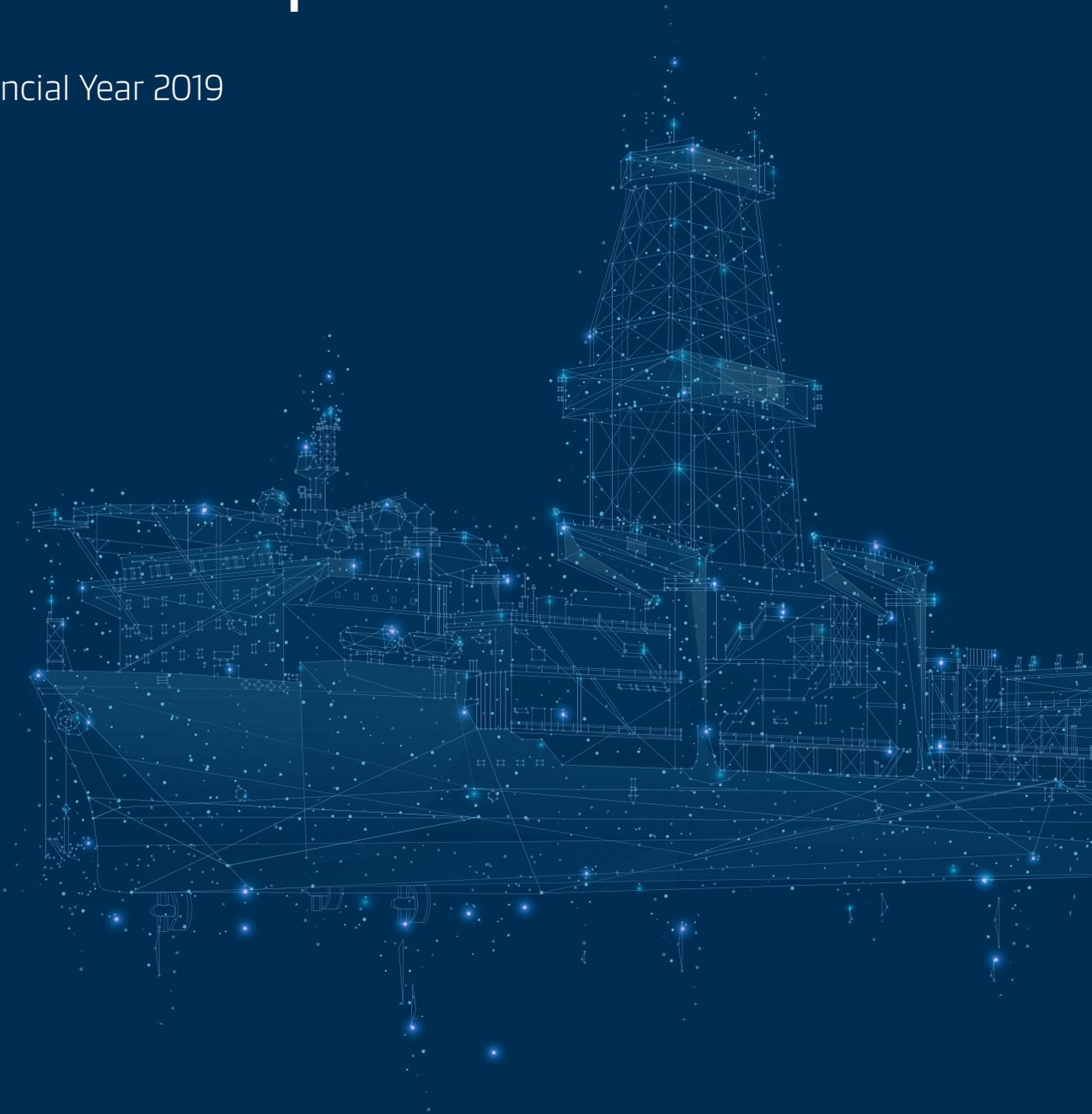


Annual Remuneration Report

For the Financial Year 2019



MAERSK
DRILLING

Table of contents

03	Executive Management Remuneration at a Glance
04	Introduction
05	Remuneration of the Board of Directors
07	Remuneration of Executive Management – Outcomes for 2019
13	Relationship of Executive Management reward to pay and conditions in Maersk Drilling
14	Other Disclosures

