

THE FUTURE OF OUR

Heritage

Egyptian Drilling Company

Sustainability Report 2018



EGYPTIAN DRILLING COMPANY
SUSTAINABILITY
REPORT 2018



شركة الحفر المصرية
EGYPTIAN DRILLING COMPANY

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About this Report

Report Parameters

The 2018 Sustainability Report is prepared in accordance to the Global Reporting Initiative (GRI) Standards: Core Option Reporting. The report has been subject to a third party assurance by Dcarbon-Egypt.

Timeline

2 years from 1/1/2017 to 31/12/2018

Reporting Cycle

Biennial.

Disclaimer

EDC 2018 Sustainability Report is core to sustainable businesses and operations. Although data and figures in the report are accountable, there is no assurance of the anticipated future performance due to possible exceptional unforeseen circumstances.

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Cover photo: EDC RIG 63

Message from the Chairman and MD

EDC is one of the top drilling contractors in Egypt and the MENA region.

Therefore, we are always seeking to take the lead and act as a role model to the Oil & Gas industry. We are looking forward to setting a long-term strategy to build a future oriented platform.

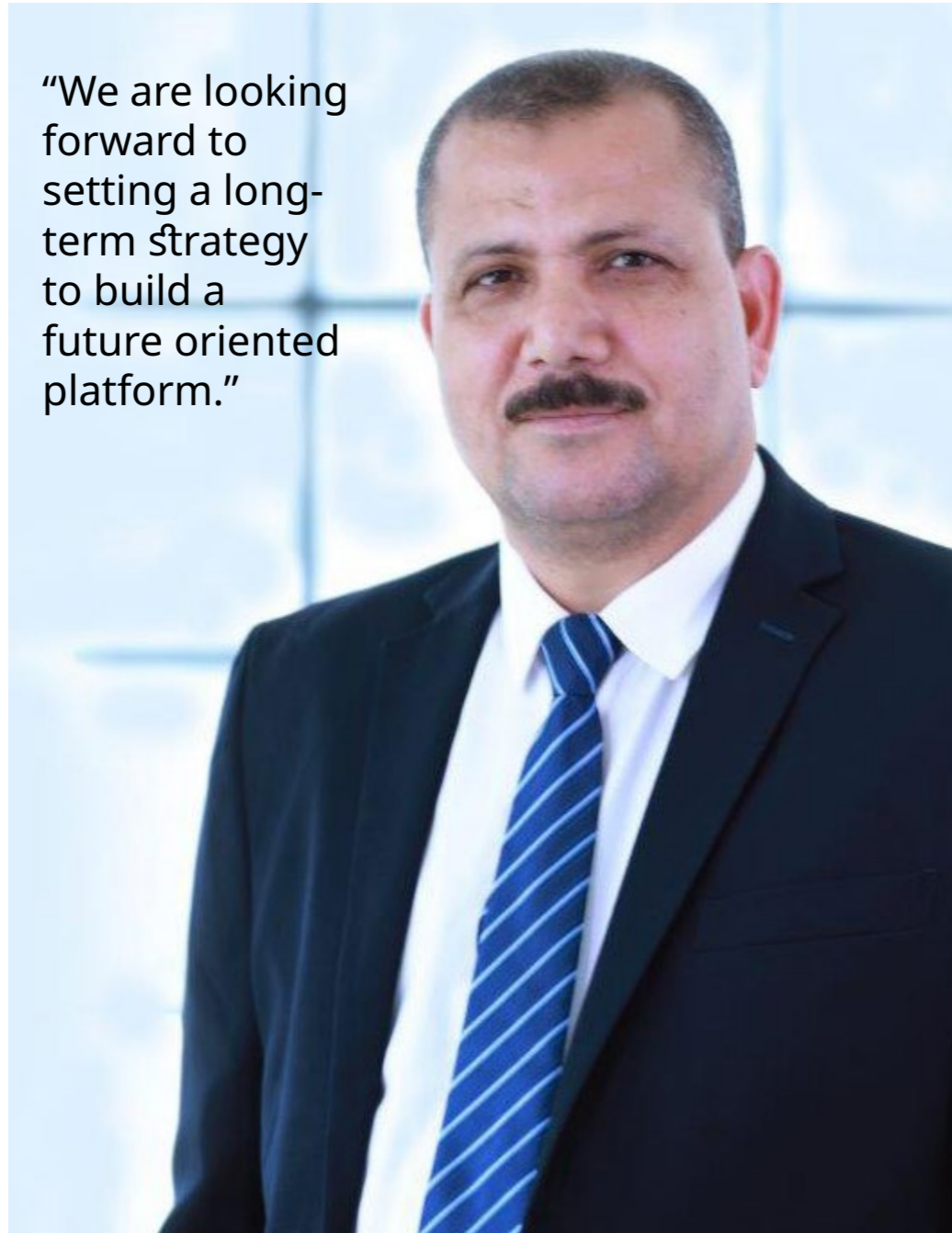
Bearing in mind the heavy nature of the oil and gas industry, one of the chief pillars of this strategy is sustainability and being able to deliver on it.

EDC's impact on community and industry is a key factor that is achievable by efficiency and work productivity.

Since EDC is involved in many partnerships, both local and global, it is vital to establish a common foundation between us and our stakeholders.

We thus aim to be affiliated with Egypt's SDS 2030 and the Oil sector modernization strategy to make sure we are moving on the same track."

"We are looking forward to setting a long-term strategy to build a future oriented platform."



Letter to our Stakeholders

Dear Valued Stakeholders, It is our pleasure and honor to communicate to you "EDCs' 2018 Sustainability Report", the first sustainability report developed by an Egyptian drilling service company.

In addition to the annual financial reports and other internal and external communication initiatives, EDC believes that sustainability reports are an important way to engage with stakeholders and help foster informed dialogue and understanding.

Such reports enhance transparency, detail the company's economic, environmental, and social performance, bring challenges and risks up front and center, and elaborate on their management approach. They also identify opportunities and present EDC's sustainability practices and plans as a critical component of its growth strategy. With this report, EDCians are establishing a benchmark for future performance and communicating their priorities to all stakeholders. As EDC holds itself responsible and accountable towards all

of its stakeholders, a Senior Management Team (SMT) one-on-one engagement was conducted in order to develop this report. Moreover, 17 sustainability ambassadors were selected from different departments and certified through a GRI training program as well as awareness-raising and capacity building programs for different levels of employees. A stakeholder mapping exercise was conducted, and various channels of communication were identified and utilized to engage stakeholders to understand and deal with their concerns and meet their interests and expectations.

Outcomes were extracted and presented in a materiality matrix to inform the EDC sustainability strategy on short, medium and long terms.

This report addresses EDC's impact on the pillars of sustainability, economic, social, and environmental, on the national, regional, and global levels. It also addresses risks and challenges and explores possible opportunities.

To identify the most material topics, EDC incorporated a variety of inputs from a range of strategies, guidelines, and initiatives, from the sectoral, national, and global perspectives.

The scope of this report is EDC's operations during 2017 and 2018, with the exception of our subsidiary Drilling and Petroleum Services (DPS), including field and corporate offices.

A summary of our alignment with the Core Option of the Global Reporting Initiative (GRI) Standards can be found in the GRI Content Index.

On behalf of more than 3900 employees, we would like to welcome you in our first steps towards our sustainability journey where we are willing to set a benchmark for the Egyptian drilling services market.

EDCians

“
A summary of our alignment with the Core Option of the Global Reporting Initiative (GRI) Standards can be found in the GRI Content Index.
”

Introduction

In 1976 A.P. Moller- Maersk and Egyptian General Petroleum Corporation (EGPC) joined forces to start the "Egyptian Drilling Company" (EDC). In 2018, EDC became fully owned by EGPC and other Egyptian national entities.

Since its inception, EDC has been a leading drilling service provider in Egypt and the MENA region; a national company with

international experience. Operated in Libya, Gabon, and Syria, it continues to operate in Saudi Arabia.

With more than 3900 members onboard, our Employees come high on our priority list, along with our physical Assets, Clients and Suppliers.

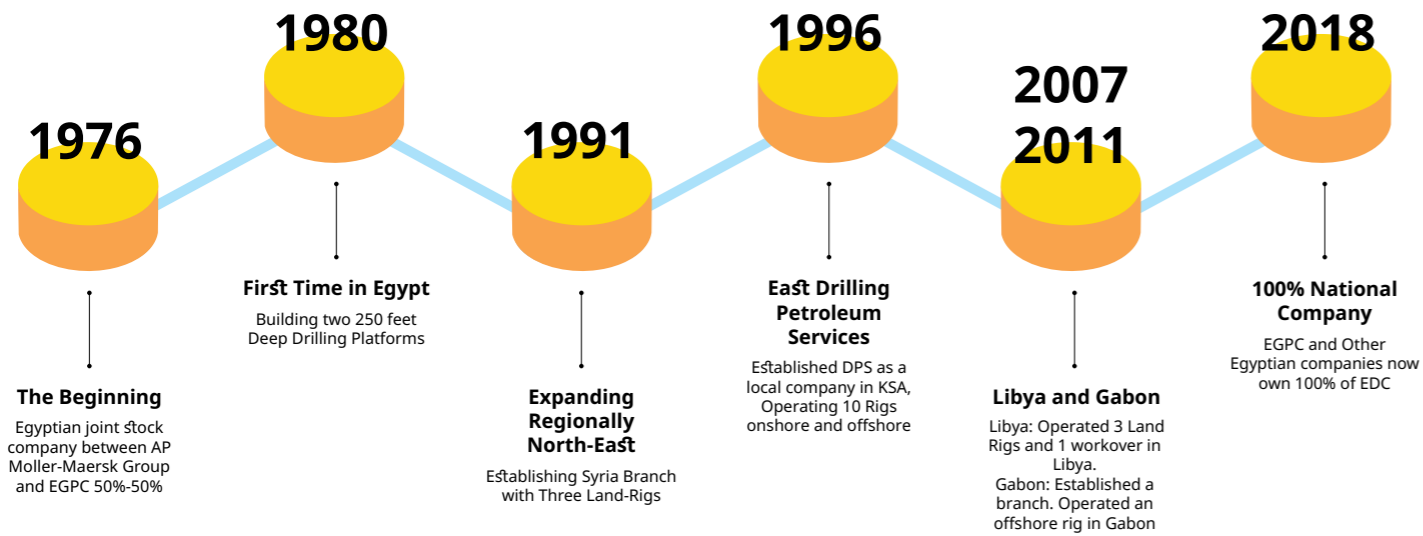
Providing exceptional international standard services to our

clients is up front and center for EDCians.

With our foundation and heritage in the up-stream drilling service, EDC has a key position and leadership role to drive oil and gas sector development in line with the global trends and benchmarks.

In Brief

With more than 3900 members onboard, our Employees come high on our priority list, along with our physical Assets, Clients and Suppliers.

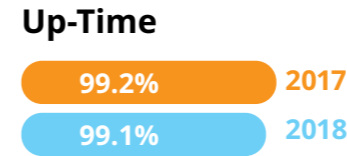
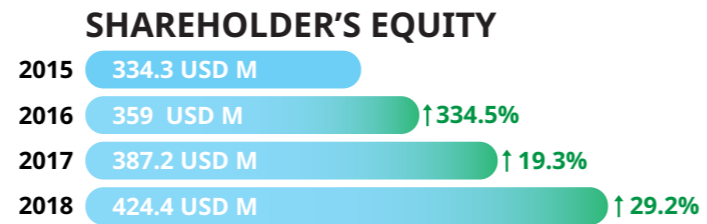
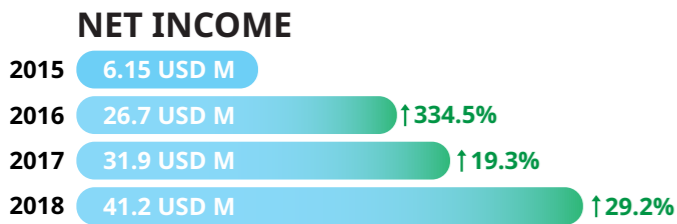
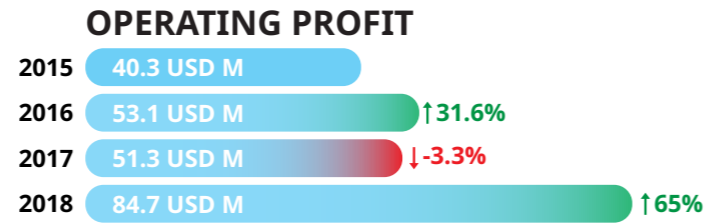
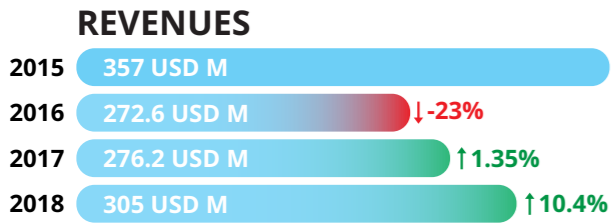


Our Clients



EDC Highlights 2017-2018

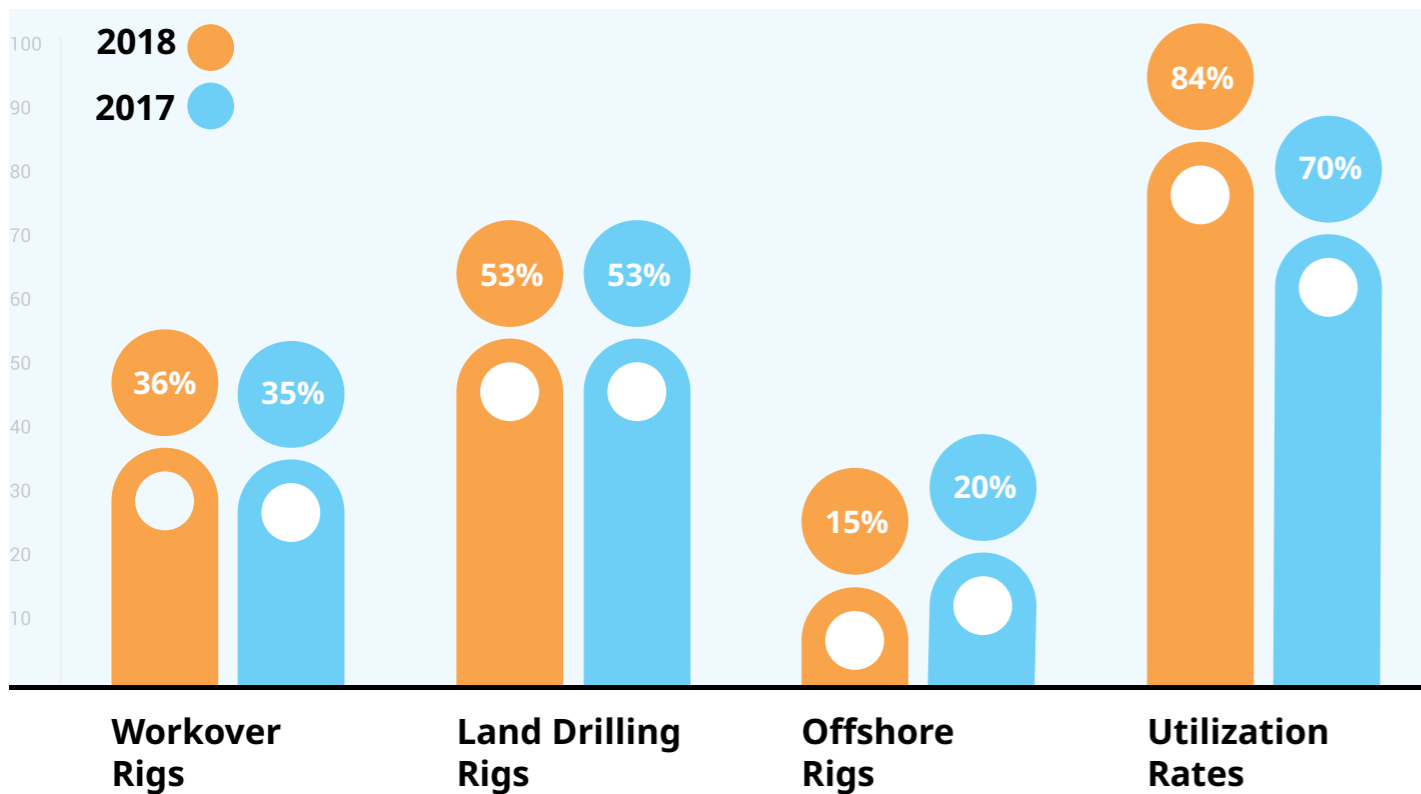
Financial Highlights



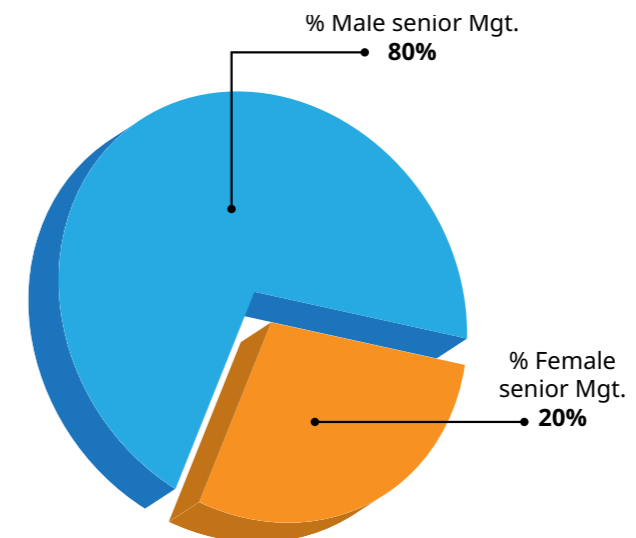
Numbers of trainees by category

Category	Number of Trainees
Soft Skills	424
Drilling	586
Safety	112
Technical	1292
Marine	536

Operational Highlights



Female to Male Senior Mgt. level



International Awards and Certifications



Land Rig of The Year 2017

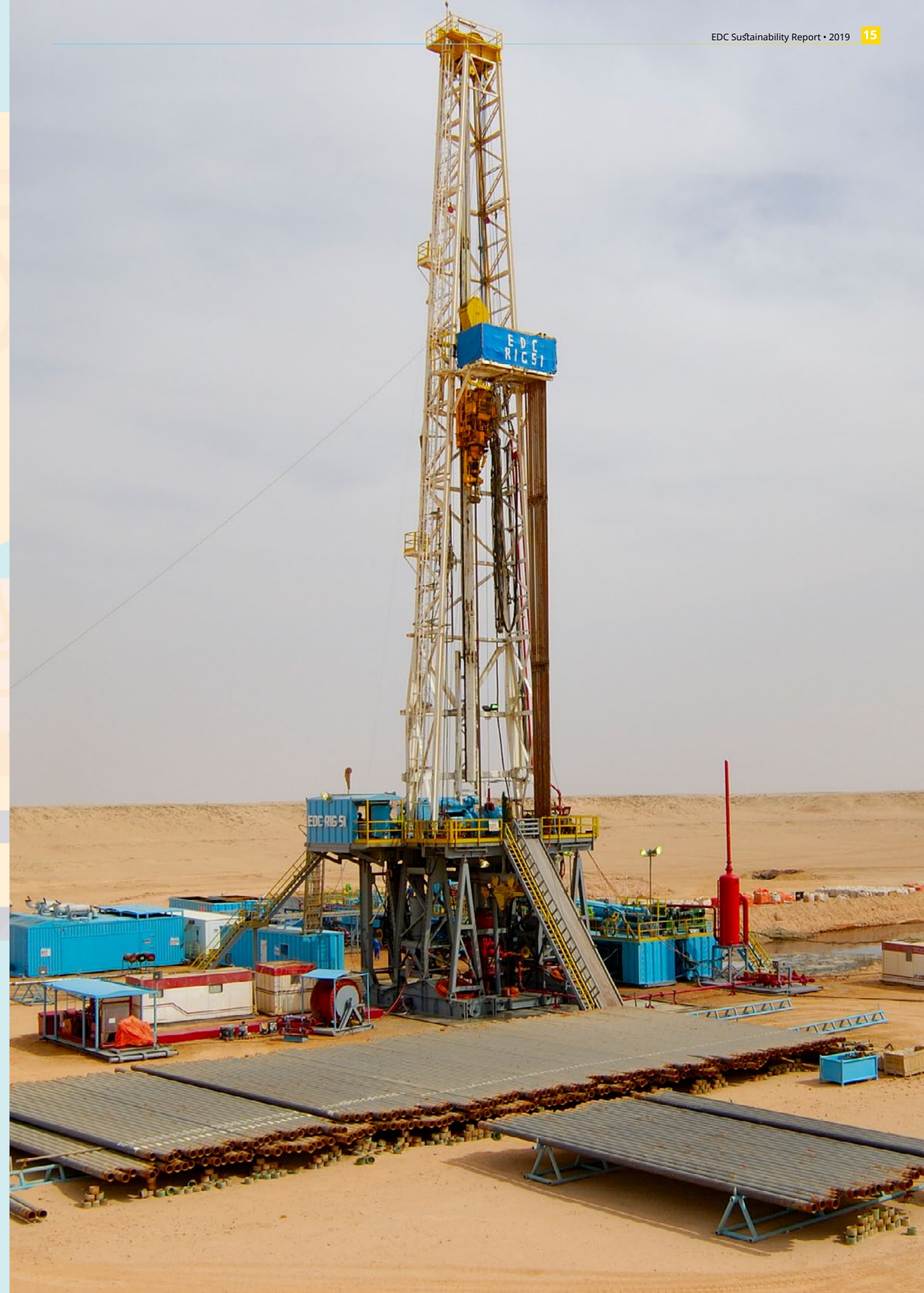
Shell Global List
EDC 51

Land Rig of The Year 2018

Shell Global List
EDC 72

ISO Certification 9001-14001-45001

EDC started the process of Integrated Management System Certification in 2018 and was awarded the ISO 9001-14001-45001 certification by TUV NORD Egypt in 2019.



Sustainability Overview

The Global and National Landscape

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals SDGs. In 2016, the Paris Agreement on climate change entered into force, addressing the need to limit the rise of global temperatures.

opment and its 17 Sustainable Development Goals and the Paris agreement.

Egypt also submitted 2 voluntary national reviews on the progress in SDGs in 2016 and 2018.

The Egyptian constitution covers all pillars of sustainable development and is operationalized by a National Strategy for Sustainable Development, Egypt Vision 2030, and translated into midterm plan 2016-2020.

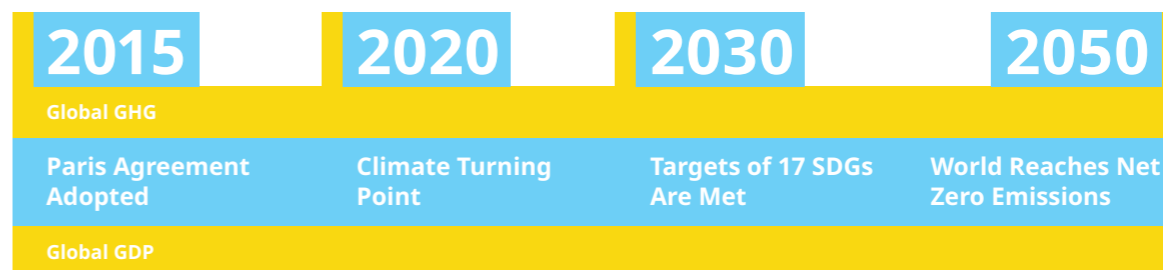
The country attaches high priority to achieving food, water, and energy security which had to be clearly reflected in the strategy.

Egypt is a signatory to the 2030 Agenda for Sustainable Development.

THE GLOBAL GOALS For Sustainable Development



Paris Agreement Timeline



Egypt's National Status and Targets

SDG 7 indicators:

Indicators	SDG target	Type	Value	2030 Target	Change
Proportion of population with access to electricity (%)	7.1	3	99.7 2016	100	●
Renewable energy share in total energy production (%)	7.2	0	2.28 2016	N/A	●
Contribution of energy sector to GDP (%)	7.3	3	17.1 2017	25	●
Contribution of energy investments to total investment (%)	7.b.1	0	24.1 2017	N/A	●
Amount spent on oil subsidies (EGP bn)	12.c.1	2	35 2017	0	●

Egypt's commitment to clean and affordable energy is an integral part of the SDS. The Egyptian government has accordingly created an energy strategy that is geared towards transforming the country's energy sector into one that plays an important role in the economy while ensuring a reliable,

efficient and eco-friendly usage of domestic resources.

The Integrated Energy Strategy to 2035 outlines the details of how Egypt will produce, utilize, and conserve energy through 2035. It provides guidance on the best energy mix, shows the technology related and finan-

cial results of different "energy futures" based on scenario analysis. It provides policymakers with evidence-based policy analysis to allow them to make the most effective decisions.

SDG Targets



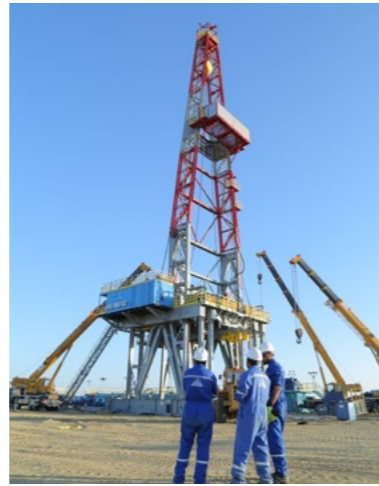
The Oil and Gas Sector

Oil and gas production can foster economic and social development by providing access to affordable energy, opportunities for decent employment, business and skills development, increased fiscal revenues, and improved infrastructure.

However, oil and gas development has historically contributed to some of the challenges that the SDGs seek to address—climate change and environmental degradation, population displacement, economic and

social inequality, armed conflicts, gender-based violence, tax evasion and corruption, increased risk of certain health problems, and the violation of human rights.

In recent decades, the industry has made advances in avoiding, mitigating, and managing such impacts and risks.



“
However, oil and gas development has historically contributed to some of the challenges.
 ”

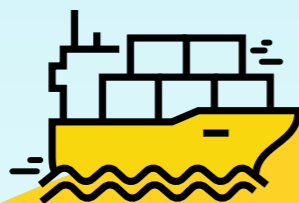


How can oil and gas companies integrate the SDGs into core business. Source: IPIECA, UNDP, & IFC. (2017). Mapping The Oil And Gas Industry to The Sustainable Development Goals: An Atlas.

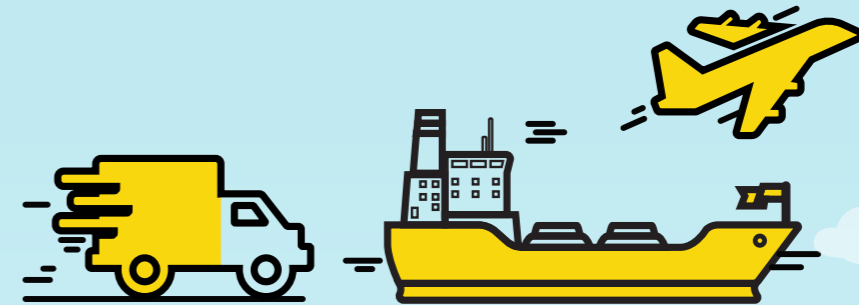
The Oil and Gas Industry Process



Exploration and Production



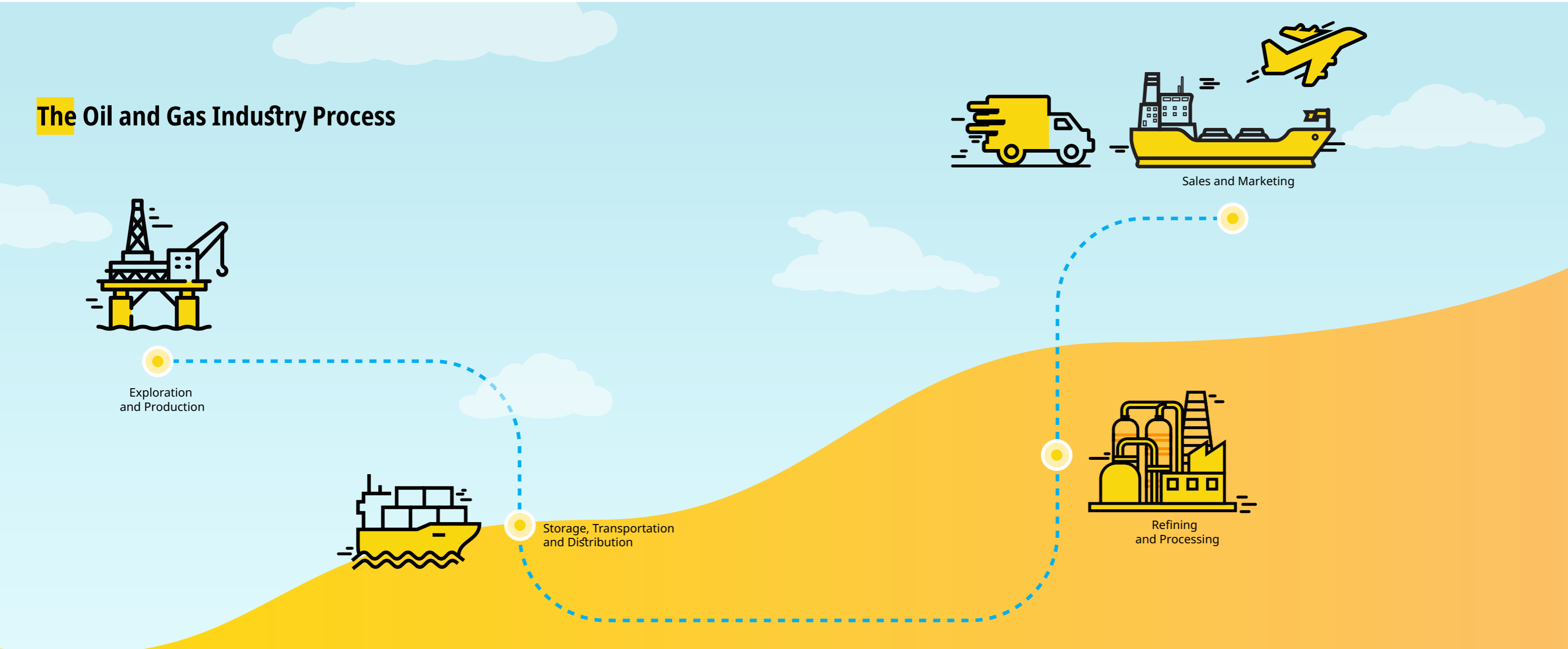
Storage, Transportation and Distribution



Sales and Marketing



Refining and Processing



Integrating the SDGs into Our Core Business

The 17 SDGs are closely inter-linked and frequently indivisible. Many of the opportunities that companies have for integration, collaboration or leverage will impact multiple goals.

Achieving an individual goal will often rely on, or have implications for, some or all of the other goals and the related supporting conditions. Some areas must be fully integrated across the SDGs to maximize the likelihood of achievement.

How directly a cross-cutting issue relates to a goal can differ significantly, but there will be some degree of relevance to them all.

A good example is the area of **climate change**. While it is included as a stand-alone goal, it has implications for all 17 SDGs and so addressing it is a consideration when approaching each goal.

Climate change may disproportionately affect the poor and most vulnerable, undermining efforts to end poverty (SDG1), achieve gender equality (SDG5), and reduce inequality among and within countries (SDG10). Climate change can threaten food security (SDG2), increase stress on water resources (SDG6), and alter ecosystems and damage biodiversity (SDG14 and 15).

It may also change the distribution patterns of infectious diseases and so affect global health (SDG3). All these impacts may threaten peace and security (SDG16).

At the same time, the response to climate change can also drive progress on other SDGs, for example by promoting improved energy efficiency and investment in renewable energies and technologies (SDG7), which can open up new economic opportunities (SDG8).

Oil and gas companies can help operationalize the SDGs in their core business practices by incorporating them into their corporate systems, policies, and processes, including:

Company Policies, Standards, and Management Systems- Company governance and management systems, standards and strategies that address areas such as environment, health and safety, compliance, anti-bribery, gender, and supply and procurement can be used to set goals and monitor progress towards integrating the SDGs into business. Over time, the industry has used lessons learnt across all geographies to develop good practice, and has introduced standards and practices that, in many places, go beyond regulatory requirements.

Reporting- To enhance stakeholder understanding of company contributions towards the SDGs, companies can map and report on them in their sustainability disclosures.

Project Due Diligence- Different projects will have different impacts on different SDGs. Identifying the social, economic, and environmental baselines of the local area and the potential

impacts of operations will inform engagement, contribution, and mitigation measures.

Risk and Opportunity Assessment and Planning- Risk Assessment is crucial for the identification and prediction of potential risks and the implementation of preventative measures. There are opportunities for SDGs to be incorporated into companies' Risk Assessment procedures.

Dialogue and Engagement with Communities, Governments, and Other Stakeholders- Proactive engagement and consultation with stakeholders, including local communities, indigenous peoples, local and national governments, and civil society are vital to establishing and maintaining trust, understanding concerns and perspectives, and securing and maintaining a company's social license to operate.

Research and Development- Technology could be a significant enabler towards achieving the SDGs. Companies can consider the potential beneficial impacts of technologies which they have under development, and which could accelerate progress on the 2030 agenda.

SDG Targets

1 NO POVERTY	2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
14 LIFE BELOW WATER	15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	

17 A good example is the area of climate change. While it is included as a stand-alone goal, it has implications for all 17 SDGs and so addressing it is a consideration when approaching each goal.



Key Issue Areas for Oil and Gas Mapped to the SDGs

Source: IPIECA, UNDP, & IFC. (2017). Mapping The Oil And Gas Industry to The Sustainable Development Goals: An Atlas.



EDC SDG Mapping

According to the Colombia Center on Sustainable Investment (CCSI), SDGs Priorities can be distributed on four different levels:

EDC, throughout all its activities and engagements works toward addressing the 17 SDGs through

- 1 NO POVERTY**
 - Increase access to energy.
 - Contribute to fiscal sustainability.
- 2 ZERO HUNGER**
 - Align co-located agricultural and oil and gas development activities.
 - Shared-use infrastructure to enhance agricultural productive capacity.
 - Increase efficiency in oil- and gas-based agricultural products.
- 3 GOOD HEALTH AND WELL-BEING**
 - Reduce occupational risks.
 - Protect workers and community members against infectious and non-communicable diseases.
 - Design benefits programmes.
 - Prevent and mitigate the health impacts of air emissions and effluent discharges.
- 4 QUALITY EDUCATION**
 - Establish a company strategy for local content to promote sustainable development.
 - Invest in workforce education, training, and technical programmes.
 - Invest in education and training in responsible energy use and new technologies.
- 5 GENDER EQUALITY**
 - Develop gender-sensitive local content policies.
 - Support full and effective participation at all levels of decision-making.
 - Increase employment opportunities for women and female representation in management.
- 6 CLEAN WATER AND SANITATION**
 - Substantially increase water use efficiency.
 - Manage produced water and wastewater.
 - Develop shared-use water infrastructure.
- 7 AFFORDABLE AND CLEAN ENERGY**
 - Improve access to energy services through shared infrastructure.
 - Increase the share of natural gas, alternative energies and technologies in the energy mix.
 - Improve energy efficiency in operation and production.
- 8 DECENT WORK AND ECONOMIC GROWTH**
 - Conduct skills assessment and communicate reasonable expectations.
 - Foster full and productive local employment and workforce development.
 - Encourage local procurement and supplier development.
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
 - Upgrade infrastructure and technology.
 - Enhance technological capabilities and knowledge transfer.
 - Adopt local procurement and supplier development.
- 10 REDUCED INEQUALITIES**
 - Ensure full and transparent tax payment.
 - Set expectations and communicate with local communities.
 - Ensure inclusive operations- employ local indigenous people.
- 11 SUSTAINABLE CITIES AND COMMUNITIES**
 - Address risks related to operations in urban environments.
 - Support inclusive and sustainable urbanization in response to operations.
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**
 - Integrate product stewardship approach.
 - Introduce environmentally sound and efficient chemical and waste management.
 - Improve supply chain sustainability.
- 13 CLIMATE ACTION**
 - Self-assess carbon resiliency.
 - Mitigate emissions within oil and gas operations.
- 14 LIFE BELOW WATER**
 - Incorporate environmental assessments into management plans.
 - Ensure accident prevention, preparedness, and response.
 - Transfer and share marine technology.
- 15 LIFE ON LAND**
 - Implement the mitigation hierarchy.
 - Minimize impacts through new technologies.
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS**
 - Integrate human rights perspective in impact assessment.
 - Enhance community engagement and consent.
 - Integrate anti-corruption systems.
- 17 PARTNERSHIPS FOR THE GOALS**
 - Participate in dialogue.
 - Incorporate SDGs into policies.

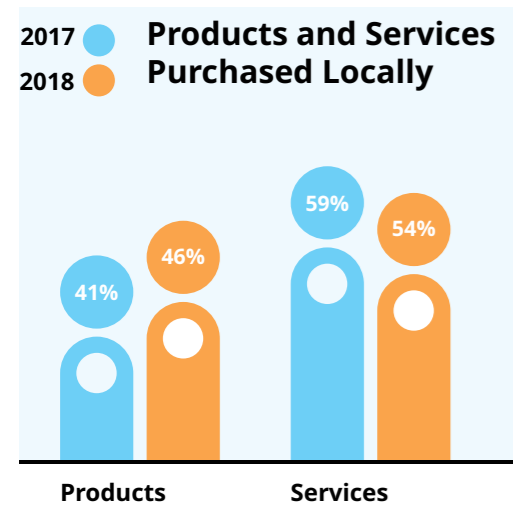
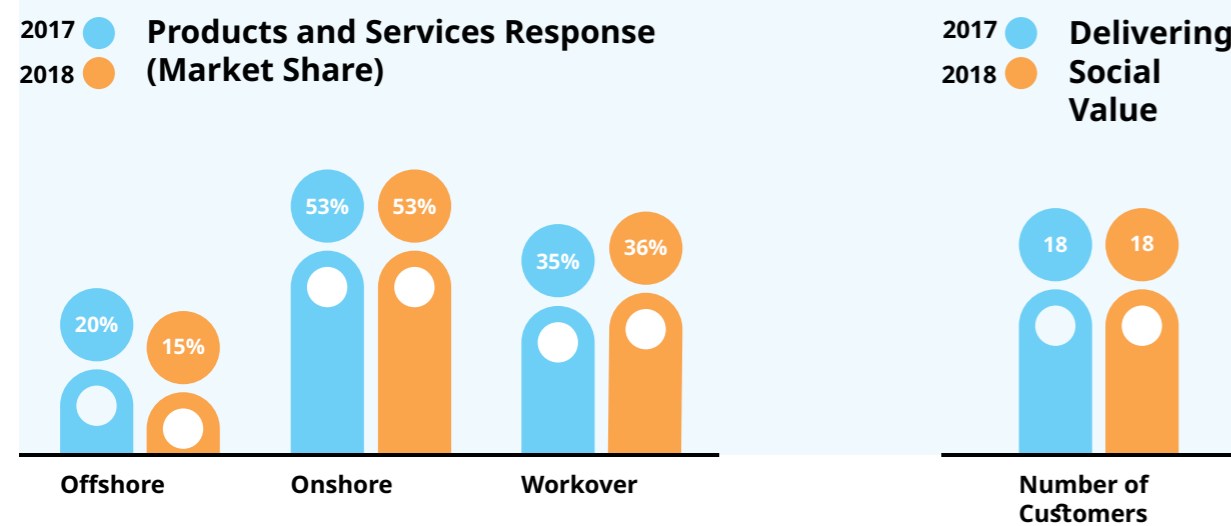
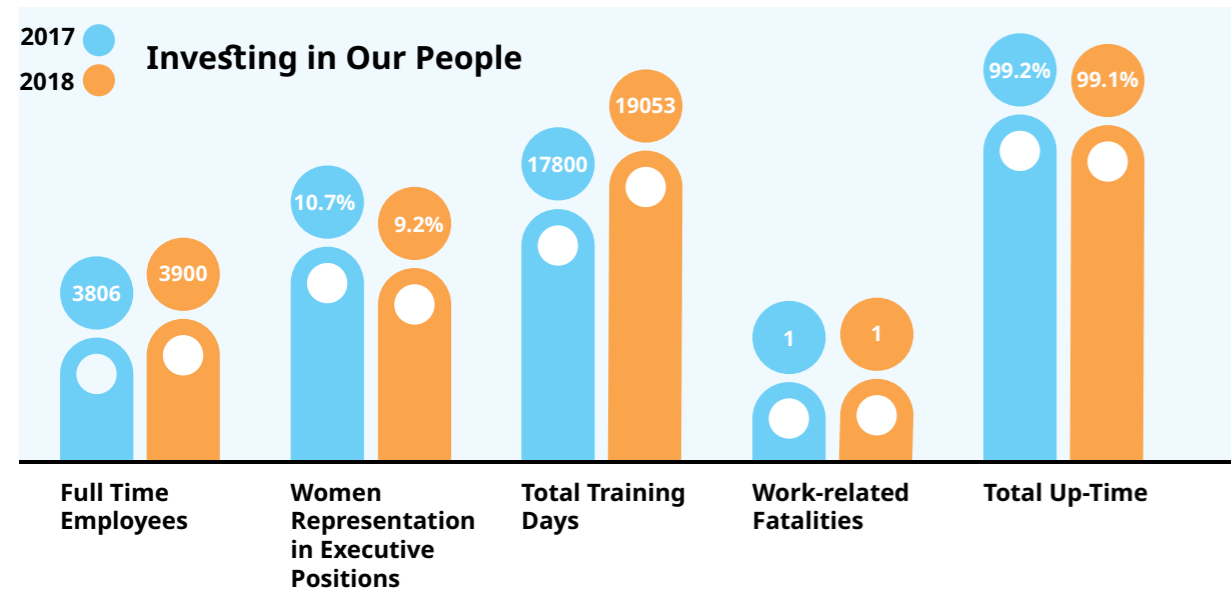
SDGs Mapping in the context of Oil & Gas Companies working in developing countries



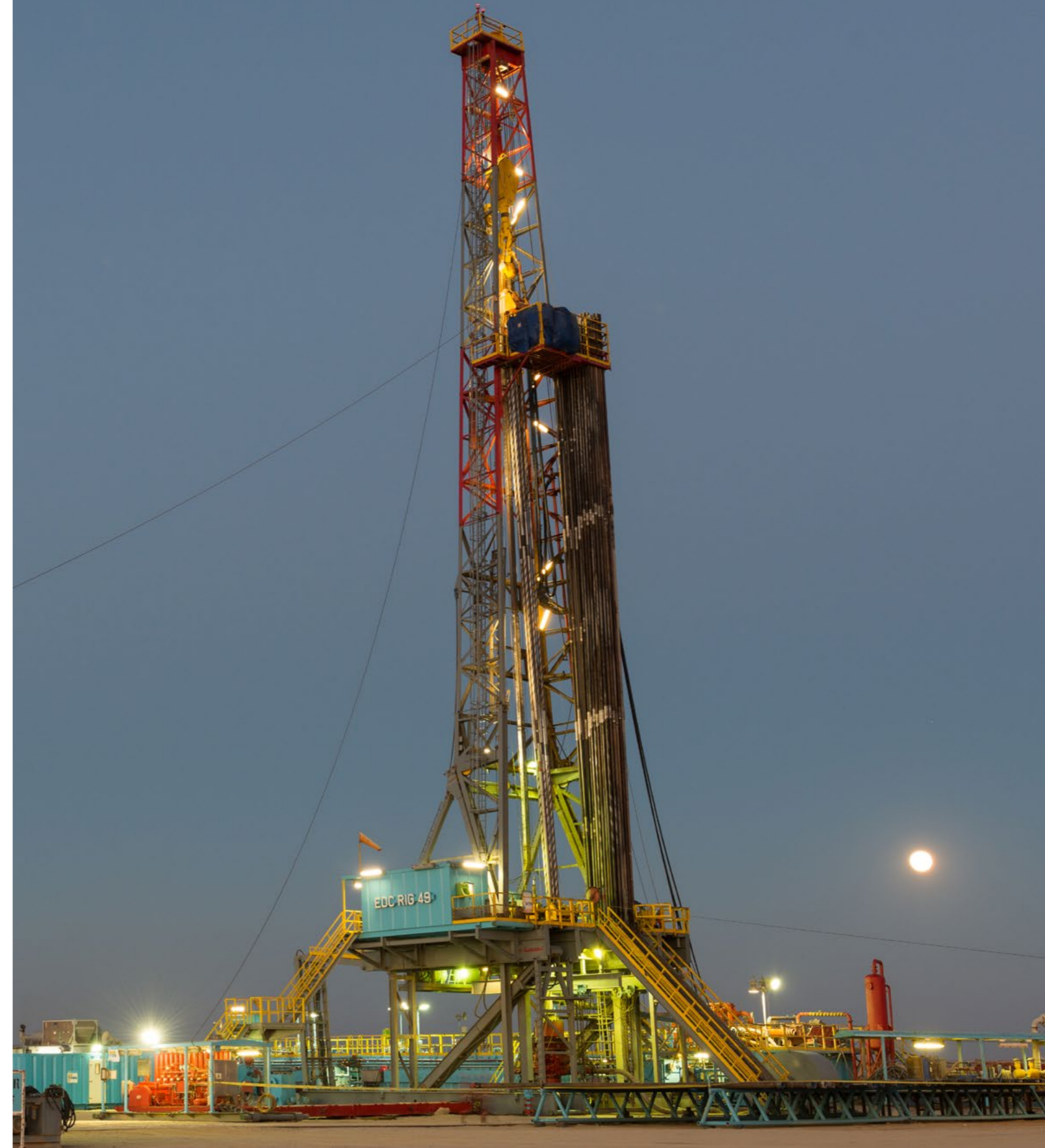
We Also Adhere by the UNGC 10 Principals Throughout Our Activities

- 01 Respect**
and support internationally recognized human right in your area of influence
- 02 Ensure**
that your company does not participate in any way in the violation of human rights
- 03 Support**
freedom of association and recognize to open collective bargaining
- 04 Eliminate**
all forms of forced or compulsory labour
- 05 Eradicate**
all forms of child labour in your productive chain
- 06 Stimulate**
all practices that eliminate any form of discrimination at the workplace
- 07 Assume**
a responsible preventive and proactive posture towards environmental challenges
- 08 Develop**
initiatives and practices to promote socio environmental responsibility
- 09 Promote**
the development and dissemination of environmentally responsible technologies
- 10 Fight**
corruption in all of its forms, including extortion and bribery

Sustainability Performance Overview



“ EDC is ranked 3rd among 29 drilling contractors working for Shell worldwide. ”



Corporate Governance



We apply sensible corporate governance practices commensurate with our size and current level of operating activities, which we believe achieve our objectives.

We have clear and effective governance structures in place throughout the company that is supported by policies, standards, practices, and guidelines.

“ We have clear and effective governance structures in place throughout the company ”

In Brief

We apply sensible corporate governance practices commensurate with our size and current level of operating activities, which we believe achieve our objectives.

SDG Targets

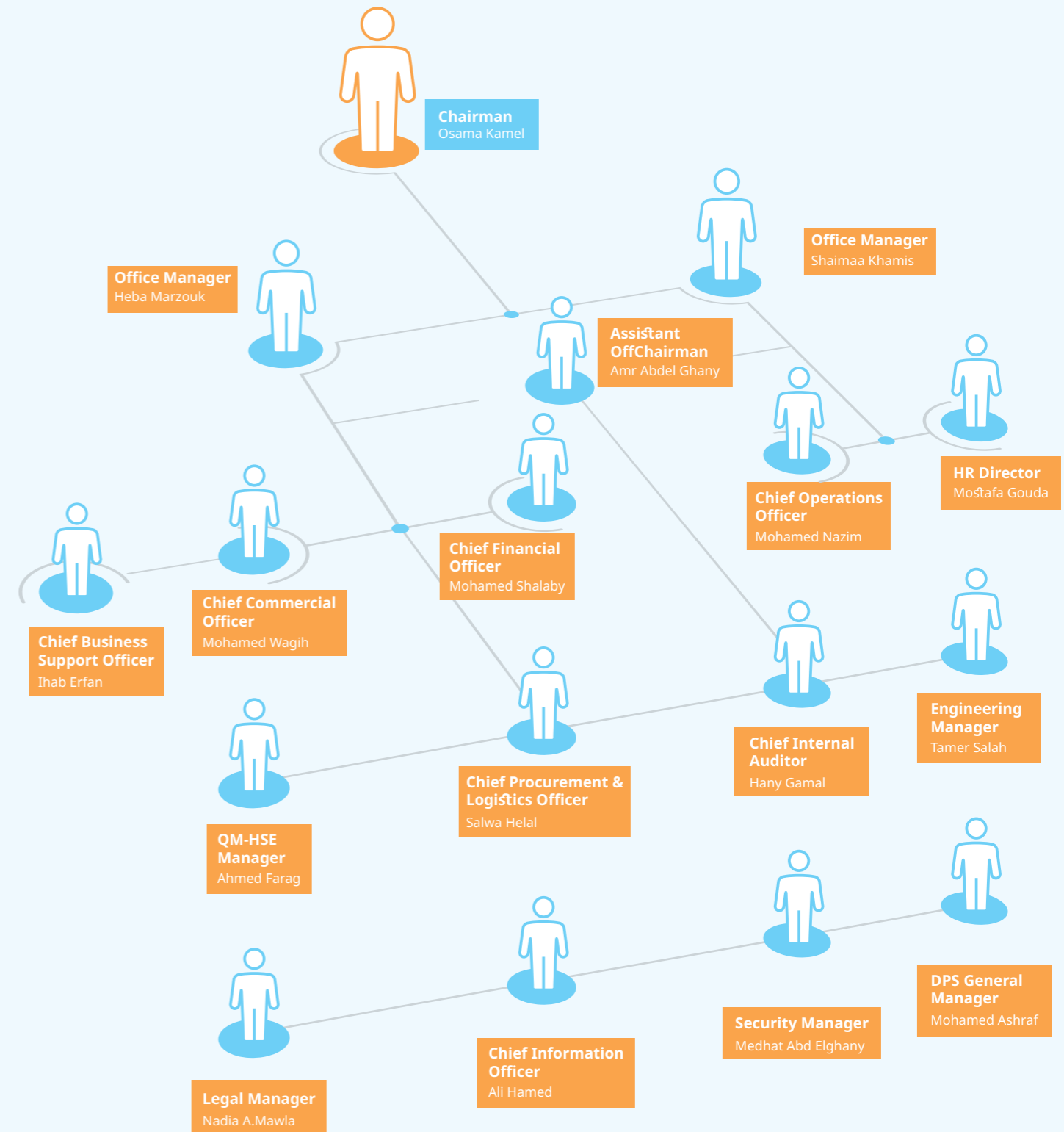


Committees	Governing Body	Mandate
External Audit	Shareholders	We are responsible Corporate governance is guided by the general principles to:
The SPCs The Special Purpose Committee (SPC) is activated when needed. It is formed of the relevant chief officers, seniors, and external consultants when needed. SPC deals with emerging matters and recommends solutions to the board regarding EDC position on urgent issues. It also evaluates and monitors social, operational, technical and environmental trends and risks that could affect EDC's business activities and performance.	Board of Directors	<ol style="list-style-type: none"> 1. Protect shareholders' rights, and enhance profitability and business growth. 2. Provide a safe, fair, and rewarding working environment to all employees. 3. Abide by applicable laws and best industry practices. 4. Carry out activities competently and sustainably. 5. Sustain the wellbeing of local communities in working operations.
	CEO and MD	Carry out shareholders and board mandate.
Code of Conduct	Management	Policies, procedures, guidelines, and management system manual.



Management Organization Chart

Board of Directors



Business Code of Ethics

EDC has zero-tolerance for corruption and adheres to high ethical standards wherever it operates.

Our reputation and integrity depend on each employee, officer, director, and those working on our behalf maintaining personal responsibility for ethical business conduct.

EDC Code of Conduct, led by our Chief Internal Audit Officer, along with our core values, and our Suppliers' Code of Conduct, provides a clear direction to all employees, contractors and suppliers about how to behave

ethically in accordance with our policies and standards.

The code covers a range of topics, including business ethics, human rights, and anti-corruption. It also helps ensure regulatory adherence and prevents potential risks and liabilities.

We encourage employees and contractors to ask questions and seek guidance about ethical concerns and to understand their responsibility to report actual or suspected misconduct.

We have whistleblowing reporting mechanism for

employees, contractors, and suppliers to create an environment where we can report suspected violations without fear.

We receive guidance requests from employees and stakeholders across all our businesses, investigated concerns, and take the appropriate action.

Depending on the scale and type of concern, issues are elevated to provide appropriate management level oversight.

In Brief

We receive guidance requests from employees and stakeholders across all our businesses, investigated concerns, and take the appropriate action.

A Word from the Manager of Legal Affairs, Mrs. Nadia A. Mawla



Corporate landscape has changed in the past years and companies, including EDC, are faced with increasingly complex and interconnected challenges, risks, and opportunities. This has resulted in stakeholders placing more emphasis on governance, accountability, and compliance.

From a legal and risk management perspective, all contracts entered into by EDC are reviewed against a set of standards, internal/external regulations, and laws, to ensure

compliance and minimal legal exposure. As part of our risk management, we further mitigate the risks that can face our operations locally and internationally by purchasing insurance coverage adequate to the EDC's risk appetite.

In light of this sustainability and risk management perspective, it is important for in-house lawyers to be connected to the business to become a valued commercial partner and a trusted adviser for all business functions.

In Brief

In light of this sustainability and risk management perspective, it is important for in-house lawyers to be connected to the business to become a valued commercial partner and a trusted adviser for all business functions.



Our Approach Towards Sustainable Governance

The Oil and Gas Sector "Modernization Project"

As Egypt's current growth engine, Egypt seeks to become a regional hub for oil and gas especially with the recent petroleum discoveries in the Mediterranean deep-water and the Nile Delta that has offered new opportunities in the exploration and production (E&P) sector.

is designed to capture, renovate, and activate the sector's untapped potential to serve the national development agenda and to boost macroeconomic progress.

The program targets the enabling environment pillars to support Egypt's ambition to become an Energy Hub.

The Oil and Gas Modernization Program is an integrated transformational platform that



Egypt's Vision 2030 and the Oil and Gas Modernization Program are the cornerstones for our approach towards Business Continuity and Sustainability.

Our strategy is to identify, analyze, and enhance our economic, social, and

environmental impacts while meeting our financial, ethical, and legal responsibilities recognized by our stakeholders.

Our approach towards corporate business continuity and sustainability is in line with Egypt's National Sustainable

Development Strategy "Egypt's Vision 2030", as well as the 2030 Global Sustainable Development Agenda "Transforming Our World".

We believe in sustainability as a path that embarks on leadership, planning,

implementing, monitoring, reporting, following-up, and learning with inclusion, accountability, and transparency, as recognized values that lie at its heart.

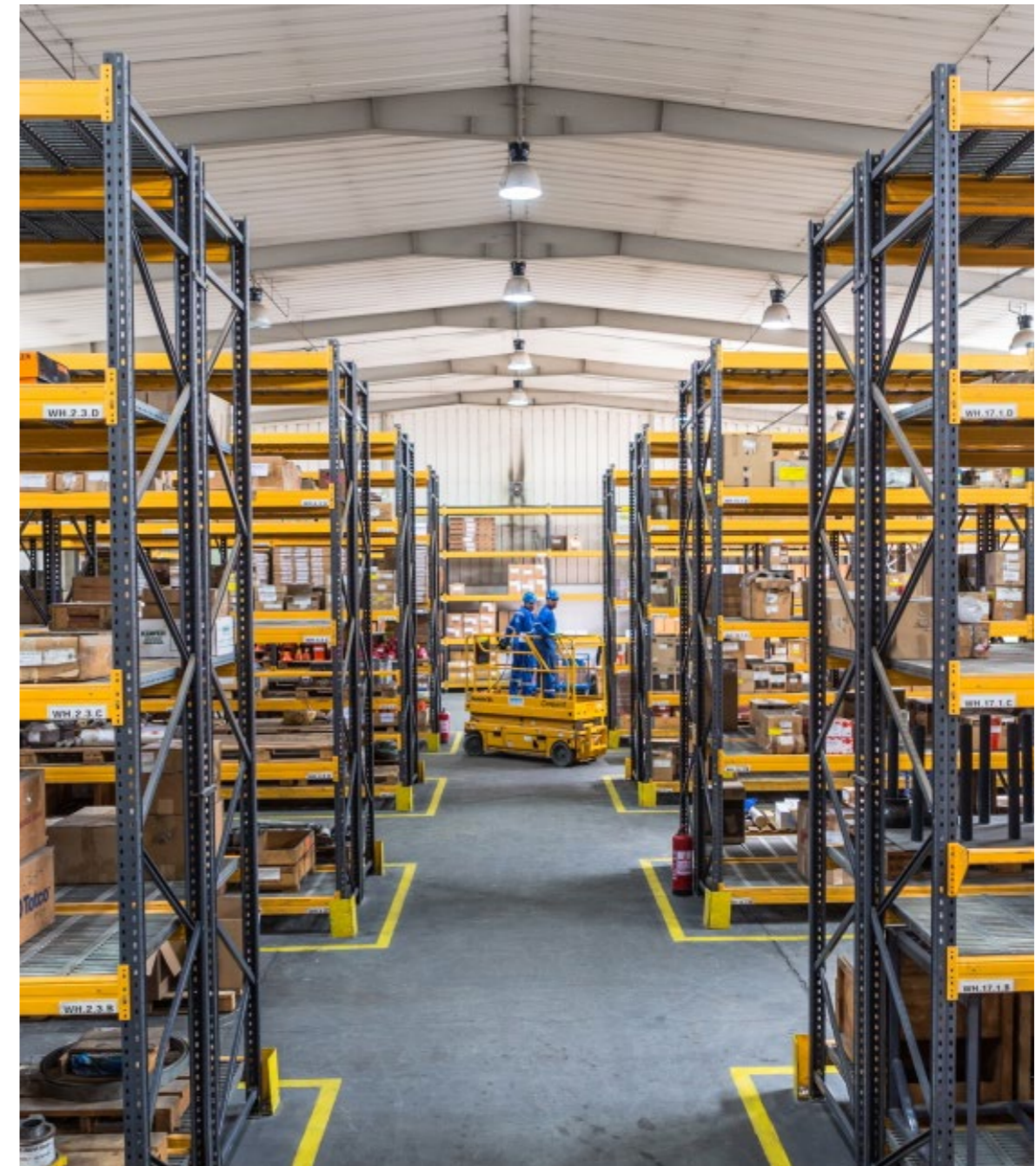
Developed by the Ministry of Petroleum and Mineral Resources which aims to design and implement an integrated transformative program for Egypt's Oil and Gas sector to enhance its contribution as an engine of economic growth, and to reinforce its role as a

model for other sectors, our Modernization Program serves Egypt's Integrated Sustainable National Energy Strategy to 2035 and assists Egypt towards becoming an Energy Hub. We aim at continuously improving our social, economic, and environmental impacts while meeting our national, ethical, and financial responsibilities recognized by our stakeholders.

We also, adhere and abide by all the principals of the United

Nations Global Compacts in all our Activities A mapping exercise is conducted to map EDC strategy, programs and activities, and projects with the sector modernization project and UN SDGs.

The outcome of the exercise identifies EDC impact on the economic, social, and environmental pillars of SD and the sector's modernization strategy.



Mapping EDC's Strategies, Policies, Programs, Projects, and Activities with Sector Modernization Project and SDGs

Oil & Gas Sector Modernization Programs

EDC	Upstream Investment attraction	Sector Structure Reform	HR Management	Downstream performance & Energy Efficiency	Upstream Performance	Oil & Gas Hub Strategy	Decision Support & Data Flow	SDGs
Expansion Plans: Targeting cross borders areas.								
Digitization Strategy: ERP System that integartes all business aspects.								
Procurement Strategy and Policies: 1. From Rig based to Category Base. 2. Digital auctionaning process. 3. Stock control Mgt.								
FaSt Track Program: Custome made program to invest in our human capital to accommodate business needs and expansion plans.								
Organization Structure Development: Adding a new line department for Business Support to support & coordinate between all relevant activities.								
Training Programs: comprehnssive training matrix geared toward career path development of work force.								
Asset Integrity Policy: To maintain and renovate our fleet.								
SDGs								

The Future of our Heritage: Affirming the position... Redefining EDC

A Strategic Outlook towards the Future

To maintain a strong presence in our domestic market and give priority to domestic clients. Our expansion in the international market shall be directed at the bigger markets with long term potential, both on-shore, and off-shore. Our financial strength shall be used to secure the expansion in

the offshore market. Our three main business areas, off-shore drilling, on-shore drilling, and on-shore work-over shall remain our focus areas.

Other services shall only be undertaken when in support of our focus business.



EDC



Vision We aim to provide continuous safe access to energy.



Mission

1. Provide continous return to the shareholders.
2. World - class drilling services to the industry.
3. Long term and equal opportunities to the employees.
4. A safe and healthy workplace and become a good corporate citizen.



Values

Our Name
Constant Care
Our Employees
Uprightness
Humbleness



Strategy

Affirming the position,
Redefining EDC

Managing Our Risks

Identify, Measure, Monitor, and Manage our Impacts and Risks

Word from the Chief Business Support Officer Eng. Ihab Erfan



EDC has been a beacon and a buoy guiding others and setting benchmarks, sometimes even competing with oneself.

The market and the socio-economic changes had a hefty impact on EDC and caused blurriness in the vision. We need a strong vision to bring our beacon once again in the forefront allowing current and

new generations to operate sustainably.



BSD

- Oversees that the company's various business functions comply with company standards, objectives, and goals.
- Supervises business operations and provides business recommendations.

BSD is comprised of 4 sections

- Research and Development
- Process and BI
- Asset Integrity
- Performance and PDP



This, in turn, will ensure vital sustainability for the company in the Oil and Gas sector both on the domestic and the foreign level.



This is achieved through supervising business operations and providing improvement recommendations.

This, in turn, will ensure vital sustainability for the company in the Oil and Gas sector both on the domestic and the foreign level.

A Path to Agility and Sustainable Development

Our system of company wide standards, practices, and guidelines supports risk management of the environmental and social aspects of our operations.

Every chief officer identifies and prioritize business risks in his area, develop mitigation plans, track performance against goals, and adjust plans as needed, and as situations evolve.

For that special reason, EDC initiated a new **Business Support Department (BSD)**:

The Business Support Department aims to assist the various functions in developing the necessary agility, overseeing the compliance of the various business functions with the company standards, strategy, and goals.

All our activities are examined against the physical, social, and environmental settings of our operations to assess potential risks into operating plans.

Key risks are categorized based on potential consequence and likelihood to determine the relative priority of the risk for inclusion in company-wide action plans.

Action plans addressing greenhouse gas (GHG) emissions, water, and biodiversity are part of our risk management process. Actions focus on improved performance that responsibly addresses long-term risk.

Action plans include details about our commitments, related responsibilities, resources, and

milestones that are annually tracked and reported.

Local environmental and stakeholder matters related to our operations and projects are assessed and managed through our QM-HSE department in collaboration with relevant departments, enabling each department to tailor specific action plans to address

the unique challenges and opportunities of their activities.

Additionally, other local concerns may influence the potential importance of these environmental and stakeholder matters including long-term risks and cumulative impacts. Examples of these concerns are water management and land-use agreements with local communities.

To achieve its objectives, **BSD initiated a wide crosscutting training, capacity building, and awareness-raising activities across all departments and on all levels.**

A certified Global Reporting Initiative training were conducted for 17 employees to facilitate the process of developing EDC's first

Sustainability Report. A stakeholder mapping and engagement exercise was conducted according to AA1000 standards to address stakeholders' needs, concerns, and expectations.



Key Risks and Impacts on EDC

Risk Type	Global	Regional	National	EDC
Strategic Risks	✓	✓	✓	High
• Oil Price Risks	✓	✓	✓	High
• Exchange Rate Risks	✓	✓	✓	High
• Alternatives and Renewables Risks	✓	✓	✓	Low
Operational Risks	✓	✓	✓	High
Human Resources Risks	✓	✓	✓	High
Financial Risks	✓	✓	✓	Medium
• Interest Rate Risk	✓	✓	✓	Medium
• Taxation Risks	✓	✓	✓	Low
• Compliance	✓	✓	✓	Medium
• Asset Integrity	✓	✓	✓	High
• Competition	✓	✓	✓	Medium
• Cost of Operations	✓	✓	✓	High
• Technological Disruptions	✓	✓	✓	Medium
Environmental Risks	✓	✓	✓	Medium

Materiality Analysis

To be a Sustainable Business, is our strategic approach. Hence, identifying and prioritizing matters that significantly affect our ability to create value over the short, medium and long term is of utmost importance.

EDC holds itself responsible and accountable towards all its stakeholders.

Various channels are utilized to continuously engage its stakeholders to understand and deal with their concerns, and meet their interests and expectations.

Although this concept is rooted in our business culture, it has

not been done with this level of inclusivity.

To identify the most material topics, EDC incorporated a variety of inputs from a range of strategies, guidelines, and initiatives, from the sectoral, national, and global perspective, including, but not limited to:

- All stakeholders' expectations,
- Outputs from our human capital management analysis performed by our Human Resources Department,
- The reviews of our clients and suppliers,
- The Oil and Gas Sector "Modernization Program",
- Egypt's Sustainable

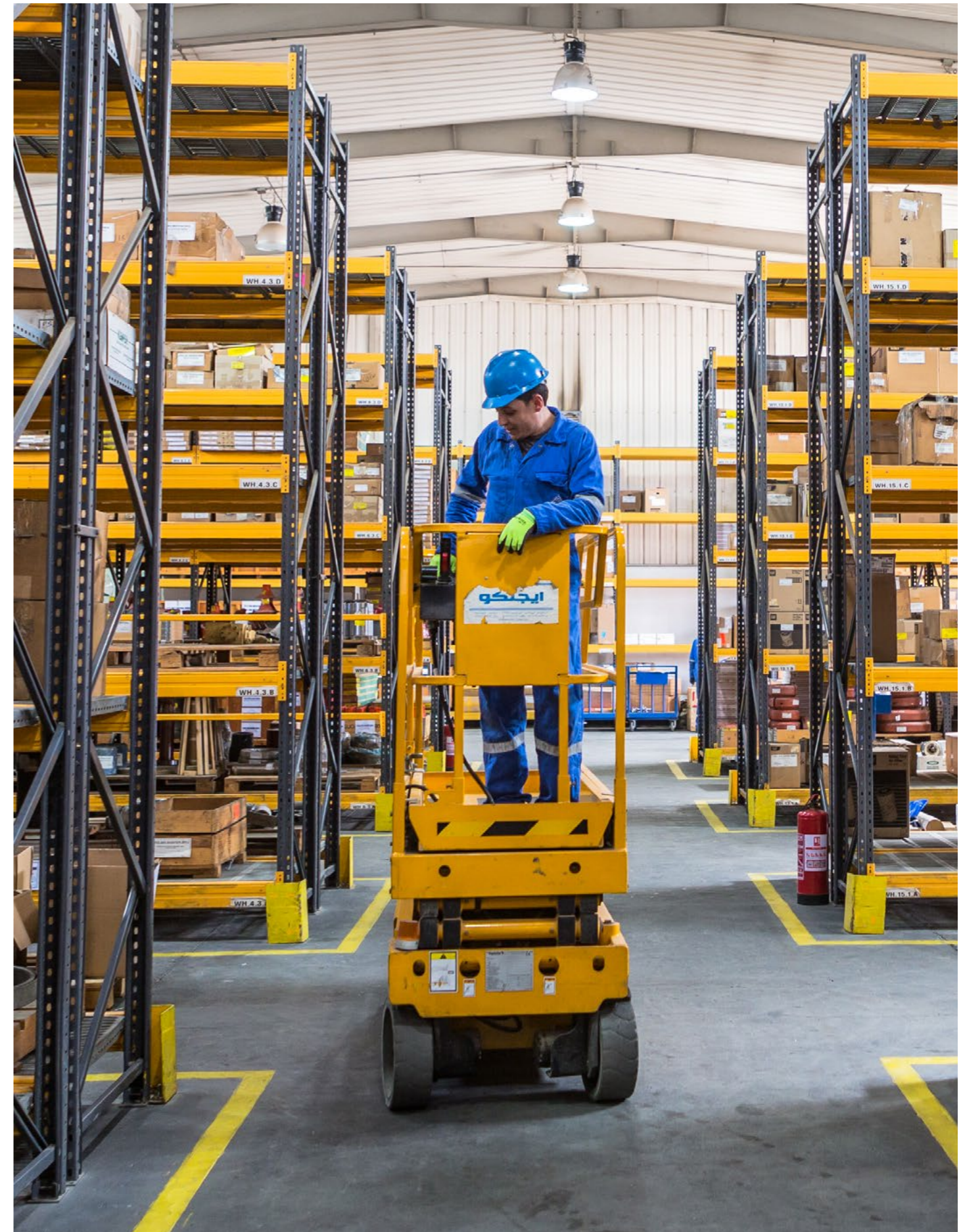
Development Strategy: "Egypt Vision 2030",

- Global Reporting Initiative (GRI) material aspects,
- IPIECA (International Petroleum Industry Environmental Conservation Association) reporting topics,
- The Global Agenda 2030: "Transforming Our World".

Identifying all relevant aspects, and assessment for magnitude and possible impact, resulted in the prioritization and clustering of issues as high, medium and low materiality.

In Brief

EDC holds itself responsible and accountable towards all its stakeholders.



Stakeholder Inclusiveness

For this report, a stakeholder mapping exercise was conducted through a team assigned by the chairman and the senior management team.

A questionnaire was circulated among all internal departments of the company through which they were called upon to identify all their internal and external stakeholders.












The result is the following;

Stakeholder's Mapping and Identification



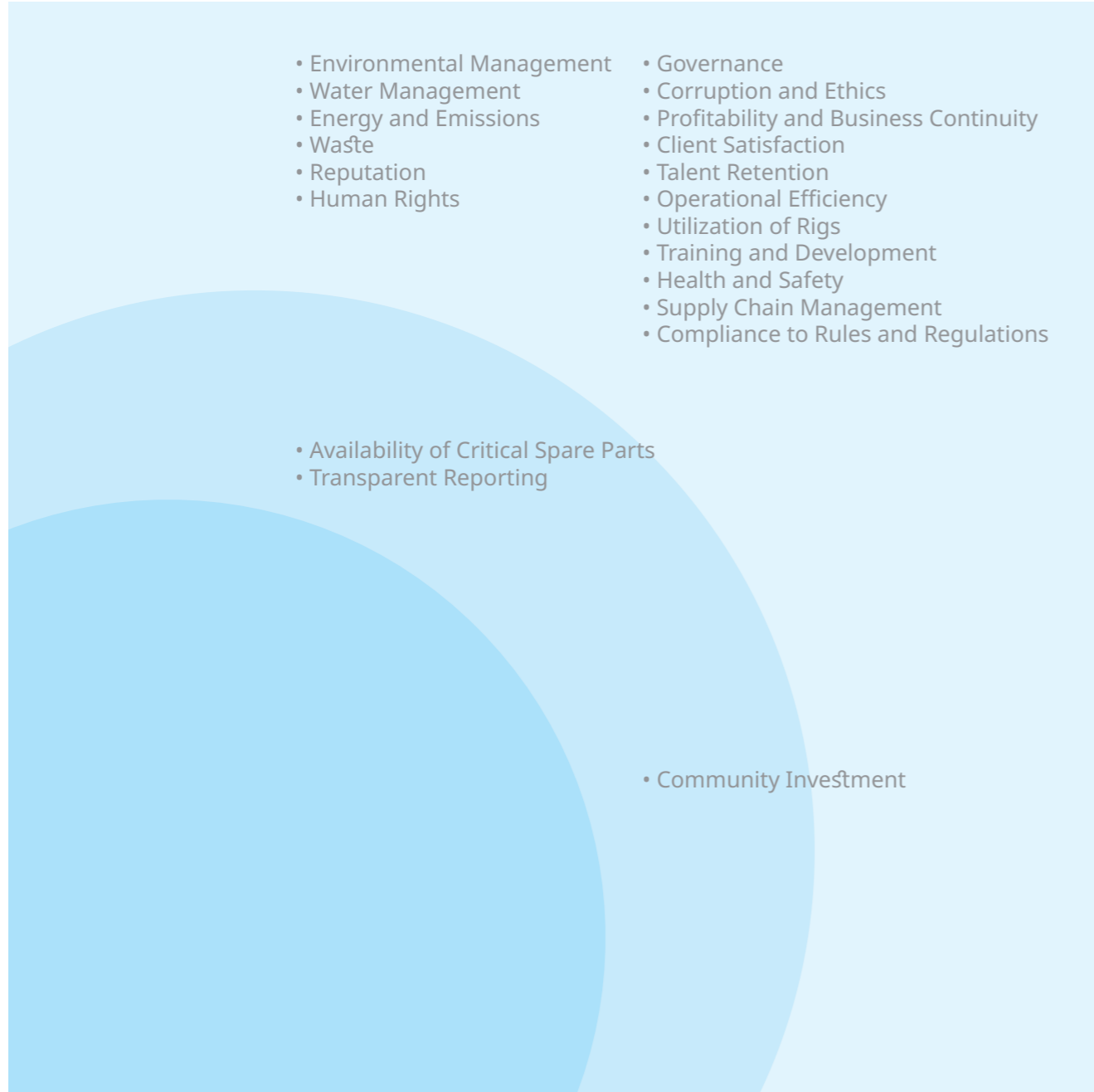
Stakeholder Engagement and Material Issues

Stakeholders List	Levels of Importance	Method of engagement	Issues and Expectations	Response to expectations
 Shareholders	Primary	- Annual General Meeting. - Information Disclosures.	- Financial profitability. - Sustainable business growth.	- Effective planning and budgeting. - Efficient management system. - Performance monitoring and reporting system. - Solutions to reduce costs maximizing resources utilization.
 Board of directors	Primary	- Board meetings. - Reports.	- Financial efficiency and profit. - Corporate governance. - Compliance with laws and regulations. - Risk management. - Safe and efficient operations. - Sustainable business growth.	- Effective planning and budgeting. - Efficient management system. - Performance monitoring and reporting system. - Solutions to reduce costs maximizing resources utilization.
 Employees	Primary	- Direct meetings. - HR surveys. - Employees' conferences. - Special purpose meetings or interviews. - Direct phone calls. - Camp boss weekly report. - Rigs cameras. - Emails.	- Safe working environment. - Attractive benefits package - Career path development - Training and development - Recognition and reward - Employee and family well-being. - Transparency and effective strategy communication. - Leadership problem. - High iteration rate. - Inability to attract new calibers. - Rig crew shortage. - Obsolete technology.	- New health plans. - Updating HR Policy. - Training and career development programs. - Key-positions retention plan. - HR Rig-visit program. - "Call HR24-" initiative. - Training with universities. - Training other company. - Rig monitoring system. - Reassigning of stalked personnel as an extra hand. - Human resources data analysis system. - Modernizing HR OC.
 Clients and Customers	Primary	- Daily operational contacts - Scheduled meetings. - Regular operating reports. - Regular surveys and inspections. - Client's satisfaction reports. - Direct phone calls - Emails.	- Company profile. - Operating costs. - Daily rates for drilling services. - Availability and reliability of rigs. - Qualified and trained crew. - Safe and efficient operations. - Compliance with drilling plans and standards.	- Apply international standards in the management systems. - Continuous training programs for technical staff. - Investing in safety system QM-HSE "AGEIS360-". - Preventive maintenance plans. - Improve operation and sustain the quality of service, follow-up and monitoring system.

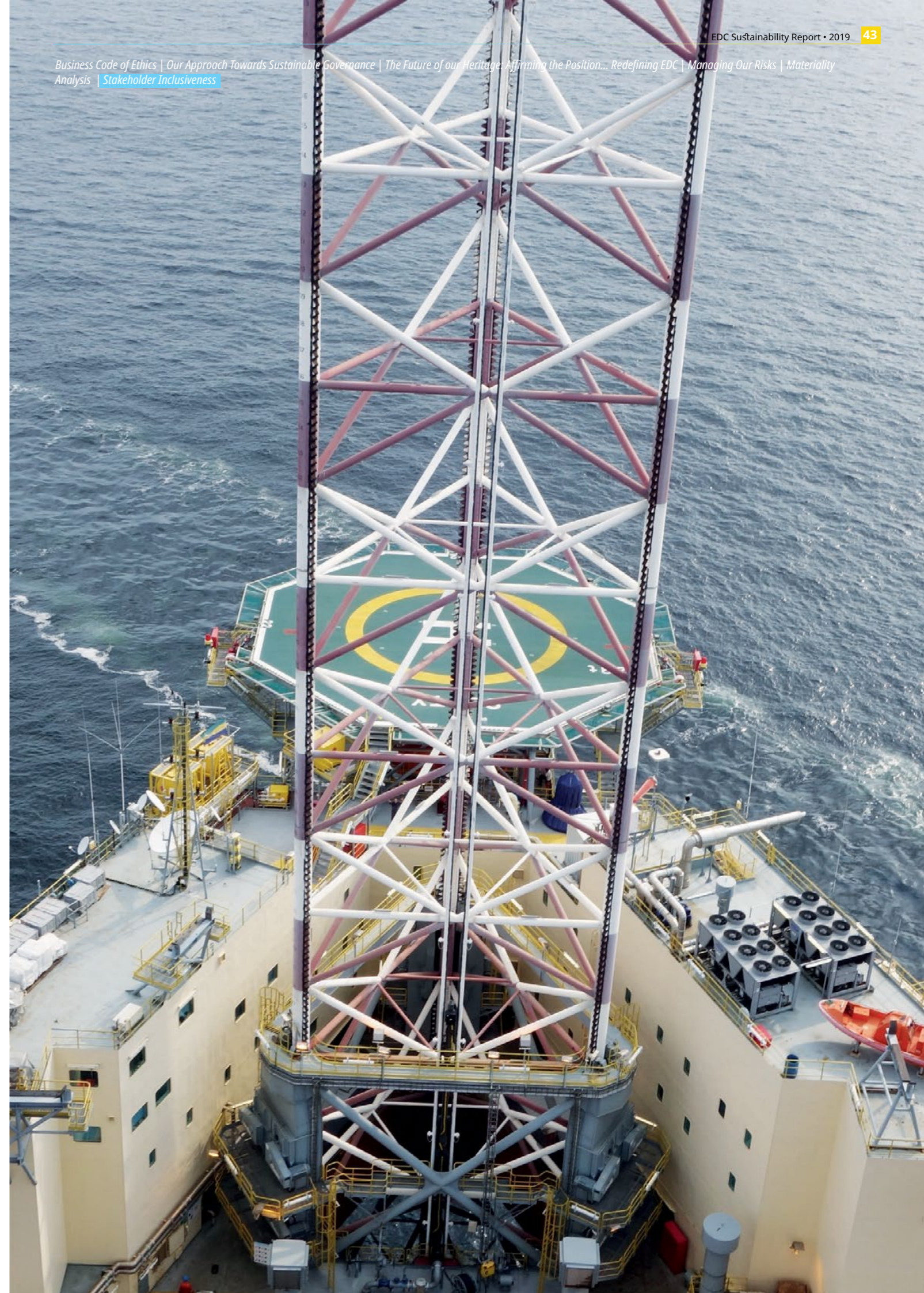
Stakeholders List	Levels of Importance	Method of engagement	Issues and Expectations	Response to expectations
 Suppliers and vendors	Primary	- Public tenders. - Daily contacts. - Vendors registration and inspection process. - Mails. - Phone calls. - Direct meetings.	- Transparency in bidding evaluation process. - Input prices. - Operation efficiency and profession. - Times required to provide service. - Long term relationship. - On-time deliveries. - On-time payment. - Compliance to rules and regulations. - Compliance with safety procedure. - Commitment to environment and human rights.	- Developing Suppliers' Manual and Code of Ethics. - Tendering process that assures transparency and fairness. - Clear payment policy. - Workshops to align and educate suppliers with any new procedures (online Auctioning platform). - Professional and dedicated employees. - Strict policy toward human and labor's rights.
 Financial institutions / Creditors	Secondary	- Regular meetings. - Financial report. - Annual audit reports. - Feasibility studies.	- Transparency of management system. - Professional financial management system. - Long-term planning. - Liquidity. - Risk Management. - Exchange rate. - Interest rate. - Overdraft facility availability of foreign exchange.	- Updated Financial management policy in 2017. - Diversification of sources of funds. - Compliance with bank rules. - Medium-term Plans. - Monitoring financial performance and liquidity.
 Peers	Secondary	- Market research surveys - Participation in biddings.	- Responsible competition. - Fairness and equal opportunities. - Transparency. - Headhunting.	- Transparent Disclosure to boost the brand name. - Responsible competition principals.
 Regulator and relevant governmental entities	Primary	- Reports to/from the government agencies. - Direct meetings. - Inspections. - Auditors' reports. - Focal points.	- Compliance with Laws and regulations. - Certifications. - Licenses. - Contribution to national priorities. - Support community development.	- HSE laws and regulations compliance. - Preparing departmental procedures manuals. - Developing the code of ethics, Third party quality inspections and certification (ISO 45001 ,14001-9001 Accountability State Authority-ASA).
 Local community, academia, and NGOs	Tertiary	- Press releases - Public events - Website - Direct meetings and arrangements.	- Job opportunities - Training to relevant university students. - Socially responsible. - Environment friendly.	- CSR activities - University students training programs. - Blood donation. - Medicine supplies. - Banati foundation and winter clothes. - Meshwar winter clothes.

