



Corporate Governance Statement

This corporate governance statement for The Drilling Company of 1972 A/S, company registration no. 40404716 (the "Company" or "The Drilling Company", and together with its subsidiaries and affiliates, the "Group") has been prepared pursuant to Section 107b of the Danish Financial Statements Act and the Rules for Issuers of Shares of Nasdaq Copenhagen A/S. This statement has been prepared in connection with the demerger of A.P. Møller - Mærsk A/S by contribution of A.P. Møller - Mærsk A/S' holding of shares in Maersk Drilling Holding A/S including its direct and indirect subsidiaries as well as certain other assets and liabilities to The Drilling Company of 1972 A/S (the "Demerger") and admission for trading and official listing of the shares of the Company and will be effective from the date of the first day of trading on Nasdaq Copenhagen A/S (the "Admission").

This statement includes a description of the Company's management structure and a review of how the Company considers the Danish Recommendations on Corporate Governance issued by the Committee on Corporate Governance in November 2017.

1 Management structure

Following the Demerger, the Company will have a two-tier management structure consisting of the Board of Directors and the Executive Management. The Board of Directors supervises the work of the Executive Management and is responsible for the overall and strategic management and proper organisation of the Group's business. The Executive Management handles the day-to-day management of the Group. No person will serve as a member of both corporate bodies.

Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall consist of four to eight members elected by the general meeting, including the Chairman. Following the Demerger, the Board of Directors is expected to consist of six members elected by the general meeting and two members elected among the employees of Maersk Drilling A/S, company registration no. 32673821, pursuant to a voluntary agreement for group employee representation. The members of the Board of Directors elected by the general meeting are elected for a term of one year. Re-election of board members may take place.

The Board of Directors will hold at least five regular meetings annually, including a strategy review, and ad hoc meetings as required.

The general meeting elects a Chairman of the Board of Directors and the Board of Directors elects a Vice Chairman among its members. The Chairman and the Vice Chairman together constitute the Chairmanship. The Chairmanship performs certain preparations and planning ahead of board meetings, evaluation of the Board of Directors and coordination with the Executive Management.

Following the Demerger, the composition of the Board of Directors and its permanent committees is as follows:

BOARD OF DIRECTORS	CHAIRMANSHIP	AUDIT & RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE	SAFETY & SUSTAINABILITY COMMITTEE
CLAUS V. HEMMINGSEN					
ROBERT UGGLA					
ALASTAIR MAXWELL					
KATHLEEN MCALLISTER					
MARTIN N. LARSEN					
ROBERT ROUTS					
CAROLINE ALTING					
GLENN GORMSEN					

Member  Chair 

Audit & Risk Committee

The Audit & Risk Committee will consist of three members chosen by and among members of the Board of Directors. The Audit & Risk Committee is to monitor and review the Group's financial reporting and related procedures, including the effectiveness thereof, and evaluate the accounting policies, estimates and judgments as well as transactions with related parties. Further, the Audit & Risk Committee is to check and monitor the Group's external audit, including review of the audit process; the independence of the external audit; the procedures for election of the external auditor; and provision on non-audit services and auditor remuneration. Moreover, the Audit & Risk Committee assists the Company's internal controls and risk management systems, including the ethics hotline (whistleblower scheme). Additionally, the Audit & Risk Committee is to supervise and review the Group's internal control and risk procedures, including legal, regulatory and IT risks.

The Audit & Risk Committee will hold at least five meetings annually.

The majority of the members of the Audit & Risk Committee are considered independent.

Remuneration Committee

The Remuneration Committee will consist of three members of the Board of Directors. The overall purpose of the Remuneration Committee is to assist in maintaining and overseeing the Company's Remuneration Policy for the members of the Board of Directors and the Executive Management, which includes the overall guidelines on incentive pay for the Board of Directors and the Executive Management in accordance with Section 139 of the Danish Companies Act and the Corporate Governance Recommendations. Further, the Remuneration Committee shall evaluate and make recommendations for the remuneration of the members of the Board of Directors and the Executive Management. Additionally, the Remuneration Committee will annually review the compensation level for the Group's Senior Management Team and the general incentive framework for other employees of the Group.

