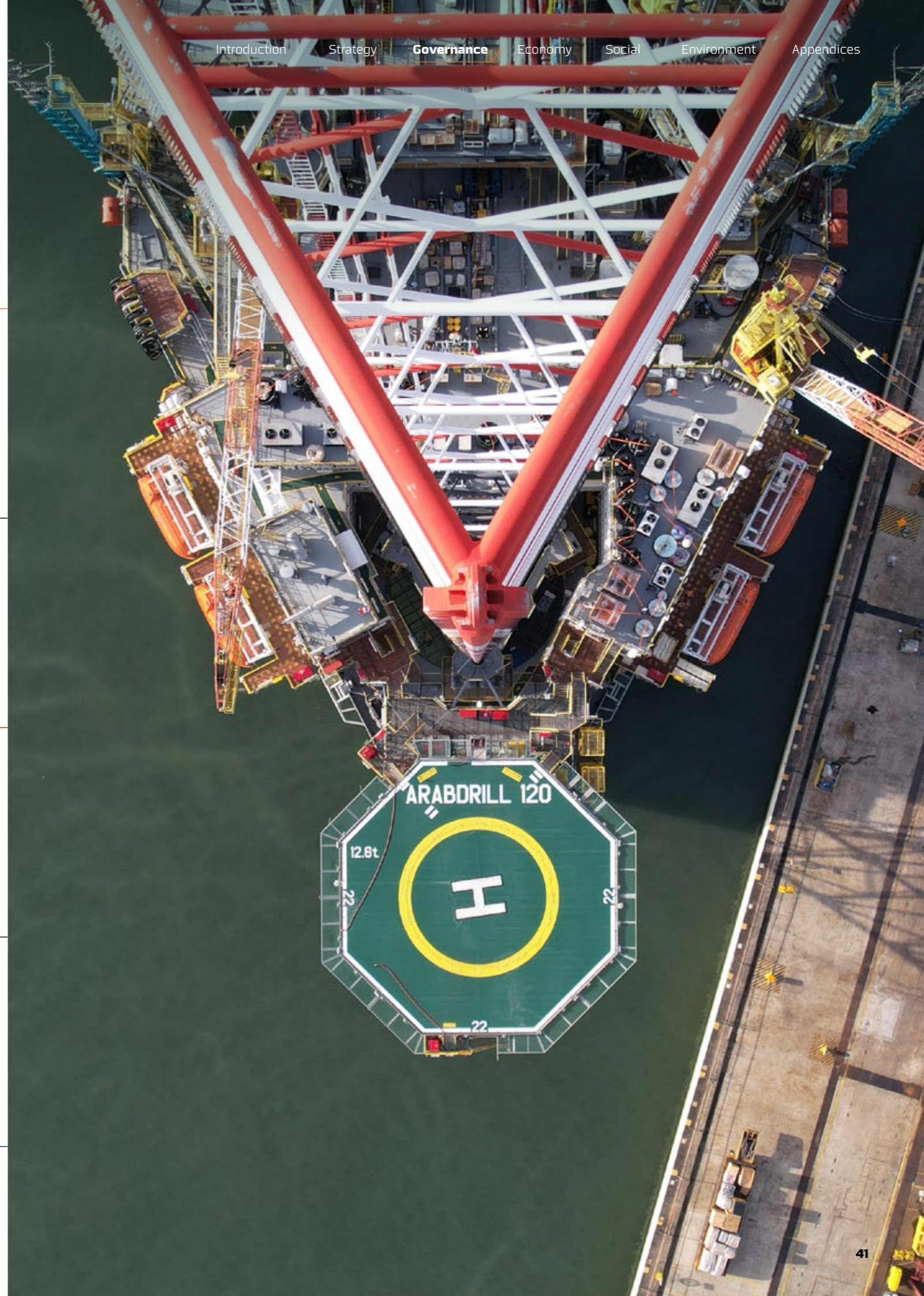
The Sustainability Steering Committee plays a vital role in setting clear and measurable targets related to climate-related goals. These targets guide the organization in aligning its efforts with sustainability commitments and industry best practices.

OVERSEEING AND GUIDING PUBLIC POLICY ENGAGEMENT

Arabian Drilling engages with public policy matters concerning climate change. The Board oversees these engagements to ensure alignment with the Company's sustainability objectives and to advocate for policies that promote responsible environmental practices.

REVIEWING AND GUIDING THE RISK MANAGEMENT PROCESS

Climate-related risks are evaluated and addressed within the Company's overall risk management process. The Sustainability Steering Committee provides guidance to identify, assess, and mitigate these risks, ensuring climate resilience for the organization.



BUSINESS ETHICS

THE BOARD OF ARABIAN DRILLING HAS DELEGATED ITS RESPONSIBILITY FOR ENSURING ETHICAL BUSINESS PRACTICES TO THE AUDIT COMMITTEE. THIS COMMITTEE OVERSEES THE CULTIVATION OF AN ETHICAL BUSINESS CULTURE WITHIN THE COMPANY. ALL CONCERNS OR COMPLAINTS RELATED TO ETHICS ARE REPORTED THROUGH ETHICS LINES, WITH THESE REPORTS RECORDED BY THE INTERNAL AUDIT AND COMPLIANCE DEPARTMENT FOR PRESENTATION TO THE AUDIT COMMITTEE. THESE REPORTS OUTLINE THE SEVERITY OF EACH CONCERN AND OFFER RECOMMENDATIONS ON THE APPROPRIATE ACTIONS TO BE TAKEN.

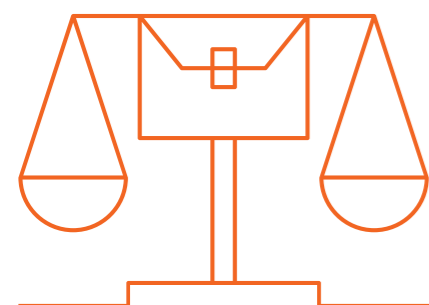
The Company's Whistleblowing policy encourages individuals to report any ethical concerns or violations and fosters transparency and accountability throughout the organization.

Employees and relevant stakeholders can access guidance for implementing Arabian Drilling's policies and guidance on responsible

business practices through multiple channels. These channels include HR announcements and awareness initiatives within the Learning Management System (LMS) centered on Arabian Drilling's Code of Business Conduct. Furthermore, employees are offered guidance from their direct supervisors or managers on reinforcing ethical behavior across the Company.

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



COMPLIANCE WITH CODE OF CONDUCT

Arabian Drilling is committed to achieving excellence in our services, delighting its customers, and upholding sustainable business practices, while minimizing grievances by employees and other stakeholders. Our Code of Conduct is a central guiding document for all our activities, ensuring ethical behavior throughout our operations. In situations involving conflicts of interest, stakeholders are required to disclose all relevant information to

the Company. Arabian Drilling's Code of Conduct enables the Company to transparently anticipate and manage such situations.

Arabian Drilling has established a well-structured mechanism for addressing grievances from all stakeholders. Our whistleblower hotline is dedicated to reporting breaches of the Code of Conduct or violations of applicable laws. The internal audit function oversees our ethics helpline to help ensure independent resolution of

complaints. We conduct thorough investigations into potential cases of non-compliance and anti-competitive behaviors to maintain our commitment to ethical practices.

During 2022, Arabian Drilling conducted comprehensive evaluations, resolutions, and closures for all grievance cases brought to its attention. Our strategic objective is to resolve all grievances through effective resolution processes.

Our mechanism to investigate any grievance

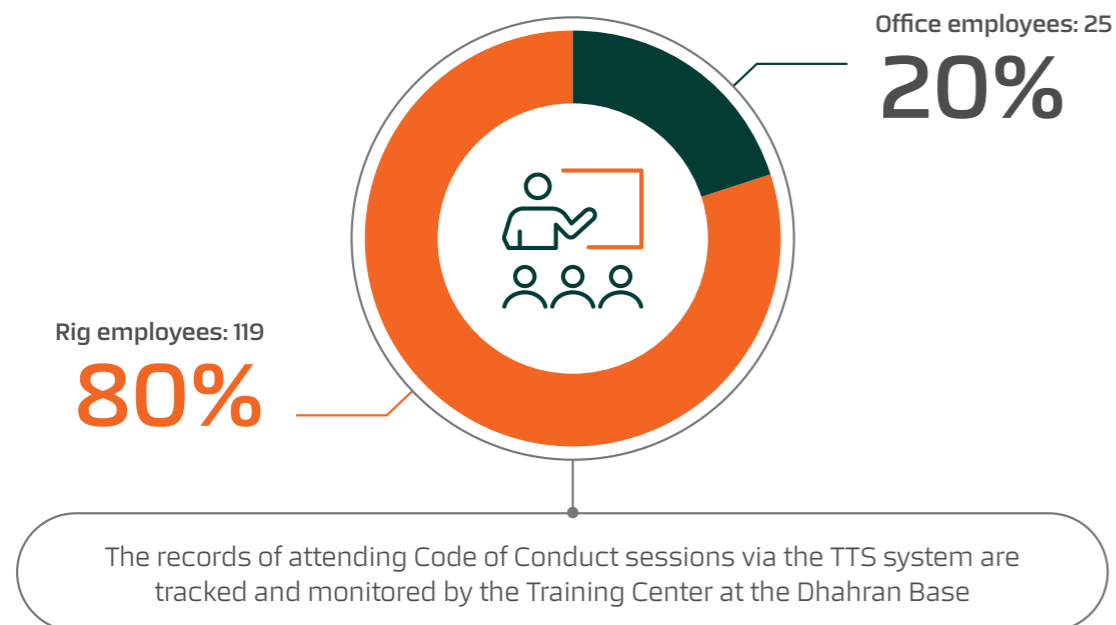


BUSINESS ETHICS (continued)

EMPLOYEE TRAINING AND ONBOARDING

We ensure that every new employee receives Code of Conduct training through our onboarding process. This practice was introduced in 2019 and remains a cornerstone of Arabian Drilling’s commitment to ethical behavior. To measure employee comprehension and perspectives on Code of Conduct topics, we construct an index using their responses to Code of Conduct-related questions. In 2022, the Training Center at Dhahran Base conducted 134 Code of Conduct sessions, underscoring our unwavering dedication to fostering a culture of ethics and responsibility across the organization.

Training Achievement in 2022



The records of attending Code of Conduct sessions via the TTS system are tracked and monitored by the Training Center at the Dhahran Base

HIGHLIGHTS

LAUNCH OF BEHAVIOR EMPOWERMENT CENTER

SAGAT- SITUATIONAL AWARENESS ASSESSMENTS

MISSION PERFORMANCE TRAININGS ON HUMAN FACTORS FOR SITUATIONAL AWARENESS

PERMANENT ATTENTION TRAININGS FOR TRAINERS

SA SESSIONS – 150 PLUS DRILLERS AND ARABIAN DRILLING’S COVERED IN 4 SESSIONS

CONFLICT OF INTEREST

Arabian Drilling’s governance framework ensures that Directors do not have the authority to vote on contracts or transactions involving their direct or indirect interests, in compliance with Article 71 of the Companies Law. Directors commit to abiding by relevant regulations and abstain from voting on resolutions tied to Related Party transactions. They also pledge not to compete with the Company’s business without approval from the Ordinary General Assembly, as outlined in Article 72 of the Companies Law. As of the

prospectus date, neither Directors, senior Executives, nor their relatives have interests in the Company’s shares, debt instruments, or subsidiary’s shares/debt instruments that could influence operations. Additionally, there are no binding agreements preventing them from competing with the Company – however, such competition requires prior General Assembly approval.

As of the reporting date, the Directors affirm that they have no conflicts of interest concerning contracts or transactions with the Company,

except as detailed in our Annual Board Report 2022 (pages 49 to 50: Related Party Contracts and Transactions). Additionally, none of them are involved in activities resembling or competing with the Company’s operations, except for the specified Director. This Director obtained approval from the General Assembly during its meeting on 5 April 2022 to engage in competing activities.

The table below presents information about the identified Director’s involvement in similar or competing ventures of the Company:

Director	The relevant company relating to a Director	The position of a Director in the relevant company	
		Shareholder/Partner	Director
Vijay Kasibhatla	Schlumberger Limited (Schlumberger N.V.)	No	Director of Mergers and Acquisitions



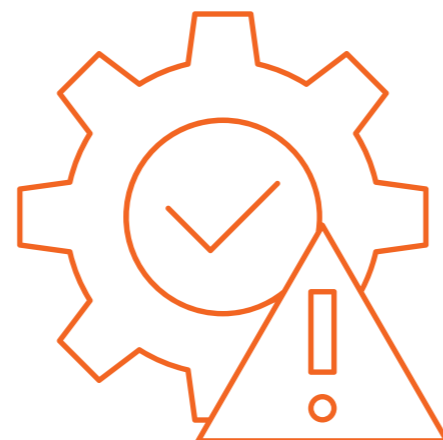
RISK MANAGEMENT

ARABIAN DRILLING RECOGNIZES THE NUMEROUS GEOPOLITICAL AND ECONOMIC RISKS INHERENT IN THE OIL AND GAS INDUSTRY, INCLUDING CHALLENGES RELATED TO CRUDE SUPPLIES AND PRODUCT PRICING LIMITATIONS. TO COUNTER THESE THREATS, ARABIAN DRILLING HAS ESTABLISHED A ROBUST RISK GOVERNANCE SYSTEM, FORTIFIED BY A STRONG ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK. THIS SYSTEM IS METICULOUSLY DESIGNED TO ENHANCE THE RESILIENCE AND PREPAREDNESS OF ARABIAN DRILLING'S OPERATIONS IN THE FACE OF POTENTIAL DISRUPTIONS.

Within Arabian Drilling, ongoing engagement between internal stakeholders and the Management team fosters regular discussions and evaluations of the Company's sustainability-focused strategy, risk management strategies, and performance outcomes. The oversight of risk management programs,

encompassing matters related to the ERM framework, is undertaken by the Audit Committee. Arabian Drilling introduced its ERM framework in 2019, guided by the principles of the Committee of Sponsoring Organizations (COSO) ERM framework. This framework serves as a reliable 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.



KEY ERM ACHIEVEMENTS

Continuous improvement is a fundamental journey, and over the past year, there has been noteworthy progress in enhancing the risk governance process. This progress

encompasses various aspects, including but not limited to risk identification, monitoring, mitigation, prioritization, risk treatment, response, communication, and control. Notably, energy and water security have been

prioritized on the risk register. These risks will be tracked through key risk indicators aligned with performance targets, ensuring strategic alignment with the ESG strategy.

2019

ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (EDMS)

Implemented Electronic Document Management System (EDMS) 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.

2020

ENHANCING REPORTING PROCESSES

- 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

For more about Arabian Drilling's risk management process and the risks that potentially impact on the Company, see our Annual Board Report 2022 (pages 42 to 46: Potential Risks)

ROAD AHEAD FOR 2023

In 2023, our focus will center around 3 pillars, building upon the groundwork laid in 2022. These pillars constitute key areas of emphasis as we continue to advance our ERM initiatives.

**PILLAR 1
PEOPLE** 

Arabian Drilling is committed to delivering consistent ERM training and awareness sessions for all departments and levels of employees. This approach ensures that a comprehensive understanding of ERM principles is ingrained throughout the Company, fostering a culture of effective risk management.

**PILLAR 2
PROCESS** 

Arabian Drilling is focused on strengthening its ERM practices through multiple approaches. This involves conducting ERM training for risk owners and champions across departments, benchmarking ERM practices with industry leaders, and integrating risk assessments into the Company's annual strategy and business objectives. These measures underscore Arabian Drilling's dedication to robust risk management and strategic alignment.

**PILLAR 3
TECHNOLOGY** 

Arabian Drilling is implementing an ERM system to effectively manage risks across all functions of the Company. This system will enhance our ability to identify, assess, and mitigate risks, ensuring a proactive approach to risk management.

AUDIT

THE INTERNAL AUDIT DEPARTMENT PLAYS A CRUCIAL ROLE AT ARABIAN DRILLING BY PROVIDING INDEPENDENT ASSURANCE ON INTERNAL CONTROLS. GUIDED BY THE BOARD’S AUDIT COMMITTEE, OUR INTERNAL AUDIT TEAM IS RESPONSIBLE FOR VARIOUS KEY FUNCTIONS, INCLUDING ENSURING THE ADEQUACY AND EFFECTIVENESS OF THE CORPORATE GOVERNANCE STRUCTURE, EVALUATING THE EFFICIENCY OF INTERNAL CONTROL SYSTEMS, AND CLOSELY MONITORING THE IMPLEMENTATION OF RECOMMENDATIONS.

Additionally, the team contributes to effective risk management by providing timely information to decision-makers and ensuring compliance with internal and external regulations. To enhance customer

trust and operational efficiency, Arabian Drilling’s Compliance and Risk Department has been expanded into 3 distinct sections: Risk, Compliance, and Corporate Governance. Arabian Drilling is actively working

on establishing comprehensive frameworks for corporate governance and compliance, supported by appropriate governing procedures.

PRIVACY AND DATA PROTECTION

Arabian Drilling takes all due care to protect confidential information and trade and industrial secrets that have actual or expected value. Confidential information includes, but is not limited to:

- Investment opportunities still under consideration by the Company
- Contracts under negotiation
- Financial details of operating units
- IAD reports

LOOKING AHEAD TO 2023

In the year ahead, Arabian Drilling will continue enhancing its corporate governance processes and policies in line with legislation, regulation and best practice.



ECONOMY

Highlights and challenges from the year	52
Economic impact	54
Operational excellence	60



AT ARABIAN DRILLING, WE PLACE A HIGH PRIORITY ON FOSTERING SOCIO-ECONOMIC GROWTH AND ARE COMMITTED TO EXECUTING STRATEGIC INVESTMENTS THAT DRIVE INNOVATION AND SUSTAINABLE DEVELOPMENT. OUR DEDICATION TO SUSTAINABILITY ENCOMPASSES EVERY ASPECT OF OUR OPERATIONS, REFLECTING OUR ALIGNMENT WITH THE GOALS OF SAUDI VISION 2030.

HIGHLIGHTS AND CHALLENGES FROM THE YEAR

2022 marked a pivotal year for Arabian Drilling. The Company achieved significant milestones, expanding into the Gulf's offshore drilling sector and issuing a SAR 2 billion Sukuk. Arabian Drilling also offered a portion of its shares on Tadawul, reinforcing its position as a key contributor to the Kingdom's economy. A refreshed brand identity was introduced, reflecting the Company's vibrant culture. Key highlights during the period include:

Expanding operations in the Gulf's offshore drilling sector, fueled by Aramco's activities

Successfully completing our **Initial Public Offering (IPO)** on the Saudi Stock Exchange (Tadawul)

Successfully issued a SAR 2 billion Sukuk, strengthening our capital structure for future growth. Additionally, SAR 2.67 billion worth of shares were introduced on the Saudi Stock Exchange

Expanding our onshore and offshore fleets through the acquisition of new rigs

Renewed **brand**

Establishment of an **Investor Relations Department**

MARKET SHARE HIGHLIGHTS

2021		2022	
16.4%	15.6%	17.3%	16.4%
KSA market share (Aramco and KJO)	Saudi Aramco market share	KSA market share (Aramco and KJO)	Saudi Aramco market share
Land and offshore	Land and offshore	Land and offshore	Land and offshore
Closing period: December 2021	Closing period: December 2021	Closing period: December 2022	Closing period: December 2022
Number of rigs: 37 out of 226	Number of rigs: 35 out of 224	Number of rigs: 47 out of 271	Number of rigs: 44 out of 268

CUSTOMER SATISFACTION – REI AND SQA

Customer's satisfaction is paramount to our success, prompting us to conduct the Service Quality Appraisal Rating in 2022. This ensured our alignment with customer requirements, and the results in the table below highlight our achievement in maintaining a high level of satisfaction.