Materiality Matrix

Influence on Stakeholder Assessments and Decisions



Significance of Economic, Environmental and Social Impacts



Sustainable Business Growth

A Word from the Chief Commercial Officer Mr. Mohamed Wagih

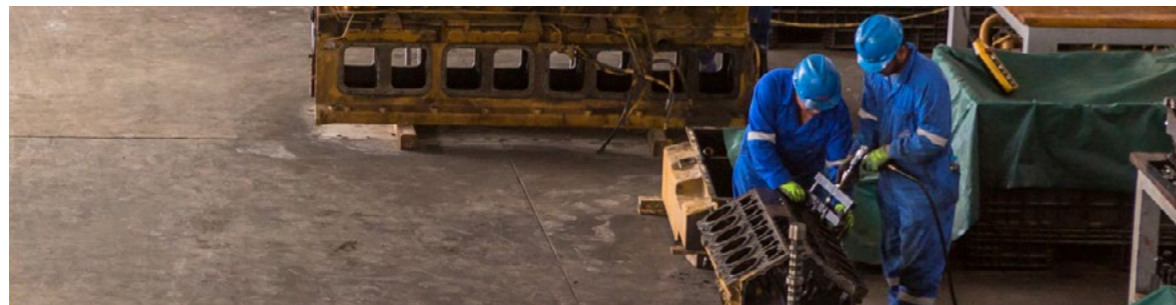


In light of EDC's expanding operations and its vision for international growth, the commercial performance of the company has been under the microscope, and like any profitable organization, we need to define our growth strategies as well as the business models and partnerships we plan to implement.

We continue to enhance our management systems to im-

prove our contracts, tenders, and reporting procedures making sure that we increase our utilization rates and contract coverages, and eventually increasing company revenues.

Market surveys for the latest technologies and modernization projects are also a vital part of our business quests.



"Simply... We Get the Job Done"

The Egyptian Drilling Company EDC has achieved remarkable business growth and outstanding financial performance during the last four years.

The net annual income during this period increased by **569%** benefiting from several factors including the trend of the world oil prices and the recovery of oil sector activity in Egypt and the Arab region.

One of the main aspects that sets EDC apart from its competitors in today's market is our client satisfaction which is considered one of the main pillars of EDC commercial success.

The commercial team will continue to be on the lookout for winning opportunities to augment EDC's position and scale in the market.



SDG Targets



In Brief

EDC holds itself responsible and accountable towards all its stakeholders.

The commercial team will continue to be on the lookout for winning opportunities to augment EDC's position and scale in the market.



Our Philosophy



We pride ourselves in performing at the highest standard of drilling services on a "day rate" basis, which includes the provision of drilling rigs, rig crew, and associated services to safely carry out the drilling operations required by our clients. To obtain the maximum economic return, it is critical for us to monitor and reduce the downtime for our operations.

As an associate member of the International Association

of Drilling Contractors (IADC), EDC follows the standard 'IADC Code-8' definitions for drilling rig downtime categorization and computation.

EDC maintains its position as a market leader on the national and regional level through maintaining consistent minimum downtime through improved efficiencies in operations, stringent preventive maintenance, a high level of quality assurance, improved

availability of critical spares/equipment, and the regular refurbishment and upgrade of assets. This led to an average downtime rate for EDC drilling rigs in 2018 and 2017 of only 0.9, 0.8 percent respectively.

This rate compares favorably to the industry's standard downtime rate of approximately 1.6%.

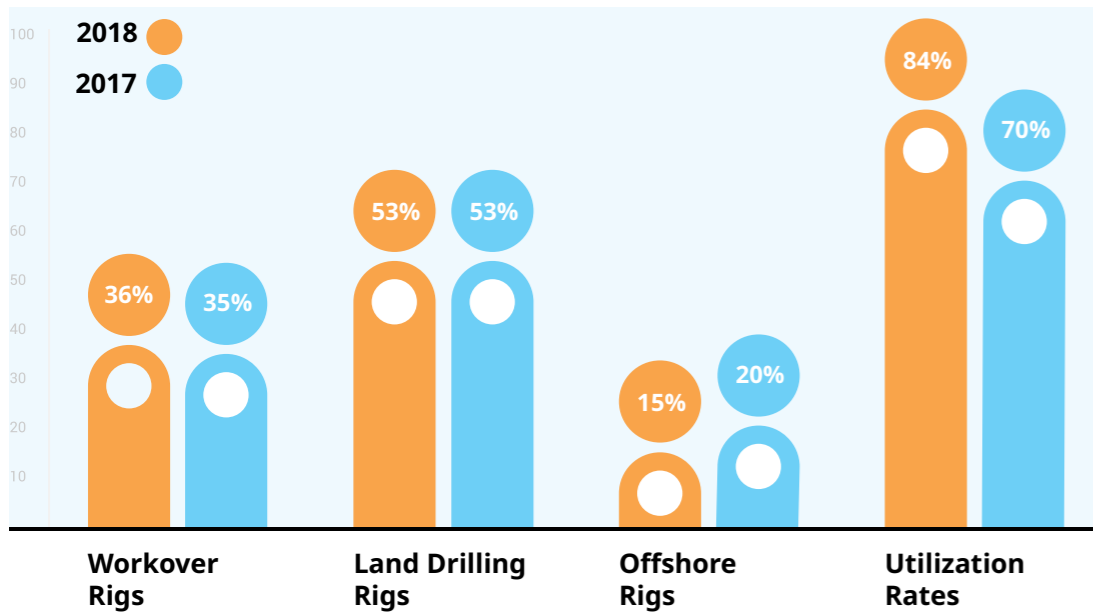
Our Objectives

- Biggest market share in Egypt.
- Best performance.
- High capacity of 69 rigs.
- EGPC support.
- Well established training center.
- Experienced blue collars.
- Excellent tracking history.
- High safety standards (lowest LTI).
- Well established operational system.

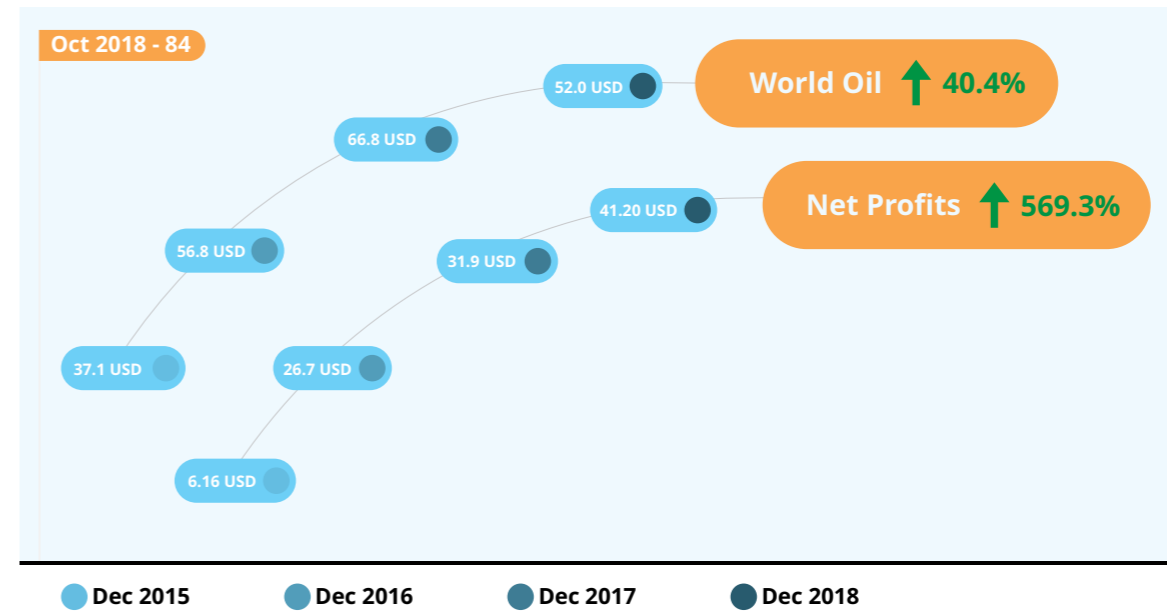
In Brief

This rate compares favorably to the industry's standard downtime rate of approximately 1.6%.

EDC Market Share 2017-2018



Oil Prices and EDC's Profits



EDC's competitive position has been strengthened by the various relationships that it has established and developed over the years with various industry clients. Our strong affiliation with Egyptian General Petroleum Corporation has served as a cornerstone to our business development.

This relationship has proven to be invaluable in positioning EDC as the market leader in Egypt. Although EDC's main focus is on the Egyptian market, we plan to expand regionally to affirm our business sustainability.

Our approach to achieving Sustainable Growth is to maintain our safe and efficient performance according to the international standards to secure opportunities with national as well as international oil companies.



A Word from the Chief Financial Officer Mr. Mohamed Shalaby



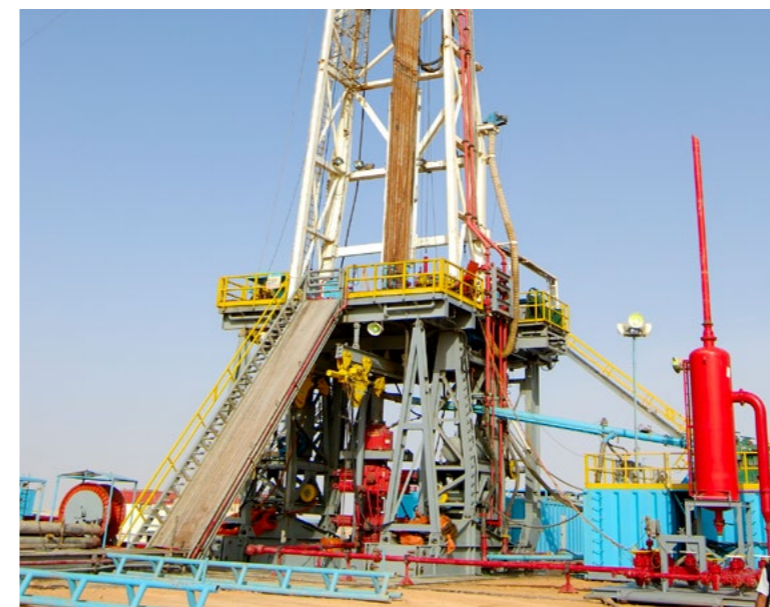
Our Finance Department contributes to the development of future plans and budgets, and follows up to be assured on their efficiency, effectiveness, and achievement of the desired objectives.

We are also committed to providing the required financing to keep the company activities running and to develop and

enhance our rigs leading to economic growth, profitability, and continuity in the market. We realize that the Sustainable Development of the Egyptian Drilling Company is an integral part of the Sustainable Development of the society.

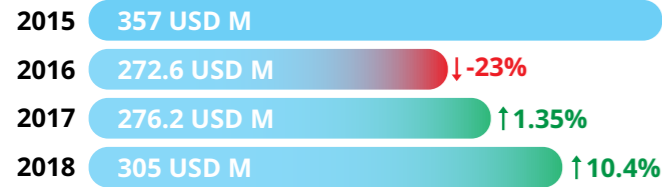
Our growth and economic development contribute and positively affect the Sustainable Development of the society.

This is achieved directly through taxes and donations, or indirectly through opening new markets and securing job opportunities.

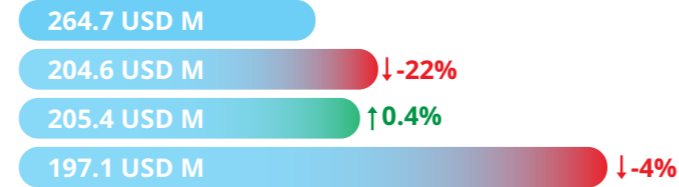


Financial Performance 2015 - 2018

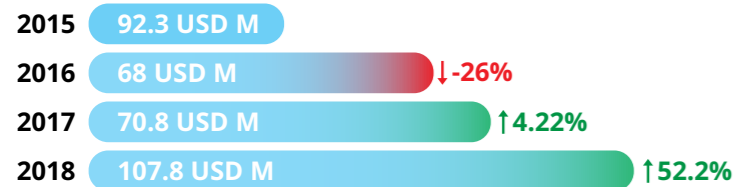
REVENUES



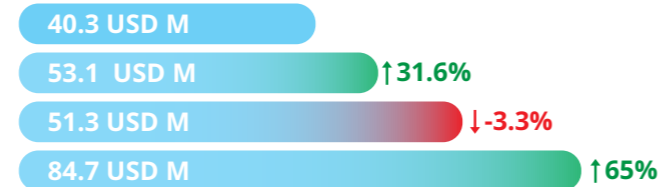
COST OF REVENUE



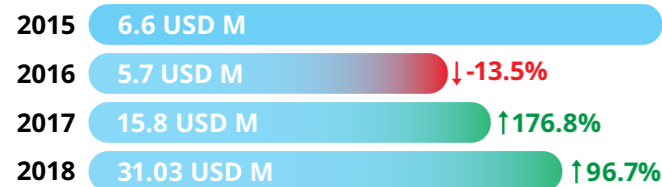
GROSS PROFIT



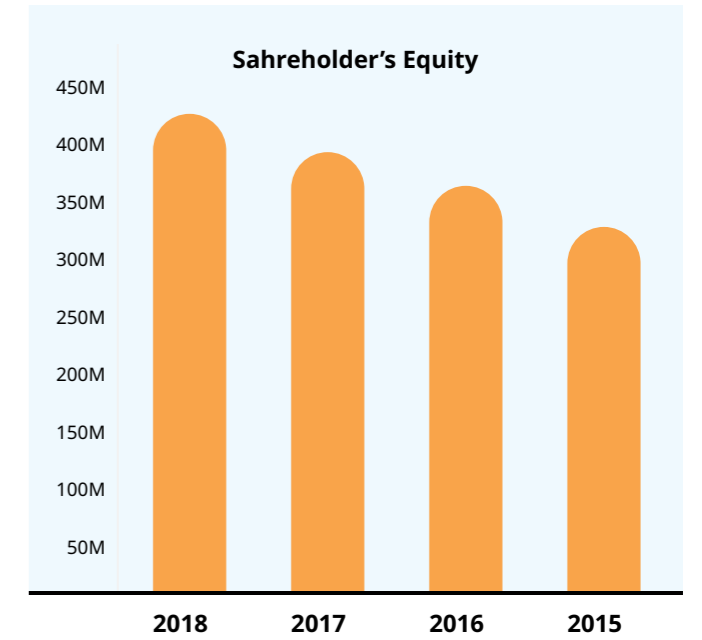
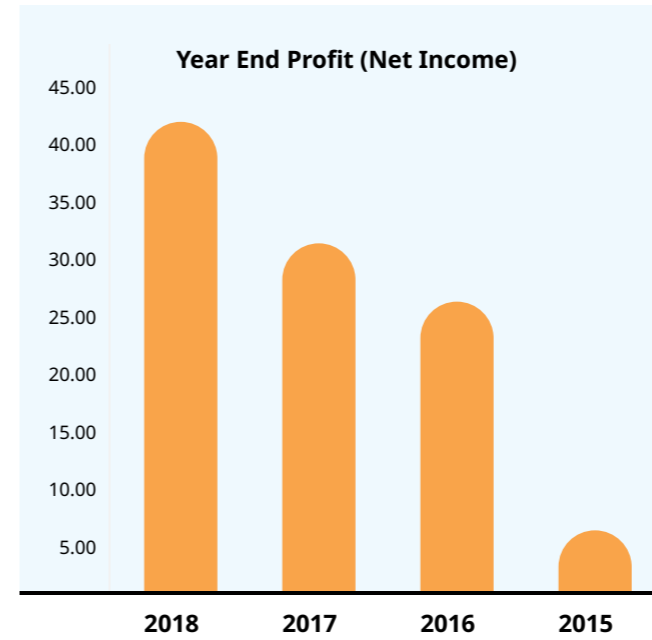
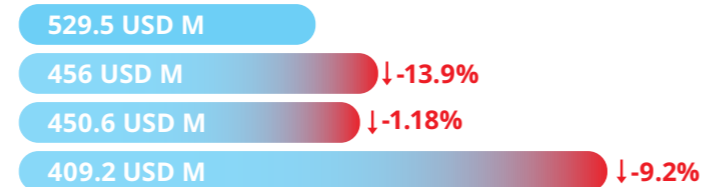
OPERATING PROFIT



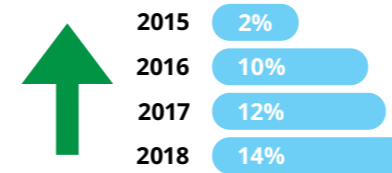
CASH AT BANKS



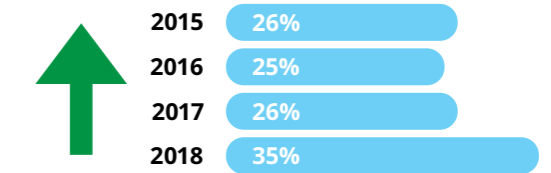
TOTAL LOANS & FINANCIAL FACILITIES



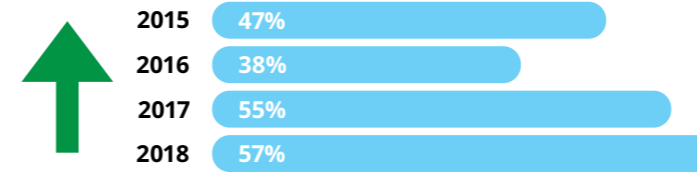
NET PROFIT MARGIN



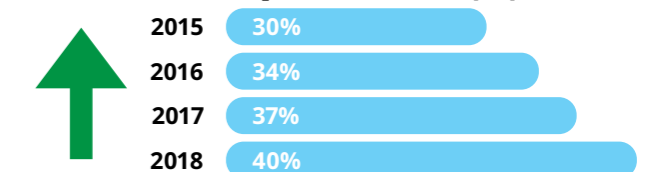
GROSS PROFIT MARGIN



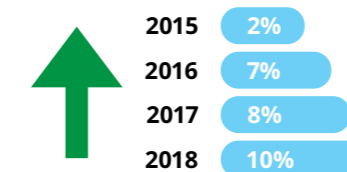
CURRENT RATIO (%)



EQUITY RATIO (%)



RETURN ON EQUITY (ROE%)



Economic Impacts

Macroeconomic Policies & Multiple Risks



Oil prices, geopolitical instability, foreign exchange rates, tax policies, energy subsidies, and local interest rates are some of the external economic factors that have major direct influence on the decision making process in the oil and gas industry.

These factors pose risks and opportunities at the same time require an agile and forward-looking decision making process to mitigate risks and capitalize on opportunities as they emerge.



Responsible and Efficient Operations

A Word from the Chief Operations Officer Mr. Mohamed Nazim



Adapting to market demands is the key for any organization to develop and grow or at least maintain its market position.

Distinguished performance was the main factor that enabled EDC to hold its grounds throughout the several downturns that impacted the oil and gas industry.

To maintain its position, EDC had to react with changes on market positively and set short term and long-term plans that assure fulfilling client requirements in regard of performance, safety, cost effective operation that cause no harm to environment and community.



Operational Excellence

Oil and natural gas operations demand a vast supply chain of goods and services provided by various lines of business.

Outstanding calibers, strong leadership and effective governance are the cornerstones of our business operations.

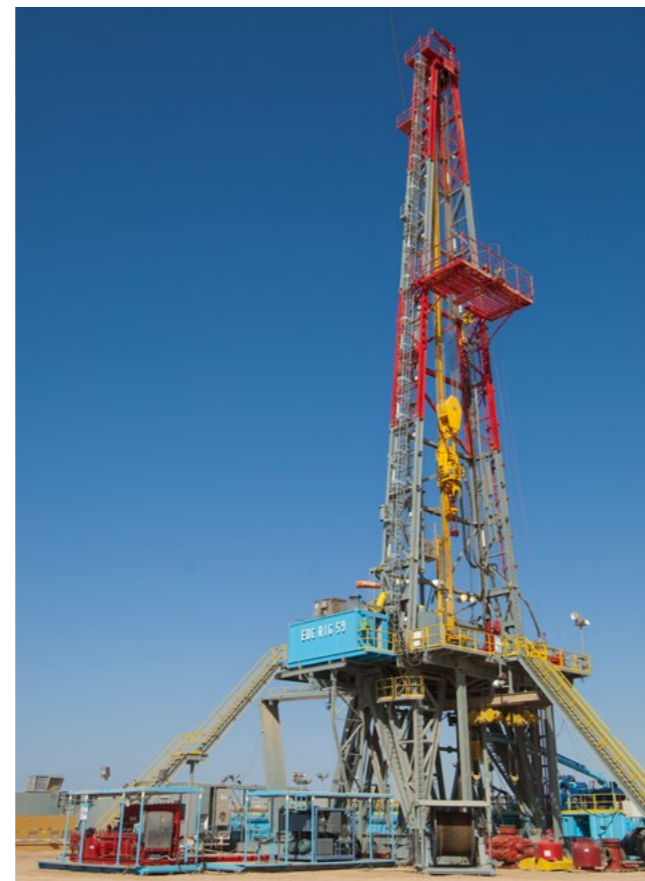
EDC value lies in responsibly and competitively providing drilling service to help meet the growing Demand for energy resources.

EDC operates in an environment where globalization and digitalization are creating new opportunities and constantly changing people's patterns of living, consuming and communicating. Despite the severe downturn in oil and natural gas prices that began in 2014.

We recognize that stakeholders have high expectations of

us and we are determined to remain a safe and responsible employer, partner and service provider.

Our values are demonstrated by performance as a safe and responsible community member, and employer. Environmental, social and governance (ESG) performance is a key component of our long-range planning process. Engagement and transparent reporting and disclosure of how we minimize and mitigate risks associated with our operations come high on our stakeholder's priority.



A Word from the Engineering and Maintenance Manager Mr. Tamer Salah



The Engineering and Maintenance department is one of EDC's main pillars throughout the years.

EDC is known in the oil and gas market for the strength of its Engineering department and its ability to conquer challenges by its in-house dedicated and professional teams.

We share the same goal of EDC by always being ready 24/7 for full support that keeps the current operations ongoing and developing future enhancements.

In addition, we are always eager to learn about the market's new technology and how it can help EDC remain a market leader.



Engineering Excellence

The Engineering and Maintenance department has a vital role in sustaining EDC's success. Every year there is a noticeable enhancement and progress in the department's experience and exposure to the new technology without affecting the preservation and the life extension of EDC's current equipment and assets.

Our three workshops, our Planned Maintenance section, and our Projects section are always thriving to perform and achieve the goals set every year.

With our skilled engineering teams we deal with sudden challenges through supporting, troubleshooting, planning, and executing in a professional manner following the international standards and safety procedures.

Performing the equipment overhauls by skilled EDC Engineering teams and being able to plan, troubleshoot, revive, and repair any kind of unscheduled problems or damages in a professional manner is a strength that cannot be neglected without

any deviation from international standards, or safety culture. In creating our department's plan every year, the Engineering and Maintenance Department is always keen on achieving better results, adding a new challenge to their role, and learning from past lessons.

In addition, we are always eager to learn about the market's new technology and how it can help EDC remain a market leader.

Safety

The role of the Quality Management-Health, Safety and Environment Department (QM-HSE) is to ensure that our Quality Management System QMS is reliable and sufficient.

This means that our system will be updated and well maintained adopting market and global changes.

It will provide tools to the management to identify and mitigate risks, to provide a first class product to our customers, to ensure continual improvement, and most importantly to ensure maximum profitability to our stakeholders without compromising Health, Safety and the Environment. By doing so, we will continue

our role as a leader in the region with a positive impact and contribution to our society.

EDC recognizes the responsibility that comes with managing complex oil and natural gas operations, and we understand the gravity of potential consequences of failing to operate safely. Keeping people and assets safe and caring for the environment is critical to running our business well.


Our values inspire our actions and assure that safety is core to activities.

A strong culture of safety and the delivery of superior safety performance are achieved by


having a dedicated and an engaged leadership that works with a committed and skilled workforce.

The QM-HSE Department advocates EDC Integrated QHSE Management System which is an Integrated Management system that includes QMS, EMS and OH, and SMS that targets continuous improvement in the company's planning and execution, Environmental position and performance, and the organization's Health and Safety position and performance


SDG Targets



3 GOOD HEALTH AND WELL-BEING



14 LIFE BELOW WATER



15 LIFE ON LAND

In Brief

Our values inspire our actions and assure that safety is core to activities.

A Word from the QM-HSE Manager Mr. Ahmed Farag



"In the Quality Management-Health, Safety and Environment Department, we believe that having a reliable and sufficient Quality Management System is one of the key factors to reach a sustainable organization.

Our solid management system made us survive the global challenges and hard times.



Provide a Safe & Healthy Workplace

Life Saving Rules



2018 witnessed the deployment of "AEGIS 360" which is a real-time QM-HSE monitoring system that generates an on-demand customized reports with incident investigation workflows and a better audit management and compliance.

The pilot phase started with 6 rigs from February till April in which an in-house training of the remaining HSE engineers, the STP and senior technical teams was conducted.

The full implementation of the system was achieved by the end of June 2018.

The system provides better follow-up for open actions on incidents and investigations, a better understanding of the records, and a better analysis of the statistics.

To assure the fulfillment of our mission at the highest

standards, the HR department sections, including Organization Development (OD) and manpower, worked with QM-HSE to fill the caliber gap through conducting an extensive internal and external recruitment program.

Onsite training under the supervision of our experienced HSE engineers was delivered to the competent newly joined HSE engineers. All trainees' activities are reported to the concerned Rig HSE supporter on a daily basis continual assessment and follow up on the trainees' performance.

The reliability and readiness of the EDC DROPS team gave EGPC the confidence to assign them to perform DROPS surveys on Non-EDC Rig (Sino Tharwa BAHARI-1), in addition to the completion of 34 surveys on EDC units which exceeded the 2018 QM-HSE plan with

a completion percentage of 200%.

As part of our continuous improvement and the increase in the level of awareness, 34 awareness sessions were held across 19 rigs in addition to the main warehouse and workshops during 2018.

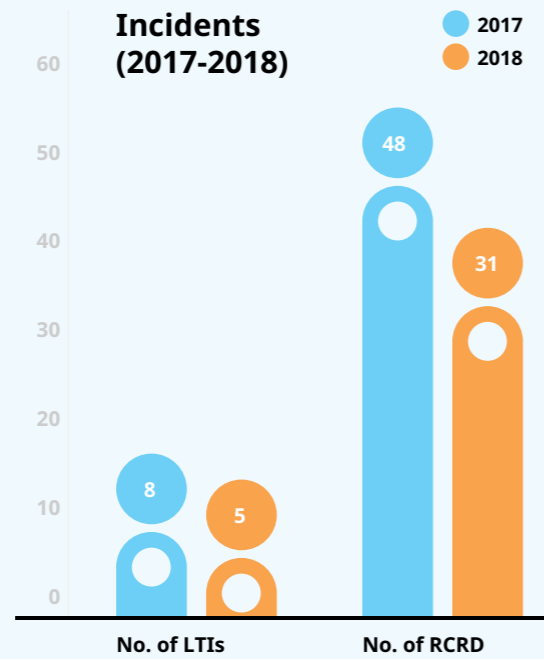
A further contribution has been made by DROPS focal point "Mohamed Kamal" through the translation of the "DROPS Reliable Securing Booklet" into the Arabic language to ensure full comprehension and an effective learning for a safe workplace.

