

# INDEPENDENCE CONTRACT DRILLING, INC.

## POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION

### APPLICABLE TO COMPANY EMPLOYEES

Adopted, as amended: September 20, 2023

Effective Date: October 1, 2023

#### **Introduction**

The Board of Directors (the “Board”) of Independence Contract Drilling, Inc. (the “Company”) has adopted this Policy on Recoupment of Incentive Compensation (this “Policy”). This Policy amends, supersedes and replaces the Company’s prior “Policy on Recoupment of Incentive Compensation” previously adopted by the Board on February 28, 2019. This Policy is intended to comply with the requirements of Securities and Exchange Commission (“SEC”) rules and New York Stock Exchange (“NYSE”) listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”). This Policy supplements, and is made in addition to, the Company’s Policy on Recoupment of Incentive Compensation Applicable to ICD Executive Officