

ADNOC Drilling



Governance Report 2021

Enabling the UAE's Ambitious
Oil and Gas Strategy



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Corporate Governance

ADNOC Drilling is the largest national drilling company in the Middle East by rig fleet size.

We operate responsibly on land, at sea and on ADNOC's unique artificial islands off Abu Dhabi's coastline, delivering start-to-finish well drilling and construction across both conventional and unconventional reservoirs. We have the largest fleet in the Middle East, of 99 owned rigs and a dedicated workforce of more than 6,500 engineers, specialists and technicians, who together, contribute to help maintain ADNOC's status as one of the lowest cost oil producers in the world.

As the sole provider of drilling rig hire services to ADNOC Upstream companies on agreed contractual terms, we are ideally placed to enable and benefit from ADNOC's 2030 5 million barrels a day oil production capacity target, as well as its ambition to achieve gas self-sufficiency for the UAE.

With our highly experienced homegrown leadership, decades of operational excellence, strategic partnership with an international industry player and our position as the first national fully integrated Oil Field Services (OFS) company in the Middle East, we are geared for a future of great possibilities, nationally and regionally.

With such broad reach comes great responsibility to continuously develop and maintain our operational and governance excellence. We believe that an organizational commitment to corporate governance can help drive enhanced management accountability, create value for shareholders, and protect the interests of all stakeholders and the communities we serve. In order to achieve that, we have created a corporate governance framework that fulfills all applicable laws and regulations while complying with international best practice. This framework was designed,

and is being implemented, in line with our cultural values, to ensure the sustainability of our business and to help us achieve our future prospects – as dictated by our vision and mission statements.

Our values are the core principles that guide our decision making and ensure consistency in our employees' actions and behaviours. They represent our organization's collective commitment to set, achieve and exceed ambitious targets.

Our (ADNOC Drilling) values are underpinned by an unwavering focus on 100% HSE: our commitment to keeping employees, communities, the environment and assets safe from harm.



We are:



Collaborative

We work closely with our partners and peers, leveraging collective strengths to deliver mutually beneficial results. We strive to raise teamwork to a higher level, solve issues together, and innovate faster. By recognizing efforts and results, we build trust-based relationships, encourage information sharing, and deliver constructive feedback.



Efficient

We are a performance-driven company dedicated to maximizing the value of every barrel of oil for the benefit of our people, our community, our partners, and our nation. We also strive for excellence while minimizing wastage of resources. We take an energetic approach towards carrying out our responsibilities, look for continuous improvement, see projects through to completion, and inspire others to do the same.



Progressive

We foster the UAE's spirit of innovation to ensure that our business remains at the forefront of the global energy industry. Daily, we go beyond business as usual, do things differently, and embrace new ways of thinking. Our culture empowers us to be change agents, where we share creative ideas, overcome challenges together, and adapt to the evolving energy landscape quickly.



Respectful

We encourage a culture of inclusivity and mutual respect, and always operate to the very highest professional and ethical standards. We look out for each other and promote open communication that supports our development as individuals and as an organization. We support constructive dialogue and active listening while respecting cultural diversity.



Responsible

We devote our efforts to making a positive difference in our community while maintaining an unwavering commitment to health, safety, and the environment. We take the initiative to identify new opportunities, honour our obligations, and stay responsible for our contributions. By adopting a 'can do' approach, we motivate each other, demonstrate a spirit of excellence and achieve amazing results.

This report provides an overview of ADNOC Drilling's corporate governance systems and procedures as of December 31, 2021 and has been filed with the Securities and Commodities Authority (SCA), and posted on the Abu Dhabi Exchange (ADX) website and the Company's website.

Our Corporate Governance Overview



We are committed to having a corporate governance framework that is compliant with all corporate governance requirements applicable to public joint stock companies in the UAE and consistent with international best practices. Below is a brief summary of some of the key policies under which we operate.

Corporate Governance Manual

Our Corporate Governance Manual provides clear guidance on: (a) ADNOC Drilling's corporate governance structure and the interface between ADNOC Drilling and its stakeholders; (b) the authorities and decision-making mechanisms within ADNOC Drilling and between its stakeholders; and (c) the role and responsibilities of ADNOC Drilling's corporate governance function.

Code of Conduct

Our Code of Conduct demonstrates ADNOC Drilling's commitment to compliance and ethical behaviour in all that it does. Our Code of Conduct (a) sets out the minimum standard of conduct that we expect from anyone working for or on behalf of ADNOC Drilling; and (b) provides a set of basic rules and standards that are designed to ensure that our business is conducted in an ethical and compliant manner and in accordance with our core values.

Dividend Policy

Our ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves and our capital expenditure plans and other cash requirements in future periods. Any level or payment of dividends will depend on, among other things, future profits and the business plan of the Company, at the discretion of our Board of Directors. We intend to pay dividends twice each fiscal year, with an initial payment in April and a second payment in October of each year.

Insider Dealing Standard

The requirement to have fair and transparent dealings in our securities is of paramount importance to us and we take a zero tolerance approach to insider dealing. Accordingly, we have implemented an Insider Dealing Standard to ensure that the obligations and responsibilities of our ADNOC Drilling personnel with respect to dealings in our securities are clearly defined.

Related Party Transactions Standard

Our Related Party Transactions Standard is designed to ensure that: (a) transactions with related parties are conducted at arm's length terms; (b) the Board of Directors and Executive Management are aware of the steps required to approve transactions with related parties; and (c) a legitimate business case is present and which supports the relevant related party transactions, including their arm's length nature. In accordance with this policy, we may not enter into a related party transaction unless: (i) our Board of Directors has approved the transaction, where the value of the transaction between the Company and a Related Party does not exceed 5% per cent of the Company's share capital; (ii) the General Assembly of the Company has approved the transaction, where the value of the transaction between the Company and a Related Party exceeds 5%.

