



Sustainability Report
2022

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Integrating Sustainability



Message from the Chief Executive Officer

ESG initiatives are firmly entrenched in the industry because shareholders, regulators and investors are making them an imperative for oil and gas operations. How companies view shifting environmental expectations, and how they respond to regulatory requirements, will have a major impact on our future success.

Japan Drilling Company has five decades of offshore drilling experience. We have both endured and benefitted from energy industry business cycles – business cycles that primarily make headlines for price and supply-and-demand economics that impact consumers. Sustainable environmental, social, and business practices have evolved and now taken center stage.

We must continually evaluate our strengths and weaknesses in dealing with social trends, labor, and politics, and formulate effective measures to make impactful improvement on our organization's dependence on natural, human, and social capital.

Japan Drilling Company's management is onboard, engaged and committed to managing the effective implementation of sustainable practices so that they address and meet with stakeholder satisfaction.

As we move forward in the coming months and years Japan Drilling will continue to develop its mid- and long-term plans to integrate and implement the technologies and practices that make meaningful contributions to sustainability.



Masahiko TAKASAKA
Representative Director and Chairman
Japan Drilling Company



Importance of Oil & Gas

The importance of oil and gas to modern society cannot be overstated. It supplies energy to power industry and heat homes; it fuels the mobility of automobiles, ships and airplanes, it provides millions of jobs and good salaries; it is a critical feedstock for a plethora of products in our daily lives, including plastics, fertilizers, clothing and even aspirin.

It is the lifeblood of industrialized and developing nations, and has to date provided some of the most affordable energy. But, emerging competitive alternatives and more stringent social license to produce and consume oil and gas with reduced externalities are demanded.

Japan Drilling Company commits to both mitigating these externalities and to contributing to society by conducting its offshore drilling operations in an ethically responsible manner.



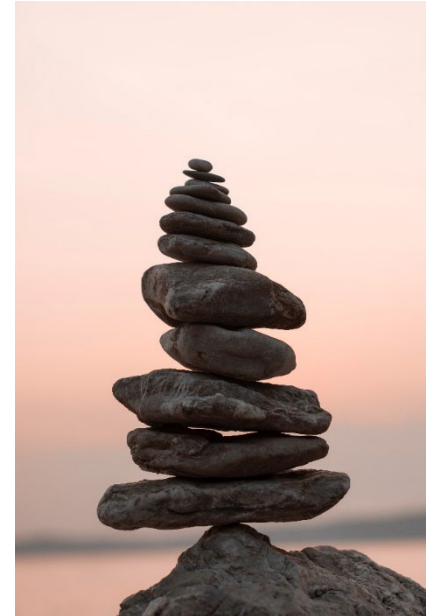
JDC & Sustainability

Japan Drilling Company acknowledges that the oil and gas exploration and extraction business is in transition. Energy feedstocks are transitioning from hydrocarbons to alternate input sources. And, in the shorter and more immediate term, stakeholders and society at large expect the implementation of practices that advance sustainability within contemporary circumstances – by reducing pollution and resource consumption, by contributing to equitable societal goals, and by refining its organizational governance for full compliance with stated goals and legal and regulatory code – while driving an efficient and profitable enterprise.

The span of the transition will be at a pace that can accommodate response through modification of plant, equipment, policies, and practices. But timely action, initiative, and planning are ascendant.

In addition to the environmental mast, the values and ideals of our social and governmental sustainability masts will have to adapt to and adopt the evolving standards and best practices in preparation for challenges that reflect the expectations people have of modern life, including greater safety, compliance, and equality.

JDC had a step change COVID HSQE riposte and now have sustainability aspects for address clearly in our field of view.





Sustainability as a Business Case

Japan Drilling Company understands that an organization with a sustainability agenda is better positioned to anticipate and react to environmental, social and regulatory changes as they arise.

Stakeholder engagement

When we establish good relationships with our stakeholders, it will lead to increased cooperation and greater stakeholder understanding. This will facilitate our ability to operate on schedule and budget.

Improved risk management

Environmental, social and future-regulatory risks manifest themselves over the long-term, and can affect our business on many dimensions. They are largely outside the organization's control. Managing risks therefore requires making decisions today by developing adaptive strategies for business sustainability.

Driving pro-activity

Thinking *sustainably* is not only a risk management tool, it also drives innovation and pro-activity. Equipment, policy and practice can be redesigned to meet environmental standards, social needs and new business opportunities.

