



IADC ESG Reporting Guidance

Issue 1.0

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Introduction

We see increasing awareness and discussion around the social, environmental, and governance (ESG) impacts on our organizations and the communities where we operate. Companies may choose to communicate to their stakeholders how they manage ESG factors, taking into account their size, structure, regulatory requirements, and other considerations.

For companies that are publicly traded, the investment community seeks ESG-related data to help inform investment decisions. All member companies may also receive inquiries from customers and employees regarding their ESG practices. Accordingly, member companies may choose to publicly disclose ESG information in a Sustainability Report or through other disclosures.

The IADC ESG Reporting Guidance Workgroup has developed the IADC ESG Reporting Guidance to assist members on how to evaluate whether and how to report relevant Drilling Contractor ESG information in an annual Sustainability Report or through another method. This Guidance presents information that may be considered when reporting and referencing relevant reporting standards that can provide further definition.

IADC Environmental, Social, and Governance (ESG) Position

IADC and its member companies strive to help the world obtain the reliable and affordable energy it needs in an environmentally and socially responsible way.

We support the following:

- Commitment to innovation to deliver solutions for customers that are mindful of environmental impact and greenhouse gas (GHG) emissions.
- Proactive engagement with the communities in which we operate.
- Diverse organizations that provide a safe and respectful work environment with equal opportunities for employee development and growth.
- Strong governance practices that identify and address risk to company and industry stakeholders.

IADC Sustainability Committee Mandate/Scope

IADC's Sustainability Committee seeks to provide the following:

- Education and information to members on the evolving ESG landscape.
- A forum for sharing ideas and collaboration around ESG efforts.
- A collective voice for member companies to provide proactive, real-world feedback to regulatory agencies and other interested stakeholders.

Environmental Reporting

Emissions and Fuels Management

Items not listed in the Guidance are considered immaterial to the industry statement.

Item	Description	Examples	Source
Scope 1	<p>Direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization.</p> <p>The fuel consumed in well construction activities is the primary source of GHG emissions during such operations.</p> <p>While under contract, drilling equipment specifications and operating parameters are primarily determined and controlled by the wellsite E&P operator, and fuel is generally provided by the E&P operator.</p>	<ul style="list-style-type: none"> • Drive engines • Generators • Fleet vehicles • Facility Heating (boilers, furnaces, etc.) • Forklifts • Heavy vehicles 	EPA GHG Protocol
Scope 2	<p>Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.</p>	<ul style="list-style-type: none"> • Energy purchased from the grid • CNG delivered to a facility 	EPA GHG Protocol
Scope 3	<p>Emissions that are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.</p>	<ul style="list-style-type: none"> • CO₂e (mT) • Emissions associated with manufacture, transport, and disposal of purchased goods and services • Emissions from business travel such as flights and rental cars (note company vehicles on company time are Scope 1) • Emissions from employee commute 	EPA GHG Protocol

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Intensity	Task Force on Climate-Related Financial Disclosures (TCFD)—Intensity metrics should be used to normalize emissions usage for a particular service delivery or operation.	<ul style="list-style-type: none"> Fuel (m3) per day CO2e (mT) Per rig/day Per employees or manhours (200K/1M) Distance drilled Per contract day Per horsepower/KW hour Annual per revenue 	IPIECA GHG Protocol GRI
GHG management action plan	Description of long-term and short-term strategy or plan to manage GHG emissions.	<ul style="list-style-type: none"> Identify strategy and intended actions around GHG emission management 	GHG target lists for reference
Energy mix (breakdown of energy consumed)	The total amount of energy consumed as an aggregate figure, in gigajoules (GJ), the percentage of energy consumed supplied from 1) heavy fuel oil and 2) renewable/low-carbon energy.	<ul style="list-style-type: none"> Dual fuels Alternative fuels High-line power Breakdown on power used 	GHG protocol

Air Pollution

Item	Description	Examples	Source
Additional climate reporting considerations	<ul style="list-style-type: none"> Sulphur emissions. Policy for compliance with Sulphur regulations including global Sulphur limits and relevant emission control area (ECA) limits. Report a) the percentage of the fleet that has scrubbers installed and b) target percentage of the fleet that will have scrubbers installed. 	Pertain to high sulfur fuel only	IMO GRI
Flaring/Venting	Flaring falls under operator scope		
Additional air emissions for contractor	<ul style="list-style-type: none"> Emissions of other significant air pollutants Refrigerants Refer to Scope 1 description 	NOX, SOX, PM, VOC, Black Carbon	GRI SASB IMO

Water and Waste Management

Item	Description	Examples	Source
Water management	Overview of water management system and efforts around minimization of water usage.	<ul style="list-style-type: none"> • Non-drilling-related water consumption • Water discharge – specify intentional discharges • Wastewater produced • Operator vs contractor control 	SASB
Waste Management	<p>Overview of waste management program—including, for example, industrial waste, hazardous waste.</p> <p>Plan and actions for reduction of waste including reuse and recycle.</p>	<ul style="list-style-type: none"> • Volume and type • Garbage • Drilling fluid • Chemicals management • Operator vs contractor control 	SASB (Oil and Gas Services)

Environmental Impact Management

Item	Description	Examples	Source
Spills	<p>Number of spills and releases to the environment.</p> <p>Define spills as planned/permitted or unplanned.</p>	<ul style="list-style-type: none"> • Number • Company-specific reporting threshold • Number of regulatory notifications • Volume of recordable spills • Rate per man hour 	

Asset Recycling

Item	Description	Examples	Source
Responsible asset recycling Policy	Offshore (maritime) but flexibility for land drillers.	<ul style="list-style-type: none"> • Narrative description on process • Assets recycled during reporting periods • Operator vs Contractor Control 	Maritime regulations

Hazardous material assessment	Management of hazardous material within the asset construction and decommissioning.		IMO
Number of assets recycled during reporting periods	Covered in Policy line item.		

Social Reporting

Below are possible data and other metrics that a company may choose to report.

Workforce Health and Safety

Item	Description	Examples	Source
Safety Metrics	Refer to IADC metrics – Total Recordable Incident Rate (TRIR). Calculation: Medical Treatment Only + Restricted Work/Transfer Case + LTIs + Fatalities * 200,000) / Total Manhours.	<ul style="list-style-type: none"> • TRIR • SIF • MTO • FTLs • RWTC 	IADC HSE ISP Program
Lost Time Safety Metrics	Refer to IADC metrics – Lost Time Incident Rate (LTIR). Calculation: LTIs + Fatalities * 200,000) / Total Manhours.	<ul style="list-style-type: none"> • LTIR 	
Verification Methodology	Requirements, verifications, compliance, (ISN (offshore)/OSHA/SEMS, etc.)	<ul style="list-style-type: none"> • OSHA • ISN • SEMS 	

Inclusion, Diversity, and Equality

IADC is committed to diversity both within the Association and in the industry workforce. We encourage the building and maintaining of a safe and respectful work environment where all employees have an equal opportunity to prosper. Our approach to diversity focuses on developing a workplace environment that maximizes the potential of all employees by valuing diversity, interpersonally and institutionally. IADC is focused on initiatives that encourage the recruitment and career management of anyone interested in undergoing the rigorous training that is required to produce the next generation of drilling industry leaders.

Item	Description	Examples	Source
Information pertaining to efforts to support diversity, equality, and inclusion	<ul style="list-style-type: none"> Demographic information pertaining to select levels of organization. Recruiting and Outreach efforts. Training and Employee Development Programs. Policies supporting diversity, equality, and inclusion and other equal employment opportunities. 	<ul style="list-style-type: none"> Possible demographic detail Mention of other company specific programs 	
Labor Rights	Description of policies regarding the freedom of organization and collective bargaining agreements.	<ul style="list-style-type: none"> Labor Rights / Human Rights Definition around company policy / regulation. 	

Community Relations and Engagement

Strategic programs that identify both community and industry sector needs such that charitable investments bring value to the community, the organization, and its employees. Examples: STEM Education Health and Wellbeing, Conservation, and Environmental Stewardship.

Human Capital

Item	Description	Examples	Source
Training and competency	Overview of annual training hours in the organization. Average hours of HSE and Emergency Response training for (a) full-time employees, (b) contract-employees, and (c) short-service employees; inclusive of training related to a safe and respectful work environment.	<ul style="list-style-type: none"> Training courses eLearning in-house Drills Critical training Onboard and inductions 	SASB
Health and Wellness	Overview of Health and Wellness programs.		

Governance Reporting

IADC encourages strong governance through policies and procedures that enable its member companies to operate ethically, transparently, and in a way that appropriately identifies and addresses risk. Recommended governance disclosures focus on the presence, execution, outcomes, and oversight of these policies and procedures in alignment with regulatory and best-practice frameworks.

Item	Description	Examples	Source
Business Ethics and Payment Transparency	Corruption Risk (SASB --Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index)		TCFD
	Facilitation payments		FCPA
	Description of management systems to prevent corruption and bribery.		FCPA
	<ul style="list-style-type: none"> • Risk Management and alignment of parties / partners in industry. • Board oversight, strategy/risk/opportunity. • Cybersecurity. 		TCFD
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks.		
ESG Governance	<ul style="list-style-type: none"> • Description of main policies, plans and objectives • ESG-related policies and procedures • ESG-related objectives and related management plan • Description of stakeholder engagement and grievance/complaint mechanisms • Supply chain management, i.e., ESG requirements and monitoring of agents and suppliers, for yards (new builds and recycling) 		

Glossary: Terms and Acronyms

AER	Annual Efficiency Ratio: “AER,” a carbon intensity metric calculated in accordance with Poseidon Principles.
CO ₂ e (mT)	Carbon dioxide equivalent or CO ₂ e means the number of metric tons of CO ₂ emissions with the same global warming potential as one metric ton of another greenhouse gas.
EEOI	Energy Efficiency Operational Indicator is defined as the ratio of mass of CO ₂ (M) emitted per unit of transport work.
FCPA	Foreign Corrupt Practices Act—Released by the Department of Justice and the Securities and Exchange Commission, A Resource Guide to the U.S. Foreign Corrupt Practices Act, Second Edition , is a detailed compilation of information and analysis regarding the Foreign Corrupt Practices Act (FCPA) and related enforcement. It is the product of extensive efforts by experts at the Department of Justice and the Securities and Exchange Commission and has benefited from valuable input from the Departments of Commerce and State. The <i>Guide</i> endeavors to provide helpful information to the public, including practitioners and enterprises of all shapes and sizes—from small businesses transacting abroad for the first time to multinational corporations with subsidiaries around the world.
FPI	Fatality and Permanent Impairment
GHG	Greenhouse Gas. Gases that trap heat in the atmosphere are called greenhouse gases. Common GHGs are carbon dioxide, methane, and nitrous oxide.
GRI	Global Reporting Initiative—The Global Reporting Initiative is an international independent standards organization that helps businesses, governments, and other organizations understand and communicate their impacts on issues such as climate change, human rights, and corruption.
IADC	International Association of Drilling Contractors. For over 80 years, IADC has championed the drilling industry through training programs, guidelines, publications, committees, conferences, and advocacy for the global drilling industry.
IMO	International Maritime Organization - In 2015, 193 countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). This Agenda calls for action by all countries to eradicate poverty and achieve sustainable development by 2030 worldwide, and the SDGs are

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	<p>seen as an opportunity to transform the world for the better and leave no one behind.</p> <p>As part of the United Nations family, IMO is actively working towards the 2030 Agenda for Sustainable Development and the associated SDGs.</p>
IPIECA	<p>IPIECA is the global oil and gas association dedicated to advancing environmental and social performance across the energy transition. It brings together members and stakeholders to lead in integrating sustainability by advancing climate action, environmental responsibility, and social performance across oil, gas, and renewables activities.</p> <p>IPIECA was founded at the request of the United Nations Environment Programme in 1974. Through its non-lobby and collaborative approach, IPIECA remains the industry’s principal channel of engagement with the UN.</p>
ISP	<p>Incident Statistics Program. Since 1962, the IADC Incident Statistics Program (ISP) has tracked safety and accident information for the drilling industry—to record data reflecting accident experience that can be compared to other industries and to identify causes and trends of drilling industry injuries.</p>
LTIR	<p>Long-Term Incident Rate. Only those which result in more than one day away from work (LTIs) are recorded using LTIR. (LTIs + Fatalities *200,000/Total Manhours</p> <p>: (LTIs + Fatalities * 200,000) / (Total Manhours)</p>
NOx	<p>Nitrogen oxides (NOx) are a collective term for toxic gas molecules that are chemical compounds between nitrogen and oxygen and are an essential component of air pollution. The conclusion is that NOx themselves are not greenhouse gases.</p>
OSHA	<p>The Occupational Safety and Health Administration is a large regulatory agency of the United States Department of Labor that originally had federal visitorial powers to inspect and examine workplaces.</p>
PM	<p>Particulate Matter emissions from turbines primarily result from the carryover of noncombustible trace constituents in the fuel. PM emissions are negligible with natural gas firing and marginally significant with distillate oil firing because of the low ash content. PM emissions can be classified as “filterable” or “condensable” PM.</p>

SASB	<p>The Sustainability Accounting Standards Board. SASB Standards enable organizations to provide industry-based sustainability disclosures about risks and opportunities that affect enterprise value. In August 2022, the IFRS Foundation assumed responsibility for SASB Standards when it merged with the Value Reporting Foundation, which previously maintained these Standards.</p> <p>SASB Standards identify the subset of environmental, social, and governance issues most relevant to financial performance and enterprise value for 77 industries.</p>
SEMS	<p>A Safety and Environmental Management System (SEMS) is a performance-based approach to integrating and managing offshore operations. The purpose of a SEMS is to enhance the safety and environmental performance of operations by reducing the frequency and severity of incidents.</p>
SIF	<p>A Serious Injury or Fatality (SIF) event is an incident or near miss that results in or has the potential to produce a fatal or life-altering injury or illness.</p>
SOx	<p>Sulfur dioxide (SO₂), a colorless, bad-smelling, toxic gas, is part of a larger group of chemicals referred to as sulfur oxides (SO_x). These gases, especially SO₂, are emitted by the burning of fossil fuels—coal, oil, and diesel—or other materials that contain sulfur.</p>
TCFD	<p>Task Force on Climate-Related Financial Disclosures—The Financial Stability Board (FSB) created the TCFD to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing and pricing a specific set of risks—risks related to climate change.</p>
TRIR	<p>Total Recordable Incident Rate—Calculation Formula: Medical Treatment Only + Restricted Work/Transfer Case + LTIs + Fatalities * 200,000) / Total Manhours</p>
VOC	<p>Volatile organic compounds (VOCs) are emitted as gases from certain solids or liquids. VOCs include a variety of chemicals, some of which may have short- and long-term adverse health effects. Concentrations of many VOCs are consistently higher indoors (up to ten times higher) than outdoors.</p>