

Sustainability Report 2021



KEY PERFORMANCE SUMMARY¹

GHG emissions (Metric tonnes of CO ₂ e) 599,885	GHG intensity (Metric tonnes of CO ₂ e/ Contracted day) 83.5
CDP rating B	Lost Time Incident Rate 0.03
Fines or significant environmental incidents 0	Diversity (Number of nationalities) 61
Number of rigs owned and managed 36	Average fleet age 9.1 years
Fleet operational uptime 95%	Footage drilled (ft) 1,050,831
Wells drilled 98	Tier 1 well control events 0

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ABOUT THIS REPORT

This report is Seadrill's first comprehensive and stand-alone sustainability report. The report meets the disclosure requirements of the Sustainability Accounting Standards Board (SASB) Oil and Gas – Services Standard (2018). Recommended disclosures of the Taskforce on Climate-related Financial Disclosures (TCFD) are included.

The report presents the environmental, social, and governance (ESG) performance of Seadrill Limited, together with its consolidated subsidiaries, along with its management approach to material sustainability topics, for the 2021 calendar year.

Determination of sustainability impacts and material ESG topics for reporting was undertaken by an independent advisor, in consultation with Seadrill staff and stakeholders, and was approved by the Board. The materiality determination method used was aligned with the GRI Materiality Standard GRI 3 (2021).

Critical or material events occurring on or after January 1, 2022 and up until the publication date are also covered in this report.



Cover image: West Saturn. See page 23 for details.

¹ Data correct as at December 31, 2021

CEO STATEMENT

Climate change is a pressing challenge of our time. We see the impacts of climate change today, in the extreme weather events and rising sea levels that are impacting lives and livelihoods around the world. For companies such as ours in the offshore drilling industry, we are compelled to ask ourselves how we can meet this challenge.



Seadrill has been at the forefront of the offshore industry for more than a quarter of a century. We have built a reputation as a world-leader in marine drilling. With that experience comes a responsibility to our people, our clients, and to the communities where we operate.

In 2021, Seadrill developed a new sustainability strategy that made it a central focus for our organization. This is our inaugural public sustainability report, reflecting our ongoing and long-term commitment to integrating sustainability into our business. For decades, we have put safety at the forefront of our operations, and in recent years we have been investing in the latest technologies and analytics to realize energy efficiencies and reduce our impacts.

We are in the midst of an energy transition where more low-cost energy is needed globally yet emissions must be reduced. Despite renewables increasing their share of the energy mix, oil and gas will remain a vital part of the

equation for many years to come. Hydrocarbons make energy more affordable, particularly for those living in less developed countries. They constitute an essential ingredient for many products that facilitate our modern standard of living, including pharmaceuticals, transport and technology.

Our mission at Seadrill is to supply oil and gas to our customers responsibly and with the least emissions possible.

In recent years, we have developed a myriad of data-led solutions for improving energy efficiency on our rigs. We are implementing innovative solutions in our fleet, incorporating greenhouse gas-reducing technologies into our systems and investigating the next generation of power for offshore drilling.

All this must be considered in the context of what has been an extremely challenging business cycle for the industry over the past eight years. The COVID-19 pandemic took hold in the midst of this industry downturn and these events continued to impact our business in 2021.

Significant sacrifices were made by our teams offshore and onshore to ensure operations could continue and customer needs could be met. To weather the downturn, we focused on delivering internal cost efficiencies and on restructuring our balance sheet.

In response to employee feedback, we have increasingly focused on how we can support our people's mental health and wellbeing, which has become particularly important during the COVID-19 pandemic. Our crews have faced enormous challenges in terms of working extended periods offshore, as well as enduring hotel quarantines, isolation and regular testing, placing tremendous burdens on our people and their families.

I'm proud of our BeWell campaign, launched in 2021, designed to raise awareness of and support with common wellbeing concerns, including mental health. A highlight of the campaign has been our collaboration with mental health charity, Mind. We worked with them to develop our own program to support our employees with their mental health by using relevant industry context and the real-life experiences of our people.

Seadrill is built on the passion and talent of our people. We hire based on capability and skill, and we are focused on building an inclusive culture that encourages, supports, and celebrates the diverse voices of our people. It fuels our innovation and connects us closer to our customers and the communities where we operate.

Today, the Seadrill drive to set the standard in offshore drilling remains as strong as ever. With our balance sheet

The West Hercules at Skipavika Terminal AS, Norway

restructuring behind us and the recent establishment of a new board of directors, I believe we are starting a new chapter, with sustainability at the core of our strategy. Our commitment drives us to continually evaluate how we can improve our operational efficiency and reduce our environmental impact.

We are proud of our commitment to the principles of the UN Global Compact and the UN Sustainable Development Goals (SDGs) and in this report we highlight those goals we believe we can actively contribute towards. Our approach to sustainability reporting is cognisant of increasing investor and stakeholder expectations. We are actively monitoring and responding to the proposed disclosure requirements of the Securities Exchange Commission, the European Union's Corporate Sustainability Reporting Directive and the International Sustainability Standards Board.

I am pleased to present our 2021 Sustainability Report and welcome your feedback.

A handwritten signature in black ink, appearing to read 'S. Johnson'.

Simon Johnson, CEO
June 1, 2022

ABOUT SEADRILL

Seadrill Limited is a world leader in offshore drilling.

From shallow to ultra-deep water, in both harsh and benign environments, we are setting the standard in safe and efficient offshore drilling.

WHAT WE DO > We deliver offshore drilling services to our customers globally. This includes the provision of drilling rigs, and supporting personnel.

OUR VALUES > Everyone at Seadrill is guided, day in and day out, by our five values. They provide a shared point of reference for every action we take and every decision we make in support of safe and responsible operations.



Safety conscious



Accountable



Inspirational



Loyal



Proactive

OUR BUSINESS

Seadrill is a leading offshore drilling contractor, and our mission is to unlock energy safely and efficiently for our customers across the globe.

Founded in 2005, we operate one of the youngest fleets of all the major offshore drillers, managed by a highly trained and experienced team. Our fleet has the scale, footprint and flexibility to meet the needs of all our customers in both harsh and benign environments.

At December 31, 2021, Seadrill had a backlog of \$4.1 billion, a premium customer base, and over 4,000 employees.

We own 24 drilling rigs and manage 12 further rigs on behalf of SeaMex, Northern Ocean, Ship Finance, Sonadrill and Aquadrill Offshore.

Our ambition is to be the supplier of choice to our customers and a leader of the next generation of sustainable operations in offshore drilling.

WHERE WE OPERATE²

Global operations centred around three main hubs

Our operations are centered around three hubs, located in Stavanger, Houston and Dubai, where we manage our operating units (OU).

Our Harsh Environment (HE) asset class, including our HE floaters and jack-ups in Norway, the UK and Canada, is managed out of Stavanger, Norway.

Jack-ups (JU), covering our business in Asia, Latin America North and the Middle East, is managed out of Dubai, United Arab Emirates.

Floaters (FL) encompassing our floaters in Latin America South, US Gulf of Mexico, West Africa and Asia, is managed out of Houston, Texas, USA.

Our center-led support services are managed out of London, Liverpool and Houston, and we have local operational support bases in Central and South America, the Middle East, Asia Pacific and Africa.



- Center-led support services
- Floaters OU, Houston
- Harsh environment OU, Stavanger
- Jack-ups OU, Dubai
- Floaters
- Harsh environment
- Jack-ups

² Map reflects global operations as at December 31, 2021

OUR FLEET³

We operate one of the youngest fleets of all the major offshore drillers

We operate one of the youngest fleets of all the major offshore drillers, managed by a highly trained and experienced team. Our modern fleet has an average age of 9.1 years, with the scale, footprint and flexibility to meet the needs of all our customers in harsh and benign environments.

Technological development and digital transformation is at the heart of our business strategy. We are gaining

real-time data from our fleet to make data-driven decisions that improve performance, safety and efficiency.

We have a versatile fleet that includes drillships, jack-ups and semi-submersibles, and we invest in targeted rig upgrades to deliver enhanced efficiency, emissions reduction and performance improvement for our customers.



Average age

³ Fleet data correct as at December 31, 2021

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Our modern fleet has the scale, footprint and flexibility to meet the needs of all our customers in harsh and benign environments.



OUR SUSTAINABILITY FRAMEWORK

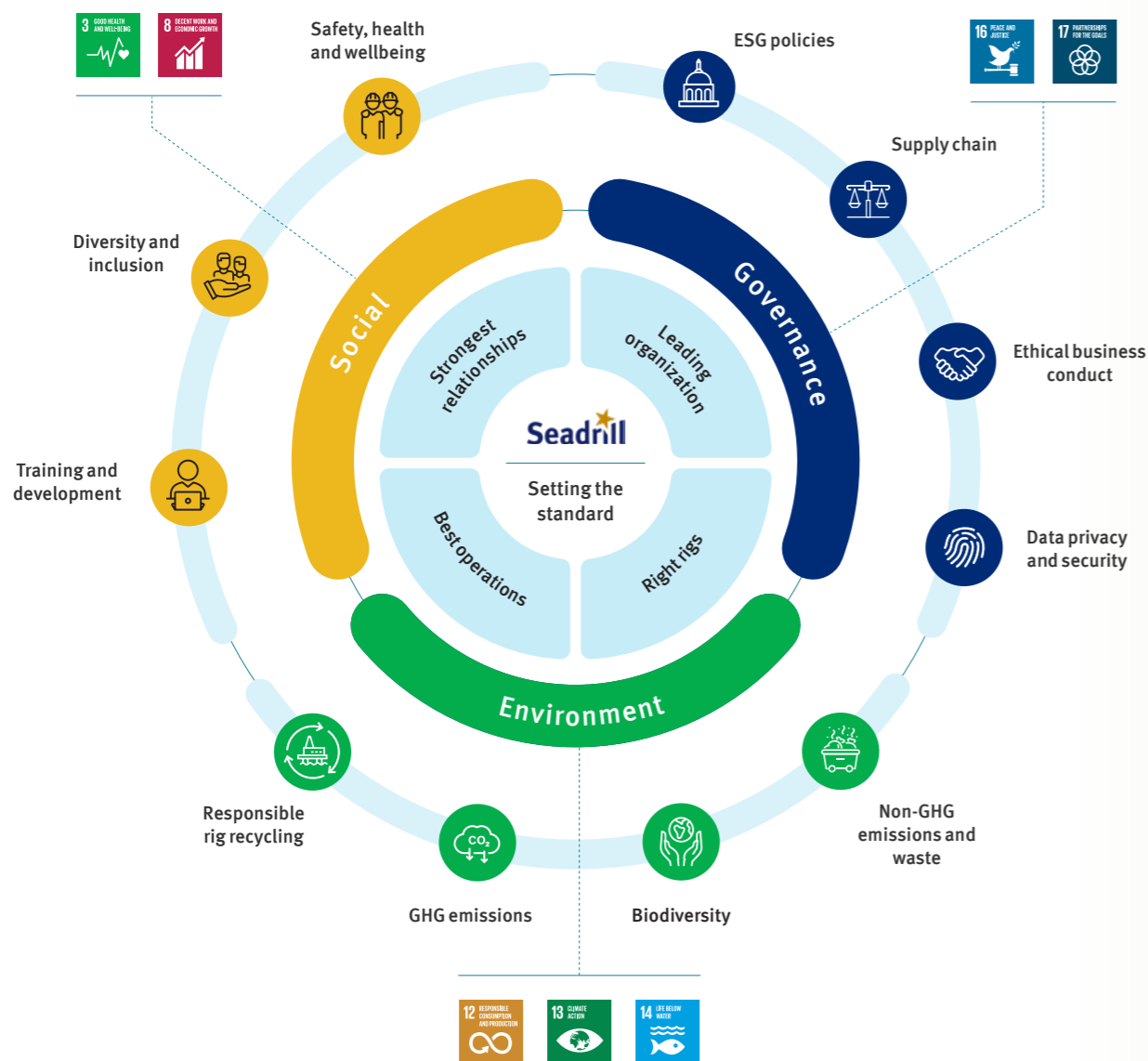
Our approach to sustainability is directly linked to our core value creation model. Environmental, social and governance (ESG) considerations are embedded in the way we operate our business.

To secure the future of responsible drilling we will lead with good governance of our ESG issues. Our strong relationships, coupled with best-in-class operations and the right rigs, ensure we operate to the highest social and environmental standards.

Through our active engagement with stakeholders and due diligence assessments we have identified, and are respond-

ing to, our material ESG impacts. We transparently and publicly report these impacts, our responses and our performance against the targets we set.

Our disclosure of ESG impacts follows internationally-recognized reporting standards, including our contribution towards the achievement of the UN SDGs.



CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

The UN SDGs provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. The 17 goals are aimed at ending poverty and improving health and education, reducing inequality, and spurring economic growth – all while tackling climate change and working to preserve our oceans and forests.

Guided by the goals, all of us can work together to build a better future for everyone, and at Seadrill, we are committed to aligning with the UN SDGs in our drive to embed sustainability in our business. Of the 17 SDGs, seven are of key importance to Seadrill.

Environment



We are taking meaningful steps to eliminate waste from our value chain and develop circular business models for the resources and materials we consume.



Our focus on low-carbon operations and reducing our own GHG emissions enables us to contribute to the energy transition. Seadrill is committed to playing its part in achieving the Paris Agreement.

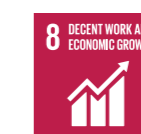


We are focused on preventing accidental discharges and operating to the highest environmental standards. We are committed to protecting biodiversity in the marine environments in which we operate.

Social



Health, safety and wellbeing are core to the way we operate. We are committed to creating healthy and safe environment for our employees, business partners and stakeholders.



Seadrill employs more than 4,000 people in over 30 countries. We take pride in our inclusive workforce and the economic growth that it enables.

Governance



We abide by all local and national regulations. We have clear policies and practices to protect human rights and operate to the highest ethical standards.



We work with our business partners and others to strengthen relationships and collaborate on the achievement of more sustainable outcomes.

OUR STAKEHOLDERS

We have engaged with our stakeholders to identify and respond to our ESG impacts

Seadrill engages with its stakeholders on an ongoing basis. Engagement includes both formal and informal dialogue, as well as specific engagement targeted at identifying and understanding our material ESG impacts. Our key stakeholders include our employees, our shareholders, investors, our customers, communities where we operate, regulators, NGOs and suppliers.

To identify and prioritize our impacts for reporting, we used our existing knowledge of key ESG topics and engaged with our stakeholders to validate these views. An independent

advisor reviewed our industry peers for their reporting of material ESG topics and provided expert opinions on the ESG impacts likely to be material for Seadrill. A global staff engagement survey was used to rate existing impacts in terms of their significance, and respondents could also identify additional impacts.

The Seadrill Sustainability Taskforce, comprising environmental, social and governance roles from across the business, participated in a workshop to clarify and prioritize material impacts and topics for reporting.



OUR MATERIAL ESG TOPICS

Our material topics have been determined in line with the GRI Materiality Standard

Determination of sustainability impacts and material ESG topics for reporting was undertaken by an independent advisor, in consultation with Seadrill staff and stakeholders,

and was approved by the Board. The materiality determination method used was aligned with the GRI Materiality Standard GRI 3 (2021).

Our material topics for reporting in 2021 are:

Environment



GHG emissions
– reducing our greenhouse gas (GHG) emissions



Responsible rig recycling
– recycling our rigs responsibly at approved facilities



Biodiversity
– protecting biodiversity where we operate



Non-GHG emissions and waste
– eliminating spills and waste

Social



Safety, health and wellbeing
– keeping our people safe and well



Diversity and inclusion
– providing a diverse and inclusive workplace



Training and development
– developing the human capital within our company

Governance



Policies
– establishing and maintaining strong ESG policies



Ethical business conduct
– operating to the highest ethical standards



Supply chain
– requiring our suppliers to meet our high ESG standards



Data privacy and security
– protecting the privacy and security of information

The climate challenge

Climate change is one of the most significant challenges facing global society today. As a company operating in the oil and gas industry, we can play an important role to help shape a sustainable energy future.

Seadrill welcomes the Paris Agreement and supports the international community's commitment to address the global challenge of climate change. As energy systems are decarbonized, the oil and gas industry has a vital role to play in the energy transition, as our world will continue to rely on these energy sources for many decades to come.

The objectives of the Paris Agreement include mitigation of climate change through reducing global CO₂ emissions; adaptation and helping those already impacted by climate change; enabling countries to deliver on their climate goals; and collaboration – working together to deliver even greater action.

Seadrill is committed to playing its part in contributing towards these objectives while continuing to deliver society's needs for hydrocarbons in the most responsible ways. We will help to tackle the risks of climate change by reducing our own emissions and collaborating with industry reduction initiatives. Seadrill will transparently report its greenhouse gas emissions in line with proposed SEC disclosure requirements.

A GLOBAL ENERGY SOURCE

Oil and natural gas will continue to be major contributors to global energy consumption for many years to come. In its most recently published *World Energy Outlook 2022*, the International Energy Agency updated its Sustainable Development Scenario. This scenario outlines a transformation of the global energy model, in alignment with the ambition of the Paris Agreement and meeting climate-related SDGs.

Based on this scenario, oil and gas will still account for 47% of the world's energy demand in 2040.⁴ Oil's contribution is forecasted to fall from approximately 31% in 2021 to 23% by 2040, while natural gas contribution is forecasted to increase from approximately 21% of the world's energy demand in 2021 to 24% in 2040.

RELIABLE ACCESS TO ENERGY

Society's continued reliance on hydrocarbons is the result of more than 250 years of economic and social development based on fossil fuels. Reliable access to energy is fundamental for global development and is a prerequisite for many essential services and industries including education, trade and food production. Today, scalable and economically viable substitutes are not available for aviation, maritime transportation, and petrochemicals, and the development and deployment of new technologies will take time.

CHANGING OFFSHORE ENVIRONMENT AND OPERATIONS

Seadrill continues to drive energy efficiency in our operations by changing behaviors, and using advances in data monitoring to optimize well construction operations – see page 17 for more details. By introducing technology that reduces fuel consumption and GHG emissions, Seadrill is contributing to a low carbon energy future.

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Seadrill is committed to meet global oil and gas demand while helping to tackle the risks of climate change.

Environment

Reducing greenhouse gas emissions

As an offshore drilling services company, we have a critical role to play in the global energy transition.

Reducing the carbon intensity of the sources used to meet global energy demand is fundamental to meeting GHG emission reduction targets. Seadrill constantly strives for energy efficiency gains, investing in and utilizing new technologies which reduce GHG emissions.

OUR APPROACH TO GHG EMISSIONS REDUCTION

Our ongoing focus on GHG emission reduction is embedded in three core strategies:

- Energy efficiency
- Investment in new, more efficient and low carbon technologies
- Digitization and real-time monitoring of our operating assets for enhanced visibility of energy use to enable effective operational and investment decision-making to reduce our GHG emissions

Energy efficiency

The largest segment of our carbon footprint is energy use on our mobile offshore drilling rigs. As an industry leader in emissions reporting via the Carbon Disclosure Project (CDP), we have a very clear visibility of our impact, which provides the data needed for strategic interventions to drive energy efficiency in our fleet.

We are developing science-based targets to improve our energy efficiency through this data-led approach, focusing on measures required to reduce fuel consumption and our GHG emissions. This includes optimizing existing equipment through power management systems and the detailed analysis of fuel consumption by rig type and operating area to get a clear baseline from which we can move to enhanced energy-efficient operations.

By implementing an effective energy efficiency management plan on a harsh environment semi-submersible, we saw a 9% reduction in fuel consumption. We are now sharing best practices across the fleet and extending the energy efficiency management plans from our rigs in the North Sea to the rest of the fleet, starting with Gulf of Mexico and offshore Brazil.

Investing in energy efficient and low carbon technology

New technologies that we have adopted recently to reduce fuel consumption and emissions include methanol injection and hybrid power technology. We have also invested in Closed Bus Ties technology, which has helped us to reduce our carbon emissions.

Closed Bus Ties enable a rig to position itself dynamically with fewer engines running on higher loads, which is a significantly more efficient operating mode, reducing energy consumption and emissions.

We pioneered the introduction of hybrid power on the West Mira. The advanced lithium-ion energy storage solution (ESS) led to the rig becoming the first rig in the world to be awarded the DNV Battery (Power) class notation.



We are developing science-based targets to improve our energy efficiency, focusing on measures to reduce fuel consumption and our GHG emissions.



The ESS batteries worked by ‘taking the peaks’ in periods of high-power requirements, which led to reduced fuel consumption. The system also served as a backup to prevent blackout situations and provided power to the thrusters in the unlikely event of a loss of running machinery on affected switchboard segments.

The battery system reduced the runtime of the rig’s on-platform diesel engines by up to 42%; it cut CO₂ emissions by up to 15% and NO_x emissions by up to 12%.

Methanol injection technology is the latest system that we have committed to installing in our fleet, an advanced combustion technology not yet installed on any other drillship in the world.

In 2021, Seadrill developed the first methanol injection system designed to be installed on an offshore drilling rig. Predicted to reduce carbon dioxide (CO₂) emissions by around 10–15%, methanol injection will also reduce nitrous oxide (NO_x) emissions by between 30% and 80%, depending on engine load.

Seadrill’s new methanol injection fuel system was designed and developed in 2021, prior to being installed on the West Saturn which will begin work for Equinor in mid-2022. See the West Saturn case study on page 23 for details.

Digitization and real-time monitoring of our operating assets

We recognize the significant impact that advancement in technology and digitization has on our industry, and that’s why we have placed this at the center of our strategy. By improving our connectivity and increasingly digitizing the way we work, we can gather powerful operational intelligence that enables us to monitor, manage and share performance data from any area of the business in real-time.

Our modern fleet generates billions of lines of data every day. The ability to draw insights from these large data sets is key for how we optimize our drilling performance and ensure the effective care and maintenance of our equipment – without compromising on safety.

Plato Performance is a systems management platform that enables us to drill more efficiently and improve the overall operation. It uses real time equipment data to not only determine the operation that we are currently undertaking but also how we are performing it against our pre-set Key Performance Indicators (KPIs). We can use this data to understand how different rigs use equipment during normal operations and standardize this process across the fleet for increased efficiency and optimal impact on the equipment itself.



Photo credit: RealWare (tourguidesolutions.com)

Plato Condition-Based Maintenance (CBM) allows us to manage maintenance tasks and overhaul cycles much more effectively. It utilizes real-time data from our equipment which, when combined with our smart algorithms, allows us to determine where equipment is at, in its lifecycle. With this information, in-depth equipment knowledge and operational forecasts, we can better plan our general maintenance, major overhauls or required interventions.

By accurately monitoring power generation and demand, we can optimize our power generation so that our engines run efficiently, minimizing fuel consumption, and also reducing emissions. This is at the core of our energy efficiency management approach. Our data analytics provide a base line of our power demand and fuel consumption which can be compared against improvements realized by installing GHG reduction technology. We have seen a reduction of approximately 10% in our carbon emissions on those rigs where we have focused on monitoring data, establishing changes in behaviour and using technology to reduce emissions.

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We’ve placed digitization and data analytics at the center of our strategy.”

Travel reduction

We actively use technology to reduce our need for travel across the business. We prioritize the use of web conferencing and other digital collaboration tools to reduce our air travel and associated emissions.

This became pivotal during the COVID-19 pandemic when our onshore workforce, in particular, needed to adapt to this new digital way of working. Having a digital infrastructure in place enabled the transition with minimal disruption to operations. We have also introduced flexible working for employees onshore, which allows a balanced, hybrid approach to working at home and in the office. This approach, introduced during COVID-19, has reduced our company emissions associated with commuting to the office.

The use of technology has also reduced some travel to our offshore installations. Connected video headsets have allowed specialists and other key stakeholders to work remotely and collaboratively with our rig teams, for example, on inspections and audits, without the need to travel to the rig.

Our GHG emissions

We have reported our GHG emissions via The Carbon Disclosure Project (CDP) since 2010.

We have been voluntarily reporting our GHG emissions via the CDP since 2010, which allows us to transparently report our carbon footprint, and identify opportunities to improve our energy efficiency and reduce our impact on climate change.

In 2021 we were awarded a CDP ranking of ‘B’, which is the top of the ‘carbon management’ band in CDP, and we maintained our position as a leader in CDP rankings for offshore drilling contractors. Our carbon disclosure includes scope 1, 2 & 3 emissions.



GHG emissions and intensity	2019	2020	2021
Total GHG emissions (Tonnes CO ₂ e)	921,891	738,298	615,116
Scope 1 (Tonnes CO ₂ e)	883,824	717,606	599,885
Scope 2 (Tonnes CO ₂ e)	1,873	372	265
Scope 3 (Tonnes CO ₂ e)	36,194	20,320	14,966
Number of contracted rig-years	27.74	20.62	19.68
GHG intensity (Tonnes CO ₂ e per contracted rig year)	33,233	35,805	31,456
GHG intensity (Tonnes CO ₂ e per contracted day)	91.0	98.1	83.5

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As a mission-based non-profit that runs the global environmental disclosure system, CDP greatly values the support of Seadrill. Action this decade is critical to ensuring that we can limit global warming to 1.5°C and safeguard our planet’s natural resources. Quite simply what is measured can be managed. Through its 2021 disclosure to CDP, Seadrill has demonstrated its clear commitment to transparency around its environmental impacts and its strategies for action. This benefits the company as well as its shareholders, customers, and employees alike.”

Sonya Bhonsle
Global Head of Value Chains &
Regional Director Corporations,
Carbon Disclosure Project

The greatest source of GHG emissions comes from rig operations

In 2021, we emitted a total of 615,116 metric tonnes of carbon dioxide equivalent (CO₂e) GHG emissions. This figure included 599,885 metric tonnes Scope 1 emissions, calculated from installation fuel use; 265 metric tonnes Scope 2 emissions, calculated from onshore facilities electricity use, using location-based grid factors; and 14,966 metric tonnes Scope 3 emissions, calculated from freight transport, business travel and employee commuting. The carbon intensity of our drilling operations in 2021 was 31,456 tonnes CO₂e per contracted rig year.

There has been a year-on-year reduction in our overall carbon footprint, with our gross emissions reducing by approximately 33% between 2019 and 2021. The reduction is primarily a result of reduced activity. Rig activity in 2020 was at 74% of 2019 levels, and in 2021 it was at 71% of 2019 levels.

In terms of GHG intensity, the variations between 2019 and 2021 are due to a combination of factors. By their nature, floating units (semi-submersibles and drillships) use more fuel than jack-up rigs, as they use propulsion systems to remain on station, whereas jack-ups are fixed to the seabed.

Unit size and power also impact fuel use and consequently emissions, as does the operating environment. For example, harsh environment jackup operations require more fuel than jack-up operations in a benign environment due to harsh weather and temperature. The material difference in the nature of the operation also defines fuel use and emissions. A drillship operating in a similar climate may use 4.5 times more fuel during an operational year than a jack-up rig, and a large harsh environment semi-submersible may use 5.5 times more fuel.

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There has been a year-on-year reduction in our carbon footprint.

Emissions and emissions intensity reduced in 2021

In 2021, both absolute emissions and emissions intensity dropped. Overall fleet activity was marginally lower in 2021 than 2020, and the proportion of drillships and harsh environment rigs was reduced. This contributed to a reduction in intensity as well as an reduction in absolute GHG emissions.

A number of other factors also led to the reduction in the company carbon footprint in 2021. These include enhancing rig fuel use recording, and refining CO₂ emissions calculations based on engine utilization, actual performance and emission curves, rather than applying generalized emission factors to fuel use where possible, to give a more accurate assessment of CO₂ emissions. Improvements in reporting fuel consumption also resulted in lower emissions due to enhanced data accuracy.

Global weather also impacted emissions. Adverse weather effects on operations can include increased fuel use in storm avoidance, increased fuel use in station-keeping and dynamic positioning operations, and increased energy demand for offshore heating and cooling.

With 2020 being the worst Atlantic hurricane season on record, higher than average tropical cyclones and storms, and the third hottest year on record, this had an impact on fuel use particularly on floating units in the Gulf of Mexico, Brazil and Africa. Similarly, the exceptionally active 2020 storm season in the North Atlantic had an impact on our harsh environment operations. The cooling due to the La Nina event, which commenced at the end of 2020, has also had an impact in that 2021 weather events affecting operations have been less severe, and temperatures lower, which is contributes to a reduction of fuel use in 2021 compared to 2020.

Seadrill continues to pursue GHG emission reductions. The use of energy efficiency management plans and the introduction of GHG reduction technology should enable us significant reduction of our GHG emissions.

Reducing our CO₂ emissions year-on-year

We are aiming to reduce our CO₂ emissions through implementing energy efficiency measures and new technologies, including optimizing energy use in existing equipment, replacing existing equipment with more energy efficient versions, and implementing new technologies.

Energy efficiency plans for rigs are being developed to plan, implement, and track the effectiveness of measures to reduce our carbon footprint. Plans include consideration of supply-side and demand-side energy efficiency interventions.

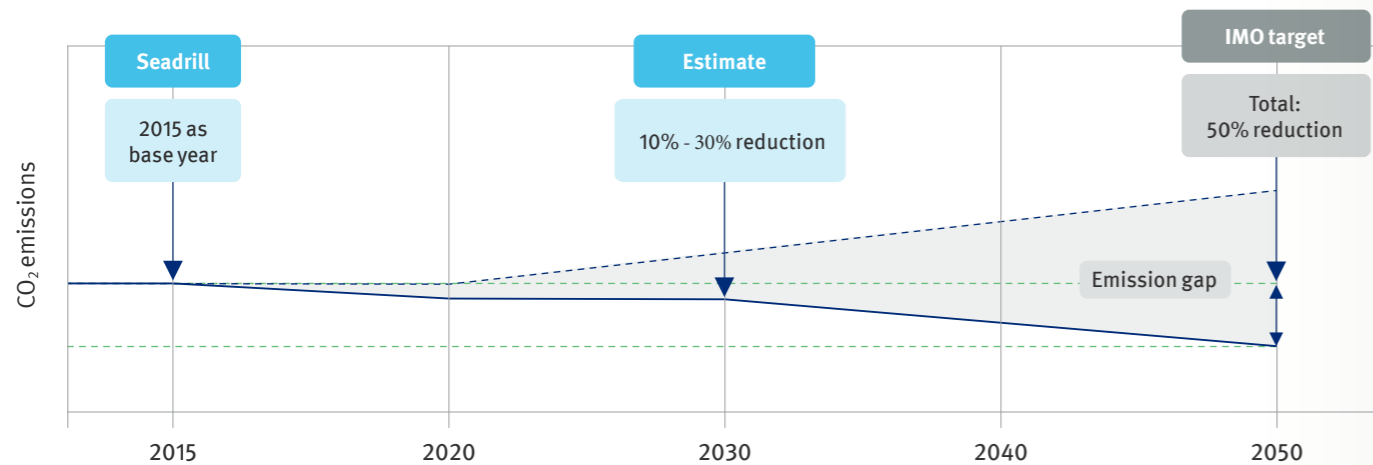
Engineering and new technologies will also be critical in reducing the carbon footprint of the existing fleet. Our Technical Services team has developed a technology plan based on currently available technology. This, combined with operational efficiency measures, sets us on course to deliver on our goal.

Major energy efficiency technology interventions are at the core of the West Saturn’s energy efficiency plan. The lessons and knowledge from these technology interventions will drive a fleet-wide energy efficient technology program, which is a key part of achieving a year-on-year reduction in our carbon emissions.

Beyond 2030 – the path to net zero

Following commitments made at COP26, the offshore drilling industry will need to decarbonize. Existing rig designs and technologies can only reach part of the way to a net zero drilling sector. New technologies and new designs of rigs, and the use of low and zero carbon fuels are critical to progress over the coming decades. Considering the lifespan of a drilling rig, end of life and fleet renewal planning will need to consider how new rigs contribute to the path to net zero at the core of company financial and operational planning.

GHG emission reduction strategy: vision and ambitions



Short-term 2018–2023

- Fuel consumption tracking
- Energy Efficiency Management Plans
- Data monitoring systems
- Technology pilot programs

Mid-term 2023–2030

- Energy Efficiency Management Plans
- Data monitoring systems
- Closed Bus Ties
- Methanol Injection Systems

Long-term 2030 >

- Development of zero-carbon fuels
- New/innovative emission-reduction mechanisms
- Develop the “Rig of the Future”

CASE STUDY

The West Saturn is fitted for the future

In preparation for its four-year contract with Equinor Brazil, due to commence in 2022, the West Saturn is undergoing a number of upgrades, including the installation of a combined hydrogen and methanol injection system which is predicated to reduce CO₂ emissions by 10-15%.

A WORLD-FIRST FOR SEADRILL

The installation of this innovative supply side energy efficiency system on an offshore drilling rig will be a world-first for Seadrill.

The system works by mixing methanol with hydrogen produced on board, and this mixture is then passed into the engine where it is combined with diesel fuel and results in much more efficient combustion.

Not only will this innovative solution provide estimated 10-15% fuel saving on current consumption rates, it will also reduce carbon dioxide (CO₂) emissions by around 10–15% and our goal is a NO_x emissions by between 30% and 80%, depending on engine load. In addition to reducing emissions and generating OPEX savings in fuel consumption, the technology will also reduce the requirement for engine lubricants and will lead to lower maintenance-related costs.

Three bespoke methanol injection units have been configured for retrofitting onto the West Saturn and are being installed for each of the engines.

CUTTING EMISSIONS WITH CBT

A Closed Bus-Tie (CBT) with Advanced Generator Protection (AGP) system is also being installed onto the West Saturn, meaning that the rig will be able to operate its dynamic positioning system with the same level of reliability, but with fewer engines running at higher loads, therefore reducing fuel consumption and emissions.

The CBT system reduces CO₂ emissions by 11% and NO_x emissions by 9%.

In terms of operational efficiency, the upgrade of the Kongsberg system to a K-IMS (Kongsberg Information Management System) will enable real-time visibility of power generation and demand, enabling operations to be fine-tuned from an energy efficiency perspective. Enhanced visibility of energy use and the ability to manage and optimize energy supply and demand in real time will provide significant additional energy savings.

INCREASING SAFETY AND EFFICIENCY

Two further new installations will increase drilling automation on the West Saturn, in turn increasing the safety and efficiency of the operation.

The NOVOS system, an automation system for drilling equipment, will work together with the Multi Machine Control that is already on the rig, to increase the automated handling of all drilling operations. Auto Pipe Dopers on Main and Aux Well Hydrarackers will also be installed to provide additional automation on the drill floor.

Furthermore, a new system called DORS from NOV will automatically set up the valves that control the flow of mud required for different drilling operations.

“This innovative technology will have an immediate impact on our emissions and our drilling efficiency, and it will significantly reduce the environmental footprint of our operations,” says Leif Nelson, COO. “At a time when the entire sector must move towards sustainability, this solution will be key to support our decarbonization ambitions.”



Environmentally sustainable operations

Seadrill operates to the highest environmental standards, protecting biodiversity and minimizing impacts.

Our goal is to prevent accidental discharges and to operate in an environmentally sustainable manner. We achieve this by ensuring that contingency plans are in place; applying relevant technologies; and complying with internal and external requirements.

Protecting biodiversity

Seadrill is committed to the protection of biodiversity. Our environmental management system and our operations follow international and local requirements to ensure we minimize our impacts on the natural environment and biodiversity.

Our policies, directives and procedures are certified to the International Safety Management (ISM) Code, which is the international standard for the safe management and operation of vessels and for pollution prevention adopted by the International Maritime Organization (IMO) in 1995.



As part of the regulatory consent to drill, most authorities require our customers to produce an environmental impact assessment or environmental statement which covers our rig operations. This, combined with our operational procedures, ensures we conduct drilling activities in line with globally recognized environmental good practice.

As part of our environmental management system, all our rigs have Environmental Impact and Aspects Registers. These ensure that our operations are managed in line with environmental management plans required by Environmental Impact Assessments; local and international regulations; and customer requirements.

Spills to the environment

Accidental spills of hydrocarbons and other substances may cause significant ecological harm and long-term effects on biodiversity. Harmful spills may require extensive recovery efforts and can also lead to reputational damage, as well as economic penalties. We handle millions of liters of fluids annually and have a comprehensive reporting system that ensures any accidental discharges are reported and acted on as required by local and international regulations.

Under Seadrill's environmental management system, all spills to the environment are investigated to identify the root cause of the event and to take corrective action to prevent recurrence.

Following good international practice in managing environmental aspects of our operations, Seadrill uses the 'hierarchy of controls' to eliminate harmful substances where practicable, and substitute harmful substances for less harmful alternatives. This applies to fluid management as well as other aspects of health, safety and environment.

An example of the hierarchy of controls applied in practice is how we use low toxicity, high biodegradability fluids where possible, such as BOP fluid. Although BOP fluid is discharged under a regulatory consent, in the event there is an unplanned discharge, we still record this as a spill and investigate to ensure lessons are learned. Our use of the hierarchy of controls enables us to manage all fluids safely and to limit their impact on the environment.

In 2021, with 24 rigs in operation, Seadrill recorded 4 spills of potentially harmful material with a volume of over 10 liters:

- 158 liters of oil-based mud spilled to the moonpool on West Saturn. The moonpool is a fully contained area with a skimmer, and the spilled hydrocarbons were recovered using the moonpool skimmer.
- 447 liters of oil-based mud lost to sea from a bleed line leak on the West Tellus, which fully dispersed with no surface impact.
- 400 liters of diesel from a leaking supply line to a temporary generator on the Sevan Brasil, which was non-operational and under shipyard management in harbour. A full cleanup was completed by the shipyard.
- 200 liters of oil-based mud was lost during transfer from supply vessel on West Phoenix due to an overflowing slop tank. The transfer operation was halted immediately on the overflow being observed and corrective action was taken.

None of these events were categorized as environmentally significant.

There were no reported incidents related to our operations in marine protected areas or areas with protected conservation status in 2021.

Ballast water management and hull cleaning

The handling of ballast water is regulated by the International Convention for the Control and Management of Vessel Ballast Water and Sediments (BWM Convention). All of our rigs have ballast water management plans in place in accordance with the IMO's BWM Convention, which prevents cross contamination of marine life in coastal waters.

Uncontrolled ballast water may contain aquatic organisms or pathogens which, if introduced into the sea, including estuaries, or into freshwater courses, may create hazards to the environment, human health, property or resources, impair biodiversity, or interfere with other legitimate uses of such areas. We recorded no ballast water discharge incidents in 2021.

We also conduct marine growth hull cleaning prior to entering sensitive ecological areas.

Waste water and oily water management

Seadrill complies with the International Convention for the Prevention of Pollution from Ships (MARPOL) regulation that includes the management of oily water, sewage and garbage. There were no incidents or events related to waste water and oily water management in 2021.



Reducing emissions to air and eliminating waste

We are committed to eliminating waste and reducing emissions to air.

We comply with all international and national environmental regulations, including those relating to emissions to air, waste handling and disposal and the responsible recycling of rigs. Our goal is to reduce emissions and eliminate waste wherever possible.

We have been working with our suppliers to reduce the amount of packaging that is traditionally used on material that goes out to the rigs. We are also working with suppliers to determine how we eliminate single-use packaging where possible by moving to a reusable packaging solution.

Our reusable containers have radio-frequency identification (RFID) tags and barcodes built into them which will improve our ability to track stock levels, control waste and reduce the environmental impact of single-use packaging throughout our operations.

Our Supply Chain management team has successfully implemented a pilot program on one of our rigs to utilize refillable lubrication cans, which has reduced the procurement and usage of single-use aluminium aerosol spray cans. On the West Phoenix, a lubrication vending solution has been installed which is capable of refilling lubrication cans with the most commonly used lubricants offshore, such as WD40.



We're working with suppliers to determine how we eliminate single-use packaging.

The vending solution refills the cans using compressed air and these cans can be refilled repeatedly, providing a safe, sustainable and cost-effective solution for dispensing lubricants. This solution will enable Seadrill to target the elimination of single-use aluminium cans that contain lubricants. It also requires less replenishment of store inventories as the lubricants are procured in large totes that are stored in the vending machine cabinet which not only reduces waste handling, but also reduces our carbon footprint.

Air emissions

Our modern fleet complies with all technical air emission and environmental regulatory standards. We introduced Selective Catalytic Reduction technology on a harsh environment semi-submersible on the Norwegian Continental Shelf to reduce NO_x emissions.

Across the fleet, our air emissions reduction program is focused on CO_{2x} emissions reduction, with corresponding reductions in NO_x and methane from fuel combustion. SO₂ emissions are also reduced due to the global reduction in sulphur in marine fuel to a maximum of 0.50% under IMO requirements.

Global fleet GHG air emissions from fuel use (tonnes)

	2020	2021
CO ₂ e	717,606	599,885
CO ₂	711,673	594,925
NO _x	5,767	4,821
Methane	164	138



Lubrication vending solution on the West Phoenix

CASE STUDY

Wastewatch offshore

We are working with a catering supplier to pilot a scheme that is targeted at reducing food waste offshore. This scheme, called 'Wastewatch', involves weighing our food waste after every meal, including waste from stock, production, the buffet and plates. Daily, weekly and monthly food waste reports are produced for each rig.

Reports are displayed on the rig to educate and motivate crew to reduce their food waste. They aim to drive cultural and behavioral change on our rigs to help end avoidable food waste, whether it's generated in the kitchen or by consumers.

The reports enable our supplier to order more accurately and minimize waste, optimizing the logistics required for shipping food offshore and waste back onshore.

As a result of this initiative, food waste was reduced on rigs operating in Norway by 33% from July to December 2021.



Waste

The prevention of pollution by solid waste from ships and offshore platforms is regulated by MARPOL's Annex V,⁶ which prohibits the discharge of most waste into the sea. Regulated waste which is separated for recycling and accumulated aboard a rig is disposed of at designated port reception facilities and, where port facilities allow, eligible and separated waste materials are recycled. Objectives and targets for non-recyclable waste aboard our drilling rigs are currently being established and will be reported in 2022.

Waste data is recorded by rigs in the IMO garbage record. Waste is transferred ashore for final disposal, which is determined by available port waste reception facilities.

Waste data	2020	2021
Total waste (metric tonnes)	2,611	3,655
Waste diverted	145	212
Residual waste disposed	2,466	3,443

Responsible rig recycling

We are committed to the sustainable and socially responsible recycling of rigs.

We are committed to the sustainable and socially responsible recycling of rigs in accordance with our Vessel Recycling Directive. Safeguarding the environment and human health and safety are our priorities at Seadrill, and we ensure these priorities are maintained when a rig is recycled.

The following five rigs were sold for recycling in 2021:

- West Pegasus
- West Alpha
- West Eminence
- West Navigator
- West Venture

All rig recycling is conducted in accordance with applicable laws, conventions and regulations. These include the 2009 Hong Kong Convention for the Safe and Environmentally



West Eminence departing Tenerife for Aliaga, Turkey October, 2021

Sound Recycling of Ships, the Basel Convention on the Control of the Transboundary Movements of Hazardous Wastes and their Disposal, the EU and U.S. EPA Ship Recycling Regulations as well as local laws in the exporting countries where the rigs were located prior to their sale and the local laws in the importing countries where the recycling activities will take place.

Recycling buyers and shipyards are thoroughly vetted and selected in accordance with our Vessel Recycling and Compliance, Anti-bribery, and Corruption directives and under the guidance of independent external counsels and other third-party organizations with extensive international expertise in safe and sustainable recycling. All selected recycling yards are required to demonstrate compliance with relevant and applicable laws, conventions and regulations.



All recycling activities are supervised by an independent third-party who are experts in sustainable vessel recycling.

Of the five rigs sold for recycling in 2021, four were delivered to recycling yards in the second half of the year with the last rig delivered in early 2022. Recycling commenced on two of the rigs, the West Pegasus and the West Alpha, and completed mid-Q1 2022. The recycling of the remaining three rigs took place in 2022.

For the actual recycling activities and their supervision, Seadrill has engaged an independent third-party organization with expertise in safe and sustainable vessel recycling to ensure that required safety and environmental standards are upheld throughout the rig recycling process and that the applicable conventions, regulations and laws are adhered to. There were no reported compliance deficiencies from the recycling yards we utilized in 2021.

CASE STUDY

The West Alpha: Seadrill's first recycled rig

The West Alpha is the first rig that Seadrill will recycle. Built in 1986, the West Alpha is a harsh environment semi-submersible drilling rig with a maximum drill depth of 23,000 ft. It was most recently operational in the Balder Field on the Norwegian Continental Shelf and has been cold-stacked in Norway since August 2016.

In 2021, the West Alpha was sold for recycling and the rig was towed from its cold-stack location in Norway to a recycling yard in Turkey.

The recycling yard in Turkey was chosen because of its documented compliance with applicable conventions and regulations, its proven track record with similar recycling projects, as well as the relative proximity of the recycling yard to the rig's stacking location in Norway.

In preparation for the recycling, a number of surveys and inspections took place onboard the rig in Norway. These included Inventory of Hazardous Materials surveys (IHM I, II & III), Natural Occurring Radioactive Materials (NORM) surveys and Gas Free inspections, which identified equipment and materials that had to be removed from the rig and disposed of prior to departure. This included, amongst other things, equipment and materials containing lead and mercury, mainly found in fluorescent lighting, batteries, and compasses.

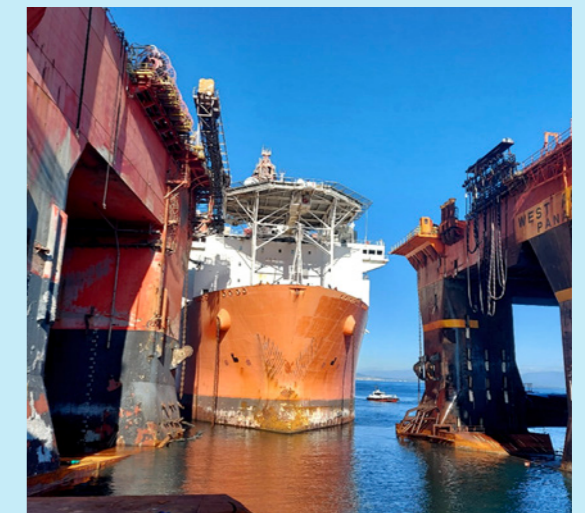
West Pegasus, West Navigator and West Alpha in Aliaga, Turkey December, 2021

In addition to the removal of hazardous materials, Seadrill carried out a full audit to designate rig equipment and parts that could be removed for use elsewhere in the fleet or stored for later use. Certain drilling and well control equipment, as well as spare parts, were identified for this purpose and removed from the rig.

The survey and inspection reports as well as documentation for the safe disposal of the removed equipment and materials were included in the export and import applications submitted to the Norwegian and Turkish authorities in late June 2021. Approvals from both authorities were granted early August, and the rig was moved to the recycling yard in late August.

All recycling activities are being supervised by an independent third-party who are experts in sustainable vessel recycling. This third party provides regular updates to Seadrill about the overall project status and any potential compliance concerns which need to be addressed.

Seadrill is retaining responsibility for the recycling of the West Alpha throughout the process and until the rig is fully disposed of, to ensure that it takes place in an environmentally sound manner, with a clear focus on human health and safety and the environment.



Safe operations

Safety remains front and centre of everything we do.



Using technology to stay safe

We have an experienced and diverse workforce, coupled with industry-leading training to attract, develop and promote talent and uphold our proven safety track record.

Improving red zone management and personnel location in emergency situations has been a key safety focus for 2021. Various technologies are being reviewed to support operational procedures and activities management, which includes our own research and development project, the Vision IQ system.

Vision IQ uses advanced technologies (LiDAR, vision processing and edge computing) to detect and track movements of people and equipment in red zones on our rigs.

We worked on Vision IQ, with the support of Microsoft and Nvidia, to develop a people-tracking technology that resulted in field trials in the US Gulf of Mexico. We are now engaging with partners to implement commercial red zone management solutions that will increase the safety of our drill floors.

Safety

Safety is a core value for Seadrill and underpins everything we do.

At Seadrill we continually strive to create a safe workplace where there are no accidents and no one gets hurt. We take responsibility for our own and others' safety through proper planning and execution, conducting our operations to the highest standards and respecting the natural environment.

The health, wellbeing and safety of our employees, our service providers and the local community is of paramount importance to Seadrill and we aim to be a centre of excellence where our health and safety management system is held as an example to the rest of the offshore drilling industry.

Health and safety	2020	2021	IADC Industry average 2021
Total Recordable Incident Rate (TRIR)	0.28	0.28	0.57
Lost Time Incident Rate (LTIR)	0.04	0.03	0.16
Fatalities	0	1	7

Seadrill has an impressive record in health and safety management, but we strive for continuous improvement by sharing best practice and awareness across the industry. Our philosophy, which supports the achievement of a world class safety performance, is based on every employee or service provider being involved effectively in furthering our safety culture.

Regretfully, one work-related fatality of a sub-contractor took place in 2021 onboard a Seadrill rig. The incident was thoroughly investigated and studied, remedial actions were implemented to prevent reoccurrence, and the associated lessons learned were communicated throughout the company and wider offshore drilling industry.

Operational safety

Human factors are embedded in our safety systems to ensure safe and efficient operations. This includes the control of major accident hazards and defined barrier responsibilities. Our approach to occupational safety includes an observational safety program (the STAR program) and detailed consideration of human reliability in the design of our safety systems and procedures.

Our Standard Operating Manual for drilling activities takes a human reliability and crew resource management approach to safety-critical and high-reliability operations.

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At Seadrill we strive to create a safe workplace where there are no accidents and no one gets hurt.

Health and wellbeing

Maintaining a healthy workforce and supporting wellbeing are key to how we operate.

We continue to see the protection of the health and wellbeing of our people as a key priority. We have developed additional health risk assessments as part of Medfit (see case study on page 33) and mental health programs that are beacons of excellence in the industry. Through them we ensure that our people receive the best preventative care, both mentally and physically.

Our Health Policy states that our goal is to obtain a workforce fit for duty and a working environment that provides job satisfaction and good health conditions.

We achieve this by:

- Adopting a health management system to assure a fit and healthy workforce
- Maintaining a safe and inspiring working environment
- Monitoring our workers health in regard to occupational risks
- Promoting sustainable health and lifestyle behaviors to improve the wellbeing of our people
- Enforcing a zero-tolerance attitude to intoxication in the workplace and substance abuse

A proactive approach to managing COVID-19

During the COVID-19 pandemic, we have remained responsive to the challenges it has presented to our people and our operations. We actively monitor and follow advice from the global scientific community and health authorities, and we adhere to all evolving government guidelines in our operating areas.

We have put in place evidence-based, robust systems for vaccination, ventilation, quarantine, COVID-testing and other infection controls to protect the health and safety of our people and to avoid business disruption. We continue to educate our people and reinforce protective and preventative measures on our rigs, during travel and in our operating communities.

We have continued to lead the industry with our COVID-19 management standards. By sharing our successful approach to infectious disease control with our clients and industry forums we have been able to assist in the global fight against COVID.

Vaccination programs became increasingly widespread in our countries of operation during 2021, and we encouraged our employees to get vaccinated against COVID-19 as soon as vaccines became available to them.

In October, the crew on the West Capella rig became our first offshore team to be fully vaccinated against COVID-19. The achievement took place as a result of close collaboration between Seadrill and its clients, and it has led to the reduction of COVID restrictions on this rig.

While onshore quarantine requirements remained on the West Capella, after achieving full crew vaccination, they were reduced from two weeks to seven days. In addition, there was no longer the requirement for fully vaccinated crew to isolate onboard on arrival on the rig.

The changes led to a marked improvement in crew morale and quality of life onboard. "Having life return to normal is a huge boost to morale," said Ekke Chu, Offshore Installation Manager (OIM), Seadrill. "After spending 7-14 days in quarantine, it is vitally important for our mental health to be able to socially interact again."

Secure operations

Safe and secure operations are essential to the wellbeing of our crews and the delivery of safe and efficient operations. We conduct site risk assessments that align with the International Ship and Port Facility Security (ISPS) code that enables identification of potential security threats defined by international framework using the Maritime Security (MARSEC) threat levels.

Our Company Security Officer (CSO) works alongside Ship Security Officers (SSO) to ensure that the Ship Security Plans (SSP) are maintained in an efficient manner by the SSO.



By sharing our successful approach to infectious disease control with our clients and industry forums, we have been able to assist in the global fight against COVID.

CASE STUDY

Medfit for work offshore

Our Medfit program is a tailored health risk assessment that provides additional protection for our people who work offshore. By providing them with a regular comprehensive medical assessment, unrecognised health issues are detected before significant impacts arise, keeping our people healthy throughout their careers.

The program provides a face-to-face assessment as well as further health education and advice, with referrals back to a treating clinician if a physical or mental illness is detected or suspected. It allows

our people to take control of and be responsible for their health and wellbeing in the long term.

The implementation of the program has led to significantly reduced offshore emergencies globally and has also reduced illness-related absence since its adoption in 2017.

The Medfit assessment was expanded in 2020 to include vaccination against preventable illnesses, including influenza, and now includes a personalized mental health review and COVID-19 vulnerability assessment. This allows employees to identify and address their underlying modifiable COVID-19 impact risk factors and unrecognised mental health impacts.

In 2021, 1,840 of our people had a Medfit medical assessment (2020: 2,482), approximately one third of our offshore employees. The assessment ensures our people are supported with the information they need to effectively manage their health and wellbeing.



Photo credit: International SOS

CASE STUDY BeWell at Seadrill

Seadrill's BeWell campaign, launched in 2021, is designed to raise awareness of and support with common wellbeing concerns, including mental health. It was created following feedback in our 'Your Voice Matters' employee survey, that our people are increasingly looking to the business for support with their wellbeing, particularly due to the COVID-19 pandemic.

The BeWell program is run by a multidisciplinary team working collaboratively across the business.

An annual calendar of events is planned with the aim of supporting employee wellbeing by educating them on health and wellbeing topics and creating a suite of resources that cover physical health, emotional health and social factors.

The campaign highlights a different wellbeing concern every month, and uses personal employee experiences to foster a culture of openness in the organization. The overarching message in the campaign is that we all have our own unique challenges and it is okay to not be okay.

Campaign material is delivered by Safety Officers offshore and is shared onshore by the Medical Director through virtual 'Lunch and Learn' sessions, open to all.

Focus areas in 2021 included drug and alcohol awareness, mental health and 'Fuel Right', an offshore nutrition initiative.

COLLABORATING WITH MENTAL HEALTH CHARITY MIND

To support the BeWell campaign, Seadrill developed its own mental health program in collaboration with mental health charity Mind. The e-learning was developed to raise awareness and understanding of the mental health spectrum and to support our employees with their mental health.

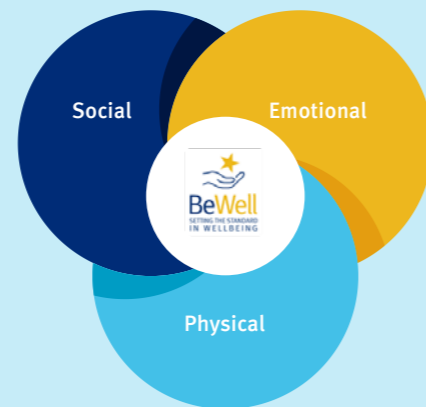
A bespoke program was developed because we felt it was particularly important that the learning reflects our industry context and the real-life experiences of our employees.

FUEL RIGHT ON OUR RIGS

To improve the health and wellbeing of our people, a new healthy eating program called Fuel Right was launched in 2021. The program uses a traffic-light system to identify healthy food options provided offshore versus those with high sugar, fat or salt.

Our catering supplier provided table toppers and placards to support the program and educate employees about what our food really consists of, enabling them to easily identify 'red, yellow and green' types of food.

Regular Fuel Right education sessions were hosted by the company Medical Director on Microsoft Teams to support the program roll-out.



Seadrill's BeWell logo reflects the bio-psycho-social model of health and wellbeing on which the program is based. This model is based on the understanding that social and psychological health and wellbeing have a synergistic relationship with physical health.

Emergency responsiveness

To prepare and become responsive, we continuously plan and train for emergency situations.

Offshore drilling involves managing a number of major accident hazards, including those related to the hazards of drilling, and also those related to marine operations. As a high reliability organization, Seadrill manages these hazards through a multi-barrier approach.

Each Seadrill installation has a Major Accident Hazard Risk Assessment, which identifies all hazards which could lead to a major accident if control of the hazard is lost. We use bow tie analysis to clearly identify the barriers to each hazard, so that we know barriers are in place to ensure potential causes of a loss of control are being fully managed; and also to identify required barriers to mitigate the consequences of an incident if control of a hazard is lost. Seadrill's emergency response system is a key barrier to mitigating the consequences of an incident.

In order to ensure an effective emergency response, each Seadrill installation has a detailed emergency response plan, which identifies all the accident scenarios defined in the Major Accident Hazard Risk Assessment, and identifies response actions required to manage these.

The response scenarios are simplified into easy-to-follow action flow charts, with checklists for key actions. Emergency drills follow this level of definition, meaning that the required response is tailored to the potential major accident scenario, enabling an effective response in a real emergency situation.

Emergency drills are scheduled to ensure all required drills, including major accident; SOLAS and marine drills; and well control drills are completed as required by Seadrill's internal system, as well as regulatory and customer requirements.

Regular drilling to the scenarios defined in Emergency Response Plans allows emergency response to be evaluated against a clear performance standard, and enables experience from drills to feed back into emergency response analysis; actions required in a particular scenario; response timings; and other criteria that can improve emergency response across the fleet.

Seadrill operates a three-tier emergency response system:

- **Emergency Response Team** – this is the on-installation team that brings an emergency under control. Emergency Response Teams are fully trained as on-site responders, including fire-fighting, mass casualty incident response, and major emergency management. All crew are also trained in individual emergency response and offshore survival to ensure all personnel onboard can safely and effectively respond to an emergency, up to and including abandonment of the installation.
- **Incident Management Team** – the Incident Management Team provides onshore support to the Emergency Response Team, including logistics; mobilizing Search and Rescue and other external emergency response support; providing assistance and support to crew members families; and liaising with customers, local authorities and other stakeholders. Incident Management Teams are located in each area of operations, and train and drill in Incident Response to ensure effective support to the Emergency Response Team is provided.
- **Crisis Management Team** – the Crisis Management Team gives additional support to the Incident Management Team, providing resources and support at a Company Level, and provides overall management of incident recovery. The Crisis Management Team is trained in strategic response and carries out response drills to ensure the company has an effective system of emergency response across all areas of operation.



Seadrill identifies and manages hazards through a multi-barrier approach.

Social



Photo credit: Chiswick Park Enjoy-Work

Developing human capital

As of December 31, 2021, we employed 4,172 people worldwide. We have continued our longstanding commitment to attracting, developing, and employing local personnel where we operate across the globe.

Our global employee value proposition (EVP) is a key part of how we identify and attract the right talent for our company. Our EVP strapline to ‘Own the Opportunity’ was developed after we conducted research through a combination of internal and external interviews, focus group workshops and written responses to enable us to validate our EVP themes with target recruitment markets.

That you can ‘Own the Opportunity’ at Seadrill transcends borders and gives meaning to and underpins the work carried out by our people globally.

The best talent in the industry

Seadrill is built on the passion and talent of our people, which is why we are committed to attracting and retaining the best in the industry.

We empower our employees to take responsibility and ownership of their careers and support them to do this by:

- Hiring the right people for the right roles
- Fostering performance through our objective and performance management processes
- Supporting our people to fulfil their potential and build their careers through training and personal development planning
- Rewarding our people thanks to competitive, credible and consistent policies

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We have always aspired to be a place where people want to work and feel a part of the ‘Seadrill family’.

Employee engagement

Our employees are key to our future success.

Our focus is to create and maintain an environment where our colleagues feel respected and valued and can contribute to their fullest potential. We leverage technology to promote online collaborative workspaces to bring our colleagues together across multiple time zones and regions and to help create a global sense of community.

Our employees are key to our future success and we have always aspired to be a place where people want to work and feel a part of the ‘Seadrill family’. Effectively engaging our employees is hugely important to us at Seadrill because, ultimately, we want to create an environment in which our employees thrive at work.

So that we can develop an understanding of what matters most to our employees, we run an employee engagement survey, known as ‘Your Voice Matters’ which takes place every six months. The survey combines research and the latest technology to identify ways to drive behavior change in organizations.

It’s characterized by ongoing six-monthly surveys, regular research-backed ‘nudges’ to help improve individual and team behaviors and monthly quick polls for feedback. In 2021, 71% of the organization shared their insights into how to make Seadrill a better place to work.

Multiple communication channels are available to employees, whether they are based offshore or onshore, to engage them with the business and celebrate their successes and achievements. These platforms enable our people to share learnings and achievements and open up two-way communication within the business.

Our communication channels include Yammer, an internal social network which has been adopted company-wide, and our 'SeaNet' intranet site. We run regular 'Ask the Team' townhalls, which are hosted by the executive committee and have taken place virtually on Microsoft Teams since March 2020.

Our quarterly 'World of Seadrill' magazine aims to engage and inspire onshore and offshore colleagues, sharing news

from around the business, and is supported by a monthly 'Know the drill' email newsletter, as well as regular podcasts and videos, shared on email, SeaNet and Yammer.

'Lunch and learn' sessions, hosted virtually on Microsoft Teams, are used to highlight key campaigns around the business, such as the BeWell health and wellbeing campaign (see page 34) and safety messages.



Monique Soares da Cruz, Assistant Technical Lead, West Carina. Photo credit: Rebecca Stephen

Diversity and inclusion

Seadrill is committed to creating a diverse and inclusive workplace for all of its employees

We strive for a workplace where diversity is valued and every employee has the opportunity to develop skills and talents consistent with our core values.

At Seadrill we hire, promote and reward our employees based on their capabilities and skills.

Diversity is central to our work principles of fairness and respect and drives creativity, innovation and strategic decision making. Broadening our diversity and inclusion agenda is a key priority for the business as we look to raise awareness and foster a culture of inclusion.

We know that words and principles are only a part of the promotion of greater diversity and that consistent and continuous actions to push a greater balance of diversity are vital. We continue to promote our approach to diversity and monitor all aspects to ensure continued improvement.

Diversity data	2021 (#)	2021 (%)	Total workforce
Total workforce (including CWKs ⁷)	4,172	100%	4,172
Total workforce offshore (including CWKs ⁷)	3,479	83%	3,479
Total workforce onshore (including CWKs ⁷)	693	17%	693
Demographics – female			
Onshore (% female)	232	33%	693
Offshore (% female)	47	1%	3,479
All employees (% female)	279	7%	4,172
Senior management L4+ (% female)	3	14%	21
Age breakdown – all			
< 30 years	404	10%	4,172
30–50 years	3,046	73%	4,172
> 50 years	722	17%	4,172
Age breakdown – onshore			
< 30 years	78	11%	693
30–50 years	480	69%	693
> 50 years	135	19%	693
Age breakdown – offshore			
< 30 years	326	9%	3,479
30–50 years	2,566	74%	3,479
> 50 years	587	17%	3,479
Nationalities – all			
	61		61

⁷ CWK: contingent workers, employed by third party and performing Seadrill-scope roles

Training and development

We are committed to investing in developing the capabilities and skills of our people.

We are committed to developing our workforce’s capabilities, skills, and competencies. Providing our employees with constructive training programs allows us to grow and retain human capital. From onboarding and induction through to formal and on-the-job training, we view our investments in training and development as essential to creating a continuous learning opportunity for our people.



Our offshore workers benefit from immersive simulator training that realistically emulates the environment they experience on the rig. This allows our people to train in a safe environment and enables them to practice and learn the skills needed to safely and effectively operate our rigs.

Training opportunities available to our people include immersive simulator managed pressure drilling (MPD) training; enhanced well control training; performance management training; data-driven performance training; and rig integrity training. By investing in industry-leading immersive training, we prepare our teams in the classroom and in the simulator to tackle critical jobs, situations and conditions that occur on the rig so they are prepared for every eventuality.

Seadrill-specific training available to our people includes compliance, ethics and governance training, wellbeing and mental health training and data and cybersecurity training. Compliance with this ESG-related training is at over 90% across the company.

ENHANCED WELL CONTROL TRAINING

Our enhanced well control training is the most comprehensive in the industry. We developed our well control training provision in conjunction with the International Well Control Forum (IWCF), combining simulated advanced technical and behavioral content.

This advanced training has been rolled out globally across our fleet. It is our aim to train and develop all our drillers internally to the IWCF standard, and we are on track to deliver this.

Training data	2020	2021
Total hours classroom training	42,200	42,192
Total hours internal eLearning	15,500	22,000
Safety training hours	9,352	11,760
Average hours per employee	18.6	18.3

CASE STUDY

Driller Development Program evolves throughout the COVID-19 pandemic

Seadrill has continued to provide training to drillers and assistant drillers during the COVID-19 pandemic through its Driller Development Program (DDP). The program is designed to give our drillers a broad skillset and solid grounding in areas such as drilling optimization and well construction.

Prior to the pandemic, an eight-day DDP was held in Dubai, Houston and Aberdeen every year for Seadrill’s drillers and assistant drillers, focusing specifically on their work environment: the drill floor. The course was taught on fully immersive simulators and in a classroom environment, and covered leadership, effective communication and teamwork skills.

To maintain driller development during the pandemic, and to address the continued need for leadership training, in early 2021 the Drilling and Well Control department developed a two-day Virtual Driller Development Program.

The course introduces six key leadership topics that are proven to help in running any team but have been designed around the offshore work environment. The topics are taught as Well Operations Crew Resource Management (WOCRM).

The pilot program of the Virtual Driller Development Program kicked off in Q2 2021, and it received positive feedback from the initial ten participants. Due to its success, the WOCRM training will remain a key component of Seadrill’s ongoing rig leadership training, and moving forward, it will remain a virtual course, reducing the face-to-face training requirement of the DDP from eight days to six days.

The face-to-face DDP started back up in early 2022 with a new advanced fully configurable simulator being prepared for installation in Dubai.



Drill crew being trained on a virtual reality drill simulator

Community impact

Generating local economic value and positive social and environmental benefits.

Local community investments and sponsorships are aligned with our goal of developing local employment opportunities in the oil and gas sectors.

Seadrill encourages employee-supported volunteering and employees can take up to two days paid time off annually, to volunteer during working hours.

Employees can choose to use their volunteering time to support a charity or community group of their own choice, or to take up an opportunity coordinated by the company.

We also contribute to organizations whose values and mission are aligned with our own. For example, we partnered with the charity Mind to create a Mental Health awareness program in 2021, see case study on page 34 for details.

In recent years, we have supported Movember, a global charity that raises awareness about men's health issues including mental health, suicide prevention, prostate cancer and testicular cancer.

In 2021, we 'united for Movember' with other drilling contractors to encourage everyone in the drilling industry to raise awareness about men's health issues. A total of \$US 3,960 was raised for the Movember foundation by Seadrill employees, who ran or walked over 2,000 km in total to support the charity.

Supporting community projects with regional initiatives

We have a long track record of supporting organizations and community projects in areas where we work, and we carried out a number of regional initiatives in 2021.

In November, the Mexico office came together for a beach clean in Ciudad del Carmen. Onshore employees and their families met at El Tubo mangrove beach and collected 450 kg of garbage across a 350 meters span of the beach. The 'Heal the Beach' concept was started by the team in Mexico in 2019 to support and give back to a community that's been home to Seadrill for over ten years.

The team in Mexico also supported a local cancer charity by collecting plastic bottle caps to help fund life-saving equipment for children in need. The charity funds one chemotherapy session for every 1,000 caps collected, and the team were able to deliver the caps to a local family who was being supported by the charity.



CASE STUDY

Providing community support during Hurricane Ida

Hurricane Ida hit the US state of Louisiana on Sunday August 29, 2021, bringing with it 150 mph winds, heavy rainfall, tornadoes, flash and urban flooding, as well as a life-threatening storm surge along the coast. The region plays an important role in our US Gulf of Mexico operations, and is home to many Seadrill employees and third parties who were directly impacted by the storm.

In the immediate aftermath of the storm, Seadrill employees came together and developed a relief plan to help those in need. Some volunteered to collect relief supplies from their own homes, while others

offered up transportation and personal time to deliver items where they were most needed.

A call went out company-wide for items that were needed to support the relief plan, including generators, tools and canned goods. As a result of the relief efforts, the contributors filled a truck and a trailer with goods, food and materials for those in need.

Dustin Torkay, Head of Projects, said, "My thanks and gratitude to everyone who answered the call for help in response to Hurricane Ida. Over the past few days, everyone has rallied together and pitched in to assist our Seadrill employees and their surrounding community which has been so severely impacted by this hurricane."



Materials sent to support the relief plan

CASE STUDY

Celebrating Kids Care Week with Seadrill #safeactions

Kids Care Week, celebrated in the third week of October, recognizes the power of kids to help others in their community and the world.

In Brazil, to celebrate Kids Care Week, the HSE team invited Roughneck and Artist Roniclecio Santos, to develop some Seadrill Safe Action awareness materials for children, with each drawing representing a different Seadrill Safe Action.

The drawings were shared throughout Seadrill on the intranet and via email, and an informal coloring competition was launched to encourage employees

to share the drawings with their families and enjoy coloring them together while explaining how the actions can help us all at home, at school and offshore.

Employees were encouraged to share the finished artwork on Yammer, Seadrill's internal social network, posting them with the hashtag #safeactions. Twelve of the designs were chosen to be featured in the 2022 Seadrill calendar, which were sent out to rigs and offices at the end of the year.



Seadrill Safe Actions calendar front cover

Governance

Policies and directives

The Seadrill Board of Directors are responsible for the strategic oversight and governance of all company activities globally, including for sustainability-related matters.

Our governance of sustainability-related matters is set out in our management system, our Sustainability Directive and in related ESG policies and directives. Our ESG-related policies and directives include:

- Ethical Conduct Policy
- Code of Conduct
- Compliance with Anti-Bribery and Corruption Directive
- Reporting Ethical Concerns Directive
- Safety Policy
- Health Policy
- Diversity Policy
- Modern Slavery Act Statement
- Training and Competence Development Policy
- Environmental Policy
- Vessel Recycling Directive.

Our ESG policies are regularly reviewed and approved by the CEO. More information about our Board, their governance and our policies can be found in our Annual Report and on our website: seadrill.com.

Active Sustainability Taskforce

In 2021, we formed a Sustainability Taskforce of key representatives from across the business. The purpose of the Sustainability Taskforce is to coordinate the development and execution of ESG initiatives. In 2021, the Sustainability Taskforce were instrumental in completing our first comprehensive Climate Risk Review (see our TCFD Statement in the appendix). The Sustainability Taskforce were also responsible for identifying and assessing material topics for our sustainability reporting.

Ethical business conduct

Seadrill operates to the highest ethical business standards.

Our stance on anti-corruption, as well as our policies for ensuring that employees and business partners adhere to high standards of business and personal ethics, is laid out in our Code of Conduct and our Ethical Conduct Policy.

We do not tolerate corruption or bribery in any form. This includes receiving, offering, promising, giving or authorizing the giving of bribes, kick-backs or other similar payments and benefits (including facilitation payments directly or indirectly to any person).

In 2021, we released the Compliance Charter which outlines the accountabilities and responsibilities for Compliance and Ethics in Seadrill and provides an overview of Seadrill's Ethics and Compliance Framework. This considerably strengthens the ownership of integrity and ethics in the business, and fully integrates compliance in daily business activities and strategic planning.

The Charter also creates the Ethics and Compliance Committee which includes members of the executive committee and is chaired by the Chief Compliance Officer (CCO). This committee supports the CCO in the implementation of the Ethics and Compliance framework.

Anti-corruption training

Our approach to bribery and corruption is comprehensive and involves all of our employees, our business partners, and our suppliers. We believe in a collective approach to addressing systemic integrity challenges. The Company's Directive on Compliance with Anti-Bribery and Corruption provides clearly documented requirements and guidance.

We regularly conduct online and in-person anti-bribery and compliance training. This covers Code of Conduct, anti bribery and corruption, and data protection among other topics.

Seadrill has implemented the Seadrill Compliance Portal, Seadrill's one-stop compliance platform which includes modules covering business partner review, investigations, business hospitality and charitable donation requests, 'Ask Compliance' and a Campaigns module.

The Campaigns module enables e-training sessions as well as awareness and informational videos to be disseminated to all employees. All training completed under this module is captured in the system and can be used to identify those who have completed training as well as providing management with a useful metrics tool. The 'Ask Compliance' module enables employees to ask questions of the compliance team and to access a 'FAQ' section.

The Campaigns module was launched on October 26, 2021. Since then, two mandatory training campaigns and one awareness campaign have been disseminated across the company, with a good completion rate.

Whistle blowing mechanism

Violations of our Code of Conduct or our Ethical Conduct Policy can be reported via an independently operated integrity hotline. All reporters have the option to keep their identity confidential. All reports made via the integrity hotline are investigated under the oversight of the CCO in accordance with established guidelines and processes.

Supply Chain management

Our suppliers are required to operate to our high social and environmental standards.

We expect our suppliers to operate to the same ethical, social and environmental performance standards as our own. These standards are set out in our Supplier Code of Conduct

and are aligned to the Ethical Trade Initiative (ETI) and International Labour Organisation (ILO) Conventions, and require that:

- Local laws are respected
- Employment is freely chosen
- Child labor shall not be used
- Illegal labor shall not be used
- Appropriate wages are paid
- Working hours are not excessive
- The right to collective bargaining is respected
- Working conditions are safe and hygienic
- No discrimination is practiced
- No harsh or inhumane treatment
- Businesses operate ethically
- No unauthorized sub-contracting

Prior to onboarding and entering into contracts with any new business partners we carry out a business partner review to identify and assess any ethical, social and environmental risks.

All third parties working with Seadrill, whether they be suppliers of goods, services, brokers, agents, or partners are assessed as to the level of compliance risk they pose, and are reviewed for suitability prior to being added onto the Seadrill approved suppliers and manufacturers list. Suppliers are monitored for their ongoing compliance and are required to enter into agreements that include anti-bribery terms.

We take our responsibilities relating to modern slavery seriously and ensure that modern slavery or human trafficking is not taking place within our business or our supply chain. We are committed to improving our practices to combat slavery and human trafficking. In 2021, this has included, embedding human rights elements into the new supplier prequalification review process within the Seadrill Compliance Portal and reviewing and strengthening our anti-slavery clauses in our supply chain contracts with all suppliers.

“
We expect our suppliers to operate to the same ethical, social and environmental performance standards as our own.”

Cyber security

We have invested in comprehensive security systems, creating our 'Six Pillars of Information Security' framework. These pillars describe the key behaviors that every employee is required to demonstrate to keep Seadrill secure.

The Information and Digital Security team at Seadrill is made up of several discreet functions that work together to defend Seadrill against cyber-attack and other information security risks. The Information Risk Management function within the team is responsible for identifying, assessing and managing information technology and operational technology risks.

Information services and information technology operated by a third party provider are constantly monitored to ensure they remain in compliance with Seadrill's governing directives and security operation controls at all times.

Seadrill's own Security Operations function deals with day-to-day information and operational technology security issues as well as information security awareness and training campaigns. The Risk and Controls function ensures that information services are 'secure by design'.

Our strategic management and governance continually evolves to assess Seadrill's current security capability, our competitor's security capability and our regulators and customers security requirements. Seadrill is committed to ensuring it has an appropriate set of controls to meet today's needs and an effective program to meet tomorrow's expectations.

Data privacy and security

We have established a comprehensive data privacy and security system and test it regularly.

Protecting employee, customer and company data held at Seadrill is critically important to us. We want our employees and business partners to be confident that their data is safe and secure and we are transparent in how we use it. We comply with all applicable data privacy and protection requirements in the countries in which we operate, including the EU and UK General Data Protection Regulation (GDPR). Our Data Privacy Statement is publicly available on our website. There were no reports of data privacy or security breaches in 2021.

“
Our 'Six Pillars of Information Security' describe the behaviors that every employee needs to demonstrate to keep Seadrill secure.”



SASB DATA DISCLOSURE TABLE¹

▼ DISCLOSURE ▼ VALUE OR REFERENCE ▼ MEASURE ▼ SASB REFERENCE

EMISSIONS REDUCTION SERVICES & FUELS MANAGEMENT

Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicle and (2) off-road equipment	Not applicable	Gigajoules (GJ), Percentage (%)	EM-SV-110A.1
Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts	Pages 14–23, 26 and 52–55	n/a	EM-SV-110A.2
Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions	Not applicable	Percentage (%)	EM-SV-110A.3

WATER MANAGEMENT SERVICES

(1) Total volume of fresh water handled in operations, (2) percentage recycled	No freshwater used	Thousand cubic meters (m ³), Percentage (%)	EM-SV-140A.1
Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities, and impacts	Pages 24 and 25	n/a	EM-SV-140A.2

CHEMICALS MANAGEMENT

Volume of hydraulic fracturing fluid used, percentage hazardous	Not applicable	Thousand cubic meters (m ³), Percentage (%)	EM-SV-150A.1
Discussion of strategy or plans to address chemical-related risks, opportunities, and impacts	Pages 24–26, 28 and 29	n/a	EM-SV-150A.2

▼ DISCLOSURE ▼ VALUE OR REFERENCE ▼ MEASURE ▼ SASB REFERENCE

ECOLOGICAL IMPACT MANAGEMENT

Average disturbed acreage per (1) oil and (2) gas well site	Not applicable	Acres(ac)	EM-SV-160A.1
Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities	Pages 24–29	n/a	EM-SV-160A.2

WORKFORCE HEALTH & SAFETY

(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), (4) total vehicle incident rate (TVIR), and (5) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	(1) TRIR 0.28 (2) Fatality Rate 0.016 (3) NMFR 0.3 (4) TVIR N/A (5) 50,000+ HRS A) 40,000 B) 10,000 C) N/A	Rate	EM-SV-320A.1
Description of management systems used to integrate a culture of safety throughout the value chain and project lifecycle	Pages 30–35, 40, 45 and 46	n/a	EM-SV-320A.2

BUSINESS ETHICS & PAYMENTS TRANSPARENCY

Amount of net revenue in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	n/a	Reporting currency	EM-SV-510A.1
Description of the management system for prevention of corruption and bribery throughout the value chain	Pages 45 and 46	n/a	EM-SV-510A.2

SASB DATA DISCLOSURE TABLE

DISCLOSURE	VALUE OR REFERENCE	MEASURE	SASB REFERENCE
MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT			
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	To be reported in 2022	n/a	EM-SV-530A.1

CRITICAL INCIDENT RISK MANAGEMENT			
Description of management systems used to identify and mitigate catastrophic and tail-end risks	Pages 30, 31 and 35	n/a	EM-SV-540A.1

ACTIVITY			
Number of active rig sites ²	36	Number	EM-SV-000.A
Number of active well sites ³	98	Number	EM-SV-000.B
Total amount of drilling performed	320,293	Meters (m)	EM-SV-000.C
Total number of hours worked by all employees	12.1 million	Hours	EM-SV-000.D

EXPLANATORY NOTES

- Disclosures are based on the Sustainability Accounting Standards Board (SASB) Oil & Gas - Services Standard (2018).
- Rigs that are on location and involved in drilling, completions, cementing, fracturing, decommissioning etc., are considered active. Rigs that are in transit from one location to another, or are otherwise idled, are inactive.
- The number of well sites for which the entity has provided or is providing (on an ongoing basis) drilling, completion, fracturing, and/or decommissioning services.

DISCLAIMER

Matters discussed in this report may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect Seadrill Limited’s (“Seadrill’s”) current views with respect to future events and financial performance. The words believe, anticipate, intend, estimate, forecast, project, plan, potential, may, should, expect and similar expressions identify forward-looking statements.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management’s examination of historical operating trends, data contained in Seadrill’s records and other data available from third parties.

Although Seadrill believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond Seadrill’s control, Seadrill cannot assure you that it will achieve or accomplish these expectations, beliefs or, projections.

Risks and uncertainties include, but are not limited to, the failure of counterparties to fully perform their contracts with Seadrill, the strength of world economies and currencies, general market conditions, including fluctuations in rig hire rates and rig values, changes in demand in the drilling markets, changes in Seadrill’s operating expenses, including fuel prices, drydocking and insurance costs, the fuel efficiency of our rigs, the market for Seadrill’s services, availability of financing and refinancing, rig hire counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental and environmental rules and regulations or actions taken by regulatory authorities including those that may limit the commercial useful lives of rigs, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of drilling

activities due to accidents or political events, and other important factors described from time to time in the reports Seadrill files with, or furnishes to, the Securities and Exchange Commission, or the Commission, and the New York Stock Exchange, or NYSE.

Seadrill undertakes no obligation to update or revise any forward-looking statements. These forward-looking statements are not guarantees of Seadrill’s future performance, and actual results and future developments may vary materially from those projected in the forward-looking statements.

Unless otherwise indicated, information contained in this report concerning Seadrill’s industry and the market in which it operates, including its general expectations about its industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates as well as third party sources widely available to the public such as independent industry publications, government publications, reports by market research firms or other published independent sources.

Internal data and estimates are based upon this information as well as information obtained from trade and business organizations and other contacts in the markets in which Seadrill operates and management’s understanding of industry conditions. This information, data and estimates involve a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed above. You are cautioned not to give undue weight to such information, data and estimates.

While Seadrill believes the market and industry information included in this report are generally reliable, it has not independently verified any third-party information or verified that more recent information is not available.

SEADRILL CLIMATE RISK STATEMENT 2021

This summary statement of Seadrill's climate-related risks has been prepared in alignment with the Taskforce for Climate-related Financial Disclosures' (TCFD) recommendations.

GOVERNANCE

1	Describe the Board's oversight of climate-related risks and opportunities	In 2021, Seadrill undertook a Climate Risk Review, specifically examining risk categories described in the TCFD framework – namely, physical, regulatory, market, technology and reputation risks (and opportunities). The documented review was presented to the Board. The Board now regularly reviews climate-related risks and opportunities as part of its overall responsibility for risk governance.
2	Describe management's role in assessing and managing climate-related risks and opportunities	Management regularly reviews climate-related risks and opportunities, on an ongoing basis, as part of its responsibility for enterprise risk management. Risks identified and described in the recently-completed Climate Risk Review are incorporated into the enterprise risk management system, where appropriate, and will continue to be regularly reviewed and updated. Management develops work programs to address specific climate-related risks and opportunities, including creating specialized management roles with responsibility for delivering those critical work programs. Management regularly engages with industry experts in developing recommendations for the Board on climate-related risks and opportunities, including those listed in the table following.

STRATEGY

3	Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	See separate risks and opportunities table following.
4	Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning	See separate risks and opportunities table following.
5	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario	Seadrill has completed an analysis which includes a range of climate scenarios – ranging from business-as-usual to 2 degree C or lower. Included in the scenario analysis is the reduction pathways required to achieve various climate goals, including the IMO's and the Paris Agreement's current 2030 and 2050 climate targets. Strategy is evolving in response to the range of various future climate scenarios, with the aim to adapt as required and ensure resilience is built in.

RISK MANAGEMENT

6	Describe the organization's processes for identifying and assessing climate-related risks	A formal Climate Risk Review process, including management workshop, expert independent advisory and ongoing development has been used to identify and assess climate-related risks. Outputs from the Climate Risk Review process are elevated to Executive management for further assessment and validation.
7	Describe the organization's processes for managing climate-related risks	A range of management approaches are used for addressing climate-related risks, including monitoring, mitigation and adaptation. Risks are integrated into the Enterprise Risk Management system, as appropriate, and where required, work programs are established to manage the risks.
8	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Risk management approach to climate-related risks has been updated and incorporated into Board and management processes.

METRICS AND TARGETS

9	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk process	GHG emissions are measured in carbon dioxide equivalents. Other metrics are being developed for risk measurement.
10	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks	See climate and emission reporting in the Environmental section of this sustainability report on pages 14-23.
11	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	GHG emission reduction targets have been developed and targets and performance are reported on pages 14-23.

PHYSICAL RISKS
<ul style="list-style-type: none"> • Extreme weather / increased frequency of extreme weather and related knock-on effects e.g. increased wave height • Extreme weather-related spill events and rig damage • Damage / disruption to operations i.e. rig installation and operation • Health and safety impacts on workforce of extreme weather events e.g. ability of workforce to access and operate in certain areas, including onshore areas • Infrastructure adaptations required, new or different investments required.
REGULATORY RISKS
<ul style="list-style-type: none"> • Regulations are increasing and some evidence that they are becoming more aligned (to Paris agreement) from country to country • Carbon taxes and tariffs present regulator risks in countries, areas of operations and flag states • Low-carbon regulatory requirements for self-propelled vessels requiring additional investment in technologies, systems and operational management approach • Regulatory-related reductions in demand for oil and gas • Regulated requirements for carbon budgets and project budgets • Risk of non-licensing of E&P blocks e.g in US Gulf • Impacts of speed of regulatory shift on business planning, strategy and cost structures to comply with new and additional regulations.
MARKET RISKS
<ul style="list-style-type: none"> • Changing customer requirements and contract risks – meeting market expectations • Being able to demonstrate measurable performance requirements • Impacts on business planning, strategy and cost structures to meet new and evolving market requirements • Carbon intensive industries may have difficulty accessing capital, with a higher cost of capital • Customers are developing their ESG frameworks for the next 5–10 years. Need to align with their framework, including with their climate-related goals. Risks and opportunities involved: <ul style="list-style-type: none"> o Unknown timelines or requirements for customer ESG plans and targets (creates alignment risks) o Known that it is not a matter of ‘if’ but ‘when’ • Country by country low-carbon transition approaches – need to follow a suitable pathway to meet customer and jurisdictional requirements • Shift from CDP (passive) disclosure requirements to demonstration of an action-oriented approach • Lenders and finance providers are setting higher ESG standards, including low-carbon requirements. Shifting to becoming owners with equity and wanting more board representation and influence.

TECHNOLOGY RISKS
<ul style="list-style-type: none"> • Offshore marine engine, fuel and systems technology - risks of being applicable and fit for purpose • Capex impacts and linking to customer commitments, with new operating models required • Number of people in workforce reduced through technology • Risks associated with the development and deployment of new technologies.
REPUTATION RISKS
<ul style="list-style-type: none"> • Reputational effects related high carbon intensity • Reputational impacts related to upstream and downstream value chains • Follow on effects with recruiting and retaining employees i.e. seen as carbon intense industry • Third party risks – works both ways i.e. risks created and managed through relationships with third parties • Retro-active versus proactive approach to reputation management.
OPPORTUNITIES
<ul style="list-style-type: none"> • Becoming the recognized low/no carbon operator of choice • Low carbon access to green debt and lowering of cost of capital • Repositioning for provision of green energy services • Access to new green activity markets • Adaptation leading to increased operational performance • Attraction and retention of people committed to high ESG performance • High ESG performance driving an enhanced reputation • Accessing government funding/grants for new green technology • The opportunity exists to stay ahead of regulation and define/maintain a high ESG standard which presents market and reputational benefits • Technology opportunities are emerging to address and reduce GHG, NO_x, SO_x and PM emissions • Technology opportunities e.g. Carbon Capture and Underground Storage (CCUS) • Technology opportunities for improving (increasing efficiency) onboard systems, including alternative fuels and hybrids • Some climatic changes may present access or easier access to new exploration areas.



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