Social license and engaging employees

Today's society expects higher standards, greater transparency and a tangible global impact from companies. Similarly, by adopting sustainable business practices and proving value to society evidences in practice our commitment and will increase employee loyalty, performance and morale

Improved financial performance

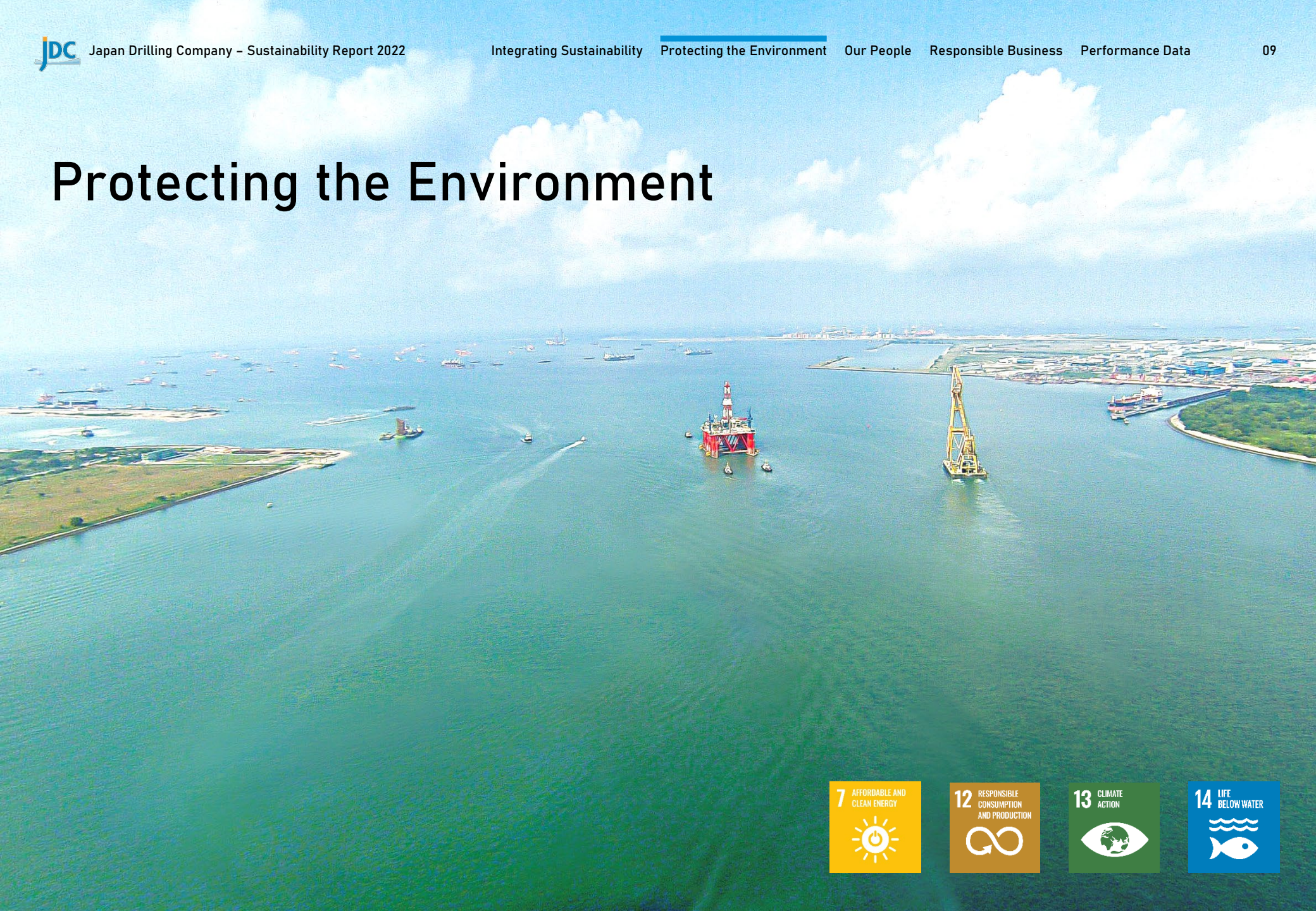
Japan Drilling Company aims to capture cost reductions by unlocking operational efficiencies through better management of inputs – natural resources, labor and acts of compliance.

Risks & Opportunities

In our endeavor to incorporate environmental, along with social and governance, sustainability practices and policies, JDC is appreciative of the down-side risks that accompany such changes to its business if they are made imprudently; and the upside benefits that will be garnered if sensibly executed.