SERVICE QUALITY APPRAISAL RATING

2020	2021	2022
91.88%	94.82%	93.53%



ECONOMIC IMPACT

OUR EFFORTS EXTEND BEYOND INTERNAL INITIATIVES, ENCOMPASSING EXTERNAL STAKEHOLDERS LIKE SUPPLIERS AND SUBCONTRACTORS. WE DILIGENTLY MONITOR AND MITIGATE POTENTIAL SOURCES OF NEGATIVE IMPACT ON OUR BUSINESS GROWTH. THIS INCLUDES SELECTING PARTNERS BASED ON STRINGENT CRITERIA, INTEGRATING THEM INTO OUR EMPLOYEE TRAINING PROGRAMS TO ENSURE ADHERENCE TO HEALTH AND SAFETY STANDARDS, AND PRIORITIZING ALIGNMENT WITH THE GOALS OF SAUDI VISION 2030.

Our contribution to development plans ensures financial and economic growth, as we meticulously oversee our financial flow cycle and shape our policies and procedures. We maintain continuous improvement in profitability and devise essential strategies for our economic advancement.

The only monetary value received from the national government in 2022 was from the Human Resources Development Fund to support our training of Saudi nationals, for a total of

SAR 5,426,098

For more about how Arabian Drilling trains its Saudi youth workforce, refer to page 78.



HIGHLIGHTS

	2020	2021	2022	Change
Revenue (SAR million)	2,533	2,199	2,704	+23%
EBITDA (SAR million)	1,132,165	911,179	1,114	+22%
EBITDA margin	44.7%	41.4%	42%	0.6 %
Net profit after Zakat and Tax (SAR million)	294	274	558	+104%
CAPEX (SAR million)	486	248	1,749	+605%
Net debt (SAR million)	1,382	971	896	-8%

ECONOMIC VALUE GENERATED (SAR)

	2021	2022
Economic value generated (revenues)	2,198,968,512	2,703,535,475
Economic value distributed:		
Operating costs*	1,835,579,111	2,084,442,183
Payments to providers of capital (banks, investors, etc.)	36,642,793	66,793,112
Payments to government (taxes etc.)	53,163,103	-5,419,779
Total economic value distributed	1,925,385,007	2,145,815,516
Economic value retained:		
Revenues less economic value distributed	273,583,505	557,719,959

*Arabian Drilling's operating costs include employee benefits and remuneration, as well as the training and skills development spend on both our employees and young Saudis.

IN-COUNTRY ECONOMIC DEVELOPMENT

Arabian Drilling is dedicated to realizing In-Kingdom Total Value Add (IKTVA) targets, an endeavor that drives us to continually shape and refine our objectives, positioning us as a leader in both Saudi goal achievement and global market competitiveness. We accomplish this by harnessing cutting-edge innovations and advanced technologies.

Over the past 5 years, we have actively enforced IKTVA requirements among our key local suppliers and provided crucial support for their enrollment. The integration of the IKTVA clause into our suppliers' contracts signifies a recent milestone. Our commitment to monitoring IKTVA scores remains unwavering, facilitated by our dedicated IKTVA Unit.

Throughout 2022, Arabian Drilling engaged in over 82 agreements,

collectively valued at SAR 744,000,000. This strategic step empowers us to foster enduring collaborations with key local suppliers, cultivating relationships that support our long-term objectives.



IKTVA SCORES



ECONOMIC IMPACT (continued)

SUSTAINABLE SUPPLY CHAIN MANAGEMENT RESPONSIBLE SUPPLY CHAIN

Arabian Drilling's commitment to responsible procurement is rooted in building partnerships with suppliers and third parties who align with its corporate values and policies. Our comprehensive supply chain strategy, spanning short, medium, and long-terms, places a strong emphasis on prioritizing local procurement across all operational domains. We encourage foreign suppliers to invest in Saudi Arabia and strengthen their local presence. By transparently presenting annual material costs and potential business prospects, we actively contribute to the growth of KSA's economy. This strategic approach aligns seamlessly with our dedication to key Sustainable Development Goals (SDGs), serving as crucial milestones that drive not only business expansion but also the enhancement of our overall capabilities.



SUPPLY CHAIN STRATEGY

Our supply chain strategy recognizes the vital and impactful role our business sector holds within the local economy. In line with this understanding, our leadership has proactively embraced a pivotal role in shaping and enhancing the organizational supply chain management. We are committed to consistently refining our guidelines, policies, and operational framework to achieve the utmost levels of environmental, health, and societal standards when engaging with our suppliers.

We consistently advocate for the cultivation of long-lasting partnerships with collaborators who are committed to sustainability. These alliances are characterized by robust plans that mitigate the potential risks associated with social, human, and safety rights. Through these collaborative efforts, we ensure a supply chain that not only strengthens our operations but also aligns harmoniously with ethical and responsible practices.

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




MANAGING OUR SUPPLY CHAIN THROUGH ETHICAL PRACTICES

Integrity is a core value that shapes our mindset and decisions at Arabian Drilling. Our open approach to managing the supply chain means we follow established rules and procedures to our rights and the rights of our suppliers. These guidelines are the building blocks that help us run our operations ethically and in a way that lasts over time.



PROCUREMENT MANAGEMENT

We integrate suppliers based on prequalification criteria, conduct thorough compliance audits for HSE, quality control, and procedures, and skillfully negotiate prices in accordance with our procurement policy. This approach forms the foundation of our effective supply chain management.




IKTVA

We establish IKTVA KPIs to define goals and assess the performance across all our departments.



DATA MANAGEMENT APPROACHES

Through effective data management practices, we adhere to industry standards and best practice encompassing reporting, data analysis, catalog management, dashboard creation, and tracking.



DISTRIBUTION PRACTICES

We manage our inventory carefully, employing distribution practices that involve meticulous attention to strategic planning, warehouse operations, storage guidelines, and established standards. These efforts result in seamless logistics and efficient import and export processes.

In 2022, we engaged in discussions with suppliers to refine our procurement policies, nurturing collaborative, and trustworthy relationships. Additionally, we actively updated our supply chain policies, ensuring alignment with global best practices. A key focus was the Arabian Drilling Sourcing Procedures Manual, which guided us in adhering to the principles of Saudi Vision 2030 for transparent and ethical business conduct.



ECONOMIC IMPACT (continued)

PROCUREMENT POLICY

Arabian Drilling is committed to effective procurement practices. We consistently update our Procurement policy in line with the Company's governance principles and strategic intent. Our Procurement policy is also aligned with Saudi Vision 2030 and global best practice. A central goal is to ensure suppliers uphold our performance standards and ethics.



VENDOR SELECTION

Arabian Drilling's vendor selection process aims to find the best value for the Company, considering factors such as technical specifications, quality, timely delivery, HSE standards, price, IKTVA, and others. Our updated policy emphasizes giving preference to local vendors whenever possible to support the local economy in line with Saudi Vision 2030, and to reduce logistical complexities and costs. If local vendors are not feasible due to specific reasons, overseas vendors may be considered providing their

cost does not exceed a 10% premium after deducting additional charges. This approach reflects the Company's commitment to local growth and global standards.

SUPPLIER ONBOARDING AND ASSESSMENT

Arabian Drilling established a comprehensive supplier selection and assessment criteria to guide in choosing suppliers, with a special emphasis on local sources. This aligns with our support for local businesses and contributes to the

economy's growth. All new suppliers are rigorously evaluated against these criteria.

In addition to the initial supplier onboarding assessment, our proactive approach includes regular audits and initiatives. These audits ensure supplier adherence to our policies, alignment with sustainability goals, and their capability to maintain superior service quality. Audits encompass:



Obtaining relevant ISO certifications



Compliance with the Kingdom's regulatory legislature including IKTVA percentages, Zakat, GOSI, VAT, commercial registration, and Chamber of Commerce membership



Implementing training programs for local workforce development

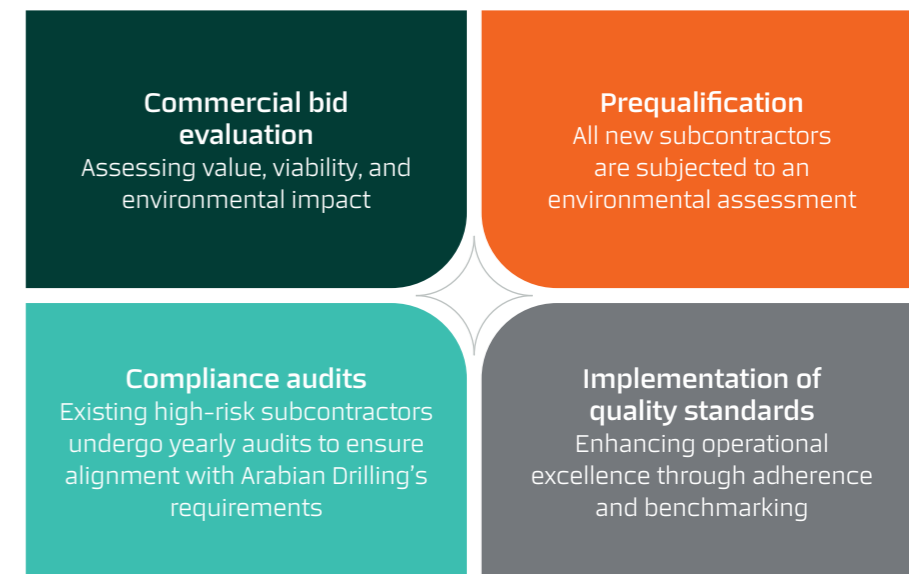
We uphold the practice of conducting compliance audits for our top 30 suppliers, based on procurement spend value. This thorough assessment ensures alignment with our policies and standards. Audits involve a dedicated team from QHSE, Operations, and Supply Chain Departments that conducts visits to comprehensively audit these suppliers. This practice highlights our commitment to compliance.

COMPLIANCE WITH ENVIRONMENT MANAGEMENT PLAN

Adherence to our Environmental Management Plan (EMP) is mandatory for all our suppliers. Our approach to ensuring this involves a methodical evaluation process aimed at assessing suppliers' environmental performance against national and international standards. Compliance with our EMP extends to certifications from relevant local governing bodies, including Baladyat, the Ministry of Health, Saudi Aramco, environmental organizations, and Khafji Joint Operations (KJO) requirements.

SUPPORTING LOCAL BUSINESSES

Arabian Drilling actively supports the Saudi Government's efforts to achieve Saudi Vision 2030. In line with this Vision, the drilling sector emphasizes using more local suppliers, which creates jobs and strengthens our economy. We understand the



importance of working closely with our local suppliers, not only for innovation but also to establish a meaningful and enduring program. In 2022, Arabian Drilling followed through on this commitment by investing significantly in local procurement.

Our commitment to local businesses includes ensuring the satisfaction of our suppliers and contributors to Arabian Drilling's success. Through regular satisfaction studies based on suppliers' surveys, we established a strong connection that sustains Arabian Drilling's operations and fosters mutual shared value.

	2020	2021	2022	Change
SAR	408,025,051	453,900,344	673,355,899	219,455,555
%	60.9%	64.9%	88%	+23%

ACHIEVEMENTS IN 2022

% of new suppliers assessed	2018	2019	2020	2021	2022
Environmental criteria	100%	100%	100%	100%	100%
Social criteria	100%	100%	100%	100%	100%
Local procurement	2018	2019	2020	2021	2022
% of procurement budget spent on local vendors	40%	62.1%	60.9%	65%	88%

LOOKING AHEAD TO 2023

Arabian Drilling's supply chain management will continue to evolve, with a strong emphasis on refining policies and procedures. This will involve equipping our skilled workforce with the necessary tools

and training to effectively leverage innovative technologies, ensuring a sustainable supply chain approach.

To further strengthen our engagement with suppliers, our Supply Chain Department will continue with the

rollout of our Supplier Satisfaction survey. This initiative aims to fortify relationships and foster collaboration within the department, contributing to our ongoing commitment to excellence.

OPERATIONAL EXCELLENCE

ARABIAN DRILLING’S OPERATIONAL TEAMS ARE DEDICATED TO CREATING STREAMLINED, AUTOMATED PROCESSES THAT DRIVE OPERATIONAL EXCELLENCE. IN 2022, THIS COMMITMENT LED TO THE IDENTIFICATION OF OPPORTUNITIES FOR OPERATIONAL ENHANCEMENT, CLOSELY ALIGNED WITH SAUDI VISION 2030 GOALS, WHILE UPHOLDING ENVIRONMENTAL, SAFETY, AND ETHICAL STANDARDS. THE COLLABORATIVE EFFORTS OF OUR TEAMS, NOTABLY THE EMPOWERED OPERATIONS AND QHSE TEAM, CONTINUED TO BE INSTRUMENTAL IN CHARTING OUR SUCCESSFUL AND SUSTAINABLE OPERATIONS JOURNEY.



ARABIAN OPERATIONS AND HIGHLIGHTS

In the last few years, the Arabian Drilling operational teams have worked on developing, testing, approving, and implementing efficient operations processes, specifically in terms of reducing cost, minimizing time wasted, and recovering from on-site employee shortages due to the pandemic. We aim to improve our operational performance and meet Saudi Vision 2030, without compromising our environmental gains, safety and ethics standards, and regulatory compliance. We are proud to see our teams rally after the pandemic to ensure that the Company achieves the best performance possible.

In 2022, Arabian Drilling underwent a significant organizational restructuring to bolster our operations, enhance client focus, and streamline operational efficiency.

In 2022, we restructured our Operations Department to increase oversight and assurance. The Company’s core operations are segmented into the following land operations departments:

- Gas Conventional Department
- Conventional Department
- Oil Department
- Gas LSTK Department

Our offshore operations are segmented into Offshore Saudi Aramco Operation and Offshore KJO Operation.

In addition, we introduced a new Operations Excellence (OE) Department in early 2022. OE played a pivotal role in driving continuous growth and performance improvement across all site functions by spearheading operational excellence initiatives. This involved close collaboration between the dedicated Continuous Improvement team and the Field Delivery team. The legacy Service Quality and Operations Compliance Department’s responsibilities were shifted to the Continuous Improvement team for greater oversight across operations, data analytics, and performance. Additionally, the Project Management Office (PMO) took charge of overseeing projects with a primary focus on ensuring rig reactivation and driving technological advancements. This comprehensive approach resulted in valuable technological enhancements and addressed various improvement areas within the organization.

After a stellar year in 2021 with the highest service quality levels in 7 years and a drilling efficiency of 99.26%, 2022 brought several challenges including a couple of health and safety events that affected our REI numbers. However, our teams are diligently working towards ever greater process improvements through the adoption of, for example, data driven performance monitoring, redefined service quality backed by monitoring mechanisms, the launch of an online equipment tracking application, and standardization. We are also progressing with our Rig

Move Optimization Project to enhance our rig move flat time performance by using improvement processes like Lean Six Sigma and value stream mapping.

We are pleased to have participated in several industry events, including the Saudi Aramco Drilling and Workover Innovation and Technology Symposium and as keynote speakers at the SPE Workshop of Impact of Digitalization on Drilling Operations, further cementing our reputation as a key player in the market.

SETTING A WORLD RECORD

In collaboration with petroleum engineering and Halliburton, our AD50 rig team successfully delivered an observation well in North SFNY shallow gas area with a new world record of 22 production packers and 22 pressure downhole monitoring system (PDHMS) gauges in one string. The well objective is to evaluate AHMD, MDDD, WARA, SFNY, KFJI, ZUBR, BUWB, and RTWI reservoirs.



OPERATIONAL EXCELLENCE (continued)

CASE STUDY

ARABIAN DRILLING'S AD110 AND AD120: A REMARKABLE JOURNEY

In 2022, Arabian Drilling introduced our newly acquired and upgraded offshore jack-up rigs, AD110 and AD120. These rigs have become vital parts of our offshore fleet, thanks to strategic contracts we secured with Saudi Aramco. The contracts were initially set for 3 years, with a chance to extend them for 2 more years, marking a big step forward for us.

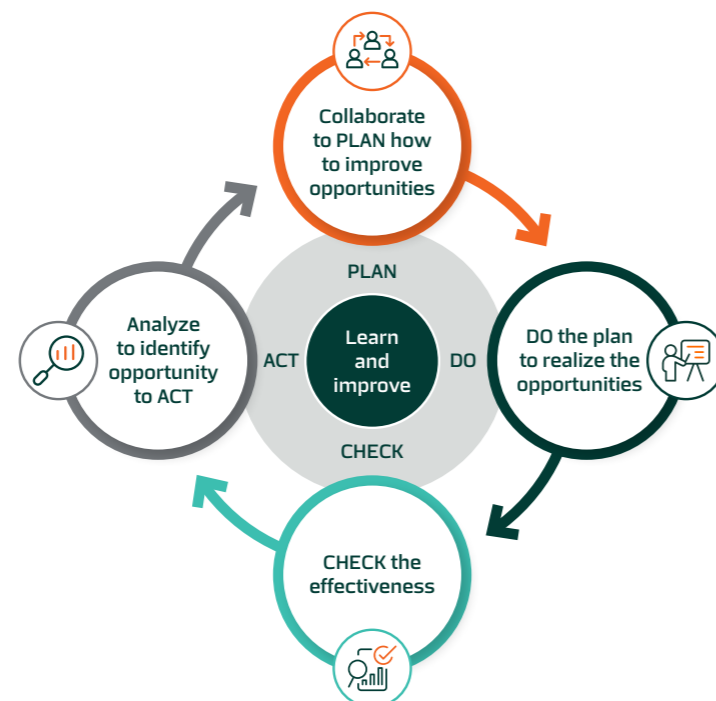
In just 6 months, we successfully upgraded AD110 and AD120, showcasing our strong focus on safety and precision. This upgrade was carried out in the Republic of Singapore, where we brought the rigs up to Saudi Aramco's high standards. This means they are now of exceptional quality and performance. The smooth execution of this ambitious project, led by CEO Ghassan Mirdad, is a clear example of our teamwork and technical skill.

The acquisition underscores our dedication to strategic growth. It also embodies Arabian Drilling's pioneering spirit within the drilling industry. As we embrace this new chapter, our commitment to innovation, operational excellence and sustainable value creation remains resolute.



ENHANCEMENTS AT ARABIAN DRILLING COMPANY OPERATIONS

Our operational process hinges on 3 fundamental elements: organization, structure, and productivity. We consistently adhere to the "Plan-Do-Check-Act" model of process improvement within our management system. The Arabian Drilling Continuous Improvement process plays a pivotal role in driving operational excellence throughout the organization.



The Arabian Drilling Management team approved this Continuous Improvement process and the Continuous Improvement team launched shared digital dashboards to our entire fleet, highlighting their performance in terms of REI, service quality, and flat time. The dashboards are displayed on LED screens at each rig, with the General Manager and Service Quality Manager reinforcing performance during a fleet-wide call with the operations managers every month to ensure alignment.