Anti-Bribery and Corruption Standard

We are committed to doing business lawfully, ethically and with integrity, and we expect all of our employees and representatives to act accordingly. Consistent with this commitment, we take a zero tolerance approach to fraud, bribery and all other forms of corruption. Our Anti-Bribery and Corruption Standard sets out our requirements to ensure that none of our employees or representatives engage in any of these activities.

Compliance Investigations Standard

Our commitment to operating with integrity includes investigating, where necessary, allegations of ethical misconduct. Our Compliance Investigations Standard and supporting procedures set out our approach to investigations relating to alleged violation: of (a) ethical business practices; (b) integrity in our interactions and arrangements with third parties; and (c) applicable laws, regulations, policies and procedures relating to ethical business practices and integrity. This standard requires all of our personnel to cooperate fully and truthfully with all investigations and to avoid engaging in certain activities that may hinder or interfere with an investigation.

Conflicts of Interest Standard

We understand that our employees, officers and directors will engage in legitimate social, financial and business activities outside the scope of their work for us. Our Conflicts of Interest Standard sets out our requirements for the avoidance and management of conflicts of interest that may arise as a result of these other activities, including the avoidance of situations that have the appearance of a conflict of interest. Under this standard, conflicts of interest must be promptly disclosed so that the appropriate course of action can be taken in order to protect ADNOC Drilling's interests.

Whistleblowing and Non-retaliation Standard

Having an open, honest and transparent culture supports our commitment to integrity. Our Whistleblowing and Non-retaliation Standard encourages our employees to report concerns about unethical behaviour in connection with our business by assuring confidentiality and by protecting good faith whistleblowers from retaliation.

Gender Diversity Standard

At ADNOC Drilling, we strive to promote gender diversity and translate the country's strategies into our day-to-day practices, which in turn feeds our drive for excellence and innovation. ADNOC Drilling's leaders ensure that the 'tone-from-the-top' cascades through the organization, driving a culture of diversity through the Group, supported by structures and systems that ensure that women can develop their careers and move into higher management and leadership roles.

Board Evaluation Standard

Our Board Evaluation Standard has been developed to establish the procedures and criteria for evaluating the performance of the Board, Board sub-committees, the Chairperson, individual Directors and Executive Management. The evaluation process supports the commitment of ADNOC Drilling to improving the overall performance and effectiveness of the Board and its sub-committees, to maximize its strengths and take corrective actions where necessary.

Share Dealings

Purchases and sales of our shares and other transactions involving our securities by employees, officers and directors are governed by our Insider Dealing Standard.

It is the policy of ADNOC Drilling that inside information must not be used by any ADNOC Drilling personnel for personal gain. ADNOC Drilling expects that all of its people, as well as the other persons with whom ADNOC Drilling transacts, abide by this Standard, and in doing so adhere to the applicable laws on inside information and dealings.

The following table sets out the details of all purchases and sales of our shares undertaken by our Directors, their spouses and their children in 2021:

Director	Position	Shares Held as at 31 December 2021	Total Sale Transactions	Total Purchase Transactions
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	–	–	–
Abdulmunim Al Kindy	Member	652,173	–	652,173
Yaser Al Mazrouei	Member	652,173	–	652,173
H.E. Ahmed Jasim Al Zaabi	Member	1,086,956	–	1,086,956
Mohamed Al Aryani	Member	434,782	–	434,782
Muna Al Mheiri	Member	–	–	–
H.E. Omar Suwaina Al Suwaidi	Member	652,173	–	652,173

Board of Directors

Our Board of Directors comprises 7 directors. All directors are independent non-executive directors, within the meaning of Resolution No. (3/R.M) of 2020 of the SCA.

Pursuant to our Articles of Association, every director shall hold his/her position for a term of 3 years. At the end of such term, the Board of Directors shall be reconstituted. A director whose term of membership is completed may be re-elected.

H.E. Dr. Sultan Ahmed Al Jaber was appointed as the Chairperson of the Board on the 5 September 2021.

The table below summarizes the details of the ADNOC Drilling Board of Directors:

Name	Committee Role	Appointment Start Date
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	5 September 2021
Abdulmunim Al Kindy	Member	5 September 2021
Yaser Al Mazrouei	Member	5 September 2021
H.E. Ahmed Jasim Al Zaabi	Member	5 September 2021
Mohamed Al Aryani	Member	5 September 2021
Muna Al Mheiri	Member	5 September 2021
H.E Omar Suwaina Al Suwaidi	Member	5 September 2021

*Mann El Aydi – Board Secretary – 14 October 2021. This role is in compliance with the SCA Governance Code.

Board of Directors Cont.



H.E. Dr. Sultan Ahmed Al Jaber
Chairman

H.E. Dr. Sultan Ahmed Al Jaber has served as Minister of Industry and Advanced Technology since July 2020, as a member of the Supreme Council for Financial and Economic Affairs since December 2020, as UAE Cabinet Member and Minister of State since March 2013 up to July 2020, as the Chairman of the National Media Council from 2016 up to July 2020, as the UAE's special envoy for Climate Change since November 2020, as Group Chief Executive Officer of ADNOC since February 2016 and additionally Managing Director of ADNOC since February 2021. From January 2014 to February 2016, he served as Chief Executive Officer, Energy, of Mubadala Development Company. H.E. Dr. Al Jaber is also Chairman of several other ADNOC Group companies, Chairman of Masdar and Chairman of Abu Dhabi Media Company PJSC, Emirates Development Bank, Mohammed bin Zayed University of Artificial Intelligence, as well as a member of the Board of Directors of Emirates Global Aluminum, Emirates Investment Authority, First Abu Dhabi Bank and Khalifa University.