CATEGORY	RISKS	OPPORTUNITIES/RESPONSE
Market	<ul style="list-style-type: none"> ■ Decline in oil & gas demand ■ Stranded capital assets ■ Shareholder return impacts ■ Future size of offshore drilling market 	<ul style="list-style-type: none"> ■ New market opportunities, e.g. CCUS ■ Cross skill/technology use, e.g. wind turbine installation, deep sea mining
Emerging Regulation & Policy	<ul style="list-style-type: none"> ■ Carbon tax ■ Strict national offshore environmental regulation 	<ul style="list-style-type: none"> ■ Pricing & carbon credit trading market ■ Diversification into renewables & other business lines ■ Analysis & assessment of feasibility of asset lifecycle ■ First elimination of carbon intense sources ■ Integration of regulation/policy forecast into business planning
Technology	<ul style="list-style-type: none"> ■ Renewable energy sources ■ Alternate fuels ■ Carbon capture & abatement ■ Digitalization efficiencies 	<ul style="list-style-type: none"> ■ Participation in renewables market ■ Adoption of efficiency & low carbon technologies ■ Participation in CCUS drilling (and other) activities
Financial	<ul style="list-style-type: none"> ■ Access to debt financing and insurance 	<ul style="list-style-type: none"> ■ Adoption of recognized codes, standards & audits
Reputation	<ul style="list-style-type: none"> ■ Social license ■ Labor force supply and retention 	<ul style="list-style-type: none"> ■ Stakeholder communication & management ■ Disclosure of sustainability actions ■ Partnerships for long-term carbon offsets

Protecting the Environment



Protecting the Environment

Japan Drilling Company is committed to protecting the environment and minimizing our operational footprint. We aim for superior performance, and for the environment that means: zero spills to sea, reduced air emissions and minimizing consumption. We have adopted these practices for many years and are endeavoring to improve upon them with additional tangible steps as part of our commitment to sustainability. Some of our plans will be actioned in the short term, and others over the longer term.



Environment Policy

Japan Drilling Company's HSQE Policy explicitly expresses our commitment to environmental stewardship through the use of products with minimal environmental impact and the minimization of waste by through lower consumption. Low emissions are managed through several primary practices, including the use of high grade marine gas oil, PMS-controlled engine inspection, effective maintenance strategy, and monitoring and implementation of load management program. JDC rigs and operations comply with all jurisdictional and international laws and regulations, including all relevant IMO requirements such as ISM Code, and professional management practices. Environmental hazards are regularly risk-assessed via an IADC Safety Case updates.

Energy Efficiency & Conservation Initiatives

The twin emission reduction pillars of efficiency gains and conservation measures are being advanced by adopting technological advances, mandatory regulation, reward incentive, and internal initiatives. Internal initiatives to improve our environmental sustainability are being developed through working groups. Some initiatives have already been put in place; others are being assessed. We recognize that efficiency and conservation improvements are an important 'best practice', a regulatory requirement, and a competitive performance imperative.

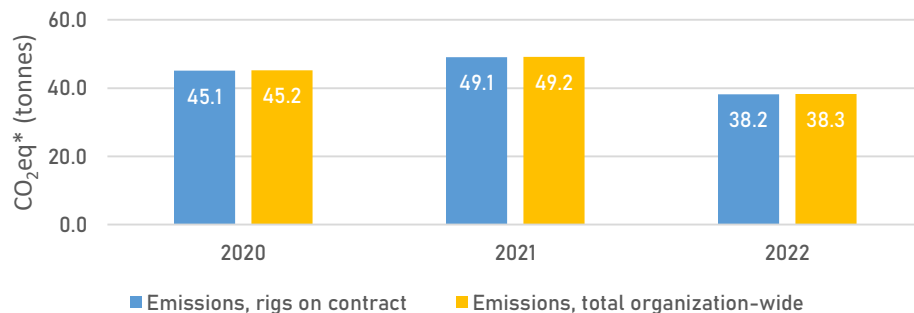
Emissions

Japan Drilling Company is targeting its greenhouse gas (GHG) emissions for reduction. The largest component of our Scope 1 emissions are from the diesel generators which power our rigs. Low emissions are managed through several primary practices. Our current fleet is composed of rigs constructed prior to 2016 and MARPOL Annex V International Air Pollution Prevention Tier III engine requirements. Our Scope 2 indirect emissions are primarily from electricity purchases from the grid.