1. Executive Management Remuneration at a Glance

Reward Element	Outcomes for 2019
Fixed Pay	<ul style="list-style-type: none"> The CEO's Fixed Pay was set at DKK 7,000k (\$1,046k) with effect from 1 January 2019. The CFO's Fixed Pay was set at DKK 4,750k (\$710k) with effect from 1 January 2019.
Other Benefits	<ul style="list-style-type: none"> Other non-monetary benefits that are generally made available to other employees – such as phone, insurance coverage, annual health check, newspaper subscriptions, training/education
Short-term Incentive (STI)	<p>STI:</p> <ul style="list-style-type: none"> The Target STI pay-out for 2019 is calculated as: <ul style="list-style-type: none"> CEO: 50% x Fixed Pay (DKK 3,500k (\$523k)) CFO: 40% x Fixed Pay (DKK 1,900k (\$284k)) Pay-out for 2019 Performance Year of 153% x Target, based on the 2019 MD Scorecard result as set out in Section 4.14. The STI pay-out will be made in cash in April 2020: <ul style="list-style-type: none"> CEO: 76.5% x Fixed Pay (DKK 5,355k (\$800k)) CFO: 61.2% x Fixed Pay (DKK 2,907k (\$435k)) <p>One-time Bonus Award:</p> <ul style="list-style-type: none"> Paid-out 50% at the time of listing in April 2019, and 50% in July 2019: <ul style="list-style-type: none"> CEO: DKK 6,120m DKK (\$915k) CFO: DKK 4,600m DKK (\$688k)
Long-term Incentive (LTI)	<p>Annual Grant of LTI:</p> <ul style="list-style-type: none"> 2019 awards vest in 2022. Long-term incentive in the form of restricted shares at the Target levels: <ul style="list-style-type: none"> CEO: 100% of Fixed Pay CFO: 65% of Fixed Pay
Long-term Incentive (LTI)	<p>Exchange Grant & Transition Grant:</p> <ul style="list-style-type: none"> Long term incentive in the form of time-vested restricted shares at twice the level of the annual grant of LTI: <ul style="list-style-type: none"> CEO: 200% of Fixed Pay CFO: 130% of Fixed Pay As set out in the Remuneration Policy, that part of the Exchange Grant as relates to the forfeited APMM Shares and Share Options will vest one year later than the originally scheduled vesting date at A.P. Møller - Mærsk, and will not be subject to the Share Ownership and Share Holding Period Requirements.
Share Ownership and Share Holding Period Requirements	<ul style="list-style-type: none"> After the three year vesting period, Executive Management is subject to a further Share Holding Period of two years during which time vested shares cannot be sold. Executive Management is also subject to a Share Ownership Requirement at twice the level of the annual grant of LTI.

2. Introduction

- 2.1** This annual remuneration report (the "Annual Remuneration Report") of The Drilling Company of 1972 A/S (the "Company" or "Maersk Drilling") has been prepared considering the requirements of section 139b of the Danish Companies Act (effective from 2021) and the recommendations published by the Danish Committee on Corporate Governance and implemented by Nasdaq Copenhagen A/S. "Executive Management" consists of the members of executive management of the Company registered with the Danish Business Authority. "Group" refers to the Company, its subsidiaries and affiliates.
- 2.2** 2019 represents our first year in providing remuneration under our current Remuneration Policy. The current Remuneration Policy was introduced on 2 April 2019 after shareholder engagement in the lead up to the demerger of A.P. Møller - Mærsk A/S ("A.P. Møller - Mærsk") and separate listing of Maersk Drilling.
- 2.3** The Remuneration Committee notes the support received from the shareholders in favour of the Remuneration Policy at A.P. Møller - Mærsk's annual general meeting ("AGM") held in April 2019. Our engagements with shareholders in 2019 helped us understand the voting outcome and expectations for further clarity around certain aspects of the Remuneration Policy. The Remuneration Policy to be tabled for approval at Maersk Drilling's 2020 AGM reflects the same remuneration structure, but, together with this Annual Remuneration Report, is intended to clarify how the overall remuneration philosophy is aligned to the long-term interests of shareholders.
- 2019 Highlights**
- 2.4** The main remuneration activities over 2019 related to the demerger of A.P. Møller - Mærsk and subsequent listing of Maersk Drilling on the Nasdaq Copenhagen A/S, including:
- a. The introduction of Maersk Drilling's Short-term Incentive ("STI") programmes for Executive Management and for Senior Leaders linking annual bonus pay-out to the achievement of company objectives (the "MD Scorecard"). The Short-term Incentive pay-out for 2019 reflects the level of achievement against the objectives set for 2019 – ensuring Executive Management and employees remain focused and incentivised to deliver safe operations, strong relative and absolute financial performance and commercial objectives.
 - b. The introduction of Maersk Drilling's Long-term Incentive ("LTI") programmes for Executive Management and for Senior Leaders, providing a significant incentive to create and maintain long-term value for shareholders – through the award of time-vested restricted shares ("RSUs") and associated Share Holding Period and Share Ownership Requirements.
 - c. Service agreements with Executive Management, providing for remuneration in accordance with the Remuneration Policy (including the new STIs and LTIs). To ensure that Executive Management had an equity interest in the Company from the listing date, they were required to forfeit all unvested shares and share options in A.P. Møller - Mærsk ("APMM Shares and Share Options") as of 1 January 2019. Executive Management instead received RSUs related to Maersk Drilling shares in the form of an Exchange Grant and a Transition Grant.
- 2.5** The Remuneration Committee held three meetings during 2019 where the main activities consisted of:
- a. Considering shareholder feedback to remuneration for current and future years regarding remuneration of the Board of Directors and Executive Management
 - b. Evaluating the progress of the STI and LTI programmes, including giving consideration to the introduction of metrics for the LTI programme and providing a portion of the annual LTI grant in the form of performance share units ("PSUs").
 - c. Benchmarking the pay level for the Executive Management.
 - d. Reviewing the MD Scorecard result and approving the STI pay-out for 2019.
 - e. Reviewing the revised Remuneration Policy and this first Annual Remuneration Report, especially in the context of the revised EU Shareholder Rights Directive and the general trends in executive remuneration disclosures.

3. Remuneration of the Board of Directors

3.1 The remuneration of the Board of Directors in 2019 was in accordance with the existing Remuneration Policy. In summary, each ordinary member of the Board of Directors receives a fixed annual base fee, (DKK 450,000 for 2019), while the Chairman and Vice Chairman receive fixed multiples thereof. Each member of a board committee is entitled to an additional fixed annual fee (based on a proportion of the fixed annual base fee). The board and committee fee levels for 2019 are set out below:

Board and Committee Fee Levels 2019

\$(000s) ²	Board of Directors		Audit & Risk Committee		Nomination Committee		Remuneration Committee		Safety & Sustainability Committee	
	Multiplier	USD	Multiplier	USD	Multiplier	USD	Multiplier	USD	Multiplier	USD
Chair	3.0x	201.8	0.67x	44.8	0.0x	0	0.33x	22.4	0.33x	22.4
Vice Chair	2.0x	134.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Member	1.0x	67.2	0.33x	22.4	0.0x	0	0.25x	16.8	0.25x	16.8

3.2 The actual levels of remuneration received reflect the entitlements above as well as the actual levels of expenses and other costs incurred. In 2019, no ad-hoc fees or other remuneration was paid to board members.

Actual Board Remuneration 2019 (USD 000s)

Board Member ³	Base Fee	Committee Fees	Total
Claus V. Hemmingsen ⁴ (Chairman)	150.8	33.5	184.3
Robert M. Uggla (Vice Chairman)	134.5	12.6	147.1
Martin Larsen	67.2	16.8	84.0
Alastair Maxwell ⁵	50.3	12.6	62.9
Kathleen McAllister	67.2	33.5	100.7
Robert Routs	67.2	41.9	109.1
Caroline Alting ⁵ (Employee elected)	50.3	0.0	50.3
Glenn Gormsen ⁵ (Employee elected)	50.3	0.0	50.3
Total	637.8	150.9	788.7

² Board fees are expressed in DKK, and translated to USD at the average USD / DKK exchange rate over the financial year (6.6897 DKK : 1 USD).

³ Mads D. Winther served on the board of directors of Maersk Drilling Holding A/S until 2 April 2019, but has not received any board fees in this regard as his services to the Maersk Drilling Group prior to this point in time were considered part of his terms of employment in A.P. Møller - Mærsk.

⁴ Claus V. Hemmingsen has received prorated board fees since 2 April 2019, as his services to the Maersk Drilling Group prior to this point in time were considered part of his position as Vice-CEO in A.P. Møller - Mærsk.

⁵ Alastair Maxwell, Caroline Alting and Glenn Gormsen have received prorated board fees since 2 April 2019, when they joined the Board of Directors.

3.3 The overview above includes the remuneration paid to the board members in their capacity as such on the Board of Directors of The Drilling Company of 1972 A/S since its incorporation by demerger of A.P. Møller - Mærsk on 2 April 2019 and prior to that on the board of directors of Maersk Drilling Holding A/S as the top holding company in the Maersk Drilling Group. The overview does not include remuneration received by board members in other capacities, e.g. for services provided to our majority shareholder, A.P. Møller Holding A/S or its other subsidiaries, e.g. entities in the A.P. Møller - Mærsk group.

3.4 In 2019, the members of the Board of Directors were not remunerated in shares. Nevertheless, members are encouraged to become shareholders. The table below sets out the development of the individual board members' shareholding in the Company since the listing date to year-end 2019.

Share Ownership

Name	Role	Shares held at the listing date	Change (+/-)	Shares held at year-end
Claus V. Hemmingsen	Chairman	4,424	+1,000	5,424
Robert M. Ugglå	Vice Chairman	4,430	0	4,430
Alastair Maxwell	Board member	0	+1,337	1,337
Kathleen McAllister	Board member	0	0	0
Martin Larsen	Board member	182	0	182
Rob Routs	Board member	50	0	50
Caroline Alting	Employee representative ⁶	0	0	0
Glenn Gormsen	Employee representative ⁶	0	+105	105

⁶ For employee representatives, unvested restricted shares awarded as part of the Long-term Incentive programme are not included as shareholdings in the table above.

4. Remuneration of Executive Management

Outcomes for 2019

4.1 The regular remuneration of Executive Management in 2019 was in accordance with the existing Remuneration Policy. The Fixed Pay levels effective 1 January 2019 were set taking into account our policy generally to provide a total reward opportunity at around the median for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in Denmark and Europe; supplemented a perspective based on global drilling industry remuneration levels for industry-specific expertise – as well as other factors set out in our Remuneration Policy. Accordingly, the Fixed Pay level for the CEO is significantly below the market median level based on external benchmarks of peer companies of similar size and complexity in the Danish market, and the Fixed Pay level for the CFO is around the market median level based on external benchmarks of peer companies of similar size and complexity. The table below provides an overview of the remuneration awards and outcomes for 2019:

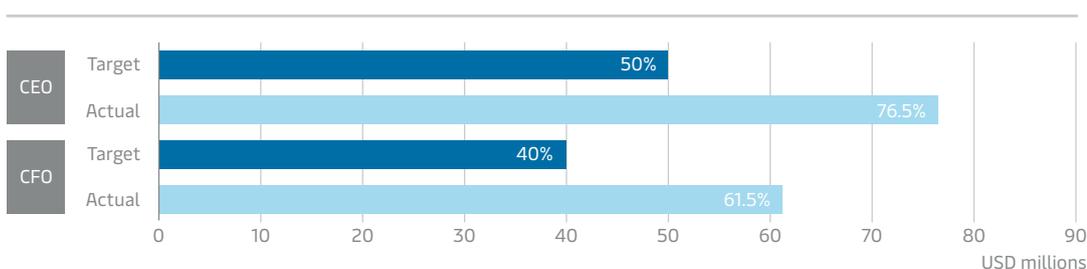
2019 USD 000s ⁷		Fixed Pay	Other Benefits ⁸	Short-term Incentive	Long-term Incentive	Total Regular Remuneration
				Annual Bonus 2019 ⁹	Annual LTI Grant ¹⁰	
Jørn Madsen	CEO	1,046	61	800	1,001	2,908
Jesper Ridder Olsen	CFO	710	8	435	441	1,594

4.2 The table below sets out the proportion of total regular remuneration represented by each element of reward:

Pay Mix as % of Total Regular Remuneration						
Jørn Madsen	CEO	36%	2%	28%	34%	100%
Jesper Ridder Olsen	CFO	44%	1%	27%	28%	100%

4.3 The proportion of regular remuneration represented by Long-term Incentive (34% for the CEO and 28% for the CFO) is in line with the Remuneration Policy taking into account the actual achievement of Short-term Incentive for 2019.

Short-term Incentive award level 2019



⁷ Fixed Pay, Other Benefits and Short-term Incentives for Executive Management are expressed in DKK, and translated to USD at the average USD / DKK exchange rate over the financial year (6.6897 DKK : 1 USD). Long-term Incentives are expressed in DKK, and translated to USD at the USD / DKK exchange on the grant date 30 April 2019 (6.6541 DKK : 1 USD).

⁸ Other Benefits includes the value of vacation settlements under the applicable terms of the Danish Salaried Act relevant to the previous contracts of employment that operated prior to the application of service agreements from the listing date (4 April 2019).

⁹ To be paid in April 2020 and reflects the achievement of business objectives over 2019 as set out in Section 4.14.

¹⁰ The value of the Annual LTI Grants is shown based on the share value at the grant date of 30 April 2019 (511 DKK), and translated to USD at the USD / DKK exchange rate on the grant date (6.6541 DKK : 1 USD).

Exchange & Transition Grants

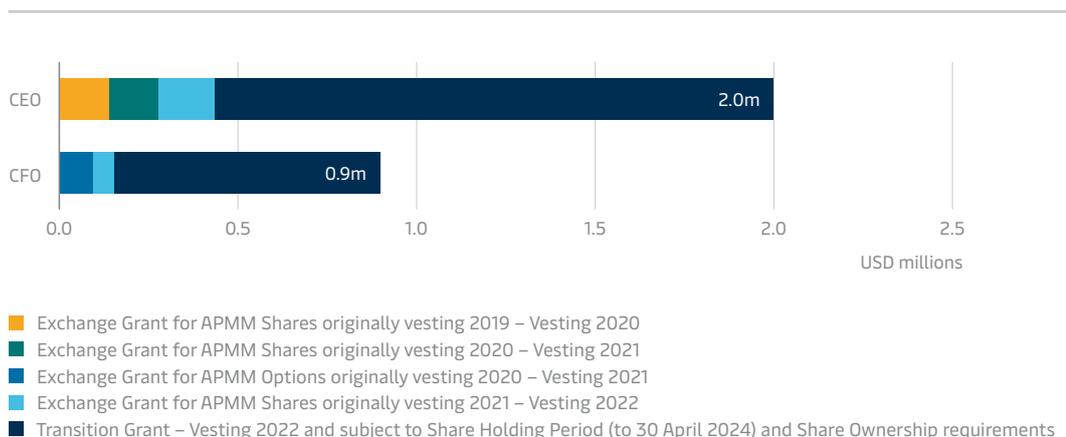
4.4 As set out in the existing Remuneration Policy, the process around the demerger of A.P. Møller - Mærsk and separate listing of Maersk Drilling was an instance in which the Board of Directors has considered that it would be appropriate to provide extraordinary incentives to Executive Management. To ensure that Executive Management had an equity interest in Maersk Drilling from the listing date, Executive Management received RSUs related to Maersk Drilling shares in the form of an Exchange Grant and a Transition Grant in return for forfeiting all unvested APMM Shares and Share Options as of 1 January 2019.

- Exchange Grant – a grant of RSUs corresponding to the fair value (at the grant date) of the fair value (at the grant date) of the APMM Shares and Share Options forfeit. The Exchange Grant will vest over a period of more than three years referring back to the time of the original grant of APMM Shares and Share Options.
- Transition Grant – an additional grant of RSUs. The Transition Grant vests over three years, and, after vesting, will be subject to the same Share Ownership and Share Holding Period Requirements as apply to the regular annual LTI awards.

The total fair value of the Exchange Grant and Transition Grant constituted an amount corresponding to 2x the annual maximum amount of the LTI grants – i.e. 2x Fixed Pay for the CEO and 1.3x Fixed Pay for the CFO.

4.5 The chart below sets out the pattern of vesting and holding periods at the grant date¹¹ (30 April 2019), assuming no subsequent share price or exchange rate development:

Exchange Grant and Transition Grant for Executive Management awarded 30 April 2019



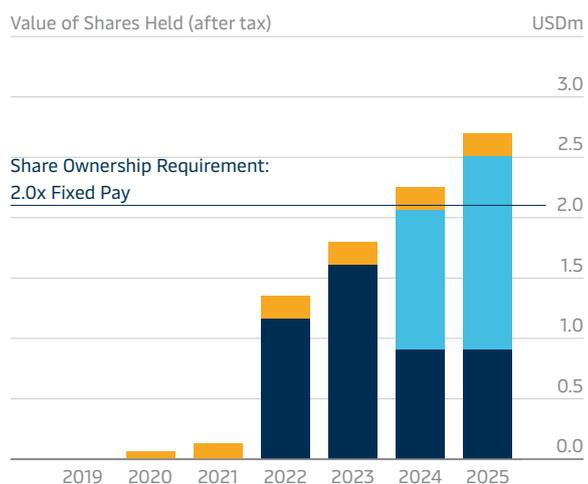
4.6 After vesting, unless otherwise decided at the discretion of the Board of Directors, for the Transition Grant (but not the Exchange Grant), the usual two-year Share Holding Period and Share Ownership Requirements¹² as set out in the Remuneration Policy will apply.

¹¹ Share grants are shown based on the share value at the grant date of 30 April 2019 (511 DKK), and translated to USD at the USD/DKK exchange rate on the grant date (6.6541 DKK : 1 USD).

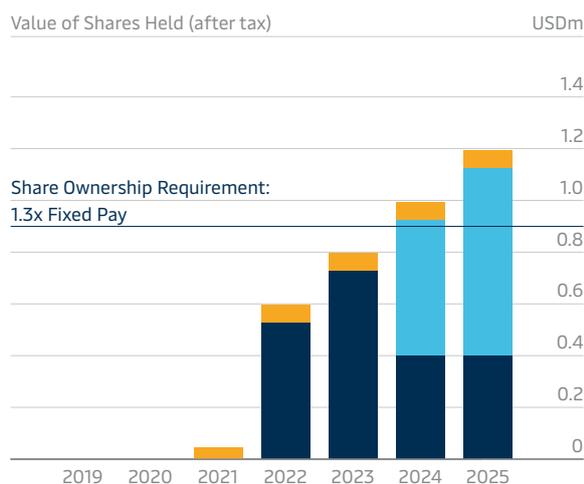
¹² The Share Ownership Requirement also applies post-employment.

4.7 Together with the anticipated annual LTI grants, the Transition Grant was designed to ensure the effectiveness of the overall Remuneration Policy in facilitating an effective build-up of share ownership over a reasonable time period. This ensures that the members of Executive Management have a very clear interest in the development of the share price over the long term, as well as giving the members of Executive Management a prospect of realising cash value over that same time period. The forecast development of Executive Management’s shareholdings compared to the Share Ownership Requirements is set out below:

CEO’s shares compared to the Share Ownership Requirement



CFO’s shares compared to the Share Ownership Requirement



- Exchange Grant already vested (not subject to Share Holding or Share Ownership Requirement)
- Vested Shares not subject to Holding Period (still subject to Share Ownership Requirement)
- Vested Shares subject to Holding Period (and subject to Share Ownership Requirement)

The charts assume a marginal tax rate of 55% and no subsequent share price / exchange rate development.

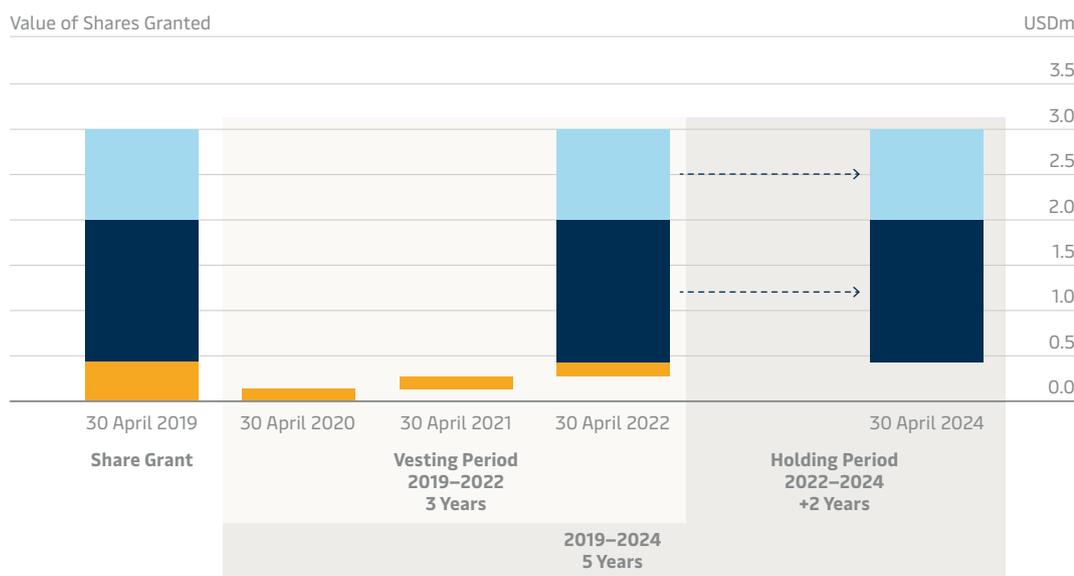
4.8 As noted in Section 4.11b, the accounting expense of the share-based grants over the period reflects only a proportion of the total grant value. The table below sets out the face value of the shares granted at the grant date, as well as the impact of share price developments over 2019 to give a fuller illustration of the alignment of interests between Executive Management and the shareholders.

Unvested Shares		Long-term Incentives granted in 2019					Total RSUs at the end of 2019			
		Exchange Grant	Transition Grant	Annual Grant	Change in value of unvested RSUs ¹³	Unvested RSUs end 2019	Unvested RSUs granted 2019	Of which: Expensed prior to 2019	Of which: Expensed in 2019	Remainder to be expensed
Jørn Madsen	# RSUs	5,594	20,468	13,031	N/A	39,093	39,093	3,212	8,561	27,320
	Value \$000s	430	1,572	1,001	(421)	2,582	3,002	247	657	2,098
Jesper Ridder Olsen	# RSUs	2,011	9,484	5,748	N/A	17,243	17,243	662	4,088	12,493
	Value \$000s	155	728	441	(186)	1,138	1,324	51	314	959

¹³ Based on the closing share price as of 30 December 2019, the last day of trading, (440.60 DKK), and translated to USD at the USD / DKK exchange rate as of the balance sheet date (6.6733 DKK : 1 USD).

4.9 The vesting schedules of the RSUs granted to Executive Management in 2019 are set out below¹⁴. As illustrated in the charts, the Transition Grant and the Annual Grant (which together represent the substantive portion of the 2019 grants) will vest after three years (2022) and, after vesting, will be subject to a further two-year Share Holding Period (i.e. a total of five years from grant date in 2019 until the expiry of the Share Holding Period for the 2019 grant in 2024). After the Share Holding Period has expired vested shares cannot be sold until the Share Ownership Requirement is met.

LTI Vesting Schedule 2019–2024 for the CEO’s 2019 Share Grant



- The **Annual Grant 2019** vests after three years in 2022. After vesting, it is subject to a further two-year Share Holding Period. After the combined five-year vesting and holding period, it is still subject to the Share Ownership Requirement.
- The **Transition Grant** is subject to similar, vesting period, holding period and Share Ownership Requirements as the Annual Grant.
- The **Exchange Grant** is not subject to Share Holding Period and Share Ownership Requirements, and the vesting schedule for each portion of the Exchange Grant is set one year later than the original vesting date of the corresponding original grant from A.P. Møller - Mærsk, as set out in the Remuneration Policy.

LTI Vesting Schedule 2019–2024 for the CFO’s 2019 Share Grant



¹⁴ Share grants are shown based on the share value at the grant date of 30 April 2019 (511 DKK), and translated to USD at the USD / DKK exchange rate on the grant date (6.6541 DKK : 1 USD), with no subsequent movements in the share price or exchange rate.

4.10 Taking into account the one-time items of remuneration provided during 2019 in relation to the demerger of A.P. Møller - Mærsk and separate listing of Maersk Drilling, as well as the accounting standards for the disclosure of share-based remuneration, the table below provides an overview of the key remuneration outcomes for the members of Executive Management for the financial year 2019:

2019 USD 000s ¹⁵		Short-term Incentive				Long-term Incentive		Total Remuneration
		Fixed Pay	Other Benefits ¹⁶	One-time Bonus Award ¹⁷	Annual Bonus 2019 ¹⁸	Transition Grant ¹⁹	Annual LTI Grants ²⁰	
Jørn Madsen	CEO	1,046	61	915	800	349	308	3,479
Jesper Ridder Olsen	CFO	710	8	688	435	162	152	2,155

4.11 The proportion of total remuneration represented by share-based awards appears lower than the illustration of regular remuneration set out in Section 4.2. This is a consequence of:

- a. The One-time Bonus Award committed in prior years but paid in 2019 on the successful completion of the demerger of A.P. Møller - Mærsk and separate listing of Maersk Drilling.
- b. The accounting treatment of share-based awards under the relevant accounting standard for disclosing share-based payments (International Financial Reporting Standard 2 (IFRS2)), which provides that share-based payments are expensed pro-rata over the vesting period. As 2019 is the first year under which awards are made under the LTI, and the award date was 30 April 2019, only 8 of the 36 months to the vesting date fall within, and are therefore expensed within, the financial year 2019.
- c. Offset by the inclusion of the accounting expense for the Transition Grant in the illustration above.

¹⁵ Fixed Pay, Other Benefits and Short-term Incentives for Executive Management are expressed in DKK, and translated to USD at the average USD / DKK exchange rate over the financial year (6.6897 DKK : 1 USD). Long-term Incentives are expressed in DKK, and translated to USD at the USD / DKK exchange on the grant date 30 April 2019 (6.6541 DKK : 1 USD).

¹⁶ Other Benefits includes the value of vacation settlements under the applicable terms of the Danish Salaried Act relevant to the previous contracts of employment that operated prior to the application of service agreements from the listing date (4 April 2019).

¹⁷ Executive Management (amongst other employees) were eligible to receive a cash-based bonus ("One-time Bonus") subject to the completion of the demerger of A.P. Møller - Mærsk and separate listing of Maersk Drilling. Participation in the One-time Bonus was conditional upon the participant not serving notice of termination of employment in the Maersk Drilling Group prior to the expiry of the third month following the listing. The cash-based stay-on/transaction bonus was paid in two instalments – the first 50% at the time of listing in April 2019 and the second instalment in July 2019.

¹⁸ To be paid in April 2020 and reflects the achievement of business objectives over 2019 as set out in Section 4.14.

¹⁹ 2019 expense according IFRS2 for the Transition Grant in respect of the period from the grant date (30 April 2019) to the end of the financial year.

²⁰ 2019 expense according IFRS2 for the Exchange Grant and the 2019 Annual Grant in respect of the period from the grant date (30 April 2019) to the end of the financial year, and the 2019 expense according IFRS2 for the previous grants from A.P. Møller - Mærsk in respect of the period from the start of the financial year to the grant date of the Exchange Grant (30 April 2019).

Incentive Metrics 2019 and Alignment with Strategy

4.12 Our strategic ambition (“Smarter Drilling for Better Value”) commits us to a balance of short-term goals and long-term ambitions. To assess delivery against these strategic objectives, we track progress against a number of key performance indicators (“KPIs”). These strategic objectives and KPIs represent the foundation of our investor proposition. Importantly the majority of our KPIs translate directly into the measures that we use to assess the pay-out under the STI annually. This helps us align the focus of our Executive Management with the interests of our shareholders. To maintain this alignment over time, we will adjust our bonus and performance share measures if applicable – as and when Maersk Drilling’s strategy evolves or finds new areas of focus. Through the LTI we ensure that a significant portion of Executive Management reward is linked to the development of the share price.

Incentive Outcomes 2019

4.13 For 2019, the Board of Directors established the MD Scorecard for the STI, consisting of nine measures across four areas of focus: safety, financial performance, operational performance and commercial performance. These measures align with our strategic ambition and, in particular, reflect the strategic priorities for 2019. The MD Scorecard for 2019 determined the STI pay-out for both the CEO and CFO, as the STI pay-out recognises delivery of the shared business outcome. (Individual performance multipliers of 1.0 are applied in determining the STI pay-out for 2019 for both the CEO and CFO.)

4.14 Taking into account the operating environment, the Board considers that the proposed pay-out of 153% is appropriate and reflected the achievement over 2019, as set out in the table below.

2019 Metric	Description of Metric	2019 Weight	2019 Outcome (0-200%)
Safety performance	<ul style="list-style-type: none"> Three KPIs as leading indicators, taken on a monthly basis and aggregated annually, measuring whether each of our rigs have barriers in place to prevent major accidents. 	15%	191%
Financial performance	Absolute financial performance: <ul style="list-style-type: none"> EBITDA (Earnings before tax, interest, depreciation and amortization) before special items. Cash Conversion (ratio of Free Cash Flow (FCF) to EBITDA with adjustments). Relative financial performance: <ul style="list-style-type: none"> EBITDA margin (%) compared to peers²¹. 	55%	124%
Operational performance	Financial uptime: <ul style="list-style-type: none"> KPI measures the hours that can be invoiced for the rig in use by the customer as a percentage of total hours in the period. Customer satisfaction: <ul style="list-style-type: none"> KPI measures the customers overall satisfaction with the rig, based on quarterly performance reviews. 	15%	173%
Commercial performance	New revenue backlog secured (\$m): <ul style="list-style-type: none"> Expected revenue from all contracts, options and extensions signed in 2019 	15%	200%
Total		100%	153%

4.15 The STI award for 2019 will be paid in cash in April 2020, as the Board of Directors has not chosen to exercise its discretion to provide (for Executive Management) that that part of the STI award in excess of the Target pay-out is to be deferred into shares with a two-year holding period.