H.E. Dr. Al Jaber holds a PhD in business and economics from Coventry University in the United Kingdom, an MBA from the California State University, and a Bachelor in Chemical Engineering from the University of Southern California, USA.



Abdulmunim Al Kindy
Director

Mr. Abdulmunim Al Kindy has served as Executive Director, People Technology and Corporate Support Directorate at ADNOC since January 2020. Prior to that, from March 2016 to January 2020, Mr. Al Kindy served as Executive Director, ADNOC Upstream Directorate. Mr. Al Kindy also serves as a member of the Board of Directors of several ADNOC affiliated companies. Mr. Al Kindy holds an MBA from Brunel University, UK.



Yaser Al Mazrouei
Director

Mr. Yaser Saeed Ahmed Omran Al Mazrouei has served as Executive Director, Upstream Directorate, at ADNOC since January 2020. He also served as the Chief Executive Officer of ADNOC Onshore from May 2018 through January 2020. Mr. Al Mazrouei also serves as a member of the Board of Directors of several ADNOC-affiliated companies. Mr. Al Mazrouei holds a Master's Degree in Petroleum Engineering from the University of London, UK.



H.E. Omar Suwaina Al Suwaidi
Director

Chairman of Nomination and Remuneration Committee

H.E. Omar Ahmed Hassan Suwaina Al Suwaidi currently serves as an Undersecretary at the Ministry of Industry and Advanced Technology. H.E. Al Suwaidi held various positions in ADNOC, starting as a geologist in 1990. From October 2020 to February 2021, H.E. Al Suwaidi served as a Director, Commercial and In-Country Value. Prior to that, H.E. Al Suwaidi served as a Director, The Executive Office Directorate, from May 2017 to November 2020. H.E. Al Suwaidi holds a BSc in Geological Engineering from Colorado School of Mines, USA.



H.E. Ahmed Jasim Al Zaabi
Director

Member of Audit Committee

H.E. Ahmed Jasim Yousif Naser Al Zaabi is the Chairman of Abu Dhabi Global Market. He served as Group Chief Financial Officer of ADNOC from December 2019 to December 2021, and as Director, Finance & Investments Directorate of ADNOC from February to December 2019. He also serves as a member of the Board of Directors of Khalifa Fund for Enterprise Development, Abu Dhabi Oil Refining Company (ADNOC Refining), Abu Dhabi National Oil Company for Distribution PJSC (ADNOC Distribution) as well as several ADNOC-affiliated companies. Mr. Al Zaabi holds a Master's degree in Economics Science with Honors from University of Aberdeen, UK.



Mohamed Al Aryani
Director

Member of Board Executive Committee

Mr. Mohamed Saif Ali Abed Al Aryani has served as Senior Vice President, Strategic Investments at ADNOC since 2019. Mr. Al Aryani is a CFA Charter holder and holds a Bachelor's and Master's degree in Chemical Engineering from Imperial College (London University), UK.



Muna Al Mheiri
Director

Member of Board Executive Committee

Ms. Muna Khalifa Mohamed Hazeem Al Mheiri is the Chief Executive Officer of Ruwais Fertilizer Industries LLC (Fertil). Ms. Al Mheiri held various senior positions in ADNOC Onshore, where she served as Senior Vice President (Terminals and Pipelines Operations) from July 2019 to January 2020. From 2017 to July 2019, Ms. Al Mheiri served as Senior Vice President (Strategy and Business Support) and from 2015 to September 2017, she served as Senior Vice President (Corporate Support). Ms. Al Mheiri holds a Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration from United Arab Emirates University, UAE.

Board of Directors Cont.

Women's representation on the Board of Directors

In 2021 Muna Al Mheiri was the female Board member of ADNOC Drilling. Keeping with our commitment to gender diversity, we are actively seeking opportunities to include female representation on our Board. To this end, where vacancies arise we will actively seek out greater female representation while at the same time considering all qualified candidates, regardless of gender.

Directors' Remuneration

On the 20th April 2022, our Shareholders approved a total remuneration of AED 16.93 million which will be paid to the members of our Board of Directors for 2021.

Statement of allowances paid to Board sub-committee members for 2021

In 2021, no allowances, salaries or additional fees were paid to committee members.

Board meetings – attendance records

Our Articles of Association require that the Board of Directors meets a minimum of 4 times each year. The quorum for meetings is a majority of directors, and voting during meetings is a majority of attendees.