The Remuneration Committee will hold at least three meetings annually.

The majority of the members of the Remuneration Committee are not considered independent.

Nomination Committee

The Nomination Committee will consist of two members of the Board of Directors. The overall purpose of the Nomination Committee is to assist the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors (including the Chairmanship), the Executive Management and the board committees. The Nomination Committee shall annually evaluate the composition of the Executive Management and, if requested by the Chairmanship, assist with the annual evaluation of the Board of Directors. This includes making recommendations for nomination or appointment of members of (a) the Board of Directors, (b) the Executive Management and (c) the board committees established by the Board of Directors.

The Nomination Committee will hold at least two meetings annually.

The majority of the members of the Nomination Committee are not considered independent.

Safety & Sustainability Committee

The Safety & Sustainability Committee will consist of three members of the Board of Directors. The overall purpose of the Safety & Sustainability Committee is to assist the Board of Directors with overseeing the Group's policies regarding and management of (i) risks associated with health, safety, security and environment ("HSSE") as well as (ii) matters of corporate social responsibility ("CSR"), including the Group's annual Sustainability Report.

The Safety & Sustainability Committee will hold at least two meetings annually.

The majority of the members of the Safety & Sustainability Committee are considered independent.

Executive Management

Pursuant to the Articles of Association, the Executive Management shall consist of one to three members appointed by the Board of Directors. Following the Demerger, the Executive Management is expected to consist of two members, the Chief Executive Officer and the Chief Financial Officer, who are responsible for the day-to-day management and compliance with the procedures, instructions, guidelines and recommendations issued by the Board of Directors. The Executive Management's responsibilities include inter alia organisation of the Company as well as allocation of resources, determination and implementation of strategies and policies and ensuring timely reporting to the Board of Directors. The Executive Management also presents and recommends proposals on the overall strategy and objectives to the Board of Directors.

2 Recommendations on good corporate governance

Upon Admission, the Recommendations on Corporate Governance from November 2017, which are available on the Committee on Corporate Governance's website (www.corporategovernance.dk), will apply to the Company. As a listed company, The Drilling Company will be required to report on its compliance with these recommendations according to the "comply or explain" principle. For purposes of transparency, the Company's position on each recommendation is described in the following and reflects the situation at the time of the reporting.

The Drilling Company complies in all material respects with 43 out of the 47 Recommendations on Corporate Governance. With respect to four recommendations, the Company has chosen to deviate from or only partially comply with the recommended approach. The Company believes that the deviations are well-founded and explanations for the Company's alternative approach are set out below.

Adopted by the Board of Directors of The Drilling Company of 1972 A/S on 2 April 2019.

Corporate Governance Overview

Recommendation	Explanation and comments
1. Communication and interaction by the company with its investors and other stakeholders	
1.1. Dialogue between company, shareholders and other stakeholders	
<p>1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Investor Relations function aims to actively ensure an ongoing dialogue between the Company and the investor community, analysts, and other capital market stakeholders.</p> <p>The Company's Investor Relations website is designed to be easily accessible, user-friendly and provide stakeholders with relevant materials and information, including stock exchange announcements; annual and half-yearly financial statements; quarterly trading updates; and press releases.</p> <p>Investor Relations regularly interact with investors and analysts. Additionally, open-access teleconferences will be held in connection with publication of the Annual Report, half-yearly interim report and quarterly trading updates. Learnings from such interactions will be shared among the members of the Board of Directors to the extent relevant.</p> <p>The Company will host Capital Markets Days to provide investors, analysts, and other capital markets stakeholders with more detailed presentations into the Company's strategy and business performance.</p>
<p>1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Company acknowledges the importance of a good and constructive relationship with all the Company's stakeholders. With a view to ensure that the stakeholders' interests are properly taken into account, the Board of Directors has adopted several policies concerning the Company's relationship with relevant stakeholders.</p> <p>On top of these specific policies, the Group and its employees are subject to the Maersk</p>

Values (Constant Care; Humbleness, Uprightness, Our Employees; and Our Name).