²¹ Valais (Enasco and Rowan pre-merger), Noble, Seadrill, Transocean, Diamond and Odfjell Drilling

5. Relationship of Executive Management reward to pay and conditions in Maersk Drilling

5.1 Pay structures and salary budgets are managed on an organisation wide basis – ensuring that reward structures and processes in Maersk Drilling continue to be fit for purpose. The table below summaries the key elements of the remuneration structure for Executive Management and how these flow through appropriately to the rest of the organisation.

Reward element		Policy for Executive Management	Alignment with the wider workforce
Fixed Pay	Salary	The Fixed Pay (a simple competitive alternative to the separate provision of salary, car benefits and pension) of Executive Management is aligned with relevant market comparators	√ for Salary component
	Car Benefit		Market median car benefit value is considered when setting compensation.
	Retirement Benefits	Generally, we provide a total reward opportunity at around the median for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity in Denmark and in Europe; supplemented by a perspective based on global drilling industry remuneration levels for industry specific expertise.	Company contributions are provided at the market median level.
Other Benefits		We offer market-aligned benefits packages reflecting normal practice in each country in which we operate. Where appropriate, and subject to scale, we offer significant elements of personal benefit choice to our employees.	√
Short-term Incentive	Link to Company Performance	Annual bonus for Executive Management is directly related to Group performance measures and outcomes.	√
	Link to Individual Performance	For Executive Management there is no possibility of an uplift for individual performance. There may be a reduction for individual performance that does not meet expectations.	Except for Senior Leaders ²² there can be uplift as well as downward adjustment for individual performance
Long term Incentive	Form of Award	During 2019, we provided restricted shares to Executive Management with a 3 year vesting period.	Shares are only awarded to Senior Leaders at VP level and above.
	Holding Period Requirement	Two years post-vesting (five years total).	No holding period.
	Share Ownership Requirement	Share Ownership Requirement is 2x the level of annual LTI grant – which must be met before any vested shares can be sold (except where sold to meet taxes). The Share Ownership Requirement applies for up to 2 years after the end of employment.	Such terms are applicable only above VP level (i.e. for SVPs and EVPs).

Comparison of Annual Change in Remuneration

5.2 Given the cyclical nature of the industry, the assessment of performance over the year should be considered primarily relative to the targets set and achievement relative to peers. As set out in the Annual Report, absolute financial results in 2019 compared to 2018, such as EBITDA before special items, were impacted by day rates for contracts being negotiated over 2019 compared to the levels in legacy contracts – as well as the projected availability of our assets due to Special Period Surveys (SPS).

5.3 In line with the guidelines issued by the Danish Business Authority, and as the Company was only listed in April 2019, the Company will build up the required five-year historical comparative figures over the coming financial years.

²² In this context, senior leaders refers to Vice President (VP), Senior Vice President (SVP) and Executive Vice President (EVP) levels.

6. Other Disclosures

Share Price Performance

6.1 Since listing on Nasdaq Copenhagen in April 2019, Maersk Drilling's share price has performed in the top quartile relative to peers in the offshore drilling industry.²³ The decline in the share price since listing reflects overall investor sentiment towards the sector. The direct impact of the share price movement on the value of Executive Management's unvested shares, as set out in Section 4.8, illustrates how the Remuneration Policy ensures alignment of interests with shareholders.

Shareholder Engagement

6.2 Throughout 2019 we continued to discuss our Remuneration Policy and approach with larger shareholders as well as investor representative bodies. We plan to continue this dialogue in 2020, although we do not currently intend to make substantive changes as we consider that the Remuneration Policy to be tabled for approval at our 2020 AGM should apply over the long term.

6.3 Annual Remuneration Reports will be submitted for a guiding vote at our AGM in 2021 and going forward.

Claw-back

6.4 During 2019, the Company has not exercised any claw-back provisions related to the STI or LTI programmes.

Deviations from the Remuneration Policy

6.5 During 2019, Maersk Drilling has not found any reason to deviate from the framework set out by its current Remuneration Policy or the process of preparing, reviewing and implementing the Remuneration Policy. The Exchange Grants & Transition Grants made in 2019 as set out in Section 4.4 are within the framework of the existing Remuneration Policy, introduced after shareholder engagement in the lead up to the demerger of A.P. Møller - Mærsk and separate listing of Maersk Drilling.

²³ Offshore drilling companies included in the comparison for this purpose: Odjfell Drilling, Transocean, Shelf Drilling, Diamond Offshore, Borr Drilling, Noble, Valaris (Enasco pre-merger) and Seadrill

The Drilling Company of 1972 A/S
Lyngby Hovedgade 85
2800 Kgs. Lyngby
Denmark

Registration no. 40404716

maerskdirilling.com

