



**TRANSPARENCY ACT REPORT**

**NORAM DRILLING AS**

**28 June 2023**

## 1. INTRODUCTION

NorAm Drilling AS (“the Group”, “NorAm” or “the Company”) is required to conduct annual due diligence pursuant to the Norwegian Transparency Act and publish a report on these assessments. The purpose is to promote respect at enterprises for the fundamental human rights and decent work conditions. The report covers the Group’s duty to account for due diligence processes conducted from 1 July 2022 to the present date. In it, the Group also accounts for the measures which have been assessed and implemented to reduce the risk of negative consequences which its activities could have for basic human rights and decent work conditions.

Inquiries about this report can be addressed to Marius Furuly, Director of Strategy and Investor Relations at [marius.furuly@noramdrilling.com](mailto:marius.furuly@noramdrilling.com).

NorAM Drilling AS is listed on the Euronext Growth Oslo.

## ABOUT THE GROUP’S BUSINESS

NorAm owns and operates a quality rig portfolio of “super spec” advanced high-end AC driven rigs tailored for the drilling of horizontal wells in the US land drilling market. All of its 11 rigs are currently operating in the Permian Basin. These rigs are designed to combine the cost efficiency of a compact rig with the versatility of different rig classes, enabling the rigs to cover a broad range of wells for both liquids and gas.

The parent company NorAm Drilling AS owns 100% of NorAm Drilling Company, Texas Corp., a US-based drilling contractor, located in Houston, Texas.

NorAm Drilling Company owns all eleven rigs and is financed through a combination of equity investments and intercompany loans, at arm’s length terms, from its parent. NorAm Drilling Company is staffed with competent, local personnel that perform all aspects of a contract drilling company. The assets of NorAm Drilling AS consists mainly of shares in and loans to its US subsidiary.

**NorAm Drilling AS** head office is in Oslo, Norway. The office is located at Bryggegata 3, 0112 Oslo, Norway.

**NorAm Drilling Company** is headquartered in Houston, Texas. NorAm Drilling Company has yard facilities in Odessa, Texas.

Marty Jimmerson serves as the Chief Executive Officer and Chief Financial Officer. Thomas Taylor serves as the Chief Operating Officer. Mr. Jimmerson and Mr. Taylor fulfil their roles for both NorAm Drilling AS and NorAm Drilling Company. The executive team is supported with a compliment of business development, safety, operations (including electricians, mechanics and equipment specialists) and accounting functions. Each rig is supported by crews that work on 2-week hitches. Each hitch is staffed with crews working 12-hour shifts. The rig is managed by a rig manager and each shift is typically staffed with a minimum of a driller, derrickman, motorman and two floormen.

As of the date of this report, the NorAm Drilling Company had an operational organization of approximately 303 people including six working at the administration office in Houston. NorAm Drilling AS has no employees. The Board considers the working environment in the Company and the Group to be good. The absentee rate was minimal.

## EQUAL OPPORTUNITIES

The Group and the Company target to be an employer to promote equality for all employees regardless of nationality, sex, skin color, language or religion. This is true for recruiting new people, for salary and bonus schemes, working relations, promotions and protection against harassment. Women will be encouraged to apply for posted available positions in order to increase the representation of both sexes in the organization. There will be no discrimination between men and women regarding recruitment, salaries in relation to position/competence, or promotion, or any other aspect of the Group’s activities.

The Group has had no involuntary part-time employees, and no persons have been on leave of absence.

The NorAm Drilling AS Board of Directors consists of three men. NorAm Drilling Company has the same board as NorAm Drilling AS.

## EXTERNAL ENVIRONMENT

The NorAm undertakes activities that are potentially polluting. The oil and gas well drilling business, by its very nature, can, if proper procedures are not followed adversely impact the environment. This can range from blowouts of wells or pollution of the area surrounding the drilling activities (including leaks of lubricants or other normal course of operations that could have potential environmental impact.

NorAm takes all reasonable precautions by assuring proper equipment and maintenance and that the rig personnel are all properly trained. Also, NorAm conducts standard procedures beyond regulations to ensure not to pollute. Other actions taken by NorAm includes converting engine systems into dual gas systems, whereby our customers agree, allowing our engines to run on natural gas at a lower cost and generating less pollution. The Company is also installing its first power converter whereby our rigs may be connected to the electrical grid where feasible further reduce emissions.

NorAm has implemented Health, Environment and Safety services to support the company’s activities and the rig crew is trained in Occupational Safety and Health Administration (OSHA) HSE regulations in the US. The focus is to train all site personnel in their daily routines to act safely and to prevent unwanted occurrences with the rigs. NorAm complies with US state and federal regulations in its activities, including environmental protection regulation. The operator carries the main responsibility regarding the external environment when drilling a well under standard daywork drilling contracts.

**2. DUE DILIGENCE**

NorAm conducted a risk assessment of negative impact on human rights and decent labor conditions in the NorAm supply chain.