In 2021, our Board met on 4 occasions. In addition, our Articles permit our Board to act by circulation. In 2021, our Board adopted resolutions by circulation on 4 occasions. The following tables set forth the meetings held by our Board of Directors in 2021:

Pre-IPO Board

Board Member	Position on the Board	16-March-2021	15-June-2021
Abdulmunim Saif Al Kindy	Chairperson	P	P
H.E. Ahmed Jasim Al Zaabi	Member	P	P
Mohamed Saif Al Aryani	Member	P	P
Salem Mohammed Al Darei	Member	P	P
Yaser Saeed Al Mazrouei	Member	P	P
Shamsa Salem Al Maskary	Member	P	P
Maria Borrás	Member	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Post-IPO Board

Board Member	Position	14-Oct-2021
H.E. Dr. Sultan Ahmed Al Jaber	Chairperson	P
Abdulmunim Al Kindy	Board Member Chairperson of Board Executive Committee (BEC)	P
Yaser Al Mazrouei	Board Member Member of BEC Member of Nomination and Remuneration Committee (NRC)	P
H.E. Ahmed Jasim Al Zaabi	Board Member Chairperson of Audit Committee (AC)	P
Mohamed Al Aryani	Board Member Member of BEC Member of AC	P
Muna Al Mheiri	Board Member Member of BEC Member of NRC	P
H.E. Omar Suwaina Al Suwaidi	Board Member Chairperson of NRC	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Matters reserved to the Board of Directors and delegated to management

The Board of Directors has issued a Delegation of Authority to our Chief Executive Officer, Mr. Abdulrahman Al Seiri, under which the Board of Directors has delegated to him the authority to conduct the daily management activities of the Company, subject to appropriate limits (beyond which, the approval of the Board of Directors must be sought). Under the Delegation of Authority, Mr. Abdulrahman Al Seiri has the ability to sub-delegate activities to other members of ADNOC Drilling's management.

Notwithstanding the Delegation of Authority that has been provided to Mr. Abdulrahman Al Seiri, the Board of Directors maintains oversight over these activities, and Mr. Abdulrahman Al Seiri is regularly required to report to the Board of Directors with respect to the activities undertaken by him pursuant to the terms of the Delegation of Authority.

Details of the Delegation of Authority

Name of the authorized person

Chief Executive Officer.

Scope of authority

Authority to conduct the daily management activities of ADNOC Drilling, subject to appropriate limits as set down by the Board of Directors from time to time.

Duration of delegation

Until the authority is revoked by the Board of Directors.

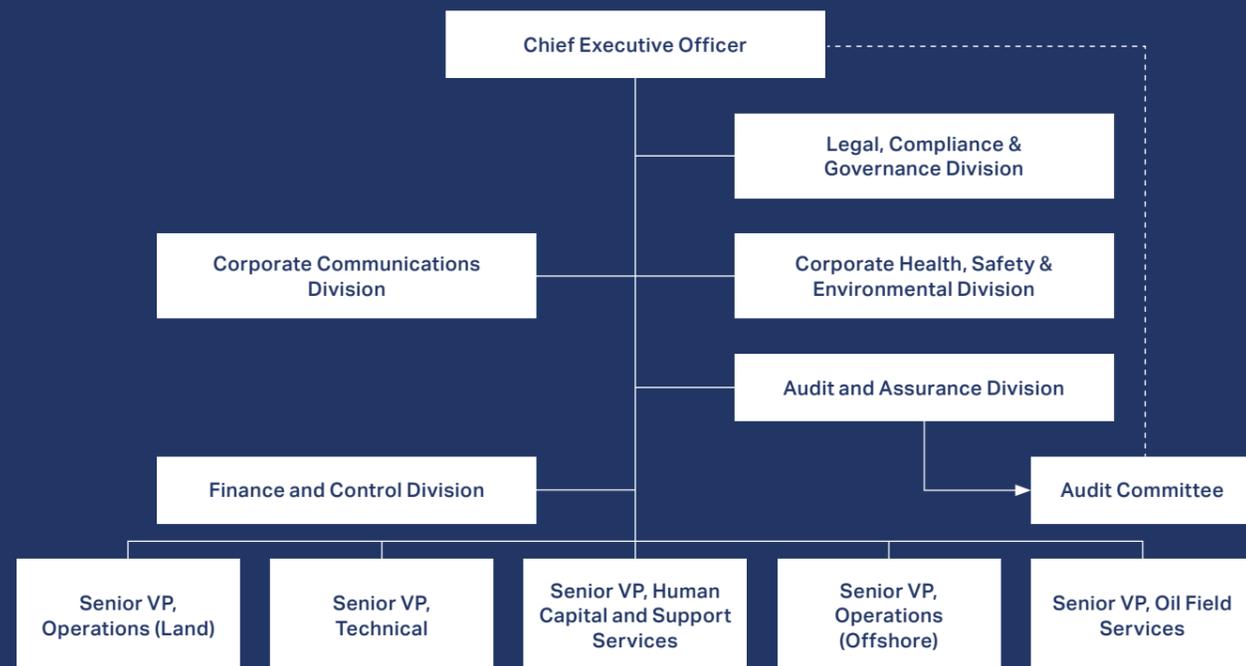
Executive Management

Under the Delegation of Authority, and in consultation with the Board of Directors, our Chief Executive Officer has sub-delegated some of the powers given to him to members of our Executive Management team.

Our Executive Management team carries out the day-to-day activities of ADNOC Drilling pursuant to this authority and in line with international best practice and the relevant governance rules and regulations.

ADNOC Drilling Organization Chart

Below is the organization chart of ADNOC Drilling:



Executive Management team



Mr. Abdulrahman Abdulla Al Seiri
Chief Executive Officer

Mr. Abdulrahman Abdulla Al Seiri has over 42 years of onshore and offshore drilling experience within the ADNOC Upstream group companies, with his most recent appointment being in 2020 as our Chief Executive Officer.



Alexander Urquhart
Chief Financial Officer

Mr. Alexander Urquhart joined ADNOC Drilling in 2018 as the Deputy CFO, and has served as the CFO since 2020. In the past, he spent 23 years at BP spanning finance roles across various BP's businesses and geographies.