Our commitment to progress is evident in our focused approach to individual rigs, where we identify key areas for improvement to enhance operational efficiency. We develop targeted plans for rigs with lower REI scores, collaborating with Saudi Aramco's Drilling Technology and Operations Departments for insights and support. These plans are shared with clients, monitored by Service Quality, and discussed with the General Manager regularly to ensure successful implementation and

adherence. This demonstrates our dedication to achieving operational excellence and continuous improvement.

Through our commitment to achieving performance improvement, we contribute to business continuity in alignment with Saudi Vision 2030. Our approach involves consistently enhancing sustainable operations by integrating optimized, efficient, and productive strategies into our onsite work processes.

To achieve these objectives, the Arabian Drilling Operations Department employs essential tools, including:

- **Digital Reporting Tool (DRS):** Our DRS, integrated with Fiore SAP, facilitates daily reporting and enhances transparency in our operations.
- **Semi-Automated Operational Optimization Insight Tool:** This tool measures flat time performance, identifies invisible loss time, and tracks service quality non-

conformance, enabling us to pinpoint areas for improvement.

- **SharePoint Knowledge Sharing:** We leverage SharePoint at the Arabian Drilling e-library to electronically disseminate knowledge and insights, promoting collaboration and learning.
- **Standardization:** Implementing checklists, standard work instructions, and emergency checklists has enabled us to establish consistent procedures and sustain improved performance levels.

We are pleased that 10 employees from our Operations teams completed the Leading Continuous Improvement online course in 2022.

COMMUNICATION FOR OPTIMAL PERFORMANCE

Effective communication is key to ensuring that Arabian Drilling's operations continue to run smoothly. In 2022, our Field-to-Office communication protocol was expanded to include communication guidelines from the Service Quality Department.



Other formalized communication channels include:

- Supervisors meet physically every week in both Dhahran and Hofuf.
- Key supervisors participate in monthly online engagement sessions.
- The KSA Director leads operational and topic meetings twice a week with operations and support teams.
- The COO organized 2 sub-committees – the AD Well Control Committee and AD Service Quality Committee – to support the Operations teams with expertise on downhole operations issues.

OPERATIONAL EXCELLENCE (continued)

POLICIES AND PROCEDURES

Arabian Drilling continues work to standardize its projects by introducing new checklists while promoting adherence to existing policies. Standardization supports performance improvements and helps to reduce NPT. As part of this process, we launched the Handbook, and we conducted several workshops with each operation, rig move team, and field delivery team to guide its implementation. All rig-specific procedures are being revised and shared with OEM for verification. The Company recently hired 2 consultants dedicated to overhauling the Arabian Drilling Operational and Well Control Manual, an ongoing project.

DAILY REPORTING SYSTEM IMPROVEMENT

Arabian Drilling is enhancing the quality of its Daily Reporting System (DRS), which is connected to a central database and is a critical part of the continuous improvement process. Some of the optimization features in this new DRS are:

- Automatic emailing of a daily operations summary report to a predefined list of personnel.
- Live dashboard which can be viewed by rig managers, providing them with an overview of what is happening on their site.
- Accessing the DRS without SINET and through a mobile device.
- Generating separate and combined reports along with operations data.

TECHNOLOGICAL INNOVATION

Arabian Drilling's Assets Management Department is at the forefront of technology adoption, using advanced tools to mitigate operational risks. This includes the utilization of remote control and digital solutions for crane operations. The department closely tracks emerging industry advancements, such as electric blowout preventers and robotic drilling systems. Real-time data from rig sensors drives informed decision-making, ensuring operational excellence across both offshore and onshore operations.

Arabian Drilling Assets Management Department established a working group to enhance and sustain our rig fleet, leveraging a network of providers and experts in various disciplines. This team of subject matter experts in structural

engineering, marine engineering, rig power and controls, pressure control, and drilling equipment, along with rig crew members, identifies and implements breakthrough technologies for rig maintenance. This approach allows us to tailor our fleet and offer exceptional value to customers across various contracts and settings.

Furthermore, a technology development group has been set up to identify and implement value-adding solutions from various industries. This group focuses on emission reduction technologies for rigs, safety improvements using image recognition and machine learning, enhanced well performance via data analytics and micro KPIs, and reduced costs through equipment health monitoring.



FLEET MANAGEMENT

Arabian Drilling is dedicated to maintaining its assets for optimal operational performance while minimizing downtime and capital expenditures. Rig fleets undergo scheduled preventive maintenance, upgrades, inspections, and certifications to align with maintenance plans, OEM recommendations, and regulatory

requirements. Maintenance varies based on equipment type and is often planned between contracts to minimize downtime. A maintenance team and an Assets Management Department oversee these efforts, occasionally utilizing third-party contractors for specialized work. Rig acquisition and upgrades are contract-driven, with technology integration aimed at improving

performance. A fleet study in 2020 guided our adoption of evolving industry trends, including drilling automation.

To boost fleet efficiency and align with industry shifts towards automation, we have a replacement strategy involving technology adoption. This strategy encompasses:

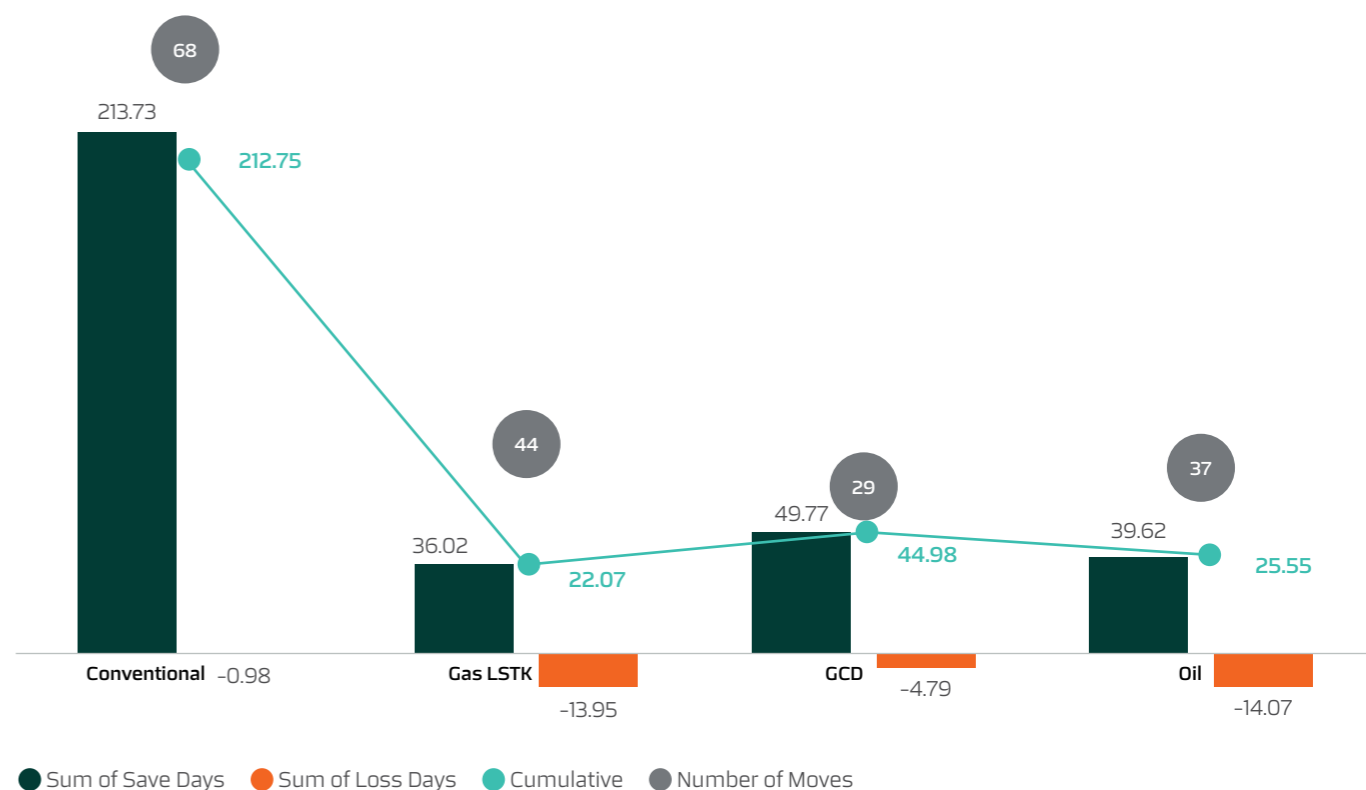
RIG AUTOMATION

Simultaneous mechanization and drilling automation optimize the drilling process, gradually reducing manual intervention. Automation covers equipment like iron roughnecks, catwalks, power slips, and pipe handlers

RIG MOVING SYSTEM

A method involving rig dismantling and transportation to the next drilling location with the mast upright, enhancing time and cost efficiency

OPERATIONS RIG MOVE PERFORMANCE 2022



OPERATIONAL EXCELLENCE (continued)

DIGITALIZATION AND IT ROAD MAP

The recently established Integrity Department within Arabian Drilling Operations is dedicated to enhancing service quality and optimizing rig move performance. This department has been separated from the Company's Continuous Improvement team, which will now concentrate on driving digitalization and fostering innovation. As a result, it will play a key role in leading the Arabian Drilling Digital Transformation Journey from an operational standpoint.

Arabian Drilling has devised a comprehensive 5-year IT strategy plan anchored in five fundamental pillars. These pillars align seamlessly with the execution of a sustainable business strategy, with the ultimate aim of propelling our Company to new heights of innovation within the drilling sector.

Our Goal

Position Arabian Drilling as a top drilling contractor by leveraging a digitalization strategy that emphasizes the shift from traditional approaches to embracing cutting-edge IR 4.0 digital technology and methodologies.

Through this transformation, we aim to drive continuous improvement and innovation within the industry.

Our Mission

Accelerate the implementation of IR4.0 and digital transformation initiatives to improve drilling and workover operations, mitigate drilling troubles, and avoid HSE hazards.

Arabian Drilling and industry evolution through automation

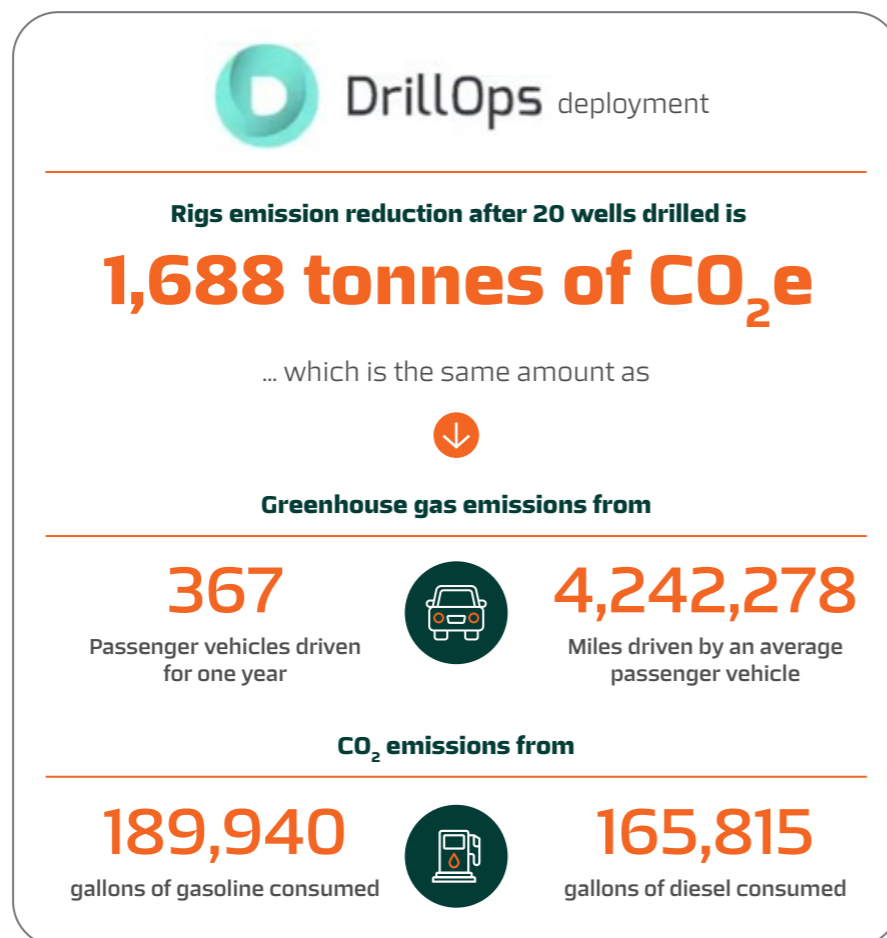
By involving various stakeholders in a collaborative approach to automating the drilling industry, we enable mutual benefit for those involved:

Key digitalization initiatives for Operations and HSE Excellence in 2022

- Agora deployment: Video analytics for HSE compliance
- Lean automated reporting
- Rig move management system: Digital version of rig move process
- Digital stop cards, PTW, checklists, and 8 minimum facts
- Intelligent power management system POC for sustainability
- Real time diesel consumption monitoring using flow meters

DrillOps Deployment

The DrillOps Automate solution monitors and captures a broad range of operational data to support operators during drilling with real-time advice and coaching. The Company started using this artificial intelligence (AI) automation to optimize on-bottom performance, execute procedural adherence, and protect wellbore integrity, among others. Arabian Drilling piloted the drilling of 20 wells with the assistance of DrillOps Automate and were pleased to see its average fuel consumption dropping from 26.5 liters per foot to 21.8 liters per foot. This translates into 1,688 tons of CO₂e reduced emissions.



IT PROJECTS (2022)

Arabian Drilling is actively advancing multiple strategic IT projects for operational enhancement and security. These projects encompass segregating IT operations from Schlumberger, implementing controlled access with SAP GRC, streamlining procurement through SAP Ariba, managing QHSE with INTELEX, ensuring business continuity with a Disaster Recovery Plan, optimizing travel logistics with Journey Management, and enhancing cybersecurity through the Vulnerability Management Project. These efforts underscore our dedication to innovation, safety, and operational excellence in our IT endeavors.

Network Segregation Program

The Network Segregation Program is dedicated to securely separating Arabian Drilling's IT operations from Schlumberger's IT operations. This project is designed to enhance the security and flexibility of managing bandwidth and field connectivity. Through this segregation, Arabian Drilling aims to ensure the safety and autonomy of our IT functions.

SAP Governance, Risk, and Compliance Access Control (SAP GRC) Project

The SAP GRC project aims to establish controlled access based on predefined roles, ensuring compliance with Segregation of Duty (SoD) principles. The project contributes to effective governance and risk management within Arabian Drilling, promoting secure and responsible access to SAP systems.

SAP Ariba (Tamkeen Project)

The SAP Ariba project, also known as the Tamkeen Project, involves the implementation of SAP Ariba solutions. This initiative aims to optimize procurement processes, enhance supplier collaboration, and streamline overall supply chain management.

Disaster Recovery Plan (DRP)

The Disaster Recovery Plan (DRP) project aims to establish a comprehensive plan for responding to potential disasters and data breaches. This plan includes strategies, procedures, and resources to ensure business continuity and data recovery in the face of unexpected disruptions.

Journey Management

The Journey Management project centers on improving the planning and execution of journeys for employees and assets. By implementing efficient journey management practices, Arabian Drilling aims to enhance safety, optimize logistics, and ensure timely and secure travel for its personnel and equipment.

Vulnerability Management Project

The Vulnerability Management Project is focused on identifying, assessing, and mitigating vulnerabilities within Arabian Drilling's IT infrastructure. This proactive approach helps safeguard against potential cyber threats and breaches.

Document e-Signature

The Document E-Signature project focuses on automating document signing for enhanced security, mobility, reliability, and user-friendliness. This endeavor is geared towards achieving a seamless digital transformation of the Company's business processes.

IT Asset Lifecycle Management

The IT Asset Lifecycle Management project began by establishing IT Asset Management Standards and Procedures. It seeks to centralize IT asset lifecycle management within a single repository and leverage Key Performance Indicators (KPIs) for effective tracking and optimization.

Network Admission Control

The Network Admission Control project revolves around regulating network access. Devices that don't comply with security standards can be denied access, isolated in a quarantined space, or granted restricted entry to computing resources.

Asset Tracking Software (MACSG)

Integrating the MACSG System "Equipment Relocation System" with the SAP system is a collaborative project between the IT and Asset Management Departments. The process of relocating equipment has been completed.

OPERATIONAL EXCELLENCE (continued)

CASE STUDY

THE IMPACT OF DIGITALIZATION ON DRILLING OPERATIONS

In November 2022, Arabian Drilling's CEO, Ghassan Mirdad, delivered a keynote address at the Society of Petroleum Engineers' workshop titled, "The Impact of Digitalization on Drilling Operations." Notable attendees included representatives from Saudi Aramco, as well as national and international service and product providers within the drilling industry.

During the workshop, Mr. Mirdad highlighted the transformative potential of digitalization in drilling operations. He emphasized the integration of technologies such as AI, big data, cloud computing, cybersecurity, and robotics. These advancements, he noted, will significantly enhance drilling efficiency, optimize performance, streamline processes, and ultimately lead to cost savings.



OUR PERFORMANCE

We have implemented a range of performance indicators to evaluate and elevate the efficiency of our drilling operations. These measures not only underscore our commitment to high operational standards but also align with our dedication to contributing positively to Saudi Vision 2030.



FLEET SIZE

Our fleet has expanded to 50 rigs in total, comprising 38 land rigs and 12 offshore rigs. This expansion is

geared towards enhancing customer satisfaction, fostering company expansion, and driving growth. Our commitment to rig development

remains resolute as we continue to strive towards our strategic goals, dedicated to creating value for all our stakeholders.