Supplier and client risks are present in the market in which the Noram is operating. Even if the NorAm targets contracts with larger and financially solid partners, the contracts will be subject to uncertainty with regards to the suppliers’ or the clients’ ability to meet their commitments.

In order to address the supplier risks, the Company prefers to work with larger and reputable suppliers that can serve all of our rigs without any disruptions or risk of lost operating time. Among other services, our largest expenditures relate to purchases of rig upgrades, supplies, inventory, repairs, fabrication, transportation, insurance and professional services (legal, accounting, etc.). We currently utilize approximately 200 suppliers for our rig and corporate overhead operations. Our largest supplier accounts for approximately 25% of our annual spend. Our top 10 suppliers account for 60% of annual spend and our top 20 supplies account for approximately 75% of our annual spend.

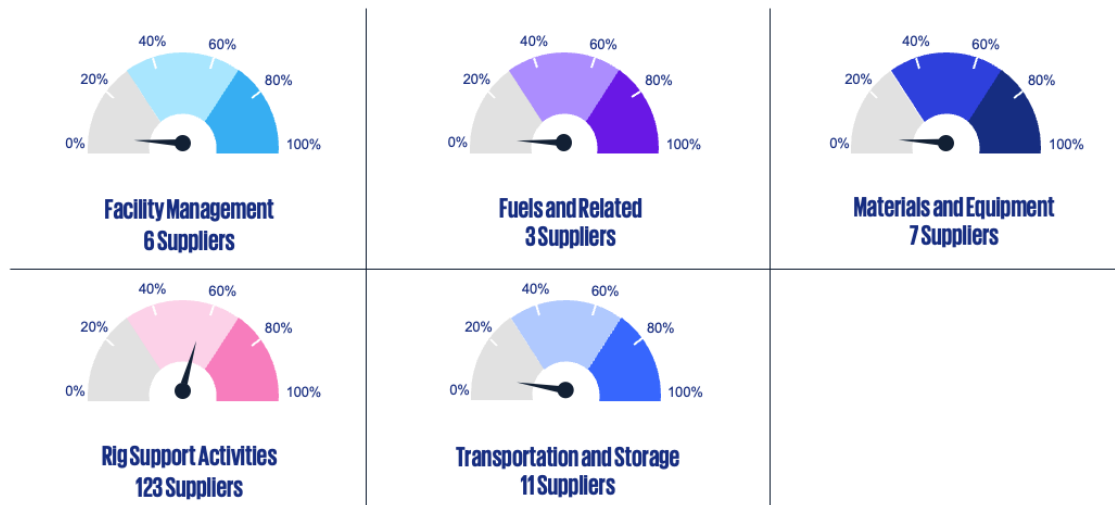
We reviewed our risk categories and assessed them from low to very high based upon well established risk sources. The specific sources we used for the risk assessment included:

- Lists of High Risk Products by the Norwegian Agency for Public and Financial Management and the Swedish National Agency for Public Procurement
- OECD Sectoral Guidance
- Classified as High Risk Industry in the UNEP Human Rights Guidance Tool
- Classified as High Risk Industry by ILO Guidance on Occupational Safety and Health
- Identified as High Risk in MVO Risk Checker

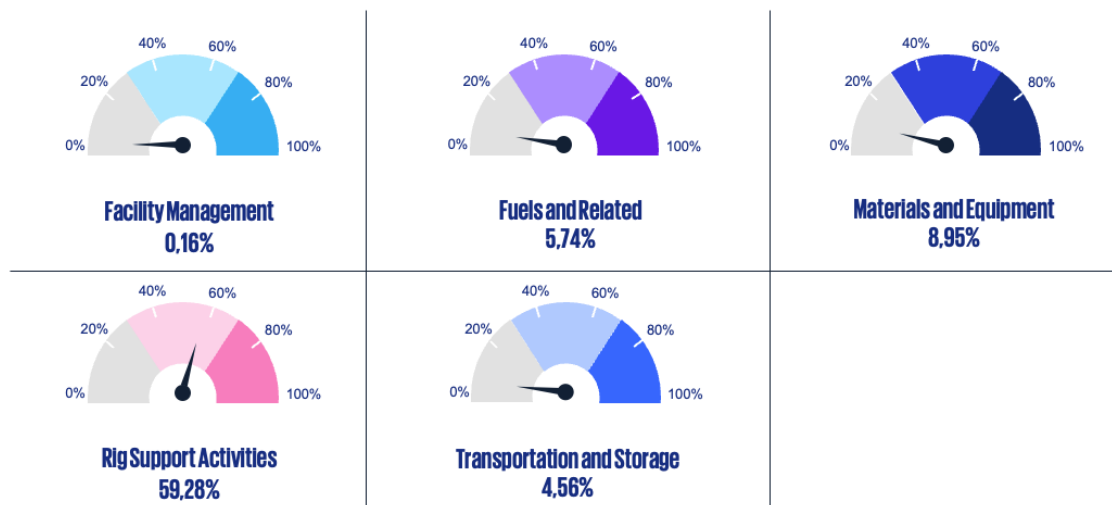


Our assessment identified the following risk per category and “Fuels and Related Products” was the only category ranked as “very high risk”. Additionally, the following table reflects the percentage and spend of supplies in the high risk and very high risk categories by suppliers:

## Very High and High Risk Categories by Suppliers



## Very High and High Risk Categories by Spend



### 3. IMPLEMENTED MEASURES AND FUTURE PLANS

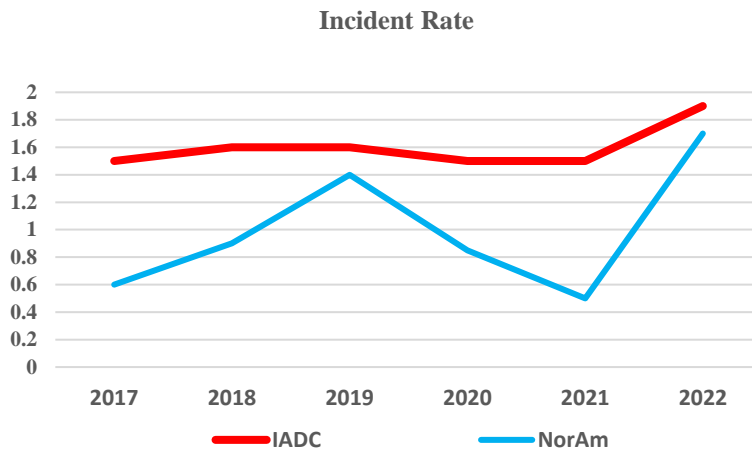
NorAm’s has a foundation of accountability established by policies approved by the Board of Directors including: (i) Corporate Governance Guidelines; (ii) Code of Business Conduct and Ethics; (iii) Code of Ethics for CEO, Officers and Key Employees; (iv) Whistleblower Policy and (v) Supplier Code of Conduct. The Company expects that any risks that have been identified through the due diligence assessment and any future discovered risks will set new requirements for the content of our company policies. This will be assessed as part of our ongoing work for continuous improvement. We communicate our policies and expectations during new hire orientation and through training upon site visits and key personnel meetings.

The procurement process and risk assessments of suppliers are important in the commitment to promote respect for basic human rights and decent working conditions. We established and initiated our Supplier Code of Conduct Policy in June 2023 and expect in the coming years that we will communicate with key suppliers and any business partners to ensure they acknowledge receipt of our Supplier Code of Conduct Policy. Additionally, we anticipate that any new supplier or business

partner will need to confirm receipt of our Supplier Code of Conduct Policy before any approval for requesting service or payment can be initiated.

NorAm has implemented Health, Environment and Safety services to support the company’s activities and the rig crew is trained in Occupational Safety and Health Administration (OSHA) HSE regulations in the US. We have recently hired additional personnel in an effort to enhance our commitment and focus on safety and regulations including a newly created HSE Manager and dedicated HSE Supervisor. We conduct site visits performing internal audits on our rigs and Odessa facility with follow up to ensure corrective actions and been completed.

The lost-time accident frequency rate is one of the of the most important safety performance review indicators. As illustrated in the chart below, our lost-time recordable incident rate has consistently outperformed the industry average over the years for NorAm employees. The recordable incident rate of NorAm employees increased from 0.6 in 2017 to 1.7 at the end of 2022. The US land drilling industry has experienced a consistent increase in recordable incident rates primarily as a result of experienced employees leaving the industry during downturns and not returning. Most new employees lack experience and knowledge of the nature of land drilling operations. Continued implementation of awareness-raising and prevention actions will further improve safety and significantly and sustainably reduce this lost-time recordable accident frequency rate. NorAm has made and will continue to make every effort to analyze the accidents that have occurred in order to learn from them and thus prevent them from happening again. Our strong safety culture includes daily safety meetings, mentorships for new employees, job stop policies for unsafe operations, among other protocols. In 2022, we introduced a policy that all employees should wear impact gloves when working with equipment to address the higher frequency of incidents and recordable lost-time accidents. With our recent hire of our HSE Manager we anticipate further communication, training and new policies focused on ensuring that NorAm continues to outperform the industry safety average.




(a) Number of recordable accidents per 200,000 hours worked.

#### 4. COMMUNICATION WITH AFFECTED STAKEHOLDERS

The Group has not identified any breaches of human right or decent work conditions.

#### Signature of the Board, June 28, 2023

DocuSigned by:  
  
 Ole B. Hjertaker  
 Chairman

DocuSigned by:  
  
 Jan Erik Klepsland  
 Board member

DocuSigned by:  
  
 Christopher Baker  
 Board member

DocuSigned by:  
  
 Marty L. Jimmerson  
 Chief Executive Officer