Alaina Ramsay
General Counsel

Mrs. Alaina Ramsay joined ADNOC Drilling in 2018 as the General Counsel and the Board Secretary. In the past, she has held various positions at National Petroleum Services, Transocean and the Wood organization covering MENA, Asia Pacific and Europe.



Fuad Shamekh Al Badi
Senior Vice President – Onshore

Mr. Fuad Al Badi joined ADNOC Drilling in 2018 as Senior Vice President, Operations, Land. He is responsible for the Company's Land Rig Operations Function that includes Land Rigs, Water Well Rigs, Rig Moves, Operations Support and Base Support.



Ali Essa Al Mahri
Senior Vice President – Technical

Mr. Ali Al Mahri joined ADNOC Drilling in 2018 as SVP, Technical. He is responsible for the Company's Engineering, Projects, Maintenance, and Asset Integrity departments.



Emri Mahmoud Zeineldin
Senior Vice President – Oil Field Services

Mr. Emri Zeineldin joined ADNOC Drilling in December 2018 as Senior Vice President, OFS. In the past, he held various senior positions within Baker Hughes OFS division (2003-18) and in Smith International & Schlumberger from 1995-2003. He was also a lecturer at Ain Shams University from 1992 to 1995.



Hamad Saleh Aljneibi
Senior Vice President – Offshore

Mr. Hamad Aljneibi joined ADNOC Drilling in January 2016 as the Senior Vice President, Operations. He has oversight and responsibility over Offshore Jack-ups, Island Rig and Marine Service divisions.



Ahmed Rashid Almughanni
Senior Vice President – Human Capital and Shared Services

Mr. Ahmed Almughanni joined ADNOC Drilling in 2019 as Senior Vice President, Human Capital & Support Services. He is responsible for the Company's Human Capital, Procurement, IT, General Services and Field Administration functions.

Executive Management Cont.

Executive Management Remuneration 2021

Position	Appointment date	Total salaries & allowances paid	Total bonuses paid	Other benefits
Chief Executive Officer	2020	AED 2,438,616	AED 1,259,399	AED 145,000
Chief Financial Officer	2018	AED 1,440,000	AED 439,967	AED 15,725
General Counsel	2018	AED 1,109,616	AED 132,367	AED 0
Senior Vice President – Onshore	2018	AED 1,453,872	AED 776,530	AED 29,468
Senior Vice President – Technical	2018	AED 1,705,164	AED 747,884	AED 88,885
Senior Vice President – Oil Field Services	2018	AED 1,561,968	AED 284,041	AED 0
Senior Vice President – Offshore	2016	AED 1,858,800	AED 805,140	AED 20,000
Senior Vice President – Human Capital and Shared Services	2020	AED 1,731,180	AED 770,391	AED 30,000

Transactions with Related Parties

We are and have been a party to various agreements and other arrangements with related parties, comprising ADNOC and certain of its other subsidiaries.

Details of these transactions are described below. In addition, the value of all related party transactions undertaken by ADNOC Drilling during 2021 (as disclosed in our 2021 financial statements) is as follows.

As per 2021 Financial Statements	USD (000)
Revenues – ADNOC Group	2,201,392
Purchase – ADNOC Group	110,640
Lease payments to a related party	20,405
Other income	2,427
Finance income	624

Relationship Agreement with ADNOC

On or prior to Listing, we will enter into a Relationship Agreement with ADNOC pursuant to which ADNOC will agree, for so long as the Shares are listed on the ADX and ADNOC owns or controls more than 50% of the Shares, to take or not to take certain specified actions. These include:

- a) not to take certain actions that might interfere with our status as an independent company, including:
 - i. ADNOC will not take any action that would interfere with our ability to comply with our obligations under certain ADX and SCA listing and governance rules, and
 - ii. ADNOC will conduct all transactions with us on arms' length terms and on a commercial basis and will allow us to carry out our business independently;
- b) not to terminate, and to renew at our request, any real estate lease or land-use agreement, the Brand Usage Agreement, and the Shareholder Services Agreement, in each case so long as we are not in material default of our obligations under those agreements; and
- c) to acquire or lease, on our behalf and at our expense, any real estate needed for the operation of our business, and to enter into a corresponding lease agreement, sub-lease agreement or land use agreement with us for such land, save that if ADNOC ceases to hold the

majority of the Company's shares, it shall continue to adhere to the provisions described in (b) and (c) as if it still held such majority, subject to any instruction or direction from a Governmental Authority, until such time as an alternative arrangement giving effect to the same can be entered into. In addition, ADNOC will agree not to seek to induce certain specified senior employees to become engaged (whether as an employee, consultant or otherwise) with ADNOC for a period of twelve months from the listing date.

Pursuant to the Relationship Agreement, we also will agree to enter into transactions with ADNOC and other members of the ADNOC group only with the approval of a majority of our directors, including a majority of the independent non-executive directors (other than transactions that, in accordance with our delegation of authority, do not require Board approval). Any enforcement of the provisions of the Relationship Agreement against ADNOC requires approval by our Board of Directors. However, for so long as ADNOC holds the majority of the Company's shares, ADNOC will agree to procure that there shall be a majority of independent non-executive directors appointed to the Board at all times and, if the overall size of the Board increases, that the number of independent non-executive directors appointed to the Board shall, if necessary, also be increased so they amount to more than half of the total number of directors on the Board.

External Auditors

We have entrusted the external audit function for ADNOC Drilling's yearly accounts to Deloitte & Touche (M.E.), which has been ADNOC Drilling's external auditor since 2020.