	2020	2021	2022
Total assets (SAR million)	6,944	6,504	9,554
Total facilities and rigs	36	42	50

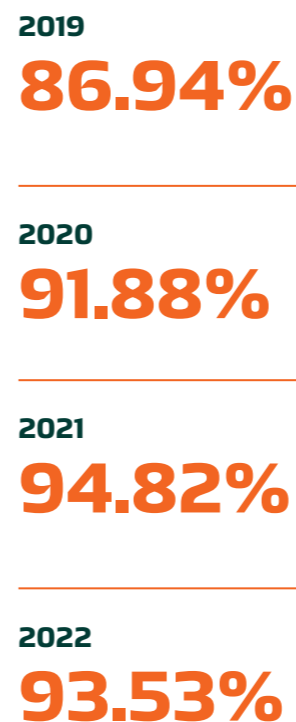
RIG EFFICIENCY INDEX

The Company evaluates operational efficiency through the Rig Efficiency Index (REI), a comprehensive internal assessment used by Saudi Aramco to gauge individual rig performance among drilling contractors. REI considers HSE, non-productive time,

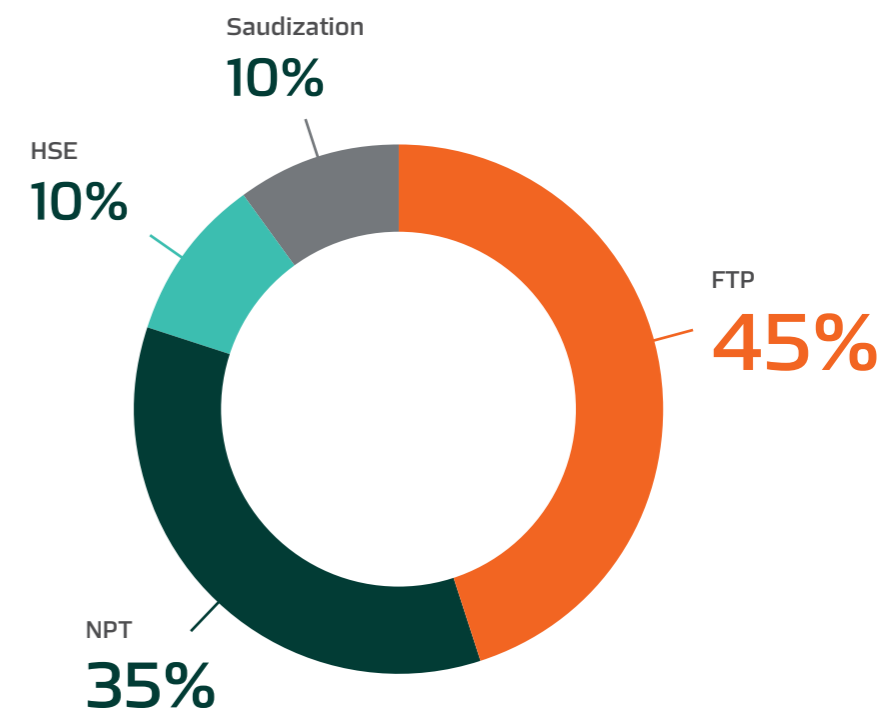
drilling flat time, and In-Kingdom Total Value Add (IKTVA). High REI marks lead to favorable treatment by Saudi Aramco in terms of contract renewals and extensions. Arabian Drilling has adopted REI as its internal performance measure, aligned with Saudi Aramco's assessment. Our

incremental performance in uptime is what makes us the drilling contractor of choice. Our rigs are consistently achieving high scores in the REI, as measured through semi-automated application operation optimization insight (OOI).

Annual REI averages

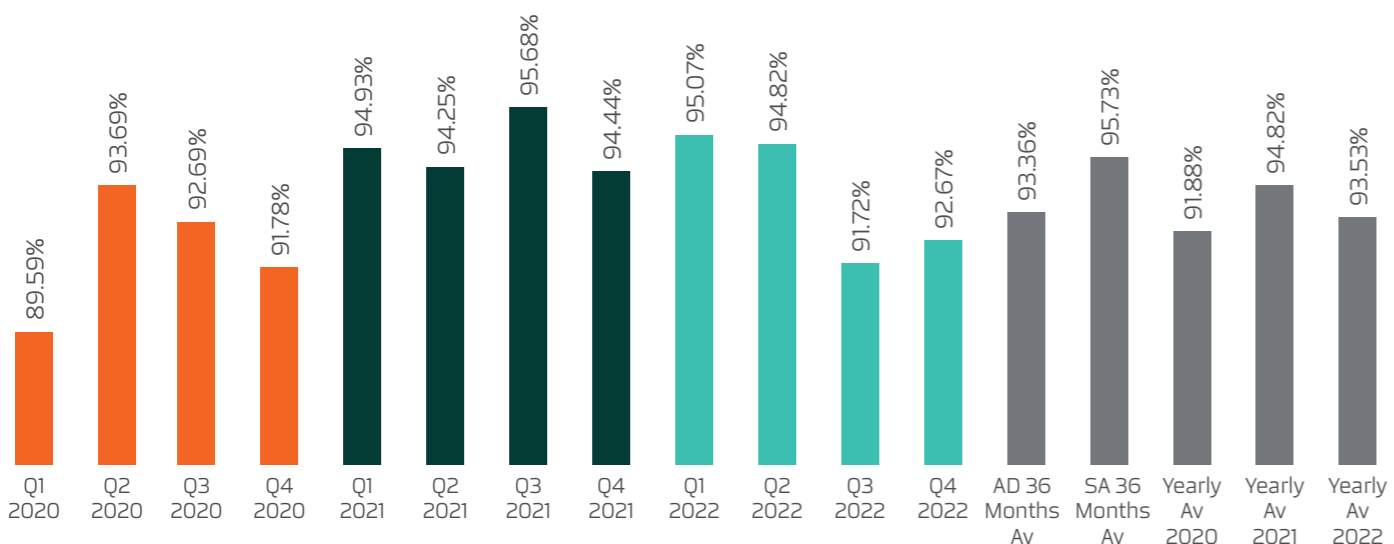


REI at a glance



OPERATIONAL EXCELLENCE (continued)

Rig Efficiency Index quarterly average 2020-2022 (%)



In addition, Saudi Aramco has recognized Arabian Drilling as the most improved drilling contractor in terms of performance. Our rigs are leading the scores in the Rig Efficiency Index offshore as well as in land operations.

The overall average Arabian Drilling REI stands at 93.53%, however as per Aramco’s last report, the average for the 36 months as of September stands at 95.73%.

Arabian Drilling set its NPT upper limit for 2022 at 1.19%, including Rig Move Internal NPT. While we saw a positive improvement to an NPT of 0.74% in 2021, the Company’s NPT rose to 1.51% at the end of 2022, mainly due to unplanned equipment failures, human error (both on the surface and downhole), and HSE incidents. The unfortunate loss of 2 lives in 2022, one of which was a work-related fatality, also contributed to a higher NPT and a lower HSE score.

Other metrics include saved days. In 2022, our fleet saved 55.05 days in tripping flat time, 64.45 days in completion running and wellhead installation, while we lost 3.46 days in casing running. In rig moves, our land fleet was 305.35 days ahead of Saudi Aramco’s target, generating additional revenue of USD 12.2 million. Our average daily rate assumption data also showed that we saved 62.02 days against the Arabian Drilling rig move target, with additional savings of SAR 8.6 million.

LOOKING AHEAD TO 2023

Arabian Drilling remains committed to advancing our digitalization and innovation initiatives, building upon the foundation established in the previous years. Our strategic focus continues to align with the objectives outlined in our 5-year IT strategy, and we will uphold our close collaboration with various user departments to achieve our goals and introduce impactful projects. We conducted both internal and client service quality brainstorm sessions with our

clients’ IWC program management, operations integrity, and operations support teams to determine a way forward for 2022 and 2023. The main outcome of the sessions was consensus and endorsement on the following strategic projects:

- Rig Move Proactive Initiatives for enhancing the rig moves in LSTK Operations and the rest of the Company.
- Back to Basics Campaign, which will be designed based on historical service quality events and run in conjunction with a Lesson Learned Library that will be shared across the fleet.
- Procedural Adherence Campaign, with associated audits to be conducted.
- An Arabian Drilling SAP CAT Audit will be designed and executed across the fleet.
- Joint Well Integrity / Pressure Audits conducted with IWC team and action items tracked on Power BI for closure while the CI team follow up with all stakeholders for closure.



SOCIAL

Highlights and challenges from the year	74
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HIGHLIGHTS AND CHALLENGES FROM THE YEAR

ARABIAN DRILLING IS DEDICATED TO DEVELOPING ITS WORKFORCE AND MAINTAINING AN ACTION-ORIENTED APPROACH TO ACHIEVE OUR SOCIAL SUSTAINABILITY GOALS. OUR COMMITMENT EXTENDS TO CONTRIBUTING TO THE ECONOMIC SUCCESS OF THE COMMUNITIES IT OPERATES IN, WITH A FOCUS ON HIRING AND TRAINING LOCAL TALENTS. THE UNIQUE ABILITIES, KNOWLEDGE AND PERSPECTIVES OF OUR PEOPLE SET US APART FROM OUR COMPETITORS AND DRIVE THE FULFILLMENT OF OUR STRATEGIC OBJECTIVES.



EMPLOYEES

OUR WORKFORCE PLAYS A PIVOTAL ROLE IN THE REALIZATION OF OUR STRATEGIC GOALS, ESPECIALLY IN A TIGHTLY REGULATED AND FIERCELY COMPETITIVE SERVICE-DRIVEN SECTOR. CONSEQUENTLY, WE PLACE A HIGH PRIORITY ON ONGOING EMPLOYEE DEVELOPMENT AND ACKNOWLEDGING THEIR OUTSTANDING CONTRIBUTIONS. AS A RESPONSIBLE CORPORATE CITIZEN, ARABIAN DRILLING ACKNOWLEDGES THAT ETHICAL LABOR PRACTICES ARE FUNDAMENTAL TO OUR SUCCESS AND SUSTAINABILITY. OUR COMMITMENT ENCOMPASSES A CONFLICT-FREE AND INCLUSIVE WORKPLACE. FURTHERMORE, WE PLEDGE TO UPHOLD HUMAN RIGHTS, INCLUDING THOSE OF LOCAL COMMUNITIES.

HIGHLIGHTS

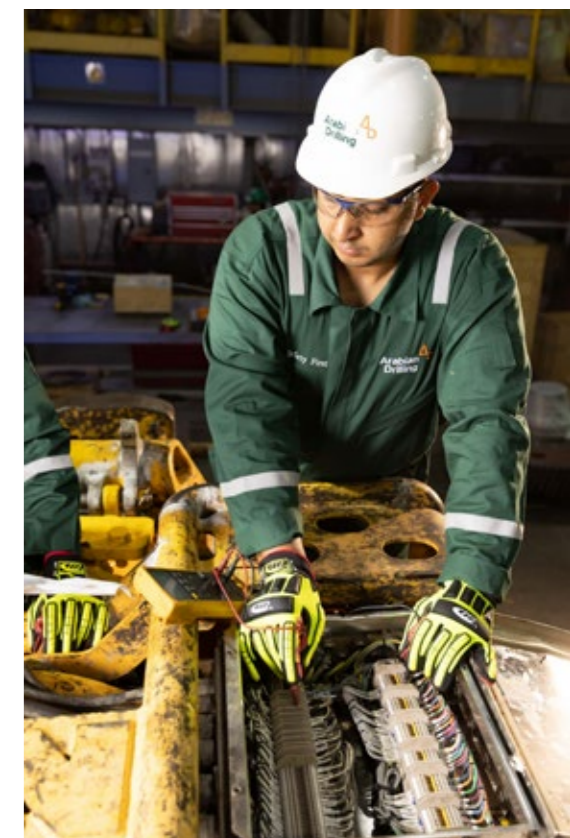
IMPROVED EMPLOYEE RETENTION FROM 12.39% IN 2021 TO **7.8% IN 2022**

PROMOTED **DIVERSITY AND INCLUSION**, CREATING A WORKPLACE THAT VALUES VARIED PERSPECTIVES AND EXPERIENCES

TRAINING AND DEVELOPMENT PROGRAMS LED TO SKILLS ENHANCEMENT AND PROFESSIONAL GROWTH AMONG OUR EMPLOYEES

COMPLIED WITH **LABOR LAWS AND REGULATIONS**, SAFEGUARDING THE RIGHTS AND WELL-BEING OF OUR EMPLOYEES

ATTRACTED AND RETAINED **TOP-TIER EMPLOYEES** TO SUPPORT THE DEMANDS OF OUR EXPANDING BUSINESS OPERATIONS



EMPLOYEES (continued)

WORKFORCE DEMOGRAPHIC

5,325 employees

(including Arabian Drilling, OFSAT and trainees)

EMPLOYEE HEADCOUNT

In 2022, Arabian Drilling's workforce size grew compared to the previous year as new rigs came online.

	2018		2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Total	4,709	28	4,446	36	3,883	34	3,979	54	4,520	70
Managers and above	76	0	80	0	67	0	89	1	99	0
Under 30 years old	1	0	0	0	1	0	8	1	5	0
30-50 years old	52	0	55	0	50	0	66	0	75	0
Over 50 years old	23	0	25	0	16	0	15	0	19	0
Saudi	26	0	31	0	27	0	46	1	47	0
Non-Saudi	50	0	49	0	40	0	43	0	52	0
Non-rig employees	378	28	338	36	389	34	416	54	826	70
Under 30 years old	58	13	100	17	69	14	88	31	195	41
30-50 years old	264	14	206	18	268	19	279	22	512	28
Over 50 years old	56	1	32	1	52	1	49	1	119	1
Saudi	230	28	263	36	274	34	300	54	507	70
Non-Saudi	148	0	75	0	115	0	116	0	319	0
Rig employees	4,331	0	4,028	0	3,494	0	3,563	0	3,694	0
Under 30 years old	1,921	0	1,676	0	1,269	0	1,282	0	1,304	0
30-50 years old	2,201	0	2,129	0	2,035	0	2,084	0	2,212	0
Over 50 years old	209	0	223	0	190	0	197	0	178	0
Saudi	3,184	0	3,041	0	2,665	0	2,735	0	2,791	0
Non-Saudi	1,147	0	987	0	829	0	828	0	903	0

NEW HIRES AND TURNOVER

	2018		2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employees hired	1,800	8	432	9	41	1	536	26	1,100	34
Under 30 years old	1,041	4	223	5	9	1	362	24	659	30
30-50 years old	705	3	180	4	25	0	154	2	403	4
Over 50 years old	54	1	29	0	7	0	20	0	38	0
Employee turnover*	394	0	695	1	618	6	490	8	510	15
Under 30 years old	221	0	239	0	286	4	209	6	288	9
30-50 years old	134	0	347	1	248	2	227	2	183	6
Over 50 years old	39	0	109	0	84	0	54	0	39	0

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

TYPES OF EMPLOYMENT

Temporary employees

Male
60

Female
0

Full-time employees

Male
4,350

Female
69

Part-time employees

Male
0

Female
0

WORKERS WHO ARE NOT EMPLOYEES

As of 31 December 2022, Arabian Drilling had a total of 60 workers who while not officially employees, were under its operational control. This group consisted of contractors and secondees. Their tasks encompassed office work, services, and drilling.

Contractors and secondees

Land rig	21	Offshore	19
Office	14	Base services	6

SAUDI TALENT

ARABIAN DRILLING IS COMMITTED TO FOSTERING THE GROWTH AND DEVELOPMENT OF SAUDI NATIONALS IN VARIOUS TECHNICAL AND SUPPORT ROLES. THIS COMMITMENT NOT ONLY ENRICHES OUR ORGANIZATION BUT ALSO SERVES AS A CRUCIAL DRIVER OF ECONOMIC PROSPERITY WITHIN LOCAL COMMUNITIES.

Arabian Drilling holds a profound dedication to nurturing the progress and advancement of Saudi nationals in technical and support positions. In alignment with our growth-oriented vision, we remain resolute in our commitment to fortify our Saudi national workforce, in accordance with the goals of Saudization and Vision 2030. The strategic emphasis on enhancing the capabilities of local human capital is not merely a priority but a fundamental social responsibility that we embrace.

As of December 2022, 74.4% of our workforce comprised of Saudi nationals. We actively attract, nurture, and retain Saudi talent through a rigorous recruitment process, 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.

Saudi nationals
74.3%
(2021: 76.8%)

Expat
25.7%
(2021: 23.2%)

Rig staff
89%
(2021: 88.5%)

Office
11%
(2021: 11.5%)



ATTRACTING, NURTURING, AND RETAINING SAUDI TALENT

We work relentlessly to attract, nurture, and retain Saudi talent and achieve this through the following:

Recruitment	<ul style="list-style-type: none"> • Robust selection and induction process • Employee referral program and strong network of employees 	<ul style="list-style-type: none"> • Long-term sustainability • Lower employee turnover • Strong customer relationships • Operational efficiencies
Nurturing	<ul style="list-style-type: none"> • Comprehensive training and development program in place 	
Retaining	<ul style="list-style-type: none"> • Competitive compensation and benefits package • Employee engagement exercise 	



DIVERSITY AND EQUAL OPPORTUNITY

ARABIAN DRILLING ACTIVELY PROMOTES GENDER DIVERSITY AND EQUAL OPPORTUNITY IN THE TRADITIONALLY MALE-DOMINATED DRILLING INDUSTRY, ALIGNING WITH SAUDI VISION 2030. WE ARE DEDICATED TO INCREASING WOMEN’S REPRESENTATION ACROSS ALL POSITIONS. OUR COMMITMENT TO DIVERSITY AND EQUAL OPPORTUNITY EXTENDS ACROSS ALL OUR OPERATIONS, FOSTERING AN INCLUSIVE ENVIRONMENT FREE FROM DISCRIMINATION.

To realize our diversity and equal opportunity objectives, we endeavor to attract and retain diverse talent from both local and international sources. We hold our employees in high regard for their contributions and cultivate an environment that champions inclusivity, devoid of bias related to gender, nationality, religion, socio-economic status, or disability.

Our commitment to female employees includes in-house and on-the-job training, along with site visits to enhance their understanding of our operations. New female staff members are exposed to multiple departments to gain effective business knowledge. Our impartial employee evaluation policy ensures fair promotions, treating all employees equally regardless of gender. Our workspaces prioritize women’s requirements, aligned with labor

law standards, and we actively seek their feedback for continuous improvement. Attracting and retaining top-tier employees remains critical for meeting the needs of our expanding business.

Through comprehensive training and collaboration with TAQA, we have achieved exceptional retention rates, while also contributing to enhancing the Kingdom’s labor force.



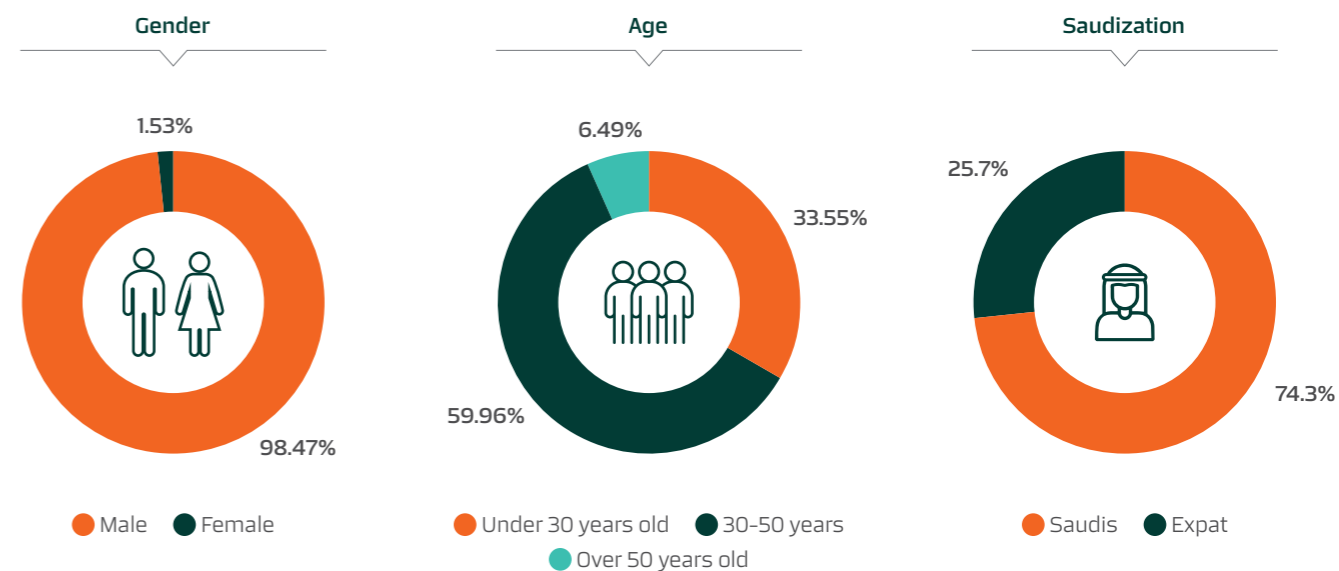
Total employees by gender and category

Category	Male	Female	TOTAL
Rig employees	4,062 (2021: 3,563)	0 (2021: 0)	4,062 (2021: 3,563)
Non-rig employees	458 (2021: 416)	70 (2021: 54)	528 (2021: 470)

Arabian Drilling’s female workforce encompasses scientists, and administrative support personnel. Our fair employee evaluation policy ensures gender-neutral promotions by assessing all employees equitably. Our workspaces are thoughtfully designed to meet women’s requirements, aligned with labor law standards, and we actively seek consistent input to improve their experiences.