Lost Time Injuries

↓ 33%. Compared to 2017

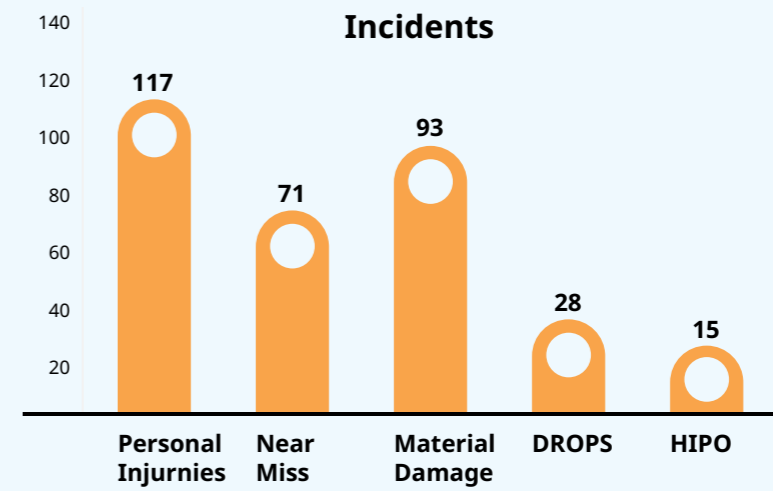
Total recordable cases 2018

↓ 30% compared to 2017



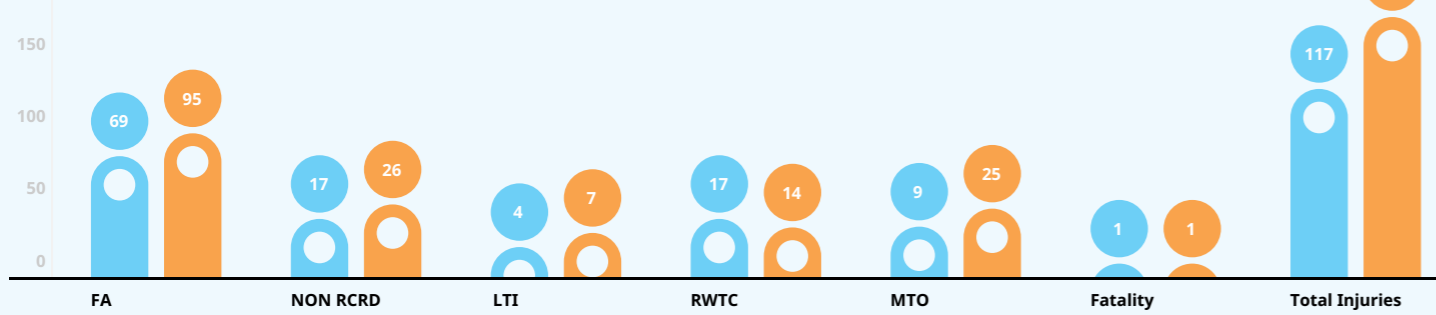
Total Incidents

We had a total of 327 incidents in 2018, including 117 personal injuries, 71 Near Misses, 93 Material damage, 28 Drops and 15 HIPOs.



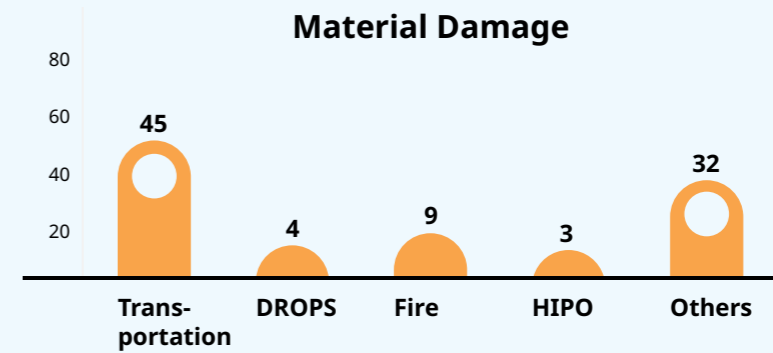
Personal Injuries

● 2017 ● 2018



Material Damage

Material damage incidents include 45 transportation incidents, 9 fire incidents, 4 DROPS, 3 HIPOs and 32 other categories.

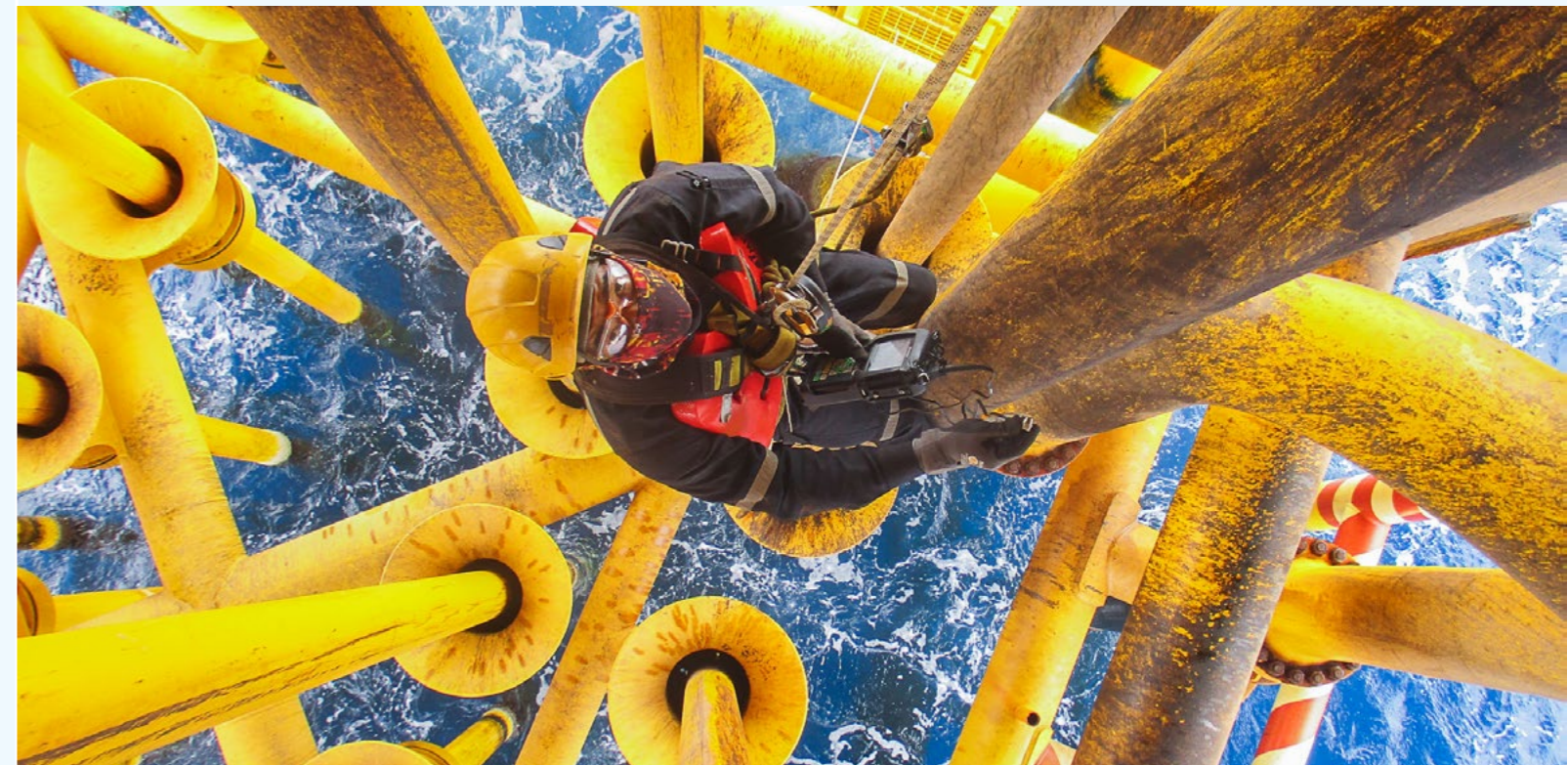
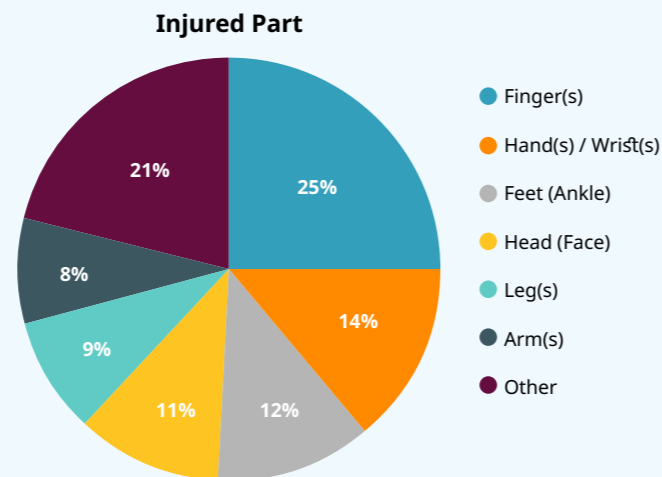


Personal Injuries

A total of 117 incidents occurred in 2018 including 69 FA, 17 NON-RCRD, 4 LTIs, 17 RWTCs, 9 MTOs and unfortunately 1 Fatality.

Hand and Finger Injuries

49 incidents in 2017 and 56 in 2018 related to hands and fingers that raised a red flag and initiated a refresher Hands & Fingers campaign.



Responsible and Efficient Operations

Safety | Asset Integrity | Digitization | Responsible Supply Chain

As part of our safety monitoring and follow up procedures during the Holy month of Ramadan 2017 and 2018, the HSE team addressed the anticipated changes that may occur to employees during fasting which could directly affect their physical and mental activity levels.

Recommendations were specifically prepared by the EDC doctors on how to have a healthy lifestyle during Ramadan in order to maintain the health of our employees and to enhance safety procedures during operations.

Several similar campaigns were made during 2018 including a Road Safety Campaign that addressed transportation inci-

dents to improve EDC drivers' awareness and compliance with EDC road safety instructions and procedures.

It also aimed to change the employees' behavior towards being safe drivers.

When reviewing the common cause of the incidents that took place in the first half of 2018 in the PETROBEL rigs, we found a defect in the SMS implementations. Consequently, it was necessary to launch an SMS awareness campaign to improve the crews' SMS awareness and to improve the quality of the SMS implementation process.

Unfortunately, we had faced a large number of lifting-related

incidents at the beginning of the year.

Accordingly, we have launched the EDC Lifting campaign aiming to raise our field employees' lifting awareness, improve the quality of lifting operation plan and learn from previous experiences by getting back to lifting-related safety flashes that helped us a lot to avoid major lifting-related incidents.

The campaign recorded huge success in lowering the rate of lifting incidents, which was appreciated by our clients.



“
The campaign recorded huge success in lowering the rate of lifting incidents, which was appreciated by our clients.
 ”



Asset Integrity

Maintaining our assets to be safe, reliable, and efficient is something we are honored of at EDC.

Our high caliber team is well trained and certified in different aspects, i.e.

Gas Detection Products, Workshops API Certification,

Electrical Ex-Survey (Validation Assessment for the explosive atmosphere-Ex12A, EX12B), Compex, in addition to our in-house training programs to create a physical environment that we are proud to work in.



EDC is famous for its Asset Integrity.

Caring for our rigs is the result of a collective effort of our operations, engineering, and prolog departments through our

integrated management system operated by our information technology department. EDC has a strong and an integrated ERP system that covers all business areas:

“ EDC is famous for its Asset Integrity. ”

Training Courses Offered

Category	Course	Training Vendor
Well Control Courses	IWCF	EDC Training Center
	Well Sharp	
Drilling Courses	Rig Math	
	Drilling Technology	
	Drilling Calculations	
	Drilling Through Equipment	
Electrical Courses	Electrical Safety	
	Electrical First Aid	
	Advanced SCR	
	Advanced AC Generators	
	DC Top Drive	
	EX Equipment Awareness	
	EX Equipment	ROXBY
Electrical Courses	Mechanical Induction	EDC Training Center
	Basic SCR and AC Generators	
	Basic Diesel Engines	
	Advanced Diesel Engines	
	Hydraulic Circuits	
	Top Drive	
	Mud Pump	
	Hoisting Equipment	
	BOP Control System	



We deploy the EAM in conjunction with the SCM and the OPM to schedule regular preventive, routine, and any emerging maintenance.

The system has been active since 1997 and is on continuous development and upgrading process.

Routine rig condition surveys are conducted for several rigs in order to identify any major problems or areas that may need further attention or major maintenance in the future.

During 2017 and 2018, our engineers were able to Reactivate four rigs back to operation. Also, Performed Overhauls/Condition Survey for 430 equipment's that led to a reduction in maintenance backlog to 10% in 2018 compared to 17% in 2017.

One of our success stories was the utilization of the stacked rigs resources to add an extra rig to the fleet.

Our team has been able to reduce the off-hire days in Egypt

by 180 days by overhauling and using spare parts.

To ensure our asset integrity, EDC utilizes the SCM system that works in synergy with our EMS system to ensure we have equipment of the highest quality and the necessary spare parts at all times to ensure smooth and uninterrupted operations.

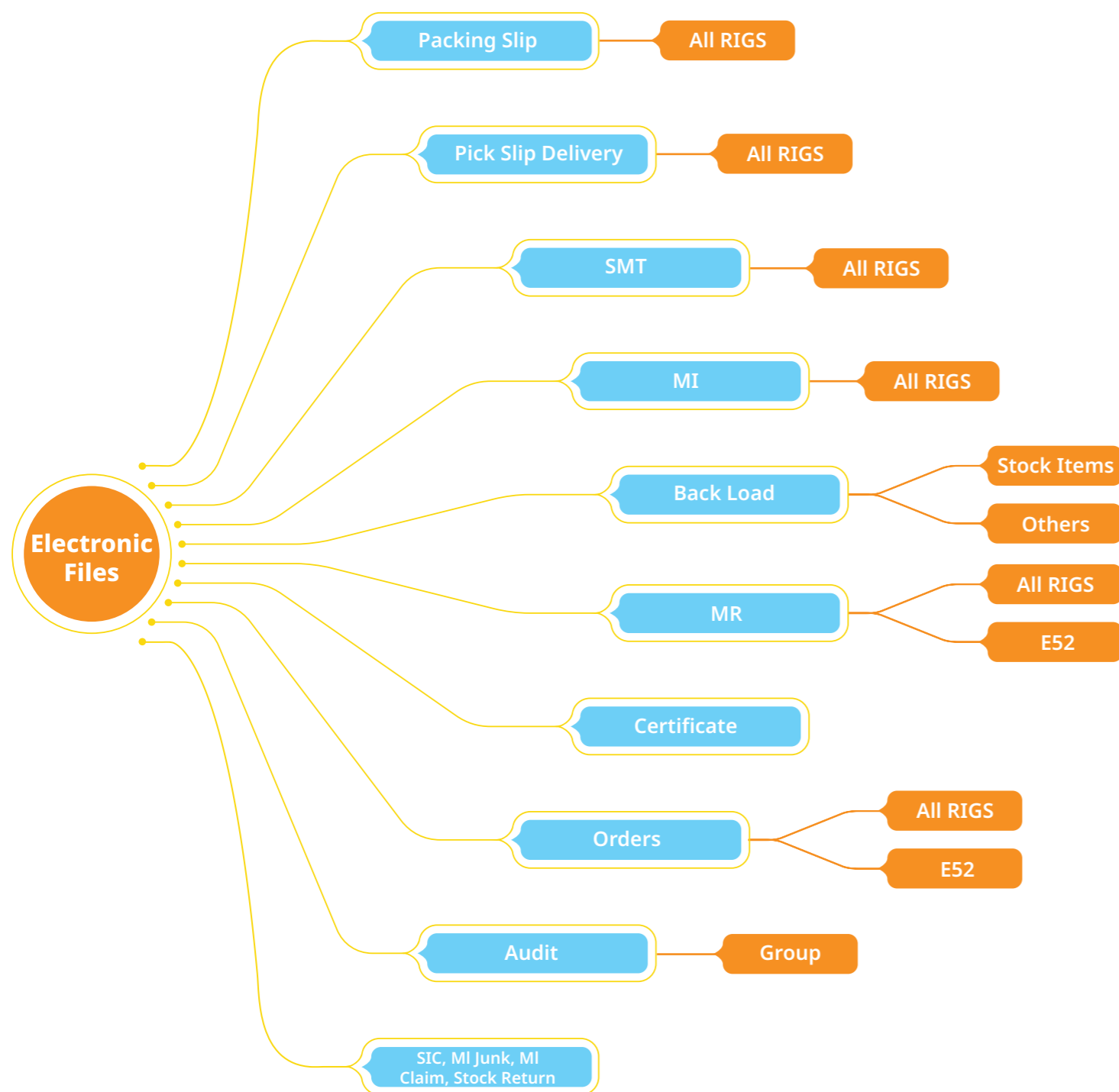
In recognition of the importance of the Prolog Quality Control to our asset intensive operations

- All critical assets and spare parts go through an intensive quality control evaluation.

- Our prolog department went through an extensive process of modification in collaboration with the IT department to move from the rig-based

ordering system to the category-based ordering system to optimize costs (purchasing and warehousing), and to receive better supplier servicing.

- To ensure ease of maintenance and availability of spare parts, an electronic archiving system was developed and deployed.



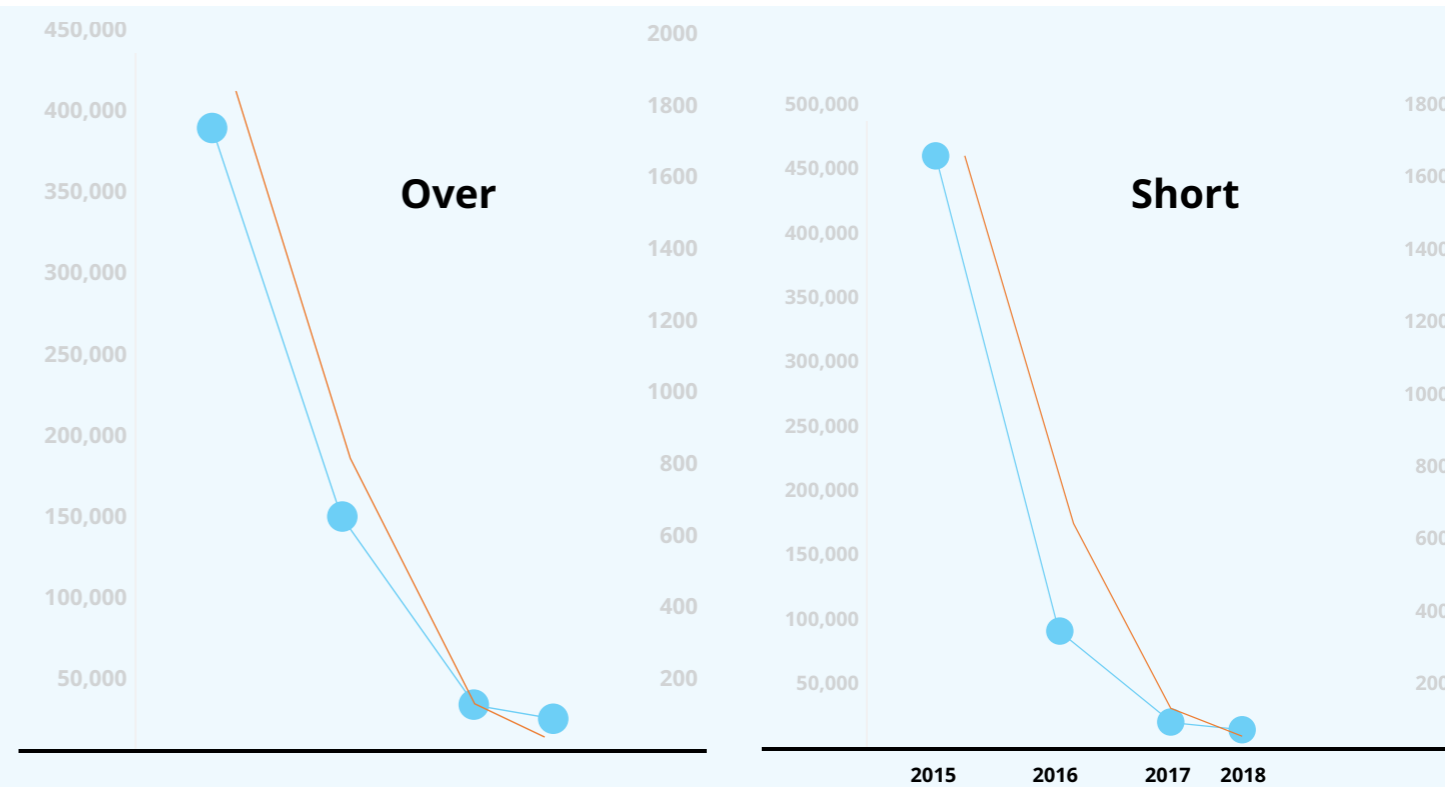
The complex nature of the machines we own necessitates regular maintenance which requires significant volumes of spare parts. Our effective Inventory Warehouse Management System and the extensive Logistics System Library, along with demand forecasting, inventory turns/stock rotation and Cycle counting, and process auditing,

assure the availability of critical equipment and spare parts, as well as the rapid implementation of corrective maintenance.

EDC is continuously monitoring the availability of critical spares and inventory in a cost-effective approach.



Rigs Inventory Audit Progress 2015 - 2018



	2015	2016	2017	2018
Value	395,448	148,303	20,905.1	6,132,46
Item	1873	811	156	83

	2015	2016	2017	2018
Value	461,636	90,472	5,425.2	3,177.3
Item	1643	621	89	56

Our BSD department identifies and assesses all risks associated with the operation of our assets and make sure that they are permanently maintained at the highest level, in compliance with HSE and Integrity policy and relevant referential documents.

Also, it assures that equipment performs effectively and efficiently throughout the entire asset life cycle.

EDC is ranked third among 29 drilling contractors working for Shell worldwide.

Our rigs were awarded as the top land rig operator for Shell globally in 2018 and 2017. In 2017, EDC Rigs 51 and 42 scored first and second places in the Land Rig Segment of the global list.

In 2018, Rig 72 scored first in the Land Rig segment of the global

list among 94 rigs working in the Shell fleet, and Rig 52 scored fourth place in the same segment and scored first place in the HSE category among the shell fleet.

Award Winning Rigs 2017

Award Winning Rigs 2018



Rig ID Card

Name:
EDC Rig 51

Type:
Land Rig

Location:
Western Desert, Egypt

Year Built:
2004

Award:
First Land Rig Segement, Shell Global List.

Rig ID Card

Name:
EDC Rig 42

Type:
Land Rig

Location:
Western Desert, Egypt

Year Built:
1997

Award:
Second Land Rig Segement, Shell Global List.

Rig ID Card

Name:
EDC Rig 72

Type:
Land Rig

Location:
Western Desert, Egypt

Year Built:
2008

Award:
First Land Rig Segement, Shell Global List.

Rig ID Card

Name:
EDC Rig 52

Type:
Land Rig

Location:
Western Desert, Egypt

Year Built:
2005

Award:
Fourth Land Rig Segement, Shell Global List.

Digitization

A Word from the Chief Information Officer Eng. Ali Hamed



As the world is moving faster, we established and initiated our digital transformation plan in 2017.

As part of our plan, we have implemented/upgraded many systems in 2017/2018 to automate more business processes, apply more control, and enhance communications with employees, customers, and suppliers. We will be focusing in the

upcoming years on digitizing our physical assets by using the potentials of the Internet of Things (IoT) to improve the assets/maintenance management cycle.

Our Vision

To drive the use of Information Technology (IT) as a strategic tool for providing easy, rapid and secured data access along with improving the company's real-time management information systems, decision-making, and business workflow.

To create a sustainable technology environment to support EDC on reducing complexity and to replace legacy systems with more effective and secured ones providing high level of service/support compliance with IT worldwide standards.

Strategic Goals

- Automate Business Process.
- Develop Systems and Applications.
- Improve IT Infrastructure.
- Increase Data and Network Security Measures.
- Cost Optimization.
- Develop IT Organization.

Digital Transformation Plan

EDC has initiated its Digital Transformation (Digitization) plan in 2017 by applying digital technologies on its business, to boost profitability, and improve workforce safety as well as providing a better service for its customers.



Pillars

Focus on people

Enhance the communication and interaction with our employees, customers and suppliers

Digitize Our Assets

Digitize our physical assets, using the potentials of I.O.T. (Internet of Things) and improve assets / maintenance management cycle.

Business Intelligence

Have a single data entry / excution, drive next-generation analytics and decision support through B.I. (Business Intelligence) systems.

Innovate With New Technologies

Have fully integrated / automated systems, develop strong infrastructure and improve cybersecurity.

New Oracle Purchasing System Implementation

As part of our Digital Transformation Plan, the Information Technology team has succeeded to transform the procurement system from the RFMP to the new Oracle purchasing system for EDC and our subsidiary company in Saudi Arabia.

By implementing the new Oracle Purchasing system, EDC has now

a fully integrated procure-to-pay (P2P) solution within one ERP system eliminating redundant data management and giving a single data source with more reliability and scalability.

The new implementation has enhanced business workflow and reduced complexity for some procurement processes. It has also matched the new

procurement strategy and provides a powerful reporting tool.

We are proud that most of the implementation phases/processes have been done internally by the company's IT team which significantly saved our budget for the project.

Progress Achieved on Digitization for 2017 and 2018

Business Process

- New Integrated Procurement System
- Performance Management System
- Rig Data Management System
- Incident Management System
- External Repair Control System
- Non-stop Items Management System

Infrastructure

- New Disaster Recovery Site
- WIMAX and Giga to Fiber
- Monitoring System (Solar Winds)
- Intrusion Prevention System
- New Data Center Firewall

Automation & Integration

- Office Employees Attendance
- Vacation & Permission Self-service
- Lubrication Management System
- Consignment Management System

Communication

- Service Desk System
- UC / IP Phones
- New Rigs Firewall
- Skype for Business
- Suppliers Notifications System

Future Actions for 2019

- Automate Assets Approval Workflow
- Implement Suppliers' Portal
- Implement Supplier Qualifications Management System
- Control Junk Cycle
- Claim Control System
- Implement Business Intelligence
- Implement Time Attendance System (Field)

Enterprise Resource Planning

EDC has a strong and integrated ERP system that covers all business areas.

IT Security Campaign

Security awareness is the knowledge of potential threats and the ability to anticipate what types of security issues and incidents.

Technology alone cannot provide adequate information security but we also need to increase the awareness and personal responsibility, so as part of enhancing EDC employees' IT security awareness and improve their knowledge for cybersecurity and internet threat, we started a security awareness campaign and capacity building training to help identify different kinds of internet threats and detect and report for such attacks.



Responsible Supply Chain

A word from the Chief Procurement Officer: Mrs. Salwa Helal



EDC is a large organization that has a policy driven culture.

Our market size and name obliged the company to serve three dimensions: the economy, the environment, and the society.

We consider ourselves a market driver who is responsible for setting the market standard.

We feel responsible in relation to the Egyptian oilfield as a whole and to both customers or suppliers.

SDG Targets

Our Approach

The procurement and logistics department realizes that EDC's responsibility is not limited to setting the standard to the market.

Our experience turned us to be 'the drilling school' where we educate our employees as well as other young people who work in the oilfield for sister companies.

All the education we provide takes place in the EDC Training Center.

We choose our suppliers up to our standards. Starting up a two-way conversation on sustainability purchasing, they

were educated to understand our system and the EDC supply chain policy. We eliminate mistakes and ease the process for both parties. We also share the suppliers' codes of conduct to govern fair labor practices and human rights while delivering the supply chain services to EDC.

We set our short, medium, and long terms organization's supply chain plan and make sure that it is shared with the major suppliers as business partners to get familiar with the company's interests and needs enabling them to be prepared for future demand where it helps them to plan for expansion when needed.

The supply chain plays a role in balancing the organization's profitability and sustainability by using many methods. An example of these methods: The Total Cost of Ownership "TCO" approach to what we buy. We consider the life cycle of the process where the assessment adds up the financial costs over a product's life cycle, the acquisition costs of the item or service plus any staff costs, training, logistics, operating, and maintenance costs.

With such information, we sometimes find that the product that looks more expensive upfront, is actually cheaper over its lifetime expectancy.

2016		2017		2018	
Local	International	Local	International	Local	International
85%	15%	82%	18%	68%	32%

The standardization of the materials "EDC Catalog" is one more successful method that we follow. We built our catalog with a standard description and approved quality with item codes and fixed prices.