Number of years served as an external auditor for ADNOC Drilling: 2 years
Partner name: Farhad Aklas (Engagement Partner); Rama Padmanabha Acharya (Signing Partner)
Number of years the Partner served as the Company's External Audit partner: 2 years
Total fees for auditing the financial statements of 2021 (in AED), including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting: Total audit fee AED 975,000 / Financial statements audit – AED 800,000 / Internal controls – AED 175,000
Fees and costs of other private services other than auditing the financial statements for 2021 (AED): USD 390,000 (AED 1,433,250)
Details and nature of other services provided (if any): IPO Related Agreed Upon Procedures, Arrangement Letters and Comfort Letters
Statement of the other services performed by an external auditor other than ADNOC Drilling's auditor in 2021 (if any): None
For our annual financial statements for the year ended 31 December 2021, Deloitte & Touche (M.E.) issued an unqualified audit opinion: Yes

Audit Committee

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Company's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Company's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Company's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the Authority and the ADX, including the provisions of the Governance Rules.

The Governance Rules, as reflected in the Audit Committee Terms of Reference, require that the Audit Committee must comprise at least 3 members who are non-executive directors, at least 2 of whom must be independent. One of the independent members must be appointed as the Chairman of the Audit Committee. In addition, at least one member is required to have recent and relevant audit and accounting experience. The Audit Committee will be chaired by one of the independent members and will include other members elected by the Board. The Audit Committee will meet not less than 4 times a year.

The Audit Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company as required by the Governance Rules and has obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Audit Committee's responsibilities in relation to the Audit and Assurance function include the review and approval of the overall audit strategies and annual audit work plan, budget, and overseeing the Internal Audit programs and performance. In addition, the Audit Committee ensures that Audit and Assurance has full and unrestricted access to all required sources of information relevant to the performance of its work.

As part of his role as the Chairman of the Audit Committee, Mr. Ahmed Al Zaabi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Audit Committee held 2 meetings in 2021 prior to the IPO, and the current Audit Committee held 3 meeting in 2021, as set forth in the following tables:

Pre-IPO

Board Member	Position on the Board	11-March-2021	02-June-2021
Shamsa Salem Al Maskary	Chairperson	P	P
Fatima Hassan Al Zaabi	Member	P	P
Fahem Al Shemeili	Member	P	P
Santiago Redondo	Member	P	P

P – Present, A – Absent (ote: all absences from the Board were properly verified and approved).

Post-IPO

Board Member	Position on the Board	09-Nov-2021	16-Nov-2021	16-Dec-2021
Ahmed Al Zaabi	Chairperson	P	P	P
Mohamed Al Aryani	Member	P	P	P
Abdulla Al Jarwan	Member	P	A	P
Khalfan Al Dahmani	Member	A	P	A
Ahmed Abujarad	Member	P	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).



Nomination and Remuneration Committee

The Nomination and Remuneration Committee assists the Board to discharge its responsibilities relating to the composition and make-up of the Board and any committees of the Board.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Board and committees of the Board and, in particular, for monitoring the independent status of the independent non-executive directors. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. In addition, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the over-arching principles, parameters and governance framework of our remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors and senior management.

The Governance Rules, as reflected in the Nomination and Remuneration Committee Terms of Reference, require the Nomination and Remuneration Committee to comprise of at least 3 non-executive directors, at least 2 of whom

must be independent. The chairman of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members, and its other members will be appointed by the Board. The Nomination and Remuneration Committee will meet based on the Company's requirement from time to time.

The current members of the Nomination and Remuneration Committee are H.E. Omar Suwaina Al Suwaidi (Chairman), Mr. Yaser Al Mazrouei, Ms. Muna Al Mheiri and Mrs Aysha Al Hammadi.

As part of his role as the Chairman of the Nomination and Remuneration Committee, H.E. Omar Suwaina Al Suwaidi is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Nomination and Remuneration Committee did not meet in 2021 as it was newly established.

Board Executive Committee

The Board Executive Committee consists of 6 members, all being independent non-executive directors. The Board Executive Committee was established by the Board in 2019 in order to assist the Board in the discharge of its duties.

The role of the Board Executive Committee is to act on behalf of the Board during the intervals between scheduled Board meetings so that matters that require Board approval during such intervals can be dealt with in a timely and efficient manner.

Additionally, the Board Executive Committee provides recommendations to the Board on matters that require Board approval.

As part of his role as the Chairperson of the Board Executive Committee, Mr. Abdulmunim Al Kindy is responsible for ensuring the committee's overall effectiveness and that the committee properly complies with all of its stated objectives.

The Board Executive Committee held 2 meetings in 2021 prior to the IPO, and the current Board Executive Committee held 2 meeting in 2021 post the IPO, as set forth in the following tables:

Pre-IPO

Board Member	Position on the Committee	09-March-2021	08-June-2021
Khalid Abdul Samad	Chairperson	P	P
Majed Al Awadhi	Member	P	P
Ahmed Ahmed Al-Hendi	Member	P	P
Mohammed Abubakar	Member	P	P
Khaled Abdul Monem Al Kindi	Member	P	P
Ayman Khattab	Member	P	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).

Post-IPO

Board Member	Position on the Committee	12-September-2021 P
Abdulmunim Al Kindy	Chairperson	P
Yaser Al Mazrouei	Member	P
Muna Al Mheiri	Member	P
Mohamed Al Aryani	Member	P
Khalid Abdul Samad	Member	P
Mohamed Al Marzouqi	Member	P

P – Present, A – Absent (note: all absences from the Board were properly verified and approved).



Internal Control System



Responsibility of the Board of Directors

The Board of Directors is responsible for the internal control system within ADNOC Drilling and has established a number of processes and procedures which are designed to ensure the effectiveness of our internal control system.