Recommendation	Explanation and comments
<p>1.1.3. The Committee recommends that the company publish quarterly reports.</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We do not comply</p> <p>The Company has decided to publish quarterly trading updates in the form of company announcements instead of quarterly financial reports for Q1 and Q3.</p> <p>Quarterly trading updates enable shareholders, analysts and other stakeholders to track the Group’s financial and business performance by providing a reporting overview of relevant financial metrics and key performance indicators, including relevant comparative figures.</p> <p>Additionally, the quarterly trading updates contain management’s view on e.g. operating highlights, a market update, fleet status as well as relevant non-revenue items.</p> <p>The Company believes this is an appropriate level of disclosure based on its focus on creation of long-term shareholder value and the characteristics of the industry.</p>

Recommendation	Explanation and comments
<p>1.2. General meeting</p> <p>1.2.1. The Committee recommends that in organising the company’s general meeting, the board of directors plans the meeting to support active ownership.</p>	<p style="text-align: center; vertical-align: top;">We comply</p> <p>In planning general meetings, the Company will strive to promote active ownership and dialogue with its shareholders and the investor community at large.</p> <p>Notices convening general meetings will be published and be available on our website together with any other required information pertaining to the general meeting. Shareholders may also request to receive such information directly.</p> <p>Shareholders can record their voting instructions via our Investor Portal. Shareholders also have the option of giving a proxy to the Board of Directors or a named third party to represent the shareholders at a general meeting.</p> <p>The Chairman’s report at the Annual General Meeting will be webcasted on our website.</p>
<p>1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.</p>	<p style="text-align: center; vertical-align: top;">We comply</p> <p>The proxy form as well as postal vote form for general meetings will be made available on the Company’s website. Both of these forms will allow shareholders to record their voting instructions for each individual agenda item.</p>
<p>1.3. Takeover bids</p> <p>1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.</p>	<p style="text-align: center; vertical-align: top;">We comply</p> <p>The Company has set up contingency procedures regarding takeover bids, according to which the Board of Directors shall not - without the acceptance of the general meeting - attempt to counter a takeover bid by making decisions preventing shareholders from deciding on the takeover bid themselves.</p>

Recommendation	Explanation and comments
<p>2. Tasks and responsibilities of the board of directors</p>	
<p>2.1. Overall tasks and responsibilities</p>	
<p>2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board’s performance of its work.</p>	<p>We comply</p> <p>The Rules of Procedure of the Board of Directors sets out the tasks and responsibilities of the Board of Directors. The Rules of Procedure are supplemented by an annual calendar. The Rules of Procedure and the annual calendar are reviewed regularly and at least once a year.</p>
<p>2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.</p>	<p>We comply</p> <p>The Group’s strategy and continued development hereof is an essential management task.</p> <p>In addition to considering material strategic questions on an on-going basis, the Board of Directors will usually hold an annual strategy seminar to consider and decide on strategic goals and priorities with a view to ensuring long-term value creation for the Company and its shareholders.</p>
<p>2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company’s website.</p>	<p>We comply</p> <p>In the interest of the Company and the shareholders, the Board of Directors will regularly and at least once a year consider the capital and share structure of the Company to ensure that it is appropriate and supports the strategy and long-term value creation of the Company. The Annual Report will account for decisions made regarding capital and share structure.</p> <p>Capital structure is part of the Company’s Financial Policy, as approved by the Board of Directors, which serves to define and mitigate relevant financial risks.</p>

Recommendation	Explanation and comments
<p>2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.</p>	<p>We comply</p> <p>At least once a year, the Board of Directors reviews and approves binding management instructions for Executive Management that set out the tasks and responsibilities of the Executive Management, including the day-to-day management of the Company.</p> <p>Timely reporting by Executive Management is ensured through the annual calendar and regular interactions between the Chairmanship and Executive Management.</p>
<p>2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.</p>	<p>We comply</p> <p>At least once a year, the Board of Directors will discuss the composition of the Executive Management, as well as related developments, risks and succession plans.</p>

2.2. Corporate social responsibility

<p>2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.</p>	<p>We comply</p> <p>The Company annually publishes a Sustainability Report, which is available on our website.</p> <p>Furthermore, the Company's commitment to CSR is supported by the permanent Safety & Sustainability Committee established by the Board of Directors.</p>
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Recommendation	Explanation and comments
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2.3. Chairman and vice-chairman of the board of directors

<p>2.3.1. The Committee recommends appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman’s absence, and who will also act as effective sparring partner for the chairman.</p>	<p style="text-align: center; font-weight: bold;">We comply</p> <p>The Board of Directors has a Chairman and Vice Chairman, who constitute the Chairmanship.</p> <p>The Chairmanship meets regularly.</p>
<p>2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman’s or other board members’ participation in day-to-day management and the expected duration hereof should be publicly announced.</p>	<p style="text-align: center; font-weight: bold;">We comply</p> <p>Members of the Board of Directors, including the Chairman and the Vice Chairman, will only perform special tasks for the Company, if asked to by the Board of Directors. In such cases, the Company will publicly disclose relevant details.</p>

Recommendation	Explanation and comments
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3. Composition and organisation of the board of directors

3.1. Composition

<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for the competencies that it must have to best perform its tasks, the composition of the board of directors, and the special competencies of each member.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>Prior to each annual general meeting, the Board of Directors evaluates its composition in light of the competencies needed to perform its tasks.</p> <p>This evaluation will also be accounted for in the Annual Report and each board member's CV is available on our website in addition to being included in the notice convening the annual general meeting.</p>
<p>3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Board of Directors annually reviews the Diversity & Inclusion Policy and discusses specific efforts to ensure relevant diversity at certain management levels.</p> <p>Furthermore, the Group's progress in this regard is described in the Sustainability Report.</p> <p>The Diversity & Inclusion Policy and Sustainability Report is available on our website.</p>
<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Board of Directors has established a thorough and transparent process for the selection and nomination of candidates to the Board of Directors.</p> <p>This process is anchored in the Nomination Committee, who makes recommendations for nomination of new candidates to the Board of Directors. In doing so, the Nomination Committee (and ultimately the Board of Directors) take into consideration the need for integration of new talent and diversity.</p>

Recommendation	Explanation and comments
<p>3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates' other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and demanding organisational tasks. Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The recommended information is provided in the notice convening the general meeting at which election of members of the Board of Directors is on the agenda.</p>
<p>3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>From November 2012 to November 2016, the Chairman of the Board of Directors served as Chief Executive Officer of certain companies within the Group (including Maersk Drilling Holding A/S and Maersk Drilling A/S) subsequent to which he took up the position as Chairman of the Board of Directors.</p> <p>As neither the Company nor other companies within the Group was publicly listed at that time, this decision was made to ensure continuity in the management of the Group.</p> <p>Several years have since past and following the demerger from A.P. Møller - Mærsk and the public listing of the Company in 2019, the Company believes that it has a proper division of responsibilities in place between Executive Management and the Board of Directors.</p>
<p>3.1.6. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>Members of the Board of Directors elected by the general meeting serve for a one-year term and can be re-elected at the annual general meeting.</p>

Recommendation	Explanation and comments
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3.2 Independence of the board of directors

3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.

To be considered independent, this person may not:

- be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company,
- within the last five years, have received large emoluments from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,
- represent or be associated with a controlling shareholder,
- within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company,
- be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting,
- be the chief executive officer in a company with cross-memberships with the company,
- have been a member of the board of directors for more than 12 years, or
- be a close relative with persons who are not considered independent.

We comply

The Company complies with the recommendation as three out of six members of the Board of Directors elected by the general meeting are considered independent.

It is common and widely recognized that a major shareholder is represented on the Board of Directors. Further, it is considered desirable and in the interest of all the Company's shareholders that a member of the Board of Directors has thorough knowledge of the Group and the drilling industry.

The Chairman of the Board of Directors has previously served as Chief Executive Officer of certain companies within the Group and for such reason cannot be considered independent.

Two of the members of the Board of Directors are associated with the major shareholder of the Company, A.P. Møller Holding A/S.

Board candidates have been elected based on their skills, professional experience, competencies within the drilling industry and ability to actively contribute their knowledge and experience to the continued development of the Group.

Information regarding the board members' independence and the reasons thereof are included in the Company's latest annual report and available on our website.

Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.

Recommendation

Explanation and comments

3.3. Members of the board of directors and the number of other management functions

3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.

We comply

Members of the Board of Directors regularly assess the expected time commitment for the relevant board work and strive to perform their work for the Company in a satisfactory manner.

3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:

- the position of the relevant person,
- the age and gender of the person in question,
- the person's competencies and qualifications that are relevant to the company
- whether the member is considered independent,
- the member's date of appointment to the board of directors,
- expiry of the current election term,
- the member's participation in the meetings on the board of directors and committee meetings,
- other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and

We comply

The Annual Report contains the recommended information.

<ul style="list-style-type: none"> - the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year. 	
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The annual evaluation of the Board of Directors includes a guideline for what is considered "overboarding".</p>

Recommendation	Explanation and comments
<p>3.4. Board committees</p> <p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> - the terms of reference of the board committees, the most important activities of the committees during the year and the number of meetings held by each committee, and the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We comply</p> <p>A summary of the Charters of our four permanent board committees; information regarding the members of the board committees, and their independence; and the number of meetings expected to be held in 2019 is included in the Annual Report 2018 and available on our website.</p> <p>The most important activities of the board committees during 2019 will be included in the Annual Report 2019.</p>
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We partially comply</p> <p>The majority of the members of the Audit & Risk Committee and Safety & Sustainability Committee are considered independent.</p> <p>The majority of the members of the Remuneration Committee and both members of the Nomination Committee, respectively, are not considered independent.</p> <p>The composition of the board committees is determined by the Board of Directors based on a number of criteria and considerations, including in particular qualifications, experience, market and company insight as well as the Company's shareholder composition. Independence is also part of that assessment, but the Board of Directors does not believe that it should be a decisive factor when assessing the optimal composition of its committees.</p>
<p>3.4.3. The Committee recommends that the members of the board of directors set up an audit committee by and among their members and that a chairman is appointed who is not the chairman of the board of directors.</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We comply</p> <p>An Audit & Risk Committee has been established and the chairman thereof is not the Chairman of the Board of Directors.</p>

Recommendation	Explanation and comments
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> - significant accounting policies, - significant accounting estimates, - related party transactions, and - uncertainties and risks, including in relation to the outlook for the current year. 	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Audit & Risk Committee is responsible for oversight of and reporting to the Board of Directors on the elements described in the recommendation.</p> <p>The overall tasks of the Audit & Risk Committee are to monitor and review the Group's (i) financial reporting and related procedures; (ii) process with external auditors; and (iii) internal control and risk procedures, including legal, regulatory and IT risks.</p> <p>The Audit & Risk Committee operates under a Charter approved by the Board of Directors.</p>
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> - annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, - ensure that if an internal audit has been established, a description of its functions is approved by the board of directors, - ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and - monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>For the time being, the Board of Directors has decided not to establish an internal audit function. The Audit & Risk Committee will at least once a year reassess the need for such a function and should such need arise, the Audit & Risk Committee will provide the Board of Directors with a recommendation to establish an internal audit function.</p> <p>The task of monitoring and reviewing the effectiveness of the Group's internal control systems and procedures is carried out by the Audit & Risk Committee and the Group's finance functions.</p> <p>Further, the Audit & Risk Committee ensures that adequate resources and competencies are allocated to carry out the work otherwise performed by an internal audit function.</p> <p>The Audit & Risk Committee will also monitor Executive Management's follow-up on the conclusions and recommendations of our external auditors.</p>

Recommendation	Explanation and comments
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> - describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, - annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors, - annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect, - recommending candidates for the board of directors and the executive board, and - proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We comply</p> <p>A Nomination Committee has been established.</p> <p>The Nomination Committee is responsible for the preparatory tasks described in the recommendation.</p> <p>The overall tasks of the Nomination Committee are to assist the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors (including the Chairmanship), the Executive Management and the board committees.</p> <p>The Nomination Committee operates under a Charter approved by the Board of Directors.</p>

Recommendation	Explanation and comments
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> - recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, - making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group, - recommending a remuneration policy applicable for the company in general and - assisting with the preparation of the annual remuneration report. 	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>A Remuneration Committee has been established.</p> <p>The Remuneration Committee is responsible for the preparatory tasks described in the recommendation.</p> <p>Further, the Remuneration Committee annually reviews the compensation level of the Group’s senior management (other than the members of Executive Management).</p> <p>The Remuneration Committee operates under a Charter approved by the Board of Directors.</p>
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The Remuneration Committee does not consult with the same external advisers as Executive Management.</p>

Recommendation	Explanation and comments
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3.5. Evaluation of the performance of the board of directors and the executive board

3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:

- contribution and results,
- cooperation with the executive board,
- the chairman’s leadership of the board of directors,
- the composition of the board of directors (including competencies, diversity and the number of members),
- the work in the committees and the committee structure, and
- the organisation and quality of the material that is submitted to the board of directors.

The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.

We comply

The Chairmanship is in charge of the annual evaluation of the Board of Directors covering the elements described in the recommendation. External assistance for the evaluation will be obtained at least every third year.

The result of the evaluation is presented to the Board of Directors for review and discussion.

The Chairman accounts for the evaluation, including the process and general conclusions, at the annual general meeting prior to election of the Board of Directors – and a similar account is included in the Annual Report.

3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company’s strategy.

We comply

The Board of Directors regularly and at least once a year evaluates the work and performance of Executive Management in accordance with pre-defined criteria in addition to any other relevant criteria.

As part of this evaluation, the Board of Directors will also assess the need for changes to the structure and composition of Executive Management in light of the Company’s strategy.

Recommendation	Explanation and comments
<p>3.5.3. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	<p>We comply</p> <p>The cooperation between the Board of Directors and Executive Management is assessed as part of the Board of Directors' annual self-evaluation.</p> <p>The Chairmanship regularly meets with Executive Management, and the Board of Directors annually evaluates the qualifications, competencies, knowledge, experience, succession, work, performance and results of the Executive Management.</p> <p>On that basis, the Board of Directors evaluates the need for changes to the structure and composition of Executive Management in light of the Company's strategy.</p>

Recommendation	Explanation and comments
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4. Remuneration of management

4.1. Form and content of the remuneration policy

4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes a detailed description of the components of the remuneration for members of the board of directors and the executive board, the reasons for choosing the individual components of the remuneration, a description of the criteria that form the basis for the balance between the individual components of the remuneration, and an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.

The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.

We comply

The Board of Directors has adopted a Remuneration Policy for the Board of Directors and Executive Management, which includes the elements described in the recommendation.

The Remuneration Policy and any changes thereto are approved by the general meeting at least every fourth year and upon any material amendments.

The Remuneration Policy is available on our website.

4.1.2. The Committee recommends that if the remuneration policy includes variable components, limits be set on the variable components of the total remuneration package, a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the long term, clarity be established about performance criteria and measurability for the award of variable components, it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and

We comply

Executive Management's remuneration includes variable components, the value of which is limited as a percentage of fixed base salary in accordance with the Company's Remuneration Policy.

The Company uses incentive pay, short-term as well as long-term, to secure a high degree of alignment of interests between Executive Management and the shareholders, to strengthen attraction/retention and to promote and support value creation both in the short and long term.

All long-term incentives have a vesting or maturity period of at least three years from the relevant date of grant until the time they vest or mature. In the case of