We get the internal stakeholder yearly demand and commit to a long term agreement with suppliers based on a win-win strategy.

We use such a catalog to identify the activity and volume of the purchase items to encourage foreign suppliers to invest in Egypt and establish a company locally so they can enjoy our volume. Following such an approach has many good impacts not only on EDC but also on the Egyptian economy as a whole.

Having foreign suppliers in Egypt will lead to hiring Egypt-

tians as set by the "Egyptian Law" and to train them to do the job and act as international mindset employees. This helps in decreasing the unemployment rates in Egypt.

Moreover, it serves the internal EDC stakeholders to achieve the highest levels of operational efficiency and cost control.

	2016		2017		2018	
	Service %	Purchase %	Service %	Purchase %	Service %	Purchase %
Products and Services % Purchased Locally	68%	32%	59%	41%	54%	46%

Employee Engagement and Contribution plays the main role in the Supply Chain "Prolog" success where we set yearly objectives based on EDC's main objectives.

We cascade it up-down and make sure its smart objectives serve organizational results and reflect on the company's revenues. We share departmental objectives

on a special event called "Achievement and Objectives" where we show gratitude and appreciation towards employees' accomplishments and give them the chance to share their success story with the rest of his/her colleagues.

The stories employees tell about how they achieve a goal can be very helpful and inspirational.

They are the practical tips others can take up to solve similar problems where they can learn from the workflow of the success. When team members share stories with each other, the team gets stronger because people get to know each other better and show respect to the mindset.

PROLOG TOP TEN 2017

- Best Team Leader: Moamen Fathy
- Safety Commitments: Nabil Yassien
- Best Cost Saving Behavior: Hani Safir
- Best Team Player: Hussein Shedid
- Most Cooperative: Mostafa Abdel Fattah
- Employee Of The Year: Islam Hassan
- Best Communicator: Amr Fetouh
- Best Problem Solving: Khaled El Khouty
- Best Behavior: Behaviours Maggy Magdy
- Most Committed: Adel Mostafa
- Best Creative: Amr Shawki

Moreover, during the event, we not only focus on business achievements, but we celebrate the top 10 employees who are selected based on their behavior

during the year. This is to show that an employee's personal behavior is not less important than his/her high performance.

Top Ten List

S.N	Award	2016	2017
1	Best Cost Saving Behavior	Abbas Fouad	Amr Maher
2	Most Cooperative	Emad Said	Hussein Mohsen
3	Most Committed	Eman Samir	Yasser Kader
4	Best Team Leader	Basem Mahfouz	Ahmed Mohsen
5	Best Creative	Ahmed Mahmoud	Ahmed Ebada
6	Best Behavior	Gihan Salah	Karim Magdy
7	Best Commitments	Hani Safer	Ziad Gamal
8	Best Communicator	Islam Hassan	Dina Abdelazeem
9	Best Team Player	Hossam Mahmoud	Ahmed Ibrahim
10	Best Problem Solving	-	Mohamed Hakam
11	Best Safety Card	Sherine Magdy	Replaced in 2017 by #10

Our People

A Word from the Human Resources Director Mr. Moštafa Gouda



In EDC we consider our people as one of our main assets and always seek to invest in developing our high performing employees. Through the past years we have established a strong hiring and evaluation system, we managed to create a solid database for the highly qualified, skilled and educated employees.

Today we continue to develop our scheme by enhancing some of the processes & grading system resulting in more transparency to give our employees a better sense of belonging and loyalty.

SDG Targets

1 NO POVERTY	2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION
5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	



Our Commitment

The current situation in the Oil & Gas market is much steadier after several years of market fluctuations and instability.

As a result, the market competition increased instantly with the fact that many investments approached the industry which allowed firms to return back into operation & expand their market share.

One of the key stakeholders that were affected by the recent market variations is the workforce, the demand on the highly qualified calibers have now increased providing more job opportunities.

The HR team in alliance with management have been approaching many directions to retain our skilled employees.

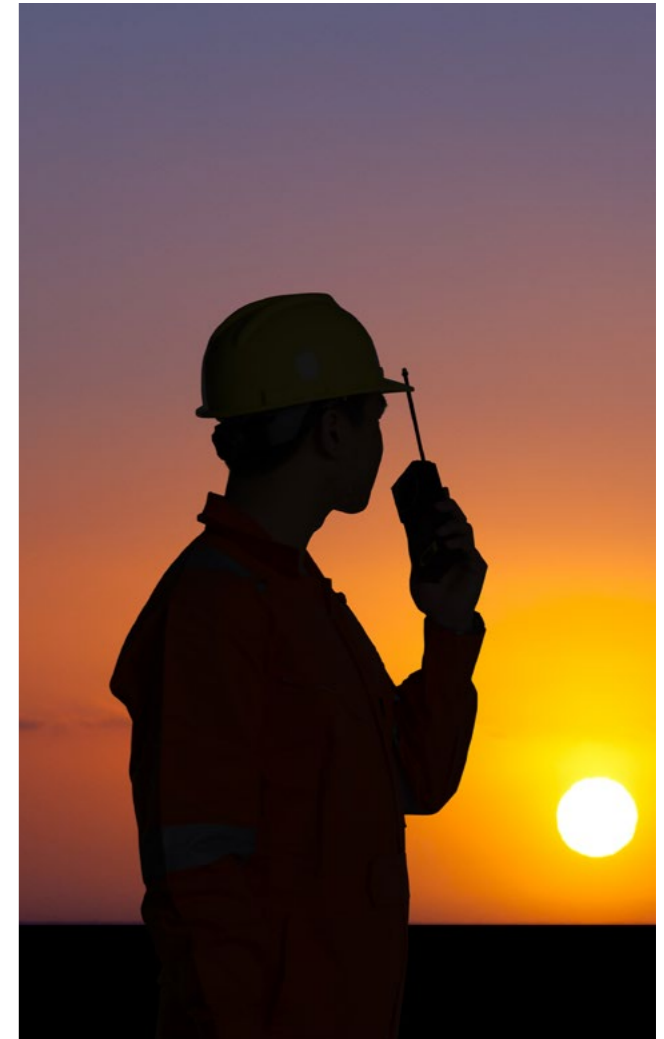
Furthermore, we are also aiming to have a better utilization of our workforce talents by assigning them in major projects rather than hiring third party companies. In addition to this EDC is constantly progressing its employees training matrix to ensure we build leaders for the next generation.

EDC is planning to introduce STT (Special Technical Trainee) and SST (Special Safety Trainee) in order to have highly qualified employees in key positions.

We seek to develop leaders that have a vision, aspirations, and values that align with those of our company, a deep understanding and belief in our mission, and the knowledge and skills to keep us competitive.

At EDC, we strive to build a workforce that is rich in diversity and reflects the local population in the areas in which we operate. We believe that a variety of minds working together, spurring new ways of thinking and unique perspectives, enriches our working teams and allows us to significantly increase our competitiveness.

We are dedicated to ensuring we have an ethical workplace that guarantees the right to freedom of association and collective bargaining in all of our operations, and that complies with employment laws.



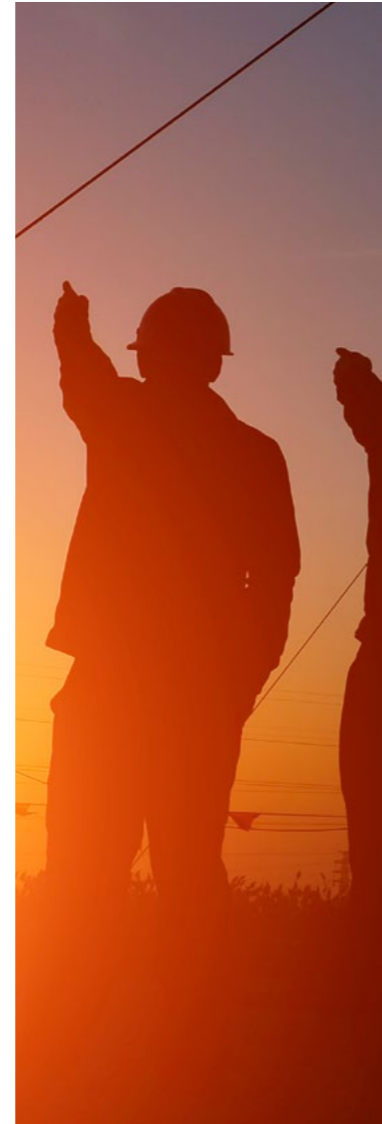
Serving for True Sustainability

Recognized as the “School of Drilling Service», EDC commits, not only to career, expertise and skills development, EDC strives to provide a true home for its taskforce, where both economic and social stability are core elements to the wellbeing of its employees.

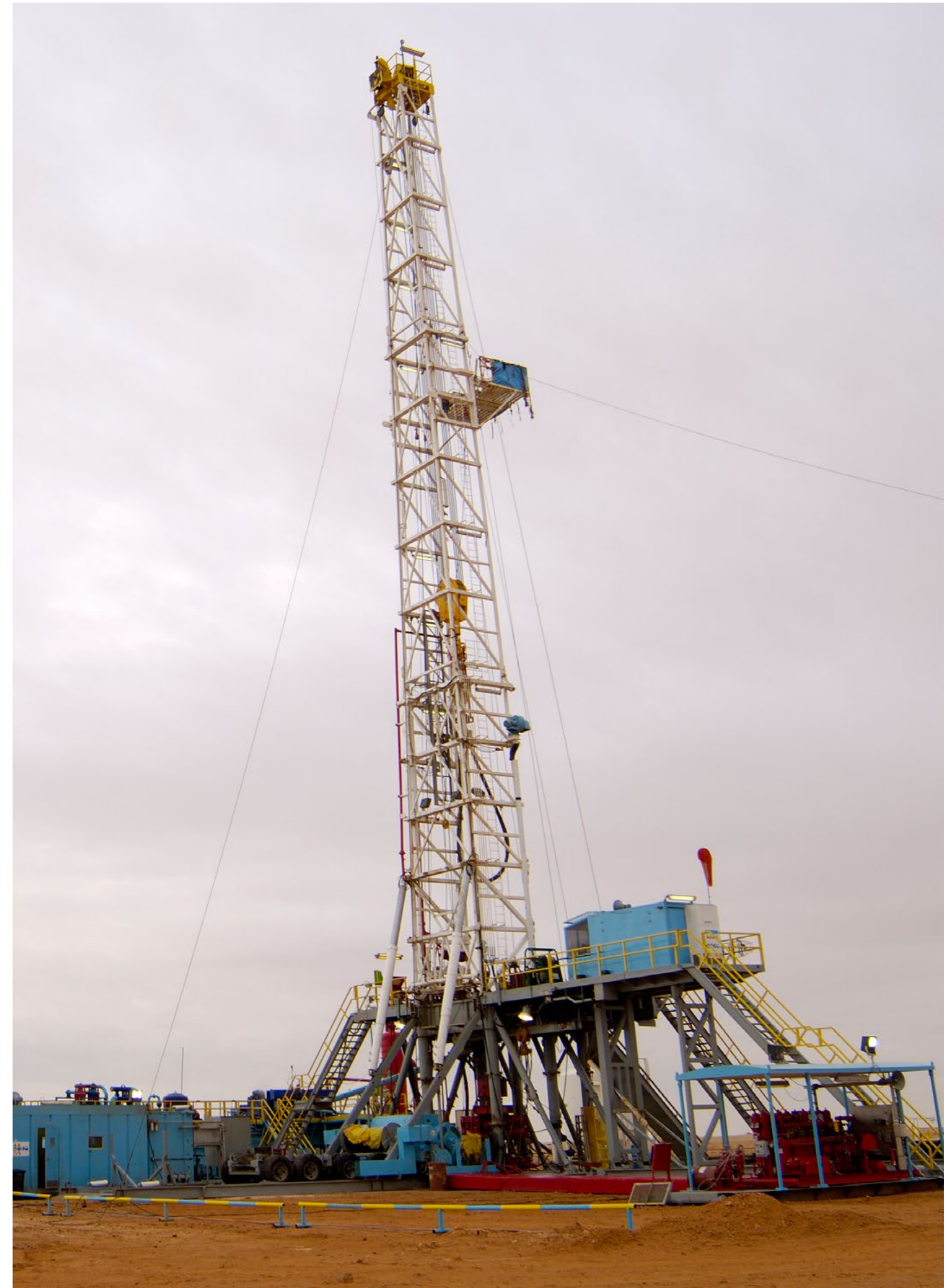
with the main aim of assisting the various functions in developing the necessary agility, overseeing various business functions compliance with the company standards, strategy, and goals, supervising business operations and providing improvement recommendations.

We believe that from our headquarters to the frontlines, all employees can create sustainable value for the company regardless of their position, while EDC has the responsibility to provide the best working environment. EDC has created the new “Business Support Department”

This in turn will ensure vital sustainability for the company in the Oil and Gas sector both locally and regionally, while ensuring that Sustainability practices advance properly throughout our core business and daily activities,



“ This in turn will ensure vital sustainability for the company in the Oil and Gas sector both locally and regionally



Bridging to Growth

In the last three years (2016-2018), and throughout a Change of Ownership and Management Structure, and after the avalanche of the disruptive Oil Crisis in the region, EDC was able to overcome most challenges thanks to our most valuable asset, the “EDCians”, our Employees, who have been a source of unparalleled pride.

EDCians’ have stood loyal and strong in the face of challenges and presented the true essence of endurance. They preserved EDC’s identity and helped main-

tain our service excellence and business resilience despite all odds.

At EDC, our people are the headline of our VALUES. They are skilled problem solvers that believe challenges are opportunities to grasp.

Over the years, we were fortunate to attract some of the most talented professionals in the oil and gas industry.

We believe that human and intellectual capital goes hand-

in-hand and are critical to providing innovative solutions and, ultimately, contribute to EDCs’ positive social, environmental, and economic impact.

Our clients choose EDC because of the profound industry-knowledge and the hands-on expertise of our people, making talent management a critical issue in our line of business.

EDC Employees Protocol

Our employees protocol supports our competitive business, through:

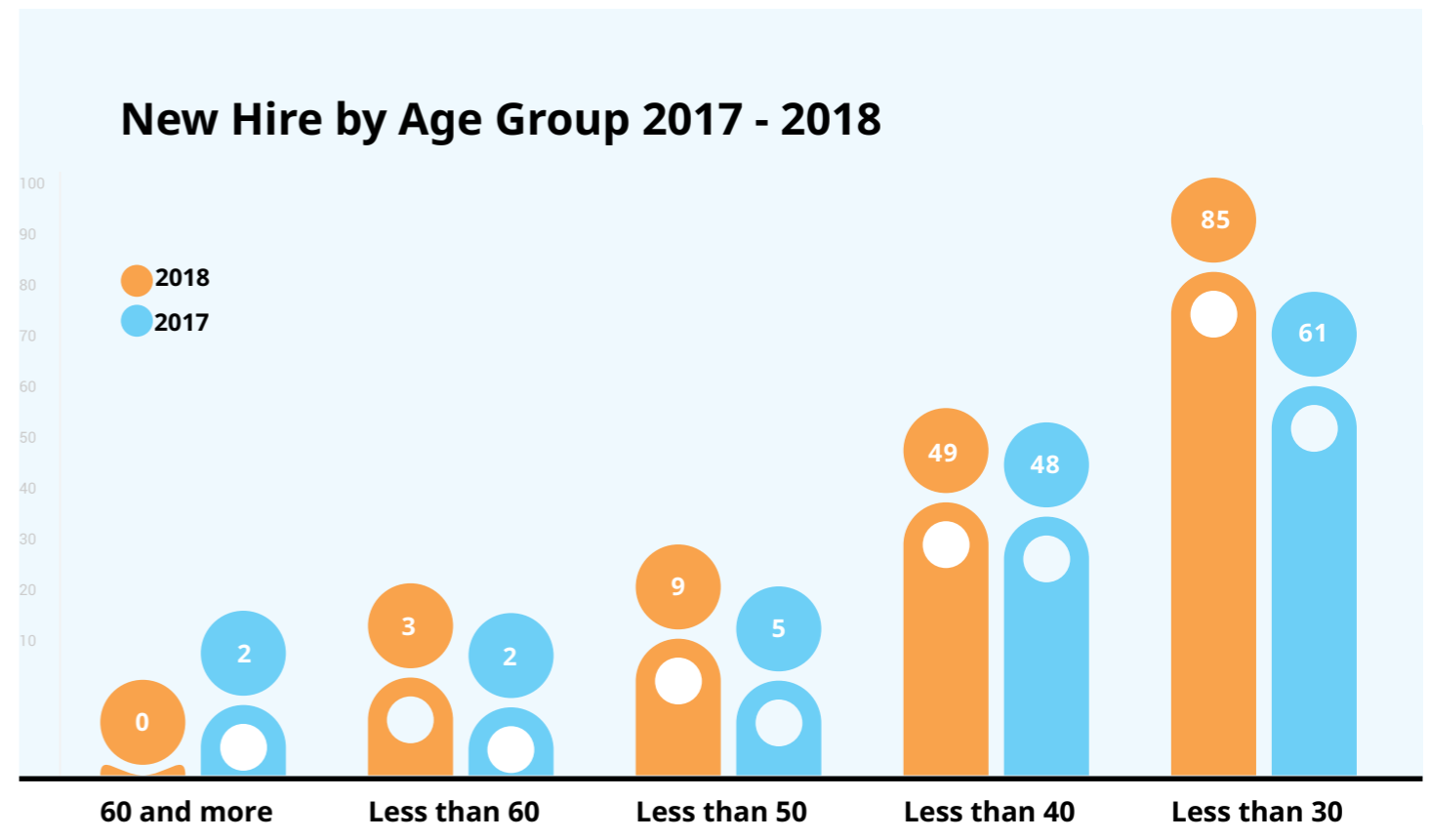
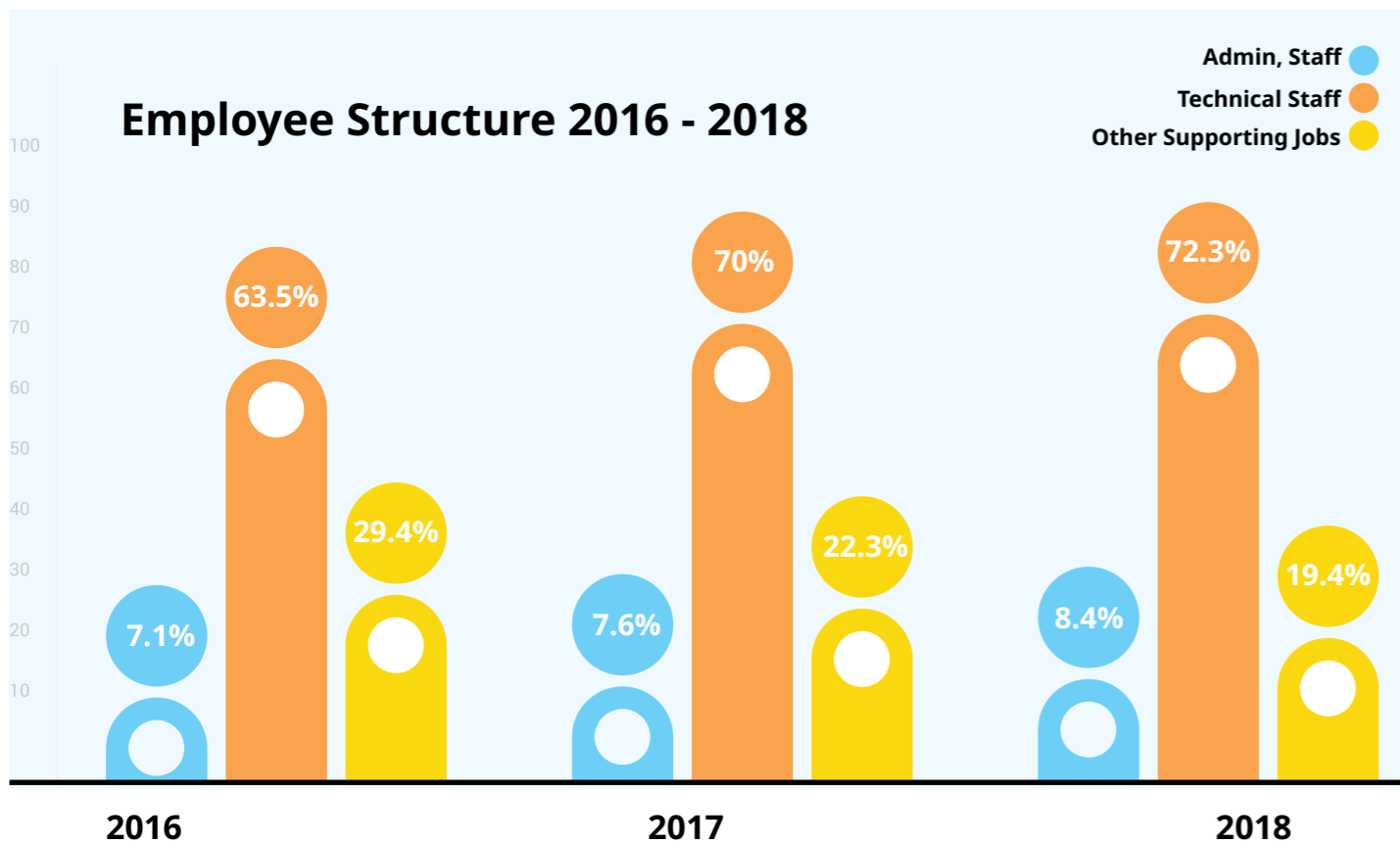
- Striving for and incident-free working environment where everyone is safe, healthy and secure
- Maintaining a stable industrial relations climate
- Creating a customer-focused culture
- Creating an inclusive working environment
- Leading the industry in employment standards
- Giving our people ownership and influence over their working lives
- Using technology and data to enhance decision making
- Investing in people and providing opportunities for all



Our Structure Overview

Focusing on our Human Capital to deliver world-class performance requires that EDC invests in its Human Capital to create a shared value that ensures our competitive business position, while continuously responding to our responsibility towards the wellbeing of our employees as part of EDC's Sustainability Commitment Practices.

- 72% of workforce represent the Technicians who are vital to the production efficiency (production and maintenance)
- 71% of employees are younger than 45 years
- 72% of employees have up to 15 years of industry work experience.



Home of Diverse Talents

EDC's approach towards diversity and inclusion is to hire, develop, and retain the best. We execute such an approach while providing equal opportunity in recruitment, career development, promotion, training, and reward for all employees, regardless of gender, ethnicity, or physical ability.

ing innovation, and empowering knowledge transfer within this landscape of various expertise. We take pride in attracting the industry's brightest minds to form our distinct perspectives.

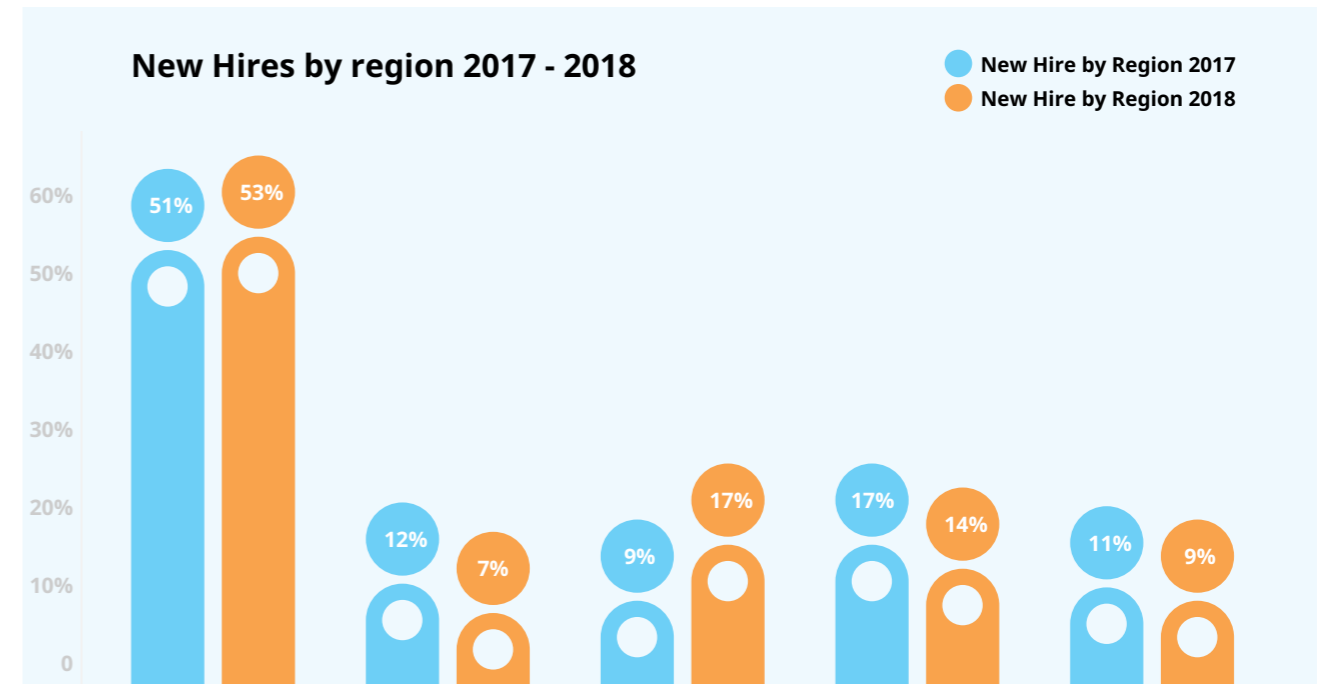
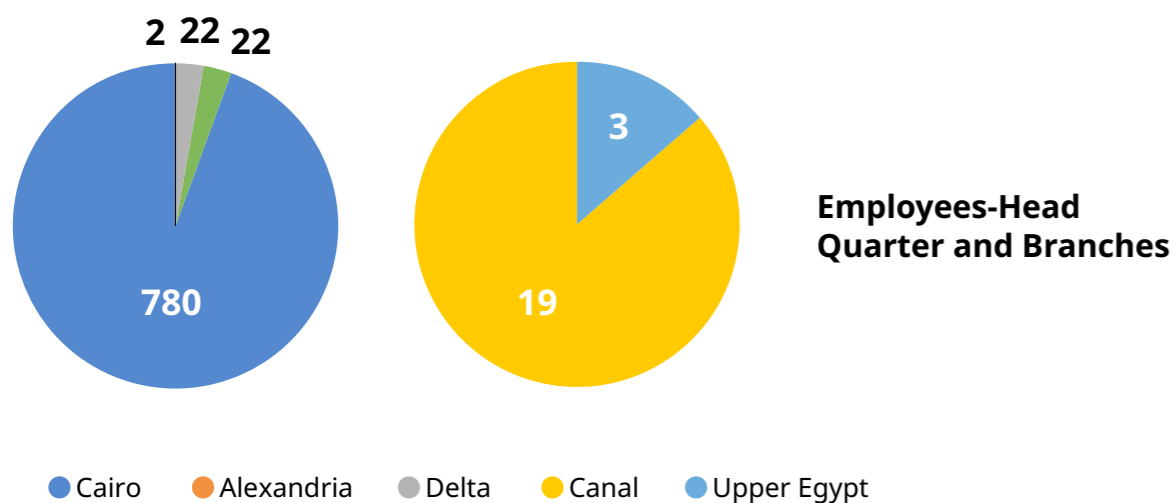
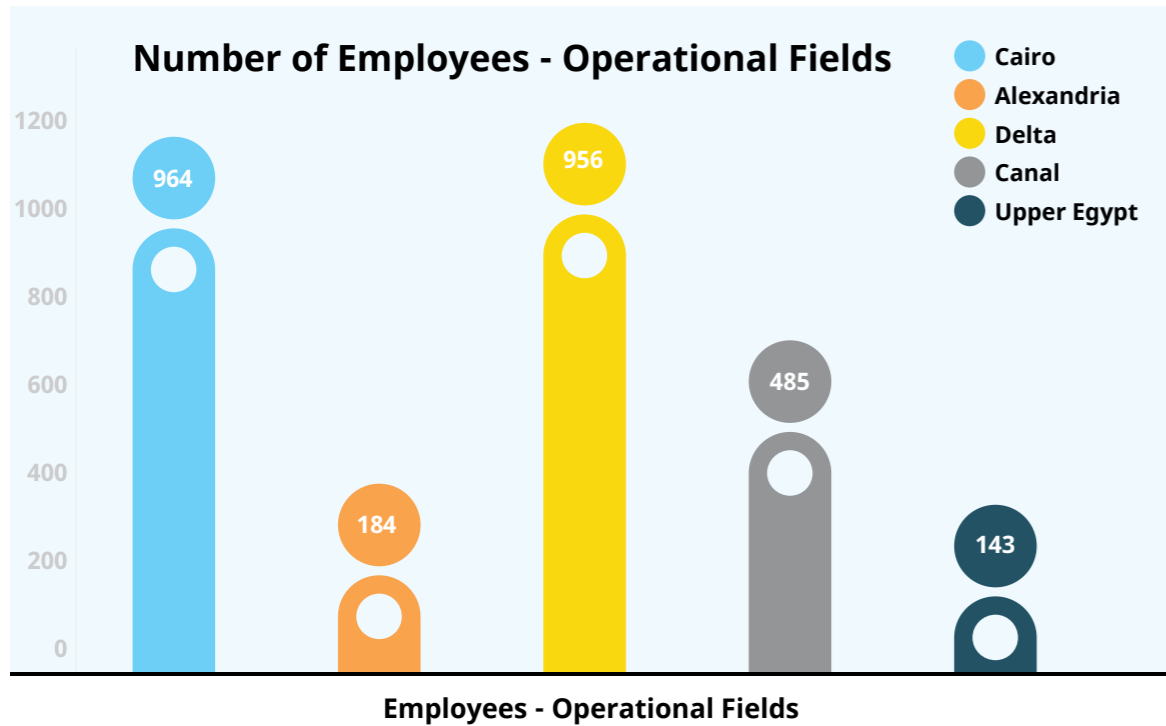
It is their diverse set of skills, leadership and experiences that makes EDC the leading Drilling Service Provider nationally and regionally.