Our Internal Control System

The key objectives of the internal control system are:

- a. creating control mechanisms that ensure efficient business processes and the implementation of the ADNOC Drilling's objectives;
- b. ensuring the safety of ADNOC Drilling's assets and efficient use of its resources;
- c. protecting the interests of ADNOC Drilling's shareholders and preventing and resolving conflicts of interest;
- d. creating conditions for timely preparation and submission of reliable reports and other information that is legally required to be publicly disclosed; and
- e. ensuring that ADNOC Drilling's compliance with applicable laws and requirements of regulators.

In addition to the functions and remit of the Board of Directors, ADNOC Drilling's internal control system is embedded in ADNOC Drilling at 3 levels:

- i. **Level 1:** the business units and divisions within ADNOC Drilling are responsible for assessing and managing risks and building an efficient control system by complying with the standard and procedures, KPIs, corporate and or divisional performance contract etc.;
- ii. **Level 2:** appropriate internal departments and committees (enterprise risk management, quality and compliance functions) are responsible for facilitating and guiding the risk assessment process, developing, communicating and monitoring the appropriate standards, processes and procedures; and
- iii. **Level 3:** the Audit and Assurance function conducts independent assessments of the efficiency of the internal control system.

Audit and Assurance Function

The Board of Directors has approved and implemented governance functions and structures, including an Audit and Assurance function that is independent of our management and reports directly to ADNOC Drilling's Audit Committee. The key aim of the Audit and Assurance function is to provide assurance and advice on the adequacy of ADNOC Drilling's internal control environment, corporate governance framework and risk management processes.

Our Audit and Assurance division is led by Dr. Eisa Al Salem Al Hammadi who was appointed as Vice President Audit and Assurance in 2017. Dr. Al Hammadi is responsible for reporting the Audit and Assurance function's findings to the Executive Management and the Audit Committee on a regular basis. In order to enhance the independence of our Audit and Assurance division, this division reports functionally to our Audit Committee and administratively to ADNOC Drilling's Chief Executive Officer.

Audit and Assurance's charter, policies, procedures, methodologies and the risk based internal audit plans that it works to are presented to and approved by the Audit Committee. Our Audit and Assurance activities are performed by teams of appropriate, qualified and experienced employees. Additionally, a continuous improvement process is implemented through the use of a learning and development framework that is designed to ensure that the Audit and Assurance team members maintain their required competencies and capabilities.

Taking into account the independence requirements, our Audit and Assurance function also serves as an in-house advisor on many areas of interest which allow that function to provide value-added services that are critical to an efficient and effective organizational management.

Risk Management

The Company has implemented an integrated enterprise risk management system, which showcases its commitment to protecting the business and the interest of all stakeholders. This Enterprise Risk Management system:

- a. facilitates risk informed strategic planning to achieve business objectives and identify potential business opportunities;
- b. supports the Company in identifying and managing key strategic, functional, investment and project risks (including the use of an objective driven process);
- c. assesses the identified risks and the potential impact of such risks on the Company and its key objectives;
- d. enhances corporate performance as processes become more risk aware and control focused; and
- e. strengthens ADNOC Drilling's resilience to market disruption and evolving business practices.

ADNOC Drilling's risks are monitored by a dedicated enterprise risk unit and this unit provides quarterly reports to the Audit Committee and Board of Directors.

Legal, Compliance and Governance

ADNOC Drilling has established and maintains an internal control framework that provides our Executive Management and Board of Directors with reliable assurances on the health of our internal controls. These controls are designed to ensure that we are able to (a) continually meet the operational and financial objectives of ADNOC Drilling; (b) properly manage risks; (c) ensure the validity and transparency of the information we provide to our stakeholders; and (d) comply with applicable laws and regulations.

Our Legal, Compliance and Governance division is responsible for ensuring that the Company conducts its business in full compliance with all relevant laws and regulations, as well as professional standards, accepted business practices and internal standards.

Our compliance and control function performs a number of tasks that are designed to ensure that our internal control system is effectively implemented and managed. These include:

- a. discussing the internal control system with the Board of Directors;
- b. considering the results of primary investigations in internal control issues;
- c. studying internal control reports and following up the implementation of corrective measures arising from the findings of such reports; and
- d. setting rules that enable ADNOC Drilling's staff to confidentially report any potential violations in financial reports, internal control etc.

Mrs. Alaina Ramsay, in her role as General Counsel of ADNOC Drilling, oversees ADNOC Drilling's Legal, Compliance and Governance division and she is responsible for ensuring we consistently operate in accordance with the highest international standards.

Identified issues and recent developments

For 2021, no significant issues were identified with respect to our compliance and control systems.

Violations committed during 2021

No violations were committed by ADNOC Drilling in 2021.

Corporate Social Responsibility

We are committed to leveraging our presence in the UAE and the communities in which we operate to benefit our people and society as a whole. We do this through developing job opportunities for UAE nationals, encouraging local procurement, improving customer satisfaction, and through social initiatives and partnerships to advance community and environmental goals.

People

ADNOC Drilling is home to 6,532 dedicated engineers, specialists and technicians from 73 different countries. They make up our unique drilling family.

Drilling is highly skilled work carried out in some of the harshest and most challenging environments across the desert and offshore. Our frontline staff are trained to operate under the strictest safety regimes that we call '100% HSE'.

In the early days of the industry a lot of the drilling work was done manually but now our staff are multi-faceted, trained to operate advanced digital technology or run increasingly automated drilling machines. They are renowned for close-knit teamworking and a commitment to responsibly and safely delivering start-to-finish wells on-time and on-budget.