Waste Management

At JDC operations waste is separated into streams based on material, recyclability and hazard types. We ensure that our waste is returned to shore, processed, and disposed of responsibly and in accordance with all local requirements by selecting approved and licensed contractors to handle end-disposal.

CO₂eq* Emissions



Discharges to Sea & Spill Prevention

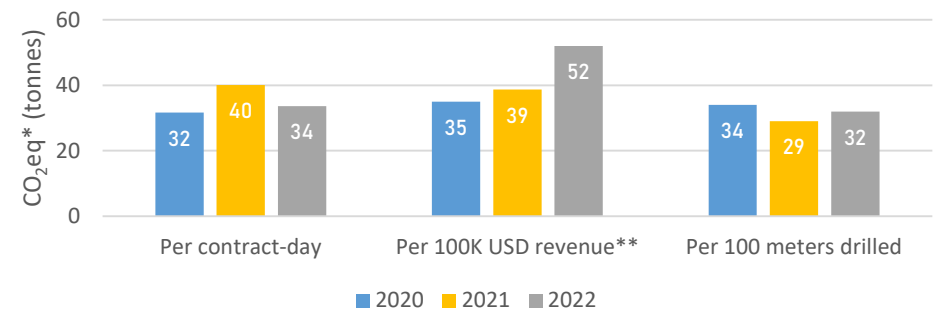
Japan Drilling Company focuses maximum attention on spill-to-sea prevention. Major spills can have adverse effects on marine ecosystems and impact industries and activities that rely on clean seas for livelihoods and pleasure. The risk of a major spill is small, but possible.

Primary risk factors include:

- loss of well control
- loss of drilling fluid
- fuel and material bunkering/transfer activities

All MODU in the JDC fleet maintain an IMO-regulated Shipboard Oil Pollution Emergency Plan (SOPEP), spill kits, and perform regular spill response drills to simulate and effectively respond to spill incidents. Drainage and collection plant and procedures ensure discharge of fluids are within permitted IMO and local regulatory limits. JDC has suffered no statutory spills.

CO₂eq* Intensity



* Carbon dioxide equivalent: measure standardizing emissions of various greenhouse gases on the basis of global-warming potential, by converting to equivalent amount of carbon dioxide. ** Financial Year

Our People



Our People

Japan Drilling Company has operated on five continents in its 50+ years in business. Our employees have come from dozens of countries and speak just as many languages. Our personnel have a spectrum of educational backgrounds and have joined our workforce with unique and non-conventional experiences.

As part of the JDC team and work culture each and all have a common objective and set of values, including:

- inclusivity
- respect for all
- development of junior personnel through mentoring
- participation, support and critical assessment
- high personal standards of conduct
- active contribution to the safety culture

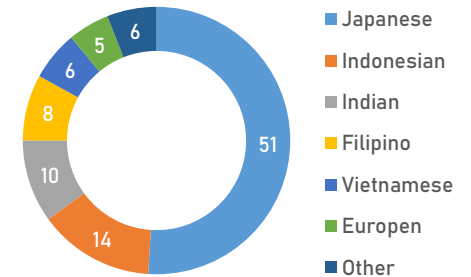
Our workforce is our single most important asset. It is only with their engagement and dedication that we can deliver on our mission to deliver industry-leading offshore drilling services.

Diversity and Inclusion

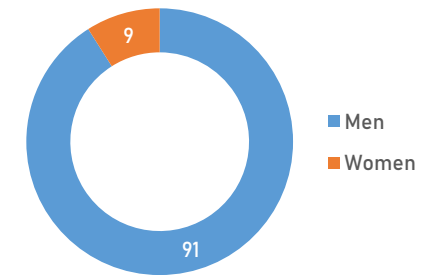
Japan Drilling Company is an equal opportunity employer. Our value is a reflection of our diversity and inclusion. We seek a workforce that is representative of the societies in which we work and operate. Diversity and inclusion allow the JDC team to be curious, innovative and promote positive change.

Japan Drilling Company structures a workforce that is meritocracy-rewarded and representative of the societies in which we operate. We work to allow individuals to personally thrive and meaningfully contribute to the company, irrespective of gender, nationality, or religion.

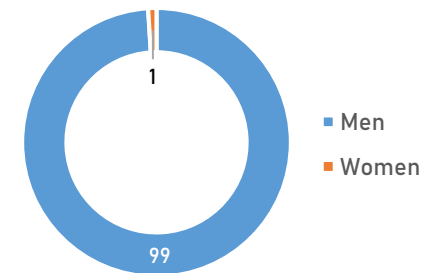
Nationalities in Workforce (%)



Women in Workforce (%)



Women in Senior Positions (%)





Investment in Local Communities

At JDC, we contribute to the economies of the local and national communities in which we operate, and are committed to enhancing our engagements. Where there are local personnel with the requisite skills we employ them to work in our operations. We recognize that this not only pays dividends to the local community but also to us, as it both advances local stakeholder acceptance and our understanding of local characteristics for smoother operations.

We engage with the people and economies through investing in vocational training and education, and building local procurement practices. By collaborating in these ways we enhance our own pool of manpower to utilize in other operational regions and set foundations for long-term partnerships with the community.

In 2022 JDC ran operations from Doha, Qatar; Ho Chi Minh, Vietnam; Jakarta, Indonesia, Kuala Lumpur, Malaysia; Singapore; Tokyo, Japan; and Yangon, Myanmar.



Proactive Workplace Safety

The JDC HSQE Management System is the cornerstone that defines the policies, processes, and work instructions of all tasks and activities executed in the workplace. It is at the heart of the safety culture and is sustained, advanced, and reflective of our company standards and values.

Proactive measures

Conditions, standards, regulations, and 'best practice' do not stand still, so neither may our HSQE practices. At JDC we

work to proactively identify, define, and implement measures that advance safety to improve workplace condition by mitigating and driving to zero process safety and OH&S hazards. Specifically this means continually advancing workplace controls, such as Permit To Work, Lock Out Tag Out, and Job Safety Analysis; having a 24/7 hazard identification and risk analysis mindset; and building a safety culture of participation, ownership, self- and mutual-interest and team pride,

Emergency preparedness

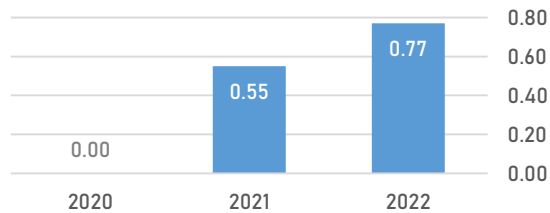
Emergency preparedness has critical importance. Well prepared responses to all scenarios give us and our stakeholders confidence in our operations. Each of our rigs drills on a weekly basis for a gamut of scenarios, with emphasis placed on the likelihood-severity multiple of specific emergencies. Preparedness includes onsite drills that closely simulate actual emergencies, and the responses to combat them, including practicing with response equipment and external support elements,

secondary procedures, communication redundancies, and evacuation means and methods.

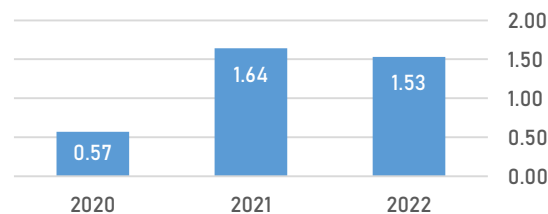
Training

We ensure our personnel have quality, modern, and regularly refreshed safety training to identify and barrier occupational health and safety and process safety hazards. It is an aspect of operations in which we will continue to heavily invest.

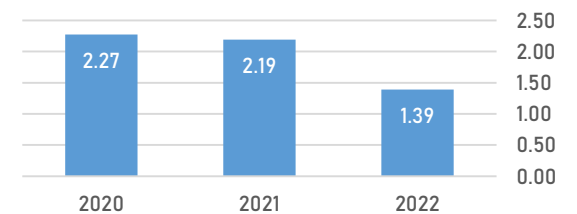
Lost Time Incident Frequency



Total Recordable Case Frequency



HiPo Incident Frequency



A Lost Time Incident (LTI) occurs when any work-related injury or illness results in an individual being unable to return to work on the next scheduled work shift. Incidents per million man-hours divided by total hours worked.

A Total Recordable Case (TRC) captures all incidents categorized as medical treatment, restricted work case LTI and fatality. It captures a broad range of incident severity. Incidents per million man-hours divided by total hours worked.

An incident is categorized as a High Potential Incident (HiPo) if it is ranked as "High" or "Severe" at Evaluation of Risk. Note that a high potential incident includes near misses. Incidents per million man-hours divided by total hours worked.

COVID-19 Crew Well-Being

The COVID-19 pandemic presented a major challenge to industry and business. Far and away our primary concern was with the health and well-being of employees. Numerous strategies were adopted, tailored and adjusted throughout the course of the pandemic, which has tailed off but still requires prudent and close oversight. The challenges posed by the nature of offshore drilling logistics were especially demanding. We recognized the impact was both physical and mental, Our response had to respond to both with appropriate and well considered measures, which included a blend of:

- supplemental and expert medical advise and capacity
- specialized medical isolation and evacuation contingencies
- pre- and post- travel and boarding quarantine periods and accommodation
- regular and redundant swab testing and health screening/surveillance
- in-country, off-time residency
- harsh condition salary adjustments
- comprehensive vaccination provisions
- work-from-home and flex-time scheduling

With the cooperation, enterprise and fortitude of our personnel, JDC and our clients worked through this demanding period. Numerous controls and a heightened vigilance remains in place. COVID-19 continues to impact how we work and interact with our colleagues, and our response measures partially remain in place and are ready to react if required.



Responsible Business



Governance

Senior management is responsible for the overall progress and impact of Japan Drilling Company's sustainability efforts. They monitor and evaluate on a regular basis the status of the three thrusts of our sustainability program:

- Protecting the Environment
- Our People
- Responsible Business

Ethics and Values

Japan Drilling Company strives to meet high professional, legal and ethical standards so as to maintain the trust and confidence of clients, stakeholders and society at large. JDC is against all forms of corruption. We will not provide any out-of-contract, concealed or improper payment to secure an advantage in our business dealings.

JDC Mission Statement

1. As a leading offshore drilling contractor, we will respond to the needs of our customers and exert ourselves to contribute to the development of society and industry.
2. We will enhance our technical capabilities and corporate agility to ensure sustainable growth while conforming to our business conduct principles.
3. We will make every effort to achieve safe operations and protect the marine and global environments.

JDC Business Conduct Principles (BCP)

In order to achieve our Mission Statement, we have developed the JDC Business Conduct Principles (BCP), which cover a wide range of compliance programs including not only laws and ordinances, but also company regulations and voluntary standards. The BCPs shall serve as guidelines for every employee in conducting their day-to-day work activities, so as to achieve a concurrence between fulfillment of our social responsibilities and enhancement of our corporate value. The BCPs detail:

- general principles for compliance
- commitment to employees
- commitment to the community
- top management responsibility

Enterprise Risk Management

Sustainability on a risk-opportunity basis is managed as an integral, and growing in importance, element of JDC enterprise risk management. Enterprise risk management sits regularly to monitor, assess, and action existent and emerging risks, with top management in attendance to authorize decisions.

Sustainability in the Supply Chain

Our ethics, values, principles and core standards have to align with those of our sub-contractor supply chain. JDC evaluates, selects, and periodically assesses its suppliers of manpower, material, and services to ensure they meet our standards. Major suppliers are periodically processed through a due diligence process to ensure the suppliers are in good standing and to assess any changes in suppliers' circumstances.

Indirect emissions from travel account for a significant portion of our carbon footprint and are difficult to mitigate. We, however, continue to monitor and weigh opportunities to reduce this component of our carbon footprint.

Local Vendors

In the course of operating in regions around the world, JDC aims to contribute in a positive and lasting way to local communities. We meet and usually exceed local content requirements. Where possible JDC procures locally and contributes to local development through services and material purchases, skills training, hiring and wider economic growth,

Cyber Security Management

JDC complies with regulatory requirements and best practice to ensure data protection and privacy. Our data protection and privacy practices cover all client and JDC data. We continually monitor and evaluate the efficacy and integrity of these practices to ensure they are fit-for-purpose, reflect any regulatory changes, evolve with industry technological advancements, and meet with client expectations. Foundationally, data is:

- only collected, accessed, used, and shared as necessary to support client and JDC reasonable and lawful purposes, and
- deleted when there is no longer a legitimate purpose for retaining it, in accordance with applicable laws.

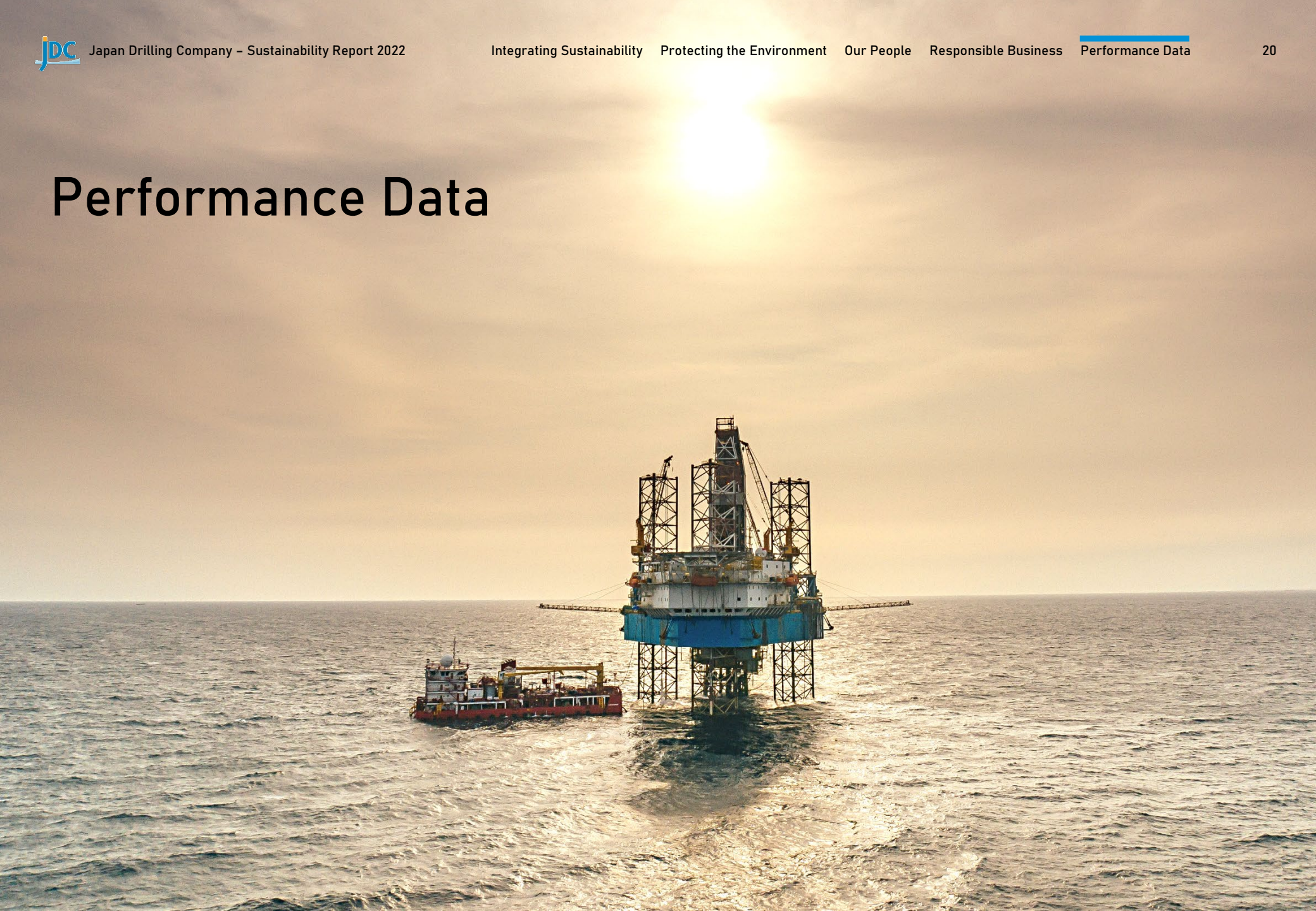
Our data protection and privacy strategy has been forged to maintain our client and employee trust to guard their information. A secure digital environment is maintained by using:

- industry-leading technologies
- products and systems with built-in security
- high-integrity vendors

Personnel across the organization are trained on safe and secure methods for handling data and how to spot potential nefarious attempts at gaining access to our data.



Performance Data



Performance Data

Protecting the Environment

	2022**	2021	2020	Notes
Energy consumption (rigs on-contract)				
Fuel oil (kl)	16674.1	20514.5	18945.7	Marine Gas Oil
Energy consumption (PJ)	634.3	780.4	720.7	Scope 1 and Scope 2 energy consumed
Fuel intensity (kl fuel oil/contract day)	13.8	16.7	14.1	Tonnes of Marine Gas Oil per contracted day (Calendar Year, 2022 projection)
Energy consumption (other)				
Fuel oil (kl)	9.7	9.4	7.8	Auto fuel, heating oil/gas, etc
Electricity (MWh)	195.0	184.0	247.0	Head and local offices, ship-to-shore quayside, etc.
Energy consumption (PJ)	2.2	2.0	2.6	Includes MGO and electricity, Scope 1 and Scope 2 energy consumed
Carbon equivalent & other emissions				
Direct CO ₂ e* emissions (Scope 1) (1000 tonnes CO ₂ e*)	38.2	49.1	45.1	Total greenhouse gas emissions from sources at facilities owned and/or operated by the company. Direct GHG emissions correspond to Scope 1 emissions.
Indirect CO ₂ e* emissions (Scope 2) (1000 tonnes CO ₂ e*)	0.1	0.1	0.1	Greenhouse gas emissions at the point of energy generation (owned or operated by a third-party) for electricity. Purchased for use on site. Indirect GHG emissions from imported energy correspond to Scope 2 emissions.
Total CO ₂ e* emissions (1000 tonnes CO ₂ e*)	38.3	49.2	45.2	Total Scope 1 and Scope 2 emissions CO ₂ e*
SO _x (tonnes)	1.4	1.7	1.6	Sulfur oxides
NO _x (tonnes)	493.6	596.8	544.9	Nitrogen oxides
Carbon equivalent intensity				
CO ₂ e*/contracted day (tonnes CO ₂ e*/day)	31.6	40.1	33.6	Total Emissions divided by contracted days (Calendar Year, 2022 projection)
CO ₂ e*/revenue (tonnes CO ₂ e*/million USD)	350.5**	387.2	520.6	Total Emissions divided by revenue (Financial Year, 2022 projection)
CO ₂ e*/drilled meter (tonnes CO ₂ e*/drilled meter)	0.34**	0.29	0.32	Total emissions divided by drilled meter. (Calendar Year, 2022 projection)
Spills				
Statutorily notifiable spills	0***	0	0	Spills that must be reported to authorities by law or regulation.
Number of spills to environment (> 1 m ³)	0***	0	0	Any type of unintended release to environment of chemicals or hydrocarbon.
Number of spills to environment (< 1 m ³)	0***	2	0	Any type of unintended release to environment of chemicals or hydrocarbon.
Waste				
Total waste (tonnes)	637.9***	497.6	600.0	Total waste returned to shore
Hazardous waste (tonnes)	285.0***	224.3	244.6	Waste classified as hazardous (ex: oil, lubricants, paint, batteries)
Plastic waste (tonnes)	88.3***	109.7	98.0	

Performance Data

Our People

	2022**	2021	2020	Notes
Our employees				
Number of employees	341	415	430	Direct hire employees excluding. Excludes contractors and temporary staff.
Women employees (%)	9%	9%	9%	Direct hire females as percentage of direct hire hire employees
Women offshore (%)	0%	0%	0%	Working offshore, direct hire females as percentage of direct hire hire employees
Women in senior positions (%)	1%	1%	1%	Managerial or higher postions, direct hire females as percentage of total
Japanese nationals (%)	51%	53%	51%	Japanese nationals as percentage total workforce
Fatalities				
Fatalities	0	0	0	Work-related injury or illness that results in death.
Lost-time Incident frequency	1.39***	0.55	0.00	Fatality incidents per million person-hours divided by total hours worked, As defined by IADC Incident Statistics Program
Total recordable case frequency	2.09***	1.64	0.57	Recordable incidents per million person-hours divided by total hours worked, As defined by IADC Incident Statistics Program
HiPo incident frequency	2.09***	2.19	1.13	High potential incidents per million person-hours divided by total hours worked. (HiPo = Incidents which had reasonable potential to result in multiple fatalities.)

Responsible Business

	2022**	2021	2020	Notes
Economic & operational data				
Revenue (USD million)	108.7	123.7	82.1	Based on financial year (Apr 1 - Mar 31).
EBITDA (USD million)	38.6	59.4	4.1	Based on financial year (Apr 1 - Mar 31)
Number of contracted days	1210	1226	1346	Number of days rigs on-contract (at any paid rate)
Utilization rate (%)	83	67	74	Contracted days divided by rigs-year
Contract backlog (rig-years)	7.7	-	-	Announced contract rig-years. Current + options. 2023-01-01 forward.
Drilled meters	83296***	167048	141266	Total number of meters drilled
ESG expenses (USD million)	0.294	-	-	Cost of ESG initiatives (equipment and activities, exclusive of internal man power)

* Carbon dioxide equivalent: measure standardizing emissions of various greenhouse gases on the basis of global-warming potential, by converting to equivalent amount of carbon dioxide.

** Projected after 2022-10-01 to end of calendar year (or financial year if noted), unless otherwise noted

*** YTD Sep 30

Note: Fleet size, utilization, and drilling programs affect emissions data and other data.



JDC JAPAN DRILLING COMPANY



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All statements and representations are true and correct to best available knowledge.

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