In parallel, this diversity provides our employees with an opportunity to develop knowledge through the value of diverse points of view boosting their development.

EDC Workforce Diversity is key to broadening scope, stimulat-

Our diversity can already show in the following:

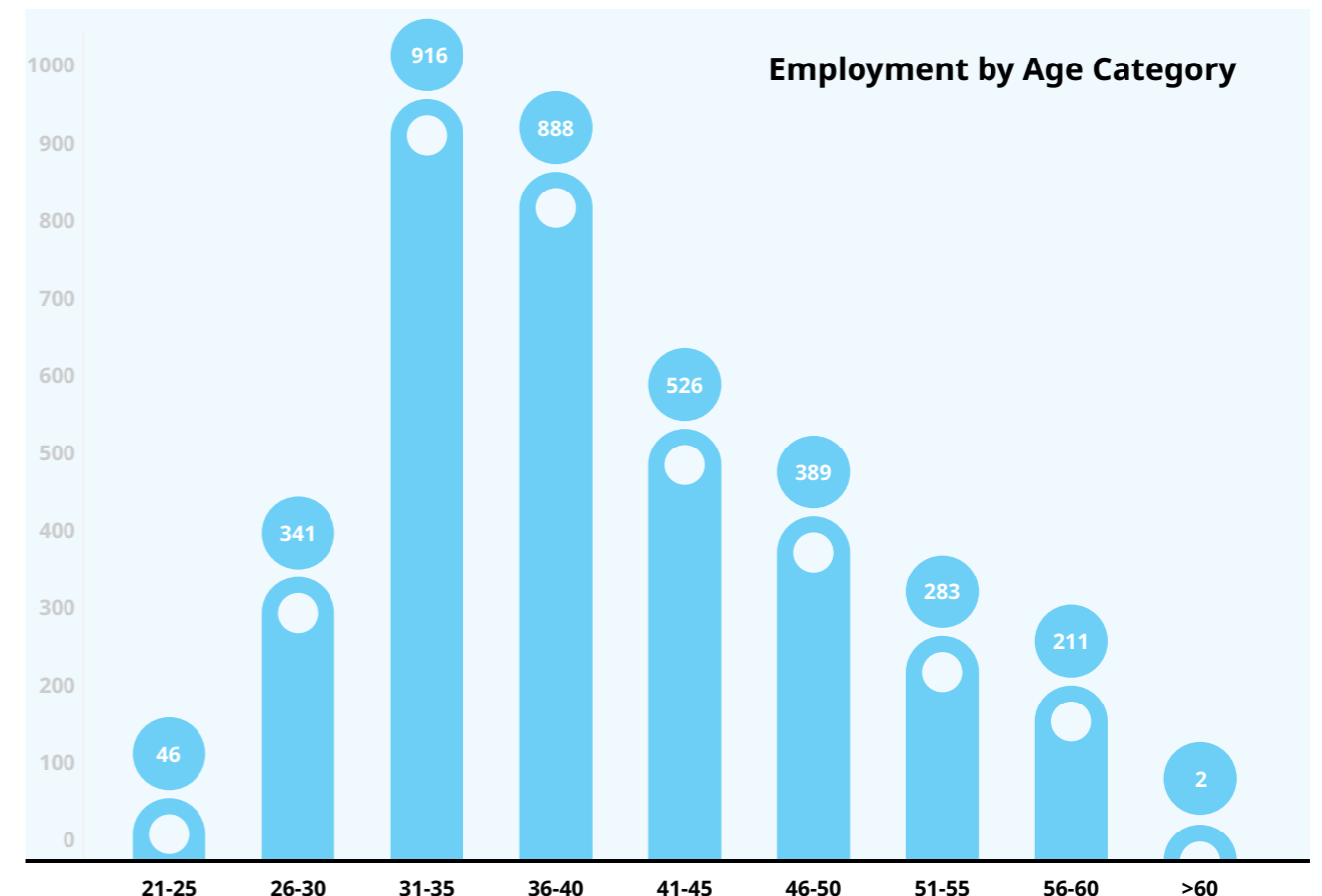
1) Diversity in employment or hiring from local community as per the presence of our local branches:



2) Diversity in the age bracket where we constantly support youth hiring while balancing the existence of experienced calibers to secure the robust requirements of our industry.

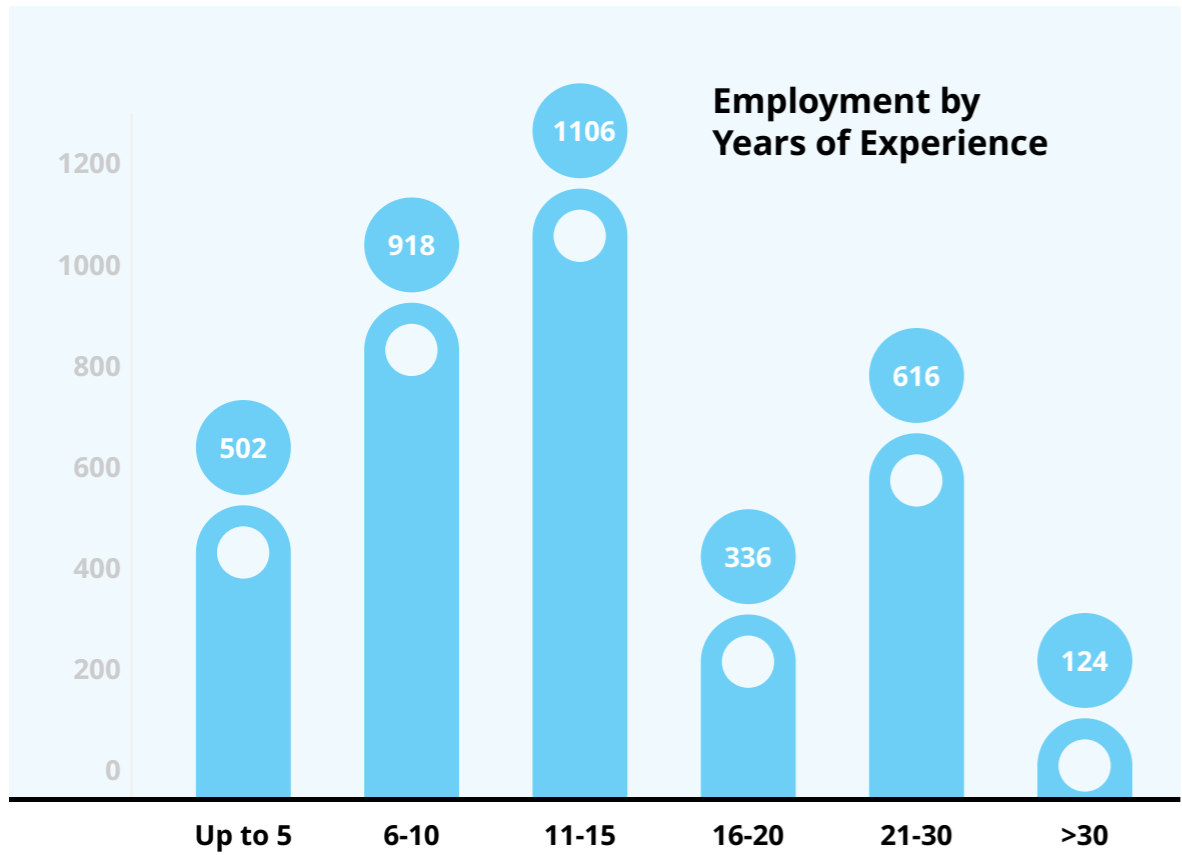
- 25% of our workforce are under the age of 35.
- 40% from 35 to 45.
- The remaining 35% of our staff represent the experience and

knowledge transfer agents to our entry and middle levels to ensure the continuation of our legacy as the 'School for Drilling'.



3) Diversity is in the mix of experience, making EDC a school of knowledge transfer to

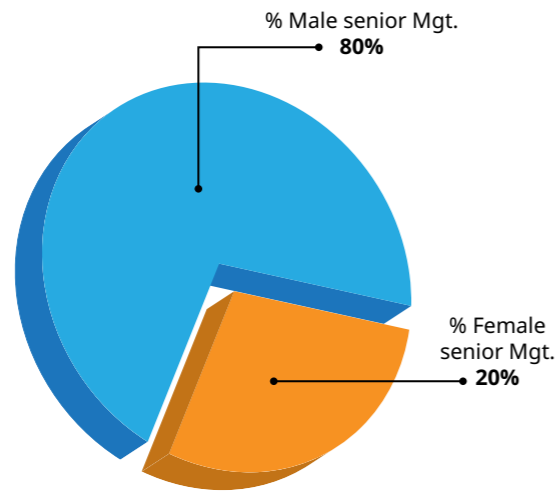
the young, and yet a powerful hub of the most experienced.



Our female employment remains low (at 0.9%) due to the constraints and nature of the industry for both national and regional landscape. However, we are proud that women are encouraged to extend their career and hold two key positions in the Top Management (the Procurement and the Legal Affairs Heads)

- Top Management 2
- Middle Management 18
- Supporting Level 12

Female to Male Senior Mgt. level



Challenges and Resilience

Acting locally and thinking globally is our lens towards the selection, recruitment, and management of our employee base.

While our high standards and criteria of selection ensure that we acquire the best talents in the market, the changes in the shareholders' structure has come at a high price that challenged our ability of retaining our calibers due to the limitation in offering them a continuous benefit packages that is driven by new market dynamics and opportunities. This concern has become a challenge of utmost priority and has been flagged as a significant material issue to be addressed by the Management.

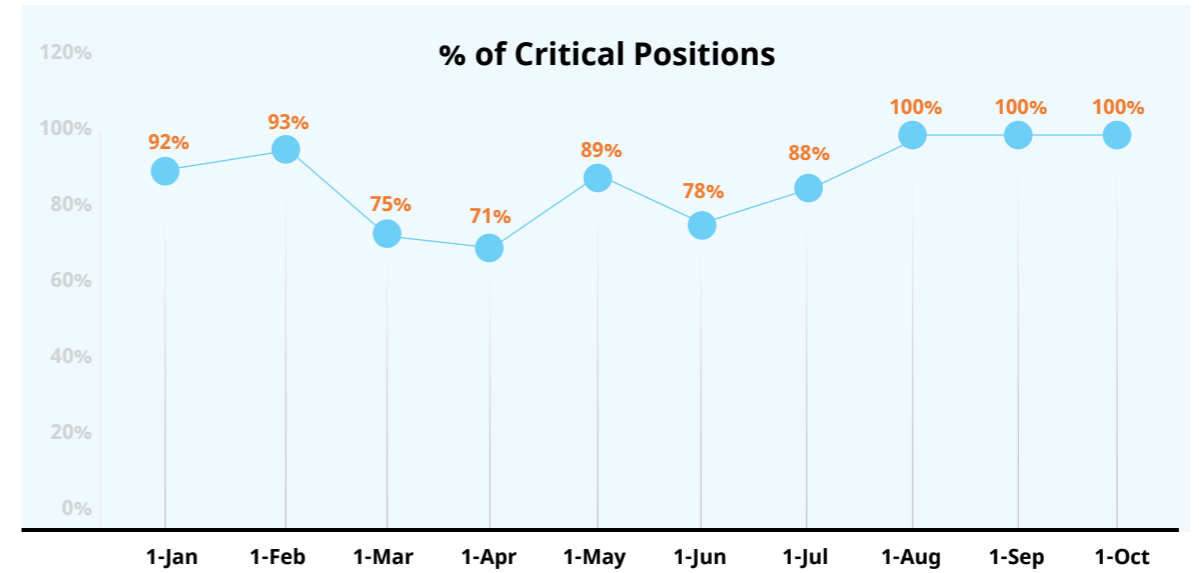
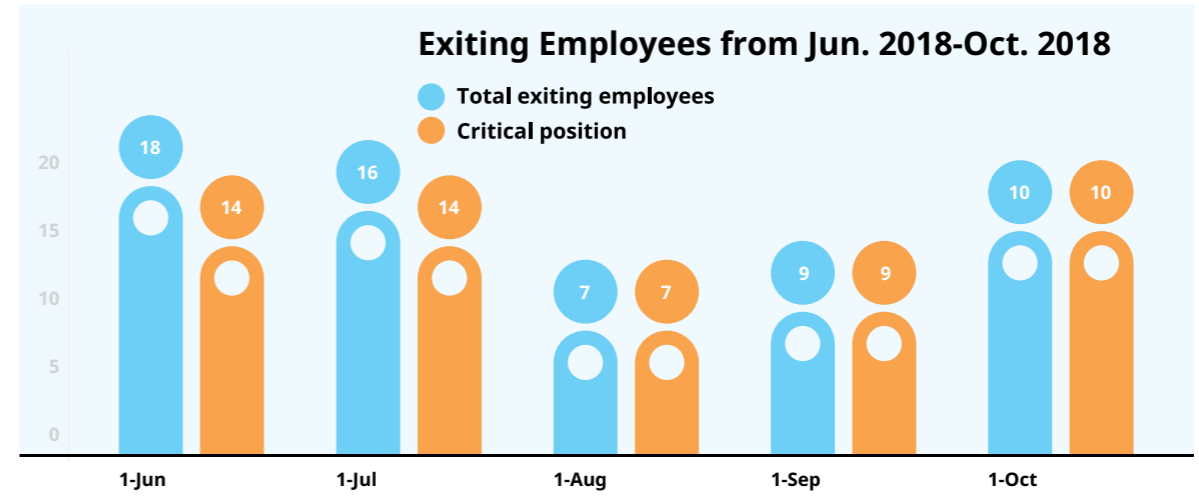
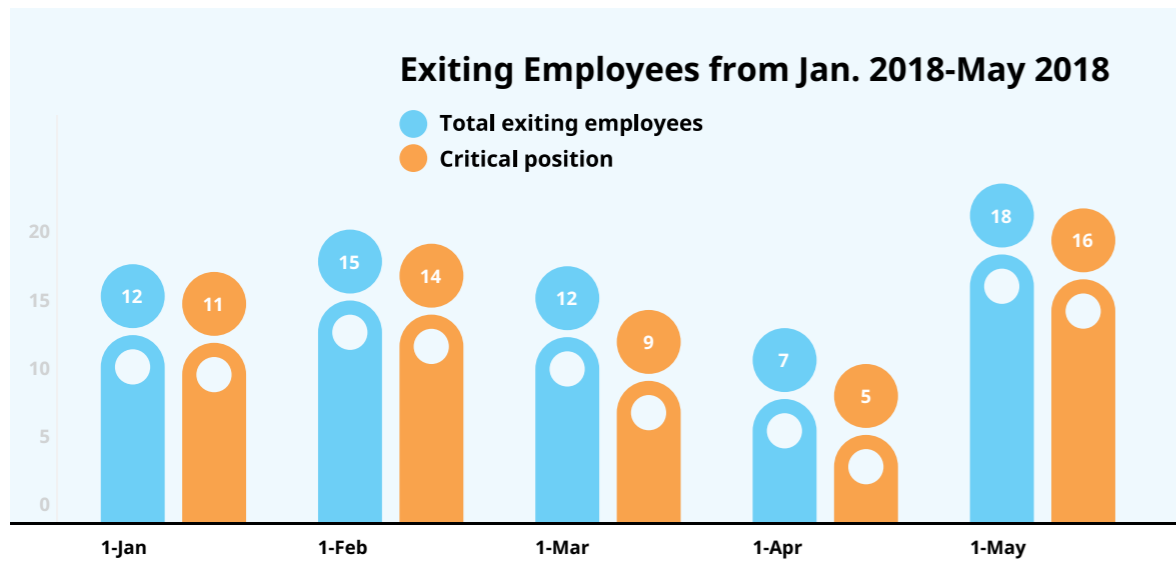
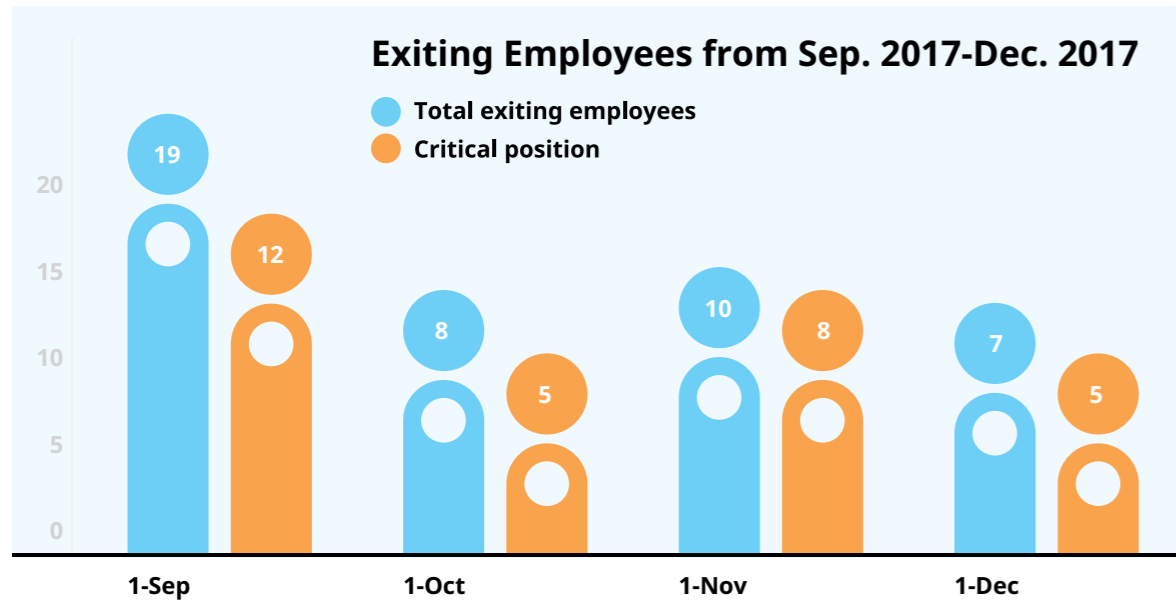
Despite the fact that all our standard entry-level wage and employees' salaries are above the minimum wage in the local market, our salary scheme was one of the issues raised during employees engagement.

It was detected as one of the reasons for a high turn-over rate and difficulty to retain our best talents due attractive external opportunities with more competitive benefits packages in the regional and international markets.

The fact that EDC is a true hub for learning and gaining experience, our employees' caliber has become one of most-sought and most-required talent by peers,

which has also created another driver for a high turn-over rate.

Our turn-over rate has witnessed an increase up to 0.24% during 2018 where the exit rate was about 11 employees monthly on average during the period from Jan. 2018 till Oct. 2018, but it was alerting regarding critical positions. Nevertheless, we were able to resolve the issue without any downtime reflections.



With a resilient approach to manage the challenge of the 2017/2018 high turn-over in key positions that resulted from changes in ownership structure and management, EDC has formed an ad-hoc committee to formulate a strategy and an action plan to overcome the issue.

A "Fast Track Program" was re-activated to select, prepare,

and develop the most promising individuals to fulfill the shortage in key positions.

This program is currently active, the selection process is over, and custom-made capacity building and training program is undergoing.

In addition, we continue our effort to develop and retain

existing talents through three main pillars:

- Training: Towards Professional and Personal Development.
- Promotion exams: Towards Career Path Growth.
- Communication: Towards an Improved Working Environment and a Collective Ownership of Success.



Choices are not meant to be easy. Choose where you would like to be to develop your abilities and add to your skills and experience. After my choice, I have gained many new skills in my new position like how to create a good relationship with those inside EDC and beyond. Also to enjoy the result of work overcoming the difficulties that you may face to finish the assigned task and get the right discount to keep the company money. For me, EDC is my second home. Finally, being on track all time is never easy. It requires love for your job and being loyal to the place you are working for.

Mahmoud Ibrahim
Prolog Dept.



Being a successful employee is not only about daily work. It's about aligning individual performance with organizational goals by paying attention to details while focusing on the big picture.

Dina Abd El-Azeem
Purchaser - Prolog Dept.

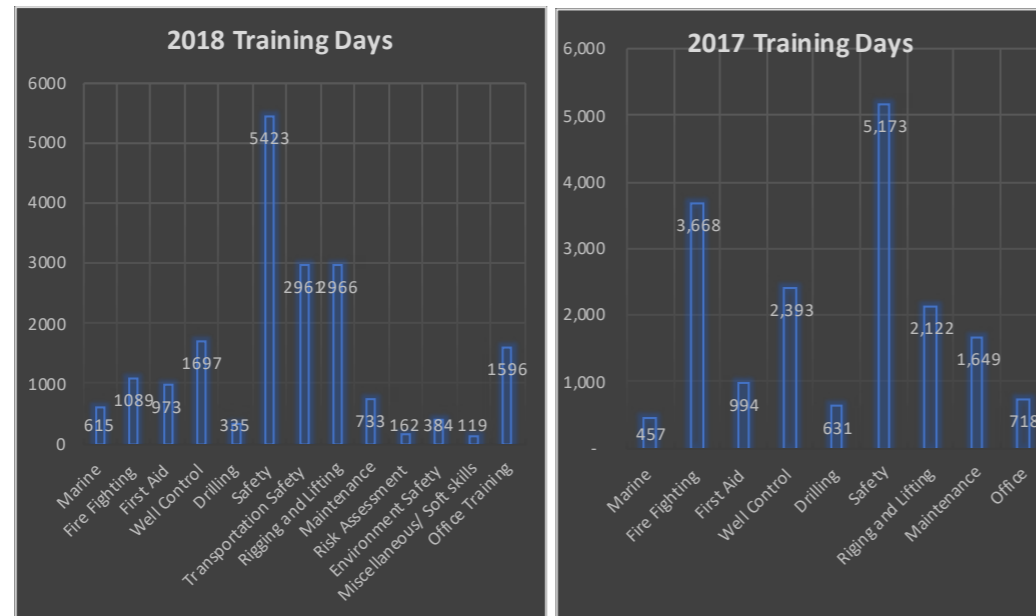
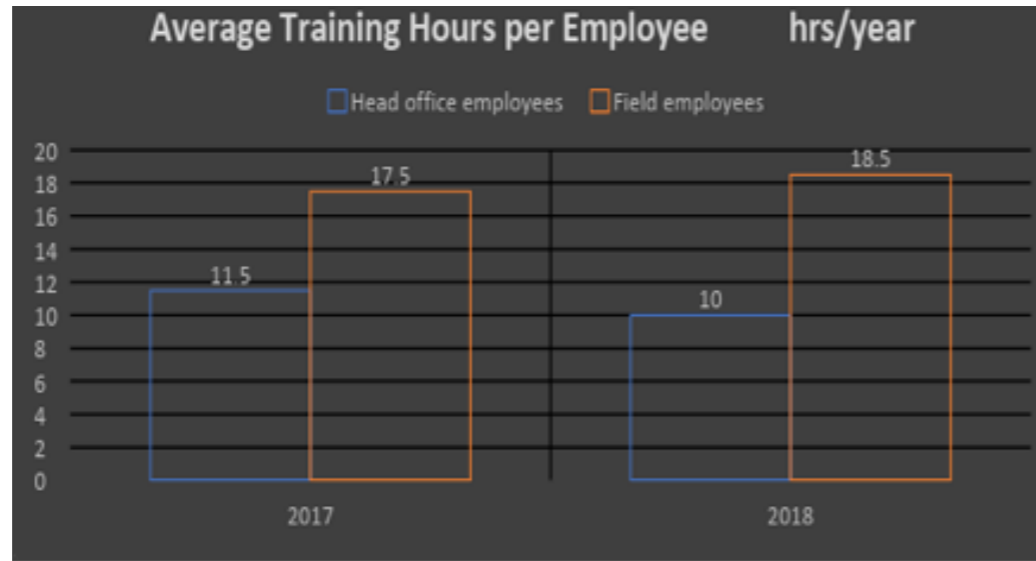
Training and Personal Development

The EDC Training Center (EDCTC) is in charge of developing the necessary Training plan that ensures:

- The Development of the employee's skills of management, communication, and leadership.
- The continuous update of EDC employees with the latest operational technologies required to ensure the highest performance and operational level.
- Compliance to the required implementation of the highest safety measures.

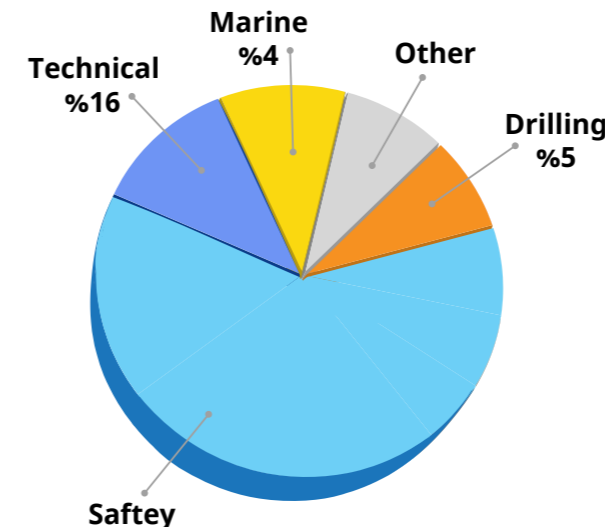
We succeeded in providing approximately 19053 training days in 2018, compared to 17800 in 2017.

Through resources utilization to keep our rigs' training compliance maintained, the achievement rate increased to almost 93 % by the end of 2018 compared to 77% in 2017.

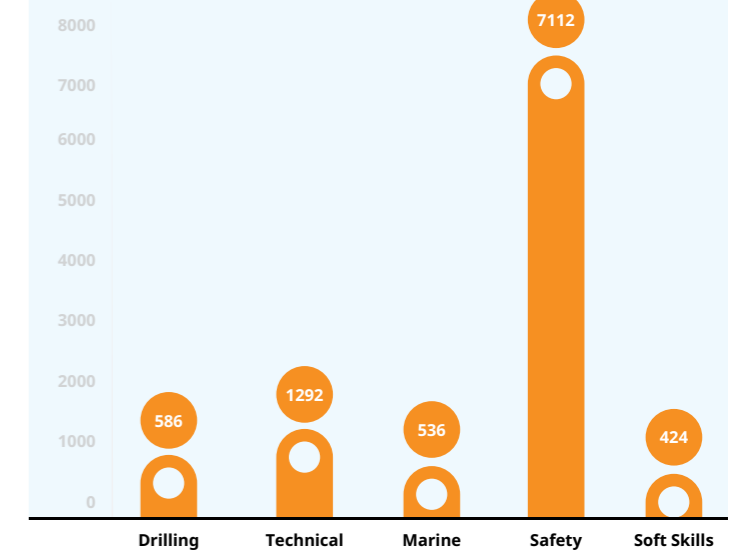


The continuous update of EDC employees with the latest operational technologies required to ensure the highest performance and operational level.

Training Agenda Per Category



No. of Trainees Per Category



Living up to the EDC recognized leadership as the "School of Drilling Service" on the national and regional level, we promote a culture of a consistent world-level performance.

We know that for our employees to perform, they need tools and opportunities to increase their productivity and help them develop new skills.

We seek to develop employees so they can execute our strategy, grow individually, and contribute to the constant growth of our business.

Our commitment to employee development is multi-layered. From our global leadership and management programs to our scholarships and online training courses, we work to foster

our employees' growth at each stage of their career.

We also encourage our employees to take international assignments, which enhance the participant's growth, facilitate the exchange of best practices, and strengthen our shared corporate culture.

We provide continuous training and development opportunities so employees can work smartly, safely, and effectively.

We seek to develop employees' skills using a variety of learning initiatives and an on-the-job training on a wide variety of subjects.

We have developed specific programs aimed at strengthening the skills and competencies of people in leadership positions and in building those same competencies in those rising to these levels.

These programs allow our future leaders the opportunity to learn about decision-making models, business trends, and strategy, strengthen interpersonal skills, build a strong international network that promotes knowledge and best practice sharing, and experience working in virtual and multicultural teams.

#SR	Training Course Name	No. of Training Days		
		2016	2017	2018
1	Marine course	253	457	615
2	Fire Fighting Courses	499	3668	1089
3	Fir Aid Courses	190	994	973
4	Well Control Courses	1354	2393	1697
5	Drilling courses	710	631	335
6	Safety Courses	5997	4333	5423
7	Transport Safety Courses	432	840	2961
8	Rigging, Lifting and Working at Heights Courses	1534	2122	2966
9	Maintenance Courses for Mechanics and Electricians	901	1649	733
10	Risk Assessment Courses	0	0	162
11	Environment Safety Courses	0	0	384
12	Miscellaneous/ Soft skills Courses	0	0	162
13	Office Training	693	718	1596
Grand Total		12,589	17,805	19,053

Career Path Development

As part of our efforts to create a shared value for our business and our employees, EDC Promotions System allows our employees not only to acquire the necessary field experience, but also to be recognized and promoted based on their performance in a timely fashion.

This reflects EDC's keen commitment to the wellbeing of its staff through achieving a rapid added value to their career path and economic stability. This process equally ensures the best utilization of our human capital, boosted operational efficiency, and strong business operations and market advantage of Service Excellence.

While career development is often focused on high or middle management, at EDC we equally give particular attention to certain positions that we consider a core element to success when it comes to field operations.

Thus, our field promotions are implemented in the areas of:

- Rig Crews
- Technical positions (Rig Me-

chanical, Night Mechanical, Assistant Mechanical, Rig Electrical, Night Electrical, Assistant Electrical, Electronics, Lead Mechanic, Lead Electrician, and Technicians.)

- Rig Administrative Positions (Warehouse Man, Welder, Radio Operator, Camp Boss, and Doctors)

The process of promotions includes extensive training and exams to ensure eligibility to the new positions, such as:

- For Rig Crew: The process is based on nominations by Rig Superintendent for best performing personnel, followed by an HR review of the performance record, then the employee complete Mandatory training, and a competency level exam to qualify to a pool of potential candidates to immediately fill the first vacancy.

- For Technical Positions: Employees pass a Workshop Evaluation followed by a promotion exam.

To ensure equality and fairness for all employees to access these opportunities, regular appraisal for employees' performance

Team" and through the HR Service Desk and the CB weekly report, EDC provides multiple channels for employees to inquire and report any work related and personal issues. Our Manpower team plays a significant role in communicating, directing, and solving such issues.

A Dialogue for a Shared Ownership of Success

We strive to maintain strong relations with our employees.

Dialogue between management and employees takes place directly. Under the "Manpower

is conducted as part of EDC's continuous development of its human capital.

Accessible Digital Training

Another step towards providing a comprehensive cycle of training opportunities is the Accessible Digital Training. We have undertaken steps for converting our current training materials into an electronic archiving system giving access and convenience to all employees across EDC sites.

In Brief

To ensure equality and fairness for all employees to access these opportunities, regular appraisal for employees' performance is conducted as part of EDC's continuous development of its human capital.

The Service Desk resolve over 85% of the total number of issues received through those communication channels which exceeded more than 5000 various issues related to Salaries, Annual Leave consumptions and balances, Medical issues, Labor law, and

Training, all of which were passed to the relative party for resolution.

For more in-depth matters, the Camp Boss weekly report allows communication directly with the Rig for any issue or concern related to HR through a

dedicated email on: **campboss@egyptian-drilling.com**, where a focal point for each Rig is in charge of receiving, collection, dispatching and resolving all matters reported.



During my mission to Gabon, I was working at one of the most important areas in the Oil and Gas Industry. So, most brands and service companies already exist there to provide high class service to the rigs working with the international companies. On the other hand, learning French wasn't an easy process but I succeeded in avoiding any problems due to the difference of languages.

Medhat Zaki
Prolog Dept.



Libya was my first opportunity to work abroad and the supply chain cycle and resources is different from Egypt. It was actually a great chance to establish a new system there and to recognize every small step in the whole process. I struggled at first when I had to face the unfamiliarity of another country and my first lesson was on how to deal and overcome the cultural barriers.

Basem Mahfouz
Prolog Dept.



Land line Calls		Mobile Calls		Meeting		Totals		Percentage
Open	Closed	Open	Closed	Open	Closed	Open	Closed	
19440		30480		24		49944		%99.50
60	19380	48	30432	0	24	120	49704	

Corporate Social Responsibility

As a Corporate Citizen, EDC is committed to identifying ways to improve social interaction within its community. EDC-CSR activities revolve around three main pillars:

- Education
- Health
- Community Services

Education: University Student programs

We partner with universities to promote our industry, build skills, and create a future pipeline of talent. Our involvement is manifested in a strategic partnership with leading universities to work towards investment in skills as an important element in faster-growing markets.

Our key partnerships include Cairo University, Canal University, Al-Azhar University, Suez University, and the American University in Cairo.

EDC had two types of training sessions for a university student:

1. A fully engaging three-day technical program tailored for petroleum section students.
2. A two-day leadership workshop open for all faculties. The sessions were delivered to 158 students free of charge by EDCTC instructors.

The programs aim to support University Education in Egypt through:

- Inviting students from

the faculty of Petroleum Engineering of both national and private universities to visit EDC premises and to get hands on experience on the drilling work.

- Giving students an overview on the operations process and the supporting departments through presentations conducted by volunteers from each department.
- Introducing students to a number of practical training methods.
- Raising awareness of the student's leadership roles in different work environments

SDG Targets



University	# of Student	Name of Course	Training Duration
Canal University	25	Leadership	2 days
	25	Leadership	2 days
	25	Leadership	2 days
	27	Leadership	2 days
Al Azhar University	18	Leadership	2 days
Suez University	14	Simulator based Training	3 days
Cairo University	13	Simulator based Training	3 days
AUC	11	Simulator based Training	3 days

Health: Blood Donation Drives

EDC organizes two blood donation drives per year. These drives aim to:

- Allow EDC employees to offer blood for the Egyptian communities.
- Rejuvenate the health and wellbeing of the donors themselves.
- Secure Protocols with the National Blood Transfusion Service to assist a percentage of the EDC employees and their direct family members with blood bags in case of emergencies
- 2017 Total Donors: 116 donors x 0.425 liters per donor = 50 liters
- 2018 Total Donors: 53 donors x 425 liters per donor =22.5 liters

Community Services:

Supporting Charity Organizations

EDC supports some charity organizations such as Meshwar Foundation and Medicine for all.

These organizations are not supported financially but through employees' item donations.

Such donations are made through periodic campaigns such as the Winter Donation Campaign, the Back to School Campaign or supporting Upper Egypt Villages Campaign. Items are collected in donation boxes placed around EDC main premises building and sent out to the targeted foundation.

Donation to Medical Centers Financial donations have been made to three petroleum medical centers across Egypt.

Ramadan Donation

EDC Contributed to the EGPC Campaign for Ramadan food boxes to the less fortunate communities.

- 2017**
EDC Generic Campaign for newly added donation boxes
- Medicine 4 all: received packages twice.
 - Banati Foundation: received winter clothes once.
 - Meshwar: One dedicated campaign-received winter clothes.

- 2018**
EDC Generic Campaign
- Medicine 4 all: received packages twice.
 - Meshwar: Three dedicated campaigns-collected 100 blankets + Books + Winter clothes



Environmental Performance

EDC proudly commits to preserving the environment.

We follow environment laws and regulations set by the authorities and perform the emissions and oil consumptions tests for offshore units through the Tebin Institute.

In addition, we ensure the safe disposal of used oil through contract with Arrows Co. to collect used oil transferred from the rigs to SIWA yard.

As part of our environmental culture, reliable operations work on guaranteeing that company activities do not cause damage to the environment.

As a core in our company processes and assets integrity, preventing and minimizing spills come high on our priority list.

In addition to the HSE Policy, EDC adopted a pollution prevention approach as a guiding principle for all of its activities using its best efforts to prevent and take all possible precautions to avoid pollution or contamination of land, air, or water.

Our staff involved in spill response are duly trained in emergency drills carried out regularly as part of the annual drill plans, also in collaboration with clients and other entities involved.

The drill scenarios account for the different types of spills and the recovery procedures associated with.

And as part of the continuous development of our response strategy, we work on identifying and documenting any new sources of potential pollution, assess its risk, and define its mitigation measures.

Also, through energy assessment performed on the company assets, the main energy flows are identified starting from the source (local self-generation or electricity network) up to end-users. Technological solutions and operations can then be defined in order to reduce consumption and increase the overall efficiency of the asset.

Conserving Biodiversity and Ecosystems

Finally, the conservation of biodiversity and ecosystems is an essential component of EDC's approach to environmental preservation in project execution. Based on a project's uniqueness, these aspects are considered and integrated into the objectives and operating practices along the project's entire life cycle applying principles that are consistent with internationally recognized guidelines, standards on biodiversity, and environmental laws and regulations.

In particular, the company's environmental protection procedures applied to operating projects include the proper identification and evaluation of all potential impacts on biodiversity and ecosystem services deriving

from its operations, and the implementation of appropriate mitigation actions to minimize any adverse effects.

In addition to that, further initiatives could be defined, also in partnerships with our clients and local communities, to create awareness and reinforce the concept of biodiversity and ecosystems as contributing to value creation for society.

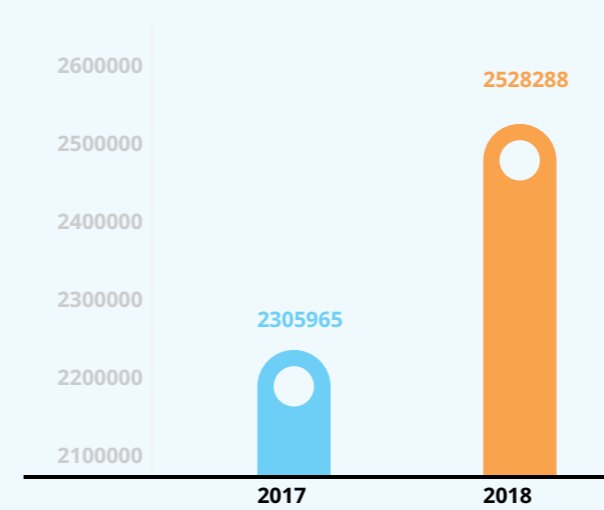
Our commitment to the reduction of our environmental footprint extends to reach EDC's headquarters as we have a sewage unit to recycle water to be used in irrigation for green areas.

All this has been noted and EDC is certified ISO 14001.

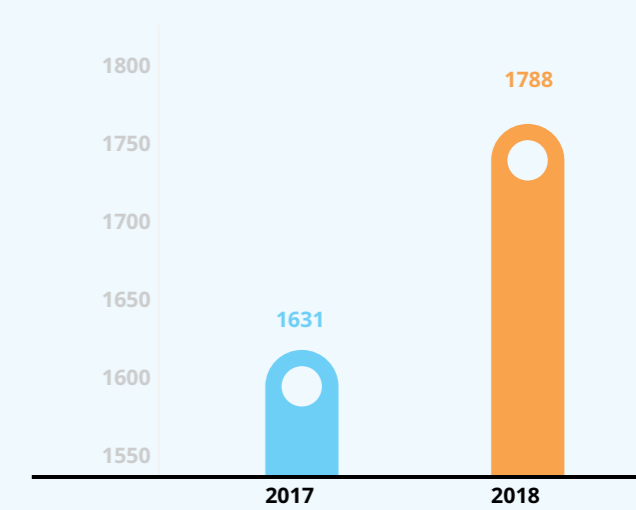
SDG Targets

- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND

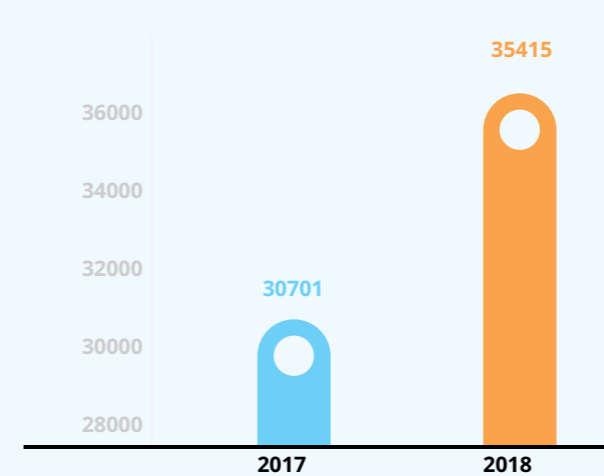
Electricity Consumption HQ and Field, 2017-2018, per kwh



GHG Emissions from Electricity Consumption, per mtco₂e



Water consumption in HQ and Field in m³



Appendix

UN SDGs

UN SDGs	Page No.
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102-14	Statement from senior decision-maker	6
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102-40	List of stakeholder groups	38
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102-44	Key topics and concerns raised	40, 41
Reporting Practice		
102-45	Entities included in the consolidated financial statements	only EDC
102-46	Defining report content and topic boundaries	34, 35, 36
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102-49	Changes in reporting	Not Applicable
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102-51	Date of most recent report	This is the first report
102-52	Reporting cycle	5
102-53	Contact point for questions regarding the report	5
102-54	Claims of reporting in accordance with the GRI Standards	5
102-55	GRI content index	94, 95
102-56	External assurance	100
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its Boundary	Disclosures on management approach have been reported on all material topics through the relevant covering the material topics.
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
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201-1	Direct economic value generated and distributed	46, 47, 48, 49
203-2	Significant indirect economic impacts	22, 23, 30
204-1	Proportion of spending on local suppliers	69
205-2	Communication & training about anti-corruption policies & procedures	28
205-3	Confirmed incidents of corruption and actions taken	None
	a. Confirmed corruption incidents: None.	None
	b. Confirmed employees' corruption incidents: None.	None
	c. Confirmed contracts termination due to corruption: None.	None
	d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.	One investigation in 2018 conducted by the prosecutor's office concerning allegations of wasting public funds regarding the sale of one EDC asset.
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403-7	"Prevention and mitigation of occupational health & safety impacts directly linked by business relationships"	55, 58
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Abbreviations

- **BI:** Business Intelligence
- **BSD:** Business Support Department
- **CCSI:** Colombia Center on Sustainable Investment
- **CSR:** Corporate Social Responsibility
- **DPS:** Drilling and Petroleum Services
- **E&P:** Exploration and Production
- **EAM:** Enterprise Assets Management
- **EDC:** Egyptian Drilling Company
- **EDCTC:** EDC Training Center
- **EGPC:** Egyptian General Petroleum Corporation
- **EMS:** Environmental Management System
- **ERP:** Enterprise Resource Planning
- **ESG:** Environmental, Social and Governance
- **FA:** First Aid
- **FRM:** Finance Resource Management
- **GHG:** Greenhouse Gas Emissions
- **GRI:** Global Reporting Initiative
- **HCM:** Human Capital Management
- **HIPO:** High Potential Incidents
- **HR:** Human Resource
- **IADC:** International Association of Drilling Contractors
- **IoT:** Internet of Things
- **IT:** Information Technology
- **LTI:** Lost Time Injuries
- **MTO:** Medical Treatment Only
- **NON RCRD:** Non Recorded Injuries
- **OD:** Organization Development
- **OH:** Occupational health
- **OPM:** Operations Management System
- **PDP:** Performance And Personnel Development Plan
- **ProLog:** Procurement & Logistics
- **QM-HSE:** Quality Management – Health, Safety and Environment
- **QMS:** Quality Management System
- **RCRD:** Recorded Injuries
- **RWTC:** Restricted Work / Transfer Case
- **SCM:** Supply Chain Management
- **SDG:** Sustainable Development Goals
- **SDS:** Sustainable Development Strategy
- **SMS:** Safety Management System
- **SMT:** Senior Management Team
- **SPC:** Special Purpose Committee
- **STP:** Senior Tool Pusher
- **UNGC:** United Nations Global Compact



Internal Assurance

Mr. Hany Gamal, Chief Internal Audit

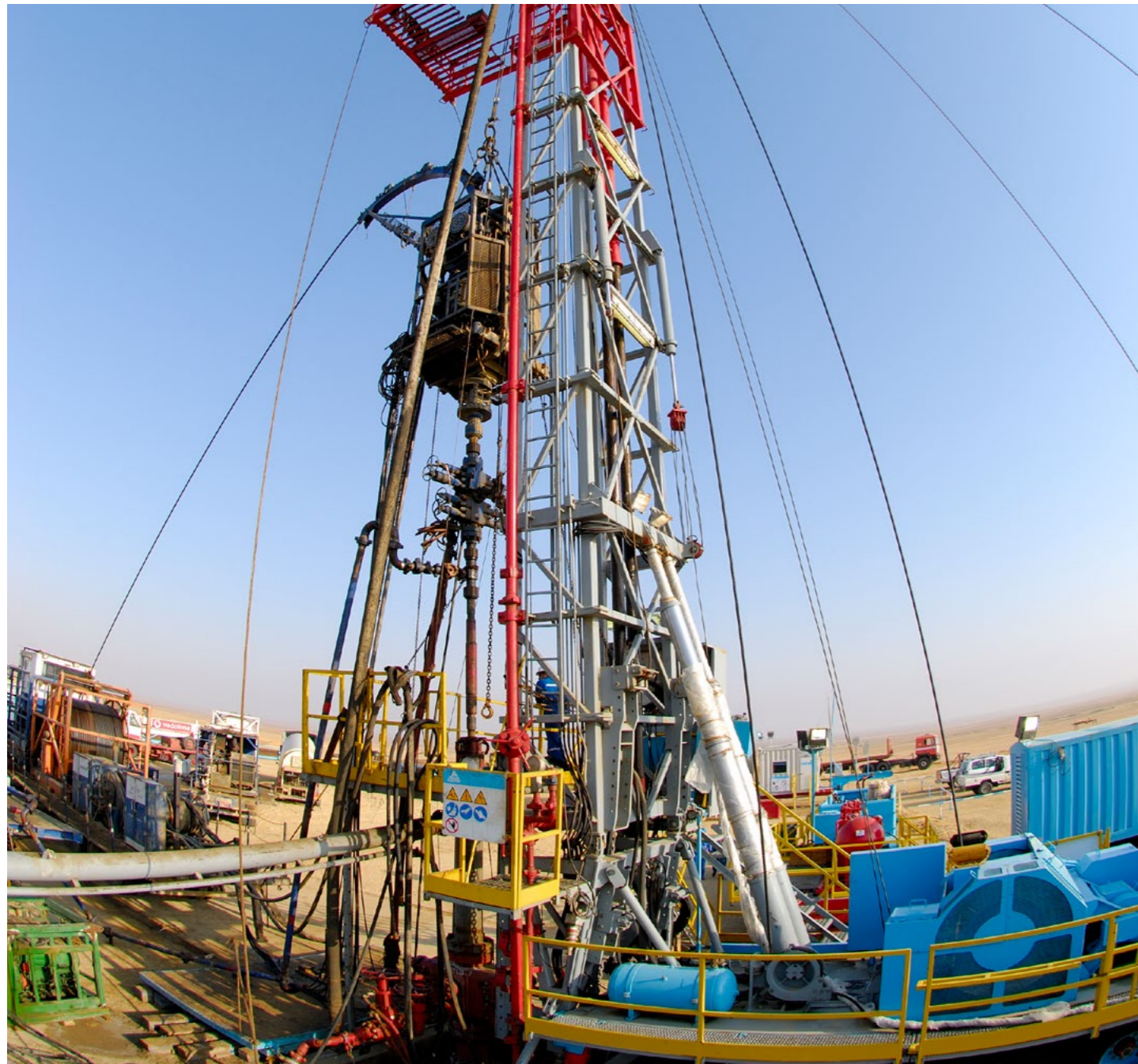


Sustainability reports are increasingly important to investors and other stakeholders who are evaluating a company's performance and potential value creation.

While traditional financial metrics continue to be the primary focus of senior executives and audit committees in assessing performance, the demand for disclosure and reporting

of sustainability performance escalates.

Audit committees and boards of directors will benefit from focusing on both financial and nonfinancial information in assessing and communicating the organization's health.



EDC's first sustainability report is our new approach toward creating our firm's sustainability strategy through the use of standard disclosures, consistent key performance indicators (KPIs) and explanations of the business model.

A wide range of non-financial issues including social, environmental and ethical have been reported on in the company's sustainability report.

The 2018 sustainability report contains twenty material topics, which have been identified to have social, environmental, and economic impacts. These material topics have been ranked in terms of importance to both stakeholders and EDC.

The internal audit team and the external consultancy firm have worked together on determining the topics that are of high importance to stakeholders and either high or medium importance to EDC.

The evidence gathering procedures have been designed to ob-

tain a limited level of assurance, the report covers 100% of EDC activities in Egypt only for the years 2017 and 2018.

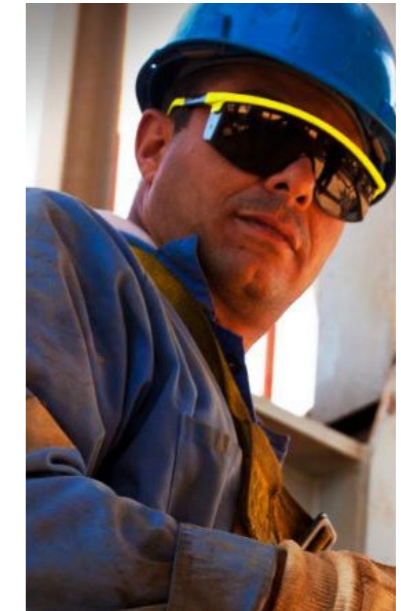
Throughout the journey of preparing EDC's first sustainability report, the internal audit team with the external consultant put the required effort to ensure a consistent and inclusive approach, and accurate and reliable data collection process, leveraging the specialist expertise on sustainability evaluation and reviewing process.

When conducting audits in the area of sustainability, EDC internal audit department made use of an external consultant with experience in preparing sustainability reports, alongside the senior management team and the sustainability ambassadors that have been trained and certified by the Global Reporting Initiative (GRI).

In this way, the internal audit team got insight into the Company's sustainability commitments and benefited from the experience of their tenured

colleague and the external consultant.

Both the external assurance provider and the internal audit have worked on providing assurance for this sustainability report for about a year. This working relationship is our first step towards integrated thinking and can be built on to produce an integrated report in the future.



External Assurance



DCarbon ©
Villa 78, road 282,
Investment Village,
Cairo, Egypt.
www.dcarbong.com

External Assurance Letter To the CEO and MD of EDC

Introduction:

We, the Dcarbon team, have been engaged by the Egyptian Drilling Company EDC to perform an independent assurance engagement on EDC's first sustainability report. The intention is to advance the implementation of the GRI reporting principles and disclosures and fulfill the GRI Standards Core option. Dcarbon is an Egyptian consultation firm registered under the law no. 159 for the year 1981 and its executive regulation. Dcarbon is a certified training partner to the Global Reporting Initiative (GRI), and a GRI Gold Community member. Our main focus is to assist organizations, public and private, in understanding and addressing their economic, environmental, and social impact. Our team of experts provides consultations and training on sustainable development and climate change issues throughout the MENA region.

Assurance Scope:

The scope of the assurance has included data and information regarding all EDC's operations during the years 2017 and 2018 including field and corporate offices with the exception of EDC's subsidiary Drilling & Petroleum Services DPS. Selected information was assured throughout the report. Reasonable assurance was obtained with regard to sections covering governance, strategy, stakeholder engagement activities, and materiality and risk assessments. Limited assurance was obtained on disclosures regarding environmental performance, social responsibilities, employees' wellbeing and procurement, and market activities.

The Assurance Scope Excludes:

- Data and information in the report outside the reporting period or indicating looking-forward statements by EDC.
- Verification statements including testimonials, opinions and success stories.
- Verification of claims (limited to data and information presented)

Activities:

- Reviewing internal policy, procedures, and strategy documents as provided by EDC.
- Reviewing of materiality and risk assessment and stakeholder engagement framework.
- Real-time evaluation of the processes for determining, processing, and monitoring of data collection for disclosures.
- Verifying inputs from a range of external strategies, guidelines and initiatives, from the sectoral, national, and global perspective and their mapping with EDC's strategies and activities.
- Ensuring that there is no misinterpretation of any of the disclosures as per the scope of the report.

Responsibilities:

EDC retains full responsibility for the preparation and presentation of this report including the choice of material issues and their respective quantitative and qualitative disclosures. Dcarbon is responsible for assuring that the reporting process followed the GRI reporting principles including stakeholder inclusiveness, sustainability context, materiality, balance, comparability, and reliability. We do not accept or assume responsibility to anyone other than the Egyptian Drilling Company EDC for our work or for our conclusion.

Conclusion:

Based on the activities performed and the evidence received, in our opinion, the Egyptian Drilling Company EDC has complied, in all material respects, with the GRI Standards sustainability reporting criteria.

Ehab Shalaby, Phd.

Chief Executive Officer and Managing Director





شركة الحفر المصرية
EGYPTIAN DRILLING COMPANY

2017-2018