Future Generation

ADNOC Drilling is building the next generation of drilling specialists and equipping them with advanced skills and knowledge, as well as hands-on experience to perform efficiently and lead digitalization, remote automation and artificial intelligence driven solutions.

We established the first Drilling Training Center (DTC) in the Middle East at Bida'a Al Oshaneh in Abu Dhabi's Al Dhafra region in 2014, and have already passed the milestone of 1,000 Emirati graduates, many of whom are now working on our onshore, offshore and island rigs.

We use state-of-the-art VR and digital simulation technology and provide students with expert trainers who have decades of industry experience. We proactively recruit the best engineering students from the UAE's top universities, including many women.

General Information

We completed our IPO on 3 October 2021.

The following table sets out the closing price and the highest and lowest share prices since the IPO in October 2021.

2021	Initial Listing (04-Oct-2021)	Last Trading Day (30-Dec-2021)	% Change	Average 12 Days Trading	High (04-Oct-2021 to 30-Dec-2021)	Low (04-Oct-2021 to 31-Dec-2021)
Share price (AED)	2.30	3.40	47.8%	3.19	3.53	2.300
ADX General Index	7,699	8,488	10.3%	8,243	8,999	7,655
Number of shares outstanding (bn)	16.0	16.0	n/a	16.0	16.0	16.0
Market capitalization (AED bn)	36.80	54.40	47.8%	51.0	56.5	36.8
Market capitalization (USD bn)	10.01	14.80	47.8%	13.9	15.4	10.0

Set out below is information regarding our share performance in 2021 compared to the ADX General Index and the Energy Sector Index.

2021	Initial Listing (04-Oct-2021)	Last Price (30-Dec-2021)	% Change
ADNOC Drilling (AED)	2.30	3.40	47.8%
ADX General Index	7,699	8,488	10.3%
Energy Index	2,114	2,204	4.3%

The Secretary to the Board of Directors

On 14 October 2021 Mr. El Aydi was appointed Secretary to the Board of Directors (effective from 3 October 2021). He is the Senior Advisor, Legal – Executive Office at ADNOC, a role he has held since May 2017. He also serves as Company Secretary for ADNOC Distribution PJSC. Mr. El Aydi advises on a broad range of legal and governance risks and provides hands on counsel to the Managing Director and Group Chief Executive Officer of ADNOC in relation to the development and implementation of the group's business strategy.

Mr. El Aydi brings over 20 years of corporate, strategic and commercial experience to his role at ADNOC and immediately prior to joining, he spent 3 years as the Executive Director

of Legal & Secretariat at the Tourism Development & Investment Company (TDIC), and 5 years as the General Counsel & Company Secretary at Abu Dhabi National Hotels PJSC.

A UAE national and fully bilingual in English and Arabic, Mr. El Aydi holds a bachelor's degree in Law from the London School of Economics and Political Science, a master's degree in International & Comparative Business Law, is admitted as a solicitor of the Supreme Court of England and Wales and is a Chartered Secretary registered with The Chartered Governance Institute UK & Ireland.



General Information Cont.

The following tables set out information regarding the ownership of our shares:

Shareholding Structure

The table below shows the percentage of the shares owned by different categories of shareholders as at the end of 2021:

Shareholders	Individuals	Companies	Government	Total
Local	3.0%	96.1%	0.6%	99.8%
GCC	0.0%	0.1%	0.0%	0.1%
Arab	0.0%	0.0%	0.0%	0.0%
Foreign	0.0%	0.1%	0.0%	0.1%
Total	3.1%	96.3%	0.6%	100.0%

Shareholding Volume

Class	Shareholdings	Number of Shareholders	Number of Shares Held	% of Shares Held
1	More than 5,000,000	49	15,449,558,803	96.6%
2	From 500,000 to less than 5,000,000	243	366,712,387	2.3%
3	From 50,000 to less than 500,000	860	138,007,520	0.9%
4	Less than 50,000	17,335	45,721,290	0.3%

Our 2021 share price performance

Trading of ADNOC Drilling shares on the ADX started on 3 October 2021 under the symbol ADNOCDRILL. The share price at 31 December 2021 was AED 3.40. ADNOC Drilling's market capitalization at 31 December 2021 was AED 54.4 billion.

ADNOC Drilling's share capital is AED 1.6 billion, divided into 16.0 billion shares, each with a nominal value of AED 0.10.

The following table sets out the closing price and the high and low share prices of our shares at the end of each month during 2021.

Month	High (AED)	Low (AED)	Close (AED)
October	3.04	2.30	3.01
November	3.43	3.00	3.22
December	3.53	3.26	3.40

Our 2021 share price performance compared with our sector index



Statement of shareholders who held 5% or more of ADNOC Drilling's capital as at 31 December 2021

The table below shows the name of shareholders who held 5% or more of ADNOC Drilling's capital at the end of 2021 and the percentage of such shareholdings.

Name	Number of Shares Held	% of Shares Held of ADNOC Drilling's Capital	Name
Abu Dhabi National Oil Company	13,440,000,000	84.0%	Abu Dhabi National Oil Company
Baker Hughes Holdings Ltd	800,000,000	5.0%	Baker Hughes Holdings Ltd

ADNOC owns 50% of our shares. No other shareholder owns 5% or more of our shares.

Our Investor Relations department, which is overseen by Mr. Edward Senior can be contacted at ir@adnocdrilling.ae. Additional investor relations information can be found on our website in Arabic at <https://adnocdrilling.ae/en/investor-relations>