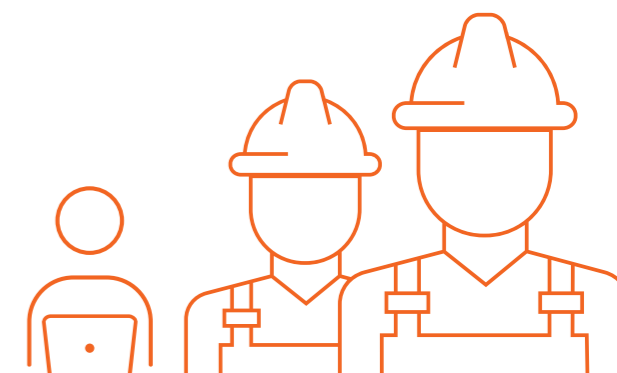
DIVERSITY AT BOARD LEVEL

Arabian Drilling’s Board is mostly composed of men, with varying ages among members. Additionally, there is a notable presence of Saudi nationals on the Board. We are committed to diversity and aim to attract more women to join the Board in the future.



GENDER PAY EQUITY

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. This demonstrates our commitment to equal compensation practices and eliminating gender-based salary discrepancies.



EMPLOYEE SATISFACTION

ARABIAN DRILLING’S SUSTAINABLE BUSINESS MODEL RESTS ON ITS CAPABLE AND ENGAGED WORKFORCE. AS SUCH, WE PRIORITIZE ADDRESSING THE DIVERSE NEEDS OF OUR EMPLOYEES, ENSURING THEIR SAFETY, GROWTH, AND DEVELOPMENT. WE ARE PROUD OF OUR EXCEPTIONAL RETENTION RATES, WHICH ARE THE RESULT OF OUR ROBUST TRAINING, DEVELOPMENT, AND ROTATION PROGRAMS.

In 2021, we introduced “Tayseer,” an employee self-service portal, offering a range of convenient features such as salary slips, employment verification letters, GRO/Visa services, Aramco ID and sticker, salary in advance, medical insurance, and general inquiries. Available in both Arabic and English, the application enables our staff to access information, request services, and resolve issues promptly, streamlining processes and reducing the need to refer to other functional departments.

Arabian Drilling’s Employee Services Department introduced strategic initiatives in 2022 for ongoing enhancement and comprehensive employee support. We implemented data management systems, conducted technical assessments, developed Individual Development Plans (IDPs), and offered career advancement programs. These initiatives aimed to improve service quality, raise employee awareness, and foster engagement and satisfaction.

Additionally, we prompted support functions to conduct field visits to enhance services and awareness. We facilitated employee self-assessments and 360 surveys involving supervisors and peers. Encouraging the adoption of Tayseer eliminated the need for physical attendance.



In 2022 our employee engagement was **75.8%** (4.4% above industry benchmark)

CASE STUDY

ARABIAN DRILLING AND OFSAT 2022 VOLLEYBALL LEAGUE

In 2022, Arabian Drilling launched its inaugural volleyball league, bringing together both field and office employees. The league kicked off with a practice match involving Executives and various department members, leading to an official competition. Training kits were provided for onshore rig sites to enhance preparation. Participants were rewarded, and finalists had a unique opportunity to challenge the Management team in a special event.

This initiative aligns with Arabian Drilling’s emphasis on employee well-being and engagement. The league fosters teamwork, healthy competition, and communication among employees across different units, showcasing the Company’s commitment to unity and enthusiasm. The league’s success can be attributed to leadership, execution teams, volunteers, and players, including SADA trainees who engaged in a memorable match against the league champions.



I have always believed that “sports are a means of engagement within an organization”. I would like to announce that after 3 months, over 51 matches, and in 2 spectacular sports clubs, the Arabian Drilling and OFSAT Volleyball League for the year 2022 has finally come to an end. This first-time corporate sport-friendly competition has included teams from each rig, each function, and all levels of Management, aimed at creating a healthy competitive atmosphere, embracing constructive engagement, as well as having fun outside of the daily work routine.












Ghassan Mirdad, CEO



EMPLOYEE SATISFACTION (continued)

EMPLOYEE BENEFITS

Arabian Drilling offers a comprehensive package of benefits and incentives to its employees, adhering to industry standards and local requirements. Our employees' remuneration is based on the applicable regulations and their performance, ensuring the well-being of our existing and potential future workforce. We provide various benefits, including insurance, retirement provisions, rewards, awards, and other allowances, to support our employees and foster a positive work environment.

 Life insurance	 Attendance awards for rig staff
 Healthcare programs and coverage	 Offshore staff bonuses
 Disability and invalidity coverage	 Remote area staff bonuses
 Parental leave	 Seniority awards
 Retirement provision	 Allowances: Tuition, travel, mobile, food, car and on-call
 Bonuses	 Bonuses for eligible employees

Arabian Drilling does not provide and manage a retirement plan for employees.

EMPLOYEE HEALTH PROGRAMS

The well-being of our employees and their families is paramount, and we demonstrate this commitment through robust health initiatives. Our Health Lounge Program encompasses a wide array of health assessments, ensuring the ongoing monitoring and care of our employees' health. Additionally, we launched seasonal influenza vaccine campaigns, delivering preventive

healthcare services to protect both our employees and their families.

In order to facilitate comprehensive non-occupational medical care, we extend inclusive medical insurance coverage to employees and their families, affording them access to leading healthcare facilities across the Kingdom. Furthermore, we offer voluntary health promotion services and programs, including customized

health screenings tailored to individual medical histories.

Our health programs focus on addressing significant non-work-related health risks, such as cardiovascular factors and mental health. For these services, employees can access healthcare providers using their provided health insurance coverage.



OCCUPATIONAL HEALTH AND SAFETY

WE ARE COMMITTED TO FOSTERING A STRONG SAFETY CULTURE AND HAVE COMPREHENSIVE POLICIES AND PROCEDURES IN PLACE TO ENSURE A SAFE AND HEALTHY WORK ENVIRONMENT. THIS INCLUDES HAZARD IDENTIFICATION, TRAINING, EMERGENCY RESPONSE PLANS, AND INJURY PREVENTION. OUR DEDICATION TO ENHANCING EMPLOYEE WELL-BEING IS ONGOING. WE BELIEVE IN PREVENTING ALL INJURIES, DRIVING US TO FOCUS ON AVERTING INCIDENTS THAT COULD HARM PEOPLE, ASSETS, OR THE ENVIRONMENT. OUR AIM IS TO ENHANCE OUR SAFETY CULTURE AND CREATE A SAFER WORK ENVIRONMENT.



HIGHLIGHTS AND CHALLENGES

During 2022, Arabian Drilling achieved the following:

Of the rigs managed by Arabian Drilling		
41 rigs completed the year without any recordable injuries (2021: 37 out of 45)	29 rigs operated without any lost time injury throughout the year (2021: 38 out of 45)	26 rigs operated without any HSE incidents, including injuries, fire, automotive accidents, or property damage (2021: 37 out of 45)
36 rigs achieved days without LTI millstone in 2022	41 rigs completed 2022 without recordable injuries	29 rigs free of injuries in 2022
26 rigs free of incidents (injuries, fire, automotive, and property damage) in 2022	34 land rigs completed 2022 without automotive accidents	2 rigs started with new client Baker Hughes
4 land rigs were safely reactivated	2 offshore rigs were safely initiated	

Supporting a safe culture

- Arabian Drilling's International Safety Management (ISM) certificate was renewed
- The Company initiated the "Connecting the Dots" and Crew Resource Management (CRM) training to bolster safety awareness and teamwork

Arabian Drilling also faced certain health and safety challenges in 2022. The recruitment of diverse crews, including both experienced and junior members, means that Arabian Drilling must pay special attention to maintaining a cohesive safety culture. Integrating new offshore rigs with advanced technology requires

adapting our safety practices. As we expanded in the oil and gas sector, ensuring safety coordination with third-party partners became crucial. Moreover, the safe reactivation of dormant rigs posed unique challenges that we successfully managed.



OCCUPATIONAL HEALTH AND SAFETY (continued)

GOVERNING PRINCIPLES: SAFETY CULTURE AND FOCUS

At Arabian Drilling, we value our people as an asset and prioritize their safety and well-being through our HSE Policy. Our comprehensive HSE policies, processes, and systems are aligned with industry best practices.

Our employees receive training, personal protective equipment (PPE), and empowerment to take personal responsibility for their safety.

Arabian Drilling also adheres to regulatory requirements for the safety and health of its employees, the public, and the environment. We

actively mitigate risks through safety management systems, training, risk assessments, and incident reporting. We use both leading and lagging indicators to evaluate progress and proactively engage stakeholders, especially employees, for feedback on our actions.

The Loss Prevention Team (LPT) is a vital component of our safety efforts, diligently identifying, evaluating, and monitoring HSE activities and risks throughout all operations. Each location has its own LPT responsible for investigating accidents, reviewing recommendations, conducting inspections, and promoting health and safety awareness among employees. The LPTs convene monthly and are empowered to implement safety measures and escalate concerns to Management. With representation from all workers, our LPTs ensure thorough engagement and collaboration in addressing health and safety matters across the Company.

SAFETY CULTURE

Arabian Drilling's safety culture encompasses our operations, our representatives, clients, and other service providers, and we recognize that each stakeholder has their own interests. Our core safety values include:

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

We encourage the reporting safety concerns without fear of reprisal, empowering employees to use the stop work authority and providing a confidential hotline for reporting any issues if they believe that a work situation can cause injury or ill health.

Employees can report work-related hazards and hazardous situations using the digital stop card or an online reporting system called "Quest."

SAFETY FOCUS

Arabian Drilling's Job Safety Assessment (JSA) process ensures thorough planning, safety meetings, training, and risk assessments for our personnel. In addition, our risk management tools, such as SALAMA cards and permits to work systems, further enhanced our safety practices in 2022. (SALAMA: is a risk management tool the crews use in any task where they are not going to issue PTW.)



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Arabian Drilling has a robust Occupational Health and Safety Management System in place. This system is built on the following:



Arabian Drilling investigates work-related incidents using the DNV SCAT (Systematic Cause Analysis Technique) system, ensuring a thorough examination to determine corrective actions and identify areas for improvement in the occupational

health and safety management system. This approach, along with the risk-based approach to learning from events, enables us to continuously enhance our safety practices and create a safe and healthy work environment for all employees.

OCCUPATIONAL HEALTH SERVICES

Our dedication to the health and well-being of our workforce is woven into every aspect of our operations. Our organizational occupational health services are crucial for identifying, eliminating hazards, and reducing risks across our operations:



OCCUPATIONAL HEALTH AND SAFETY (continued)

SAFETY MONITORING

Arabian Drilling employs a comprehensive approach to identifying work-related hazards and assessing risks on routine and non-routine bases. Our continuous evaluation of QHSE risks spans all

levels, minimizing their impact on operations, the workforce, customers, and the environment. Utilizing the hierarchy of controls, Arabian Drilling effectively eliminates hazards and reduces risks. This involves identifying and assessing hazards, implementing

control measures, and regularly monitoring and reviewing their effectiveness.

Our HSE severity matrix, used to evaluate potential risks, looks as follows:

Personal safety category	Metric	Light	Serious	Major	Catastrophic
All HSE hazards	USD loss	<10,000	10,000 – 100,000	100,000 – 1 million	>1 million
	Days*	<1	1 – 10	>100	Fatality
Health	Illness	<ul style="list-style-type: none"> Medical treatment or first aid case Return to normal duties by the next day 	<ul style="list-style-type: none"> Temporary disability Any illness involving <1 day of hospitalization 	<ul style="list-style-type: none"> Permanent disability Any illness involving >1 day intensive care 	<ul style="list-style-type: none"> Fatality

*Includes both lost workday cases (LWDC) or restricted workday cases (RWDC)

ELIMINATING HSE HAZARDS AND MINIMIZING RISK

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



EMERGENCY PREPAREDNESS

Arabian Drilling has established an emergency preparedness procedure and committee to ensure readiness for contingencies like spills, fires, leaks, and explosions. This ensures the protection of human life, assets, properties, and the environment. Regular emergency drills are conducted to maintain the stability of the emergency response system.

SAFETY AUDITS

We conduct regular safety audits to identify hazards, unsafe acts, and procedural compliance, evaluating the effectiveness of safety systems. Corrective actions adhere to standard procedures, and audit recommendations are systematically implemented. We utilize an internal auditing system to assess process and competency management, addressing employee competency and creating individual improvement plans as necessary. The outcomes of these processes drive the evaluation and continuous enhancement of the occupational health and safety management system. This proactive approach ensures that the Company is always working to create a safe and healthy work environment for all employees.

The outcomes of these processes drive the continuous enhancement of the occupational health and safety management system in several ways, including:

- Identifying areas for improvement: Audit findings help pinpoint aspects where the health and safety management system can be enhanced.
- Monitoring system effectiveness: The results aid in monitoring the system's efficiency, ensuring proper risk reduction and implementation.
- Reporting: Outcomes are used to communicate health and safety updates to employees, stakeholders, and regulatory bodies.

- System review: Process results lead to modifications in the occupational health and safety management system, keeping it up-to-date and aligned with the evolving Company needs.

HEALTH AND SAFETY THROUGH OUR BUSINESS RELATIONSHIPS

We take proactive steps to prevent or mitigate significant negative occupational health and safety impacts related to our business relationships. This includes ensuring partners' commitment to safety through contractual obligations, conducting regular audits, providing training, collaborating on preventive measures, and encouraging open reporting. These efforts contribute to a strong safety culture and a safe working environment across Arabian Drilling's network of partners.

PERFORMANCE METRICS

In 2022, Arabian Drilling experienced a general increase in work-related injuries, with the first fatality in almost 13 years.

Metric		2018	2019	2020	2021	2022
Hours worked	Number	13,832,350	16,438,390	14,845,370	13,956,950	15,082,330
Recordable work-related injuries	Number	16	13	12	3	5
Injury rate	Rate*	1.16	0.79	0.82	0.22	0.33
Occupational disease rate	Rate*	0	0	0	0	0
Lost day rate (LDR)**	Rate*	0.22	0.24	0.2	0.07	0.2
Work-related fatalities	Number	0	0	0	0	1
Fatality rate	Rate*	0	0	0	0	0.066
High-consequence work-related injuries***	Number	16	13	12	3	4
High-consequence work-related injuries***	Rate*	1.16	0.79	0.82	0.22	0.26

*The rates were calculated based on 100,000 hours worked

**Lost workdays case frequency = lost working days cases / 1,000,000 man hours

***Excluding fatalities

OCCUPATIONAL HEALTH AND SAFETY (continued)

The main contributors to these injuries encompass hazards such as stepping, handling, manual lifting, and falling, collectively accounting for 36% of incidents. Machinery, equipment, and hand tools contributed to 38% of incidents.

Health and Safety key performance indicators

Metric	Upper limit	2021 actual	2022 actual
Total recordable injury frequency (TRIF)	0.95	0.22	0.33
Combined lost time incident frequency (CLTIF)	0.80	0.14	0.33
Automotive accidents rate (AARM – in miles)	0.26	0.15	0.15

JOURNEY TO ZERO INCIDENTS

At the core of our safety culture lies the Journey to Zero incidents approach: we aim to achieve zero major incidents throughout rig buildups, transportation, rigging-up at well sites, and spudding of new rigs/wells. This goal relies on collaboration between the Arabian Drilling leadership teams and the entire workforce. We are pleased with our individual rigs' commitment to health and safety as demonstrated by the following:

Years without lost time injury

<5 years

16 rigs

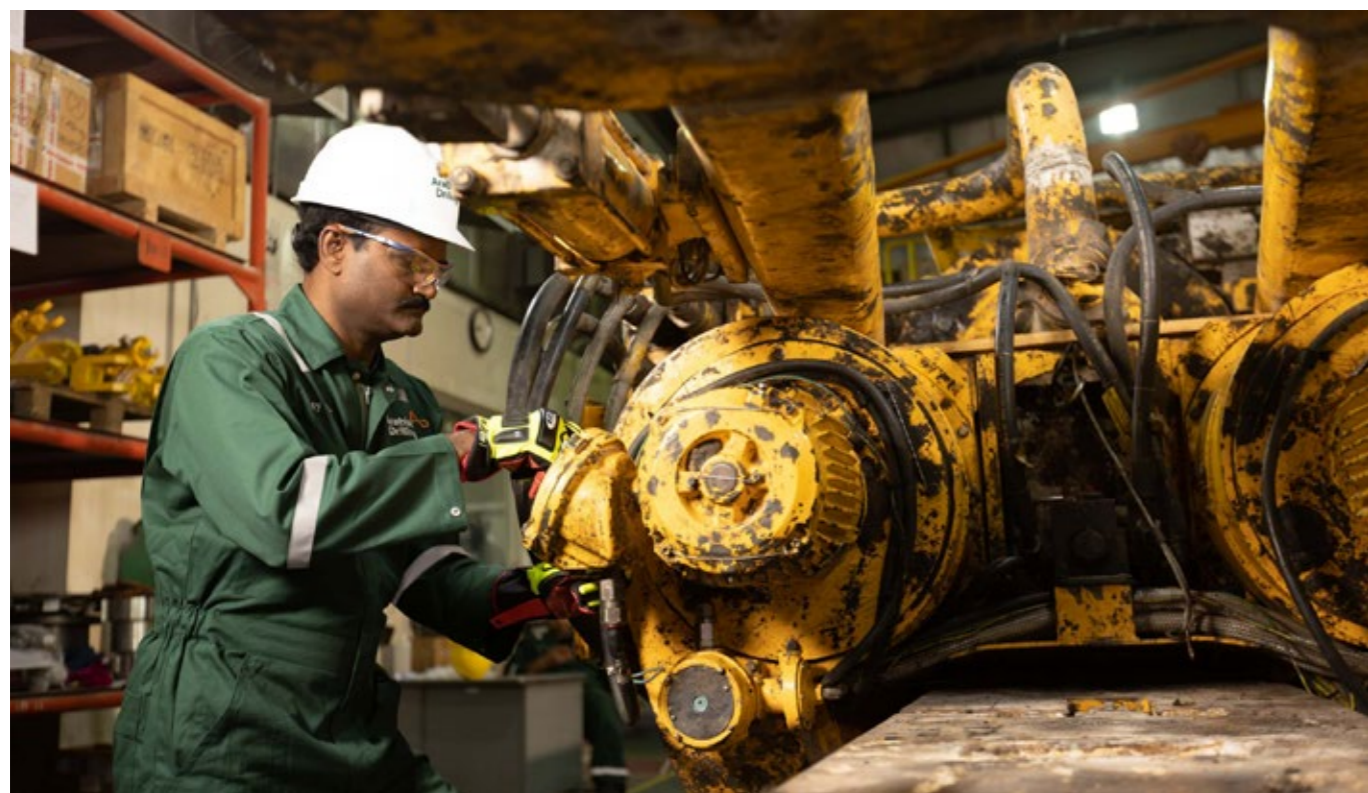
>10 years

6 rigs

5-10 years

14 rigs

However, every major incident, especially a fatality, is one too many. We will continue to work towards zero in the years to come.