<p>it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.</p>	<p>grants of Company restricted share units replacing restricted shares and options held in A.P. Møller - Mærsk A/S, such vesting period refers back to the time of the original grant of A.P. Møller - Mærsk A/S instruments.</p> <p>The Company has the right to reclaim in full or in part variable components of remuneration that were paid on the basis of data that subsequently prove to be incorrect.</p>
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>	<p>We comply</p> <p>As set out in the Remuneration Policy, the remuneration of the Board of Directors only includes fixed fees and thereby no share options, warrants or other incentive or performance based remuneration.</p>
<p>Recommendation</p>	<p>Explanation and comments</p>
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	<p>We comply</p> <p>As stated in the Remuneration Policy, all long-term incentives are granted periodically and have a vesting or maturity period of at least three years from the relevant date of grant until the time they vest or mature. In the case of grants of Company restricted share units replacing restricted shares and options held in A.P. Møller - Mærsk A/S, such vesting period refers back to the time of the original grant of A.P. Møller - Mærsk A/S instruments.</p>
<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	<p>We comply</p> <p>As stated in the Remuneration Policy, the period of notice applicable to Executive Management is 12 months for the employer and 6 months for the executive. Executive Management are entitled to a severance payment of up to 6 months' fixed pay at the time of termination. For a pre-agreed period ending 31 December 2019, Executive Management are entitled to an additional enhanced severance payment of up to 6 months' fixed pay at the time of notice of termination. Therefore, the total payment relating to the notice</p>

period shall in any event not exceed two years' total remuneration, including all remuneration components.

4.2. Disclosure of the remuneration

4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.

We comply

The Chairman's statement at the annual general meeting will address the Remuneration Policy as well as any proposed amendments. Any deviations from the Remuneration Policy during the preceding financial year will also be mentioned, if relevant.

4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.

We do not comply

The remuneration for the Board of Directors for the current financial year was not approved separately in connection with the Demerger.

The approval of remuneration for the Board of Directors for the current financial year is included in the Articles of Association of the Company as a separate agenda item for the Annual General Meeting. Accordingly, the Company expects to comply with the recommendation from the next Annual General Meeting.

Recommendation	Explanation and comments
<p>4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">We do not comply</p> <p>The Company has decided to await the Danish implementation of the Shareholder Rights Directive with regards to the specific requirements for disclosure of individual pay. This will ensure consistency in the disclosed information.</p> <p>Further, it is the Company's opinion that information about remuneration on an individual basis does not serve any objective purpose.</p> <p>For these reasons, the Company has decided not to comply with the recommendation to provide information on an individual level, until otherwise required by applicable Danish law.</p> <p>Accordingly, the Annual Report for 2018 for Maersk Drilling Holding A/S only includes information on remuneration on an aggregated basis for the Board of Directors and Executive Management. The same approach is expected to be applied when preparing the Annual Report for 2019 for The Drilling Company.</p> <p>The Annual Report for 2018 for Maersk Drilling Holding A/S includes information on the correlation between the remuneration and the Company's strategy and relevant related goals as well as the most important content of retention and resignation arrangements.</p> <p>The Company will prepare a remuneration report for the financial year 2020, including the information as required by Danish law subsequent to the entry into force of the implementing acts related to the amended EU Shareholder Rights Directive.</p>

Recommendation	Explanation and comments
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5. Financial reporting, risk management and audits

5.1. Identification of risks and transparency about other relevant information

5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.

We comply

The Board of Directors reviews and accounts for such risks in the Annual Report.

This review and account is enabled by e.g. the Board of Directors' annual discussion of the most important strategic and business risks. Furthermore, the Company's risk profile is regularly discussed with the Board of Directors, e.g. when strategy planning and upon considering material investments. Additionally, the Audit & Risk Committee is tasked with assignments related to monitoring and reviewing internal control and risk procedures (including those related to financial reporting).

5.2. Whistle-blower scheme

5.2.1. The Committee recommends that the board of directors establish a whistle-blower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.

We comply

The Board of Directors has established an Ethics Hotline scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.

Recommendation	Explanation and comment
<p>5.3. Contact to auditor</p> <p>5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The dialogue between the Board of Directors and the external auditor takes place by way of the statutory Auditor’s Long-form Report, and regular Audit & Risk Committee reporting to the Board of Directors. The external auditor attends the board meeting at which the Annual Report is evaluated.</p> <p>The members of the Audit & Risk Committee meet with the auditors at least once a year without the Executive Management being present.</p>
<p>5.3.2. The Committee recommends that the audit agreement and auditor’s fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.</p>	<p style="text-align: center; vertical-align: middle;">We comply</p> <p>The auditor agreement and the auditor’s fee are approved by the Board of Directors based on the recommendation from the Audit & Risk Committee.</p>