SAFETY CAMPAIGNS AND PROGRAMS

Arabian Drilling prioritizes employee engagement in shaping its occupational health and safety management system, using the following avenues for participation:

- ADidea Suggestion Application: Employees contribute through the ADidea app, sharing safety insights and concerns.
- Health and Safety Committees: Location-based LPTs engage workers in safety discussions.
- Training: Comprehensive training enhances workers' safety understanding, fostering awareness.
- Workplace inspections: Hazard hunts and stop tours involve employees in identifying and mitigating hazards.
- Transparent reporting: Employees can report safety concerns without fear of reprisal.

To communicate health and safety information, Arabian Drilling implements:

- Weekly stand-down meetings: Meetings with all rigs to share safety updates.
- Pre-tour meetings: Meetings that allow Management to disseminate vital safety information to the rest of our employees.
- Alerts: Alerts and focused meetings keep workers informed on safety matters.

ZERO TOLERANCE CAMPAIGN

We are building a strong governance framework to safeguard our reputation and valuable assets, including machinery and resources. As part of this effort, Arabian Drilling implements a zero tolerance approach and consistently formulates 'Zero Tolerance Rules' that all its employees strictly adhere to.

HAND AND FINGERS INJURY PREVENTION CAMPAIGN

Arabian Drilling's incident monitoring allows it to proactively address those

risk areas that are surfacing more often. One such area is injury cases involving our rig employees' hands and fingers. We therefore launched the Hand and Injury Prevention Campaign in 2021, placing awareness of this issue front-of-mind for our crews. As a result of this campaign, we have seen a 7% decrease in the number of hand and finger injuries year on year in 2022.

HSE TRAINING

Training is a cornerstone of the occupational health and safety management system at Arabian Drilling. HSE and Emergency Response Training are mandatory for all personnel working on Arabian Drilling rigs, delivered through various courses tailored to their roles. Topics covered include emergency mitigation, risk analysis, JSA, accident investigation, electrical safety, and firefighting. In addition, we conduct process-specific and refresher training for employees, contractors, and stakeholders.

LOOKING AHEAD TO 2023

Looking ahead, Arabian Drilling has set ambitious health and safety goals and targets to enhance its safety performance and promote a strong safety culture:

Short-term (2023)

- Introduce a digital reporting and hazard identification platform to improve safety performance and streamline reporting processes.
- Deploy the Behavioral Empowerment Center to enhance safety compliance and reinforce safety practices in the field.

Medium-term (2024 to 2026)

- Promote and establish safety as a core value within Arabian Drilling, fostering a safety-first mindset among all employees.
- Address the impact of mental health on employees to improve overall productivity and well-being.

Long-term (2027 and beyond)

- Aspire to be recognized as a benchmark for safety performance in drilling operations, setting industry standards for safety excellence.

LEADERSHIP DEVELOPMENT

ARABIAN DRILLING'S LEADERSHIP DEVELOPMENT PROGRAM IS METICULOUSLY CRAFTED TO FOSTER UPCOMING LEADERS EQUIPPED WITH ESSENTIAL SKILLS AND KNOWLEDGE. THIS INITIATIVE, SUPPORTED BY TALENT AND SUCCESSION PLANNING, IS CLOSELY MONITORED THROUGH THE "IRTIQA" PLATFORM A DIGITAL APPLICATION FOR ALL THE TRAINING, LEARNING, AND CAREER PLANNING NEEDS OF EMPLOYEES. THE STRATEGIC APPROACH FOCUSES ON NURTURING CAPABLE INDIVIDUALS FOR PIVOTAL ROLES, ENSURING ORGANIZATIONAL STABILITY AND GROWTH. EMBRACING THE "PROMOTE FROM WITHIN" PHILOSOPHY AND INVESTING IN EMPLOYEE GROWTH REMAIN PARAMOUNT.

COMPREHENSIVE TRAINING FOR FUTURE LEADERS

Our comprehensive training framework covers many areas including operational excellence, job-oriented subjects, leadership, and soft skill development. These structured programs empower our future leaders to delve into decision-making models, grasp business trends and strategies, enhance interpersonal skills, and build a global network that encourages knowledge sharing. These initiatives also foster experience in virtual and multicultural team environments.

EMPOWERING PERFORMANCE IMPROVEMENT

Leveraging the Individual Development Plan (IDP), we provide consistent feedback to improve performance. Our Talent Department actively collaborates with rig department heads and senior crews, conducting workshops to gather valuable feedback on the IDP and further enhance our development initiatives. This collaborative approach underscores our commitment to refining and perfecting our talent management strategies.

FARES CAREER DEVELOPMENT PROGRAM

FARES is a career development program tailored for our graduate-level support staff. Initiated in 2021, its primary objective is to evaluate their skills, competencies, and knowledge while expanding their awareness of support functions throughout the Company. This aligns with the Company's staffing requirements by defining support function titles, delineating employee career training prerequisites, and presenting a clear trajectory for career advancement.



TRAINING AND CAPACITY BUILDING

THROUGH OUR TRAINING AND SKILLS DEVELOPMENT PROGRAMS, WE EMPOWER OUR EMPLOYEES TO WORK EFFECTIVELY AND ENHANCE THEIR PROFESSIONAL EXPERTISE. ACKNOWLEDGING THE VITAL ROLE OF TRAINING IN THE DYNAMIC DRILLING INDUSTRY TO STAY UPDATED WITH PROCESSES, CERTIFICATIONS, AND BEST PRACTICES, WE PLACE PRIORITY ON OUR EMPLOYEES' PROFESSIONAL GROWTH. WE OFFER A WIDE ARRAY OF LEARNING AND DEVELOPMENT OPPORTUNITIES TAILORED TO INDIVIDUAL NEEDS, IDENTIFIED THROUGH PERFORMANCE EVALUATIONS AS PART OF OUR ANNUAL TRAINING AND SKILLS DEVELOPMENT PLAN.

Our comprehensive training and capacity-building program covers a broad spectrum of skills, including operational excellence, job-specific abilities, leadership, and soft skills. Through structured training and development, emerging leaders can understand decision-making models, business trends, and strategic insights, while also improving interpersonal skills and building a robust global network for sharing knowledge and best practices.

Our programs also provide exposure to working in virtual and multicultural teams. These training initiatives are thoughtfully designed to align with our Company's projects and form a foundational component of our strategy. Their purpose is to create a strong talent pipeline that can effectively address operational and managerial requirements in the future.

We take a proactive approach to managing the potential negative impacts of the training and education initiatives by addressing employee concerns during CEO roundtable meetings. This ensures prompt issue identification and corrective actions. Additionally, we recognize positive impacts through feedback and give recognition to employees who excel in their training and education efforts.

In response to the rapidly evolving and dynamic operating environment, Arabian Drilling successfully rolled out hybrid training sessions, combining both virtual and in-person formats, to ensure flexibility and adaptability. This effort resulted in the completion of a total of 3,643 training programs in 2022, underscoring our commitment to continuous training and capacity building for our employees.

Arabian Drilling introduced the Crew Resource Management training program, initially for operation and rig managers, and later extended to crew level employees. A total of 125 employees participated in the program in 2022.

Arabian Drilling launched "Finance for Non-Finance," a program designed to enhance employees' financial knowledge. A total of 27 employees participated in the program in 2022.

We demonstrated our commitment to skills development in the Kingdom by conducting a summer training program for 25 students at KFPUM.

We revamped our skills competency framework to align with the evolving needs of our business and to ensure a future-fit workforce in the changing landscape of work.

We provided the PSTS and FARES programs, which outline essential requirements and skill enhancements for career advancement. Successful completion of these programs is directly linked to a salary increment.

We offer GOSI Saned, and retirement programs tailored for Saudis. These programs aim to facilitate ongoing employability and provide support for career transitions that may occur due to retirement or termination of employment.

TRAINING PROGRAMS TECHNICAL DEVELOPMENT PROGRAM

The Technical Development Program (TDP) is designed for recently graduated engineers, aiming to equip them with the essential field skills and an understanding of Arabian Drilling's business operations. This program sets the groundwork for their growth as engineers within the Company. Recognizing that the roles of engineers and rig supervisors are distinct despite sharing common elements like vision, technical

language, and mutual respect, the program provides valuable exposure to both roles for participants.

The primary goals of TDP are two-fold. The first objective is to provide engineers with a comprehensive understanding of rig operations, encompassing both onshore and offshore contexts. The second goal is to enhance engineers' insight into the human aspects of the rig, recognizing the importance of interpersonal dynamics within the environment.

The engineer plays a crucial role as a link between the rig and the broader world, demanding effective communication and comprehension. Such high-level interaction hinges on the engineer's refined communication skills, which are honed through close engagement with rig personnel, understanding their routines, strengths, and weaknesses. Through the formation of a collaborative team, wherein rig workers bring practical experience and the engineer contributes administrative skills and a long-term vision, a comprehensive and balanced approach is achieved.

TRAINING AND CAPACITY BUILDING (continued)

THE SAUDI ARABIAN DRILLING ACADEMY (SADA)

The Saudi Arabian Drilling Academy (SADA) is an institution formed through a partnership between Saudi Aramco, the Technical and Vocational Training Corporation (TVTC), and industry collaborators who fund the academy. Arabian Drilling contributes to SADA and provides diverse training programs for its employees. A total of 21 students completed the program in 2022. Upon completing their education, program participants embark on a 3-year national workforce development program in the field, 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)

The Finance Internal Training Academy (FITA) was introduced as a program to enhance the financial knowledge of employees. The program is scheduled to take place throughout 2023.

THE COMPETENCE ASSURANCE MANAGEMENT SYSTEM (CAMS)

The Competence Assurance Management System (CAMS) plays a pivotal role in aligning our workforce with the Company's competence standards. This comprehensive system defines competency benchmarks for both onshore and offshore rig positions. The criteria are guided by the CAMS risk matrix, which aids in assessing the necessary levels of competence. Clear roles and responsibilities are outlined within well-defined procedures.

CAMS is designed to ensure that every employee possesses the requisite skills and comprehension for their operational roles. Beyond our internal operations, CAMS has broader implications. It stands as a testament to our commitment to surpassing expectations, providing assurance to customers and external stakeholders alike. The system also exercises governance over training, development, and competency criteria. Through consistent monitoring and delivery, CAMS ensures uniformity in these critical aspects.

CAMS leverages our Competence Assessment Programs (CAP) to systematically evaluate and enhance training and development within the Company. This is done through a progressive 3-stage approach as follows:

In addition to the CAP assessments, Simulator Competence Assessments play an important role in identifying operational readiness and the potential for promotion among high-potential employees. Overall, CAMS ensures that our workforce is not only technically skilled but also operationally competent, aligning with Arabian Drilling's commitment to excellence and safety.

DHAHRAN TRAINING CENTER

Arabian Drilling's Dhahran Training Center was the first training center in the Kingdom to be accredited by the International Well Control Forum and the International Association of Drilling Contractors. We have maintained these accreditations since 1993. In addition, the center is ISO 9001:2015 (Quality Management System) and ISO 29993:2017 (Learning Services outside formal education) certified.

TRAINING HOURS

Our dedication to employee growth is evident in our extensive training program. The table illustrates training hours in the reporting period, categorized by demographics. This includes gender, role, age, and nationality, showcasing our commitment to diverse workforce development. Our emphasis on continuous learning reflects our culture.

Training conducted in 2022

Training topic	Number of training sessions	Number of trainees
Technical training	385	1,467
Marine training	335	1,179
HSE training	13,347	64,399
Mechanical lifting	1,159	4,886
Soft skills	47	816

	Male	Female
Total	1,404 hours	87 hours
Managers and above		
Under 30 years old	49 hours	N/A
30-50 years old	53 hours	N/A
Over 50 years old	45 hours	N/A
Saudi	50 hours	N/A
Non-Saudi	52 hours	N/A
Non-rig employees		
Under 30 years old	80 hours	26 hours
30-50 years old	89 hours	31 hours
Over 50 years old	39 hours	3 hours
Saudi	61 hours	27 hours
Non-Saudi	100 hours	N/A
Rig employees		
Under 30 years old	163 hours	N/A
30-50 years old	159 hours	N/A
Over 50 years old	137 hours	N/A
Saudi	155 hours	N/A
Non-Saudi	172 hours	N/A

Continuously focused on enhancement, we are in the process of reviewing and refining our training matrix. Once approved, the matrix will be updated to integrate new training requirements.

On-the-Job Training (CAP 1)

In line with the CAMS risk matrix, each onshore and offshore position completes CAP 1, involving assessment by rig site supervisors. This stage confirms whether individuals are competent to operate in their positions safely and effectively. CAP 1 must be completed before progressing to CAP 2.

Rig Site Competence Assessments (CAP 2)

CAP 2 evaluates each employee's competence through specific tasks performed by a qualified assessor. Successful completion of CAP 2 demonstrates the necessary technical knowledge, skills, attitude, and competence standards. Improvement areas are identified, and an IDP is issued to facilitate continuous enhancement.

Simulator Competence Assessments (CAP 3)

Designed for high-risk positions, CAP 3 assesses personnel knowledge and skills through simulator assessments. This stage is crucial in evaluating operational readiness, particularly for positions involving special operations and emergencies. The assessment is performed using advanced simulators by trained assessors. Like CAP 2, CAP 3 highlights areas for improvement and creates tailored IDPs.

TRAINING AND CAPACITY BUILDING (continued)

Average hours of training (Employee)

	2018		2019		2020		2021		2022	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Total	221	22	81	35	39	35	48	22	197	27
Saudi	171	22	45	35	19	35	18	22	89	27
Non-Saudi	50	0	36	0	20	0	30	0	108	N/A

Average hours of training (age demographic)

Total	421	77	82	110	57	110	61	55	264	60
Under 30 years old	135	18	35	31	20	31	18	23	97	26
30-50 years old	138	19	37	35	19	35	22	16	100	31
Over 50 years old	148	40	10	44	18	44	21	16	74	3



COMMUNITY DEVELOPMENT

AS A SOCIALLY RESPONSIBLE CORPORATE CITIZEN, ARABIAN DRILLING IS DEDICATED TO MAKING A POSITIVE IMPACT ON THE COMMUNITIES IT SERVES. WE STRIVE TO FOSTER HARMONIOUS RELATIONSHIPS BY INVESTING IN KEY AREAS SUCH AS LOCAL SAUDI CITIZENS' EDUCATION AND SKILLS DEVELOPMENT, WOMEN'S EMPOWERMENT, LOCAL ECONOMIC GROWTH, AND ENVIRONMENTAL CONSERVATION.

We are committed to developing our local investments and engaging Saudi nationals in our achievements. Our programs, initiatives, and awareness sessions are designed to mutually benefit the growth of our business and our nation. We also prioritize hiring local vendors for the supply of materials and services.

At Arabian Drilling, our commitment to fostering economic prosperity

within our operational areas remains steadfast. Through our dedication to employing and training local workers, we actively contribute to the growth and success of these communities.

To enhance Saudi Arabia's economic and social development, we actively train local personnel and invest in local firms. Our projects, training efforts, and initiatives are all carefully aligned with the local community and

Saudi Vision 2030. Our objectives are crafted in line with the expectations and demands of our country.

Arabian Drilling provides essential support to SMEs, contributing to local economic growth and Saudi Vision 2030. Furthermore, we prioritize environmental management, emission reduction, and groundwater protection to uphold health and safety norms and regulations.



COMPANY SOCIAL CONTRIBUTIONS

Social contribution	Entity	Details
Tarahum Partners	Tarahum Society	The Company provided financial aid for the care of the 20 most needy families at Tarahum with a contribution SAR 334,050
Asia Triathlon Championship	Saudi Triathlon Federation	Arabian Drilling is the exclusive sponsor of the Asian Championship for the Saudi Triathlon Federation, with a contribution of SAR 1,000,000

EMPOWERING SAUDI YOUTH

Arabian Drilling has an unwavering commitment to being a premier drilling service provider and the preferred choice for young Saudi talent. We take pride in supporting the training and development of young Saudis through initiatives such as:

SADA: Providing young individuals with a comprehensive training experience that combines theoretical classroom knowledge with practical on-the-job training, preparing them for crucial roles on the rig site.

SPSP: Offering training and growth opportunities to young Saudi talent, enabling them to excel in their careers across various positions at the rig site.

In 2022, we are proud to have supported the following graduates:

Program	Number of students at the beginning of the course	Graduated	Current
TDP - Operations Engineer	11	1	10
NWD - Assistant Driller	31	11	20
SADA - Carrier Development Program (CDP)	7	7	0
Junior - Electrician	9	3	6
Junior - Mechanic	10	3	7
SDP-RSTC	29	5	24
TDP - Chief Mechanic	1	1	0
TDP - Service Quality Engineer	1	1	0
SADA - Trainee	21	2	19
Total	120	34	86

COMMUNITY DEVELOPMENT (continued)

INTEGRATION WITH LOCAL COMMUNITIES

Arabian Drilling's dedication to social responsibility is intricately woven into our relationship with the communities where we operate. Our active contributions to these communities encompass vital areas such as education, skills development, women's empowerment, local economic growth, and environmental conservation.

Our efforts extend to nurturing local talent through comprehensive programs developed under our Corporate Social Responsibility initiatives. These programs provide employees with essential skills through courses and training sessions, equipping them for rig-specific training and on-the-job learning.

Our pursuit of exceptional Saudi talent involves a diverse range of recruitment strategies and collaborations with local universities, aimed at attracting innovative minds to our operations. We deeply appreciate the contributions of our skilled workforce, as we recognize their pivotal role in achieving our sustainability goals.

SUPPORTING SMES

Aligned with the aspirations of Saudi Vision 2030, Arabian Drilling has proactively channeled investments into the training of local personnel and bolstering small and medium enterprises (SMEs) to drive economic prosperity. Our dedication to these principles is exemplified through our partnerships with local vendors for material supply and services, which testifies to our unwavering support for local economic advancement. In harmony with the tenets of Saudi Vision 2030, Arabian Drilling actively assumes a role in advancing society.

ENVIRONMENTAL STEWARDSHIP

At Arabian Drilling, we uphold our commitment to minimizing environmental impact, as outlined on page 109 of this report. From the moment we receive the drilling location information from our clients to the point of departure, we are resolute in leaving the site exactly as we found it. We understand that responsible environmental practices are not just a requirement, but an ethical responsibility.

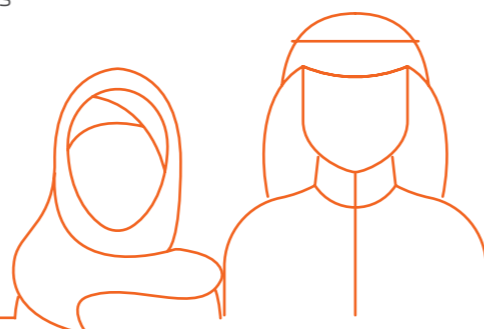
This dedication to environmental stewardship is intrinsically linked to our broader commitment to community development. By practicing responsible environmental management, we contribute to the well-being of our communities and the sustainable growth of the regions

in which we operate. This practice strikes a crucial balance between fostering economic growth and safeguarding the environment for the well-being of present and future generations.

SUPPORT FOR PRISONERS AND THEIR FAMILIES

Arabian Drilling proudly sponsors the National Committee for the Care of Prisoners and their Families through the Tarahum humanitarian organization, marking the fifth consecutive year of our partnership. This initiative offers crucial support to the families of convicted prisoners. In 2022, we focused on assisting the most vulnerable families, aiding them with essential expenses such as rent and school fees for their children.

Through Tarahum, we conducted counseling sessions aimed at empowering these families to create positive changes within their communities. Our commitment to such impactful endeavors reflects our dedication to business growth that extends beyond our operations to make a meaningful difference in the lives of those in need. This commitment serves as an inspiration for our employees, underscoring the broader purpose that defines our actions.



CASE STUDY

ENHANCING PRACTICAL EXPOSURE FOR DRILLING TRAINEES

In November 2022, Arabian Drilling CEO, Ghassan Mirdad, conducted a visit to the Saudi Arabian Drilling Academy (SADA), where he served as a guest speaker. During this session, Mr. Mirdad shared valuable lessons derived from his extensive national and international experience in the drilling industry. His talk not only shed light on his own journey but also provided valuable

insights for the trainees at SADA, guiding them through their educational path and offering perspectives for their future endeavors within and beyond the academy. This visit contributed to enhancing the practical exposure and learning experience of the drilling trainees at SADA.



LOOKING AHEAD TO 2023

As we look to the future, Arabian Drilling's commitment to supporting families in need, particularly those of prisoners, remains steadfast. We will continue to provide essential assistance to support their children.

In line with this commitment, we are excited to announce our involvement in the SADA diploma program. In 2023, we will welcome 50 new candidates for a 2-year diploma program. Additionally, over 100 employees will undergo 3 months of training

at SPSP, further enhancing their skills and expertise. Our dedication to empowering individuals and contributing to their growth remains at the forefront of our initiatives.

ENVIRONMENT

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ARABIAN DRILLING HAS ESTABLISHED A COMPREHENSIVE QUALITY, HEALTH, SAFETY, AND ENVIRONMENT (QHSE) POLICY THAT UNDERSCORES OUR COMMITMENT TO ENVIRONMENTAL PROTECTION. THIS POLICY IS REINFORCED BY A SUITE OF ENVIRONMENTAL PROTECTION AND WASTE MANAGEMENT PROGRAMS.

These programs encompass a wide range of initiatives, including but not limited to the following:

<p>Environmental Management System (EMS)</p> <p>Arabian Drilling has implemented a structured EMS, which systematically manages environmental aspects and impacts throughout its operations.</p>	<p>KSA Environmental Management Program (EMP)</p> <p>The Company has devised an environmental management program tailored to the specific requirements of the Kingdom of Saudi Arabia, ensuring compliance with local environmental standards.</p>	<p>Work Procedures</p> <p>Arabian Drilling has meticulously developed detailed work procedures that comprehensively cover all aspects of its business processes, thereby guaranteeing environmentally responsible practices.</p>
<p>Employee Training</p> <p>To foster a culture of environmental responsibility, the Company conducts training programs that educates its employees on best environmental practices and the importance of adhering to environmental regulations.</p>	<p>Environmental Risk Management</p> <p>Strategies and protocols have been instituted to systematically identify, assess, and mitigate environmental risks associated with drilling operations.</p>	<p>Subcontractor Management</p> <p>Arabian Drilling places a significant emphasis on the management of subcontractors, ensuring their adherence to rigorous environmental standards and practices.</p>
<p>Management Reviews</p> <p>Periodic reviews are carried out to evaluate the effectiveness of the EMS and to identify areas for continuous improvement and enhancement.</p>	<p>In addition to these comprehensive programs and practices, Arabian Drilling conducts both entry and exit environmental surveys at our drilling locations. The entry survey serves to assess the existing environmental conditions, including a thorough evaluation of flora and fauna, establishing a crucial baseline. Subsequently, the exit survey ensures that no environmental aspects have been overlooked or left unaddressed before the Company transitions to a new location.</p>	<p>In terms of specific environmental initiatives, Arabian Drilling has explored the implementation of alarm systems at drilling water pits and conducted a pilot study to evaluate the potential for water conservation through sensor-regulated water flow. Furthermore, we are steadfast in our commitment to reducing emissions from vehicles within our Logistics Cell. To achieve this goal, we prioritize the use of rail transport whenever feasible.</p>

HIGHLIGHTS AND CHALLENGES FROM THE YEAR

Established the Company's **Sustainability Steering Committee** chaired by the CEO

Rolled out waste segregation, reduction, and **recycling programs and campaigns**

Implemented **spill prevention and mitigation campaigns**

Set goals in the areas of **ESG**

Coordinated and worked closely with best-in-class technology providers in **waste management and recycling**

Completed 2022 with **zero environmental accidents and zero spills**

Implemented an **emission reduction program**

Implemented **LED lights usage in our rig fleet**

Completed approximately **134 environmental audits**, covering the entire rig fleet, bases, and offices

The Carbon Disclosure Project (CDP), a non-profit charitable organization, operates the global disclosure platform for various stakeholders, including investors, companies, cities, states, and regions, enabling them to effectively manage their environmental impacts. CDP is responsible for overseeing the worldwide environmental disclosure system.

In 2022, we initiated our engagement with CDP as part of our efforts to enhance disclosures on our climate-related actions. Our initial disclosure results indicate that we received a (D) score, signifying our commitment to transparency regarding climate issues.

Annually, CDP provides extensive support to numerous entities, including companies, cities, states, and regions, facilitating the measurement and management of risks and opportunities in 3 critical areas: climate change, water security, and deforestation.

However, our commitment extends beyond climate reporting. We have plans to expand our disclosure efforts to encompass the other 2 reporting areas, namely water security and deforestation. Our objective is to make continuous progress and ultimately aspire to achieve a coveted place on the (A) list within the CDP scoring system in future reporting cycles.



SAFEGUARDING THE ENVIRONMENT

OUR APPROACH

AS THE WORLD FACES A CRITICAL TIME IN THE FIGHT AGAINST CLIMATE CHANGE, ARABIAN DRILLING REMAINS STEADFAST IN OUR COMMITMENT TO ENVIRONMENTAL PROTECTION AND SUSTAINABILITY.

We recognize the urgency of addressing climate impacts and aim to achieve a positive environmental impact through collaboration and innovative solutions, aligning with Saudi's Vision 2030 for environmental sustainability. Arabian Drilling utilizes leading mechanisms like proactive reporting, a leadership dashboard, training, and compliance with audit plans and environmental management requirements to evaluate our progress and drive continuous improvement in our initiatives.

Our approach to safeguarding the environment is underpinned by the following:

Tackling climate change through innovative solutions

Arabian Drilling acknowledges the profound economic and social risks posed by climate change in the years to come. We are dedicated to addressing these challenges by developing and implementing innovative solutions. Our commitment to environmental sustainability extends to critical areas such as climate change, water conservation, energy efficiency, and waste management.

Minimizing negative environmental impacts

To reduce our ecological footprint, Arabian Drilling remains committed to minimizing discharges, waste, and emissions. We recognize the importance of enhancing energy performance and optimizing the use of natural resources across all aspects of our operations. By doing so, we aim to decrease our carbon footprint and promote sustainable practices throughout the Company.

Optimizing energy performance throughout lifecycle

In line with our commitment to sustainability, we ensure that energy performance improvements are taken into account throughout the intended lifecycle of our assets. We understand that long-term efficiency is essential for mitigating environmental impact, and we strive to integrate sustainability into every stage of our operations.

Collaborating for positive environmental impact

At Arabian Drilling, we believe that lasting change can only be achieved through collaboration. Working closely with various stakeholders, including service providers, local communities, governmental bodies, and environmental organizations, we seek to raise awareness, drive meaningful change, and make a positive difference in safeguarding our planet's future.

Embracing Saudi's Vision 2030

Arabian Drilling fully embraces Saudi's Vision 2030 and its goals for environmental sustainability. We are aligned with the Vision's objectives, which include increasing the efficiency of waste management, implementing comprehensive recycling projects, reducing pollution in all its forms, and combating desertification. Our commitment to these goals serves as a testament to our dedication to playing an active role in achieving a greener and more sustainable future for the Kingdom.

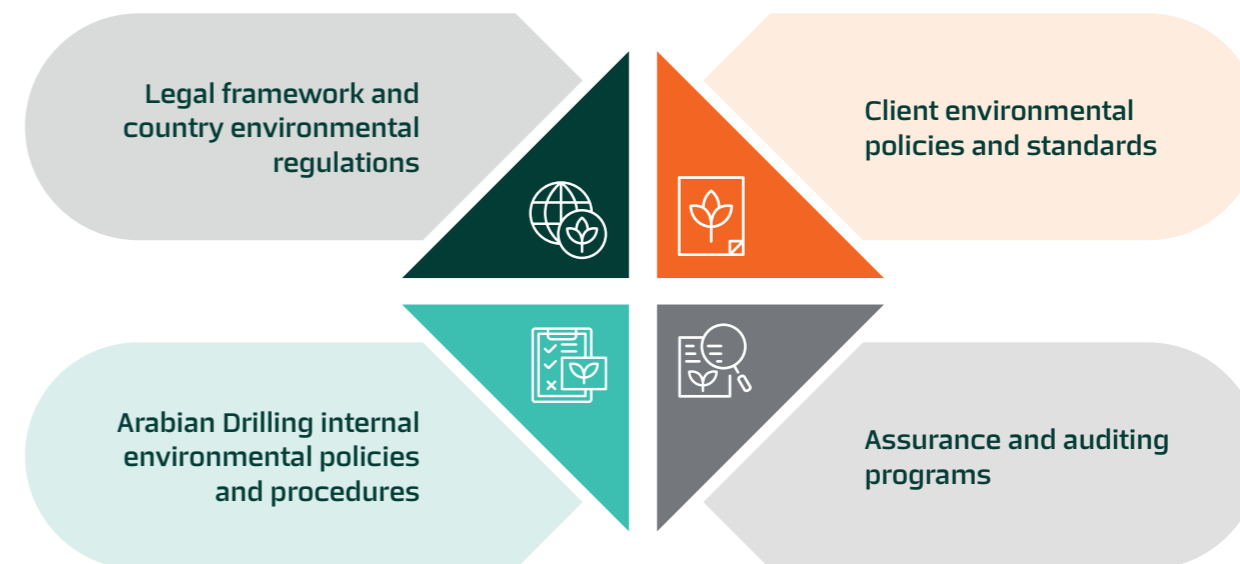
As we move forward, we remain steadfast in our mission to protect and enhance the environment. By addressing global challenges, minimizing environmental impact, considering energy efficiency throughout the lifecycle of our assets, and collaborating with stakeholders, we aim to create a positive environmental impact and contribute to a sustainable world.

ENVIRONMENTAL COMPLIANCE

Arabian Drilling adheres to regulatory requirements and client standards to safeguard the environment. Our priority is to protect the environment while ensuring the safety and well-being of our employees. To this end, we have implemented various environmental protection and waste management programs. These include an environmental management system, safe work procedures, employee training, environmental risk management,

subcontractor management, management reviews, and regular system monitoring. Through these efforts, Arabian Drilling sets an exemplary standard for environmental stewardship in the industry, fostering a greener and more sustainable future for all.

Arabian Drilling has a strong environmental management system in place that assures our environmental compliance to the following:



In 2022, Arabian Drilling demonstrated a strong commitment to environmental protection and compliance by conducting 134 comprehensive environmental audits across our rig fleet, bases, and offices.



ENERGY AND EMISSIONS

IN 2022, ARABIAN DRILLING DEMONSTRATED OUR AMBITIOUS PLAN TO ADDRESSING OUR CLIMATE ACTIONS BY SETTING SHORT- AND LONG-TERM TARGETS FOR REDUCING OUR SCOPE 1 AND 2 GREENHOUSE GAS (GHG) EMISSIONS. WE ARE AIMING TO ACHIEVE THE FOLLOWING:



We assigned 2022 to count our corporate emissions for Scope 1 and Scope 2 using the API and greenhouse gas protocol tools as a reference for companies to calculate its GHG emissions. To establish a solid baseline, Arabian Drilling plans to calculate emissions and identify the most suitable carbon intensity for our operations.



OUR APPROACH TO ENERGY AND EMISSIONS MANAGEMENT

Arabian Drilling's commitment to environmental sustainability and continuous improvement underscores our proactive approach to becoming a leader in responsible and eco-friendly drilling operations, particularly in energy and emissions management:



GHG emission targets and initiatives

Arabian Drilling has set ambitious long-term targets, aiming to net-zero GHG emissions by 2050. To achieve this, the Company is implementing various measures, such as upgrading diesel consumption systems, exploring renewable energy options like solar power for residential camps, and seeking best-in-class solutions to enhance energy efficiency. Arabian Drilling's emissions reduction roadmap also includes initiatives to mitigate Scope 3 emissions, focusing on upstream transportation and distribution and waste management practices.



Renewable energy adoption

As part of our commitment to increase low-carbon or renewable energy consumption, Arabian Drilling set a target to increase the use of renewable energy to the highest possible level by 2050. The Company is actively working with a renewable PVC solar energy provider to implement suitable systems and calculate Scope 2 reduction amounts. Additionally, Arabian Drilling plans to neutralize unabated emissions through permanent carbon removals by the target year.



Engagement and supplier involvement

While Arabian Drilling currently does not engage suppliers on climate-related issues, the Company intends to introduce climate-related requirements within the next 2 years. To drive energy-saving initiatives, Arabian Drilling will implement a low-carbon energy generation project through a voluntary solar PV initiative, estimated to reduce GHG emissions.



Emissions monitoring and assurance

While Arabian Drilling's emissions data is not currently assured or verified by a third party, the Company is considering undertaking such verification in the next 2 years. Our proactive approach to addressing actual and potential negative impacts involves continuous monitoring of diesel consumption and taking immediate corrective actions when needed. Moreover, we actively engage stakeholders through various programs and volunteering activities, promoting employee and stakeholder participation in environmental activities.



Energy consumption and reduction

Arabian Drilling's energy consumption primarily relies on diesel and electricity, with 61,805 kl of diesel and 5,296,475 kWh of electricity consumed in 2022. While Arabian Drilling has not yet utilized renewable energy sources, the Company is focused on enhancing energy efficiency and exploring opportunities for renewable energy adoption.

ENERGY AND EMISSIONS (continued)

OUR PERFORMANCE IN 2022

ABSOLUTE EMISSIONS

In 2022, Arabian Drilling made significant strides in environmental sustainability, with a primary focus on waste management and reducing greenhouse gas emissions. Despite facing an increase in emissions due to operational growth and the addition of more drilling rigs to the fleet, Arabian Drilling is implementing measures to enhance energy efficiency and decrease our carbon footprint.

The base year for tracking progress was set as 2022.

Committed to driving continuous improvement in environmental sustainability, Arabian Drilling is taking a range of actions to further reduce GHG emissions and improve energy efficiency. These actions include upgrading diesel consumption systems, enhancing overall energy efficiency, exploring sustainable alternatives for engines powering drilling rigs, improving the journey management system for crew change practices, seeking best-in-class solutions, and investigating hybrid systems with solar energy supply for residential camps. Additionally, we are actively pursuing more renewable energy options for our operations.

Although our ambitious plan is focusing now on reducing our Scope 1 and 2 emissions, we also have plans in place to start including our Scope 3 emissions by trying to implement a group of initiatives in some areas including but not limited to the below:

- Upstream transportation
- Our supply chain and adding new criteria for vendor selections, purchased goods and services
- Waste generated in operations
- Business travel

In addressing Scope 3 emissions, Arabian Drilling has implemented initiatives in 2 key areas:

- **Upstream transportation and distribution:** We have assessed data from our top service providers and will maintain engagement with suppliers to ensure the use of the most efficient and cost-effective modes of transportation and distribution.
- **Waste generated in operations:** Arabian Drilling responsibly sources materials and manages waste disposal to maximize efficiency and minimize environmental impact. Our HSE standards and environmental management plan (EMP) requires sites to implement both engineering and administrative controls to reduce waste.

Regarding sources of energy, Arabian Drilling is focusing on managing fuel and purchasing electricity as part of our sustainability efforts. By pursuing these initiatives and remaining committed to continuous improvement, we aim to achieve our environmental sustainability goals and contribute to a greener and more sustainable future.

REDUCING SCOPE 1 EMISSIONS

A key imperative of Arabian Drilling's Net-Zero target is addressing our Scope 1 emissions resulting from stationary combustion in our drilling rigs (engines and generators) and residential camps powered by generators. To achieve our Scope 1 emissions reduction target and mitigate emissions beyond our value chain, Arabian Drilling will conduct the following activities:

- **Implementation of administration mitigation plans:** These plans will be executed at the corporate level and include empowering new sustainability and GHG emission reduction policies. This will ensure that climate-related actions are integrated into the Company's overall strategy.
- **Employee engagement and training:** We will engage our employees in climate-related efforts, ensuring that everyone is aware of their roles and responsibilities in reducing emissions.
- **Setting related key performance indicators (KPIs):** The Company will establish specific KPIs to measure and track progress towards achieving the emissions reduction targets effectively.
- **Collaborating with best-in-class technology providers:** Arabian Drilling aims to work closely with top technology providers specializing in renewable solar energy systems, hybrid energy systems, fuel enhancement use, battery solutions, and accredited offsetting projects. This partnership will enable us to leverage the best available technologies for our operations.

Regarding the engagement of suppliers around climate-related issues, we currently do not engage our suppliers in this context. However, we plan to introduce climate-related requirements for suppliers within the next 2 years. This move reflects our commitment to sustainability and emissions reduction beyond our immediate operations, fostering a broader, more sustainable supply chain.

REDUCING SCOPE 2 EMISSIONS

Arabian Drilling's Net-Zero target for 2050 requires that we increase our low-carbon energy consumption or production as a part of the Company's internal emission reduction roadmap. This initiative is specifically designed to address Scope 2 emissions arising from the head office and residential area electricity consumption. Our goal is to gradually implement the use of the low-carbon and renewable energy sources as an alternative to the conventional electricity usage in our premises in addition to the implementation of our new energy management program.

While we have not yet progressed in terms of low-carbon energy consumption, the plan to achieve the target is already underway, with Arabian Drilling working alongside a renewable PVC solar energy provider to identify and implement the most suitable system for our use. By the end of 2025, the Company aims to select best in class technology to manage its grid electricity consumption and we expect to see a reduction in its Scope 2 emissions. Continuous monitoring, reporting, and implementation of environmental initiatives will be crucial to achieving our ambitious target and aligning with the Company's commitment to environmental sustainability.



ENERGY AND EMISSIONS (continued)

OTHER EMISSIONS REDUCTION INITIATIVES

In 2022, Arabian Drilling took several steps to address energy-related issues and reduce emissions. The Company installed LED lights in its rig fleet and implemented an emissions reduction program. Additionally,

Arabian Drilling implemented a diesel consumption continuous monitoring system to optimize energy usage. The Company has corporate HSE policies and engineering controls to save energy and minimize negative impacts.

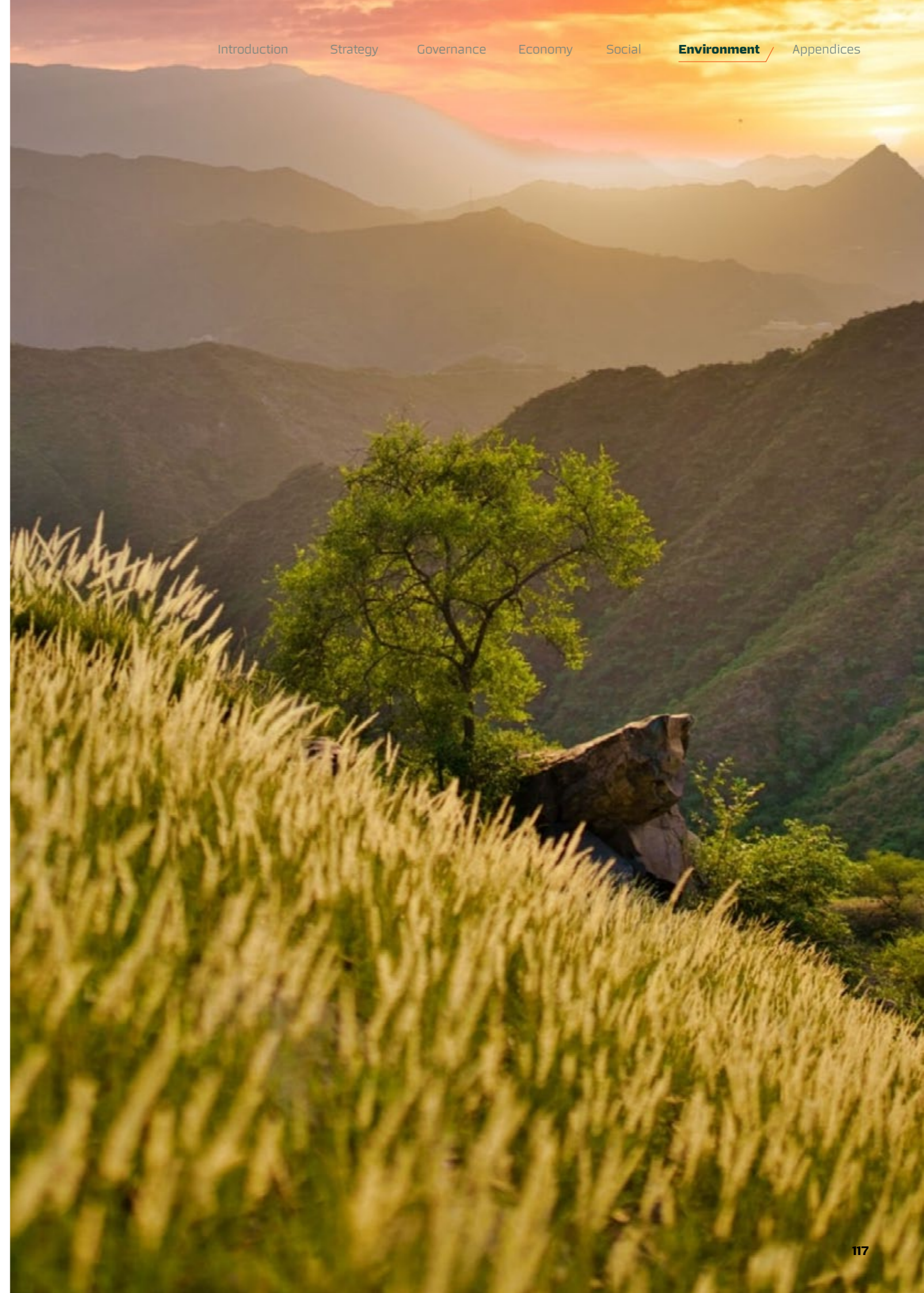
We will continuously monitor diesel consumption and engage stakeholders through awareness campaigns and recognition programs.

CASE STUDY

COLLABORATION TO REDUCE EMISSIONS

In 2022, Arabian Drilling established a strategic partnership with Saudi Aramco's Downstream & Worldwide Operations (D&WO) Energy Efficiency Committee and the Center of Excellence in Energy Efficiency (CEEE) at the Research Institute (RI) of King Fahd University of Petroleum and Minerals (KFUPM). This collaborative effort aims to identify potential areas of cooperation and joint ventures in the realm of research and development (R&D), with a primary focus on enhancing energy efficiency and reducing carbon emissions.

As part of this partnership, the Saudi Aramco D&WO Energy Efficiency Committee, in conjunction with the CEEE at KFUPM's RI, has extended an invitation to Arabian Drilling for a meeting. The objective of this meeting is to explore prospective collaborative R&D initiatives. Key themes under consideration include the advancement of energy efficiency, the realization of power savings, the reduction of carbon emissions, and the overall enhancement of energy efficiency practices. Arabian Drilling has wholeheartedly expressed its commitment to playing a positive and supportive role in assisting the nation in achieving its ambitious goal of attaining Net-Zero emissions by the year 2060.



WATER

AT ARABIAN DRILLING, WE UNDERSTAND THE IMPORTANCE OF TAKING OWNERSHIP OF OUR IMPACT ON THE ENVIRONMENT 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 MANAGEMENT OBJECTIVES

- Minimize water use through water-saving low flow technologies, routine inspections for water leaks and employee awareness campaigns.
- Reduce potable water consumption by documenting daily consumption, analyzing data on a regular basis, and enlisting the help of staff.
- Clean and sanitize all portable water tanks annually.
- Conduct a daily water test by the MOH medics and monthly by a third-party laboratory.



OUR APPROACH TO WATER MANAGEMENT

Arabian Drilling's commitment to addressing water scarcity and global water security is evident in our corporate policies, which focus on reducing water consumption and implementing effective wastewater treatment:



Upholding international best practice and industry standards

Arabian Drilling follows strict standards and procedures for both land and offshore operations to track and manage water-related impacts. For land rigs, Arabian Drilling purchases fresh water from approved facilities and treats the wastewater through approved systems before discharge. Similarly, in offshore operations, seawater is desalinated and treated for domestic use, with wastewater undergoing treatment before discharge.



Mitigating potential negative environmental impacts

To prevent and mitigate potential negative impacts, Arabian Drilling applies corporate HSE policies and engineering controls, and conducts regular water sampling and analysis through approved laboratories. It also engages in awareness campaigns and recognition programs to promote employee participation in environmental activities. Arabian Drilling actively engages with stakeholders, including employees and external organizations, through meetings, workshops, volunteering activities, and regular communication.



Tracking the effectiveness of water management programs

Arabian Drilling tracks the effectiveness of our water management through proactive reporting, leadership dashboards, training, compliance with audit plans, and adherence to water management requirements. Feedback from stakeholders is actively considered to improve our management practices.



Waste management

Regarding water discharge-related impacts, Arabian Drilling adheres to HSE policies, country regulations, and client requirements for effluent discharge standards. In locations without specific discharge requirements, Arabian Drilling uses the highest industry standards. The Company has developed an Environmental Management Program (EMP) aligned with client needs for water and wastewater management practices.

WASTE

IN 2022, ARABIAN DRILLING TOOK SIGNIFICANT STEPS TOWARDS EFFECTIVE WASTE MANAGEMENT THROUGH WASTE SEGREGATION, REDUCTION, AND RECYCLING PROGRAMS AND CAMPAIGNS.

The Company collaborates closely with leading technology providers in waste management and recycling to adopt a comprehensive approach, aiming to reduce, reuse, and recycle all the waste generated. Arabian Drilling's actions in waste management have proven to be highly effective, successfully meeting its goals in 2022. The Company remains committed to ongoing improvement and ensuring a positive impact on the environment.

OUR APPROACH TO WASTE MANAGEMENT

Policies and commitments

Arabian Drilling acknowledges the pressing issue of waste accumulation and our impact on landfills, as reflected in our corporate Health, Safety, and Environment (HSE) policies. Our solid waste primarily originates from base camps and rig locations. To regulate waste and waste-related management issues, Arabian Drilling follows an Environmental Management Program (EMP), comprising standards and work instructions. The Company strives to lower waste generation and promote responsible waste management practices.

Managing waste-related impacts

Arabian Drilling implements preventive measures by adhering to corporate HSE policies, standards, procedures, and work instructions for effective waste management. The Company employs best-in-class engineering controls to ensure proper waste segregation practices. Through these measures, Arabian Drilling aims to mitigate potential negative impacts on the environment.

Addressing actual and potential impacts

Arabian Drilling actively tracks waste quantities and maintains records, while also monitoring and evaluating waste subcontractors to take immediate corrective actions when necessary.

This proactive approach helps address actual negative impacts and prevents potential adverse consequences associated with waste management.

Managing positive impacts

To foster employee engagement in environmental activities, Arabian Drilling conducts frequent waste-related awareness campaigns and recognition programs. We communicate regularly with employees and stakeholders to keep them updated on environmental health issues, encouraging their active participation in waste reduction efforts.

Stakeholder engagement

Arabian Drilling engages internal stakeholders through meetings, workshops, emails, conferences, and essential training. For external stakeholders, the Company organizes various programs and volunteering activities in collaboration with the Corporate Social Responsibility (CSR) team. We value stakeholder feedback to continually improve our waste management practices.

Managing effectiveness of waste management programs

Arabian Drilling uses proactive reporting, leadership dashboards, training, compliance with audit plans, and adherence to local and client waste management requirements to monitor and manage our waste.

Arabian Drilling employs administrative controls, such as policies, procedures, standards, and work instructions, complemented by engineering controls, leveraging the expertise of technology providers. Regular tracking, monitoring, and training sessions further contribute to waste-related improvements and reducing the Company's environmental footprint.

Third-party waste management

Arabian Drilling ensures compliance with contractual and legislative obligations concerning waste management through comprehensive contractor management and evaluation procedures. This approach ensures that third-party waste management aligns with Arabian Drilling's commitment to responsible waste practices.

Data collection and monitoring

Waste data is collected and monitored through the Quest platform, where competent personnel input monthly data for easy accessibility, highlighting specific locations, and extracting required information. This data-driven approach enables Arabian Drilling to make informed decisions and continually improve our waste management strategies. We are committed to our sustainability journey, continually striving for waste reduction and effective waste management practices throughout our value chain.



SPILL PREVENTION AND MITIGATION

OIL SPILLS BY OUR RIGS CAN HAVE LONG-TERM NEGATIVE EFFECTS ON BOTH OUR ENVIRONMENT AND COMMUNITIES. RECOGNIZING THIS, ARABIAN DRILLING IMPLEMENTS SPILL PREVENTION AND MITIGATION CAMPAIGNS AS PART OF OUR COMMITMENT TO ENVIRONMENTAL SAFETY.

The rig operator is ultimately responsible for preventing spills, or responding effectively in case one occurs. However, every rig employee has a role to play, and our spill response drills ensure that everyone can respond quickly in case of a leak.

We also monitor samples of the water quality around our rigs through a Preventative Maintenance System and the help of third-party laboratories. The results highlight the use of our separators and treatment units.

Arabian Drilling aims for zero spills, and we are proud to have achieved this target for the eleventh year in a row.

Zero
hazardous waste spills in the past 11 years

100%
of waste oil recycled for the past 11 years



2022 general environmental performance

Total Environmental Accidents – CMSL*

Zero

*CMSL: catastrophic, Major, Serious, and light

Total Environmental Observation/Intervention Record Cards

84

Total Environmental Audits

134

Number of Hazardous Substance Spills

Zero

Volume of Hazardous Substance Spills (kliters)

Zero

Waste Oil and Hydrocarbon Solvents Generated (kliters)

185.59

Waste Oil and Hydrocarbon Solvents Recycled (kliters)

185.59

% Waste Oil and Hydrocarbon Solvents Recycled

100%

Total Solid Waste Material Generated (tons)

956

Water Consumption (kliters)

307,607

Hydrocarbon Fuel Consumption (kliters)

61,805

Electricity consumption (Kw)

5,296,475

LOOKING AHEAD TO 2023

Arabian Drilling has established a comprehensive roadmap for environmental sustainability, featuring short-term efforts, medium-term goals and long-term aspirations of becoming a benchmark for environmental performance and achieving Net-Zero greenhouse gas emissions by 2050. The Company's proactive approach showcases our commitment to responsible and eco-friendly drilling operations, as detailed below:

Short-term (2023)	Medium-term (2024 to 2026)	Long-term (2027 and beyond)
<ul style="list-style-type: none"> Establishing a new digital reporting platform for environmental Key Performance Indicators (KPIs) data collection and verification. This initiative aims to enhance environmental performance through improved data monitoring and analysis. 	<ul style="list-style-type: none"> Planning for reducing our solid waste. Arabian Drilling is committed to addressing waste, a significant environmental concern, and aims to implement measures to minimize our negative impacts on the environment. Setting the proper targets and KPIs to measure and reduce the freshwater consumption. 	<ul style="list-style-type: none"> Arabian Drilling aspires to be a role model within the drilling industry, showcasing best practices and high standards of environmental stewardship. Reaching Net-Zero GHG emissions for Scope 1 and Scope 2 by 2050. This ambitious goal aligns with Arabian Drilling's commitment to combat climate change and contribute to a greener and more sustainable future.

Through our clear environmental goals and targets across short, medium, and long-term perspectives, we demonstrate our proactive approach to environmental sustainability and determination to be a leader in responsible and eco-friendly drilling operations.

APPENDICES

GRI content index

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GRI CONTENT INDEX

Statement of use	Arabian Drilling has reported in accordance with the GRI Standards for the period 1 January to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

GRI Standard	Disclosure	Location
General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 7
	2-2 Entities included in the organization's sustainability reporting	Page 4-5
	2-3 Reporting period, frequency and contact point	Page 5
	2-4 Restatements of information	Page 5
	2-5 External assurance	External assurance was not obtained for this report
	2-6 Activities, value chain and other business relationships	Page 11
	2-7 Employees	Page 75
	2-8 Workers who are not employees	Page 76-77
	2-9 Governance structure and composition	Page 36
	2-10 Nomination and selection of the highest governance body	Page 36
	2-11 Chair of the highest governance body	Page 36
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 38-40
	2-13 Delegation of responsibility for managing impacts	Page 39
	2-14 Role of the highest governance body in sustainability reporting	Page 40
	2-15 Conflicts of interest	Page 45
	2-16 Communication of critical concerns	Page 42
	2-17 Collective knowledge of the highest governance body	Page 28-41 of Annual Report
	2-18 Evaluation of the performance of the highest governance body	Page 17 of Annual Report
	2-19 Remuneration policies	Page 47 of Annual Report
	2-20 Process to determine remuneration	Page 24-25 of Annual Report

GRI Standard	Disclosure	Location
	2-21 Annual total compensation ratio	Page 48
	2-22 Statement on sustainable development strategy	Page 12, 26-27
	2-23 Policy commitments	Page 58
	2-24 Embedding policy commitments	Page 80, 88, 108
	2-25 Processes to remediate negative impacts	Page 110
	2-26 Mechanisms for seeking advice and raising concerns	Page 42
	2-27 Compliance with laws and regulations	Page 23 of Annual Report
	2-28 Membership associations	Page 89
	2-29 Approach to stakeholder engagement	Page 16
	2-30 Collective bargaining agreements	N/A
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 21
	3-2 List of material topics	Page 22-23
Corporate Governance and Code of Conduct		
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 35-46
	205-2 Communication and training about anti-corruption policies and procedures	Page 42-45
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Page 42-45
	205-2 Communication and training about anti-corruption policies and procedures	Page 42-45
GRI 206: Anti-competitive Behavior 2016	3-3 Management of material topics	Page 43
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 42-45
Employee diversity and inclusion		
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Page 74-102
	405-1 Diversity of governance bodies and employees	Page 80-81
	405-2 Ratio of basic salary and remuneration of women to men	Page 81
GRI 406: Nondiscrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination and corrective actions occurred during the year

GRI CONTENT INDEX (continued)

GRI Standard	Disclosure	Location
Environmental management		
GRI 302: Energy 2016	3-3 Management of material topics	Page 109-122
	302-1 Energy consumption within the organization	Page 112
	302-4 Reduction of energy consumption	Page 112
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Page 118-119
	303-1 Interactions with water as a shared resource	Page 119
	303-2 Management of water discharge - related impacts	Page 119
GRI 305: Emissions 2016	3-3 Management of material topics	Page 112-116
	305-1 Direct (Scope 1) GHG emissions	Page 114
	305-2 Energy indirect (Scope 2) GHG emissions	Page 114
GRI 306: Waste 2020	3-3 Management of material topics	Page 120
	306-1 Waste generation and significant waste-related impacts	Page 120
	306-2 Management of significant waste-related impacts	Page 120
	306-3 Waste generated	Page 120
	306-4 Waste diverted from disposal	Page 120
	306-5 Waste directed to disposal	Page 120
Talent management		
GRI 202: Market Presence 2016	3-3 Management of material topics	Page 74-102
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Page 81, 82
	202-2 Proportion of senior management hired from the local community	Page 77, 81
GRI 401: Employment 2016	3-3 Management of material topics	Page 74-102
	401-1 New employee hires and employee turnover	Page 77
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 84
	401-3 Parental leave	Page 84
Training and education		
GRI 404: Training and Education 2016	3-3 Management of material topics	Page 96-101
	404-1 Average hours of training per year per employee	Page 99, 100
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 96-98

GRI Standard	Disclosure	Location
Occupational Health and safety		
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Page 86-93
	403-1 Occupational health and safety management system	Page 89
	403-2 Hazard identification, risk assessment, and incident investigation	Page 90-93
	403-3 Occupational health services	Page 89
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 88-93
	403-5 Worker training on occupational health and safety	Page 88-93
	403-6 Promotion of worker health	Page 88-93
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 88-93
	403-8 Workers covered by an occupational health and safety management system	Page 88-93
	403-9 Work-related injuries	Page 90-92
403-10 Work-related ill health	Page 90-92	
CSR, social impact & local community development programs		
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Page 102-105
	203-1 Infrastructure investments and services supported	Page 102-105
	203-2 Significant indirect economic impacts	Page 102-105
GRI 413: Local Communities 2016	3-3 Management of material topics	Page 104-105
	413-1 Operations with local community engagement, impact assessments, and development programs	Page 104-105
Economic performance		
GRI 201: Economic Performance 2016	3-3 Management of material topics	Page 52-60
	201-1 Direct economic value generated and distributed	Page 54-59
	201-3 Defined benefit plan obligations and other retirement plans	Page 54-59
	201-4 Financial assistance received from government	Page 54-59
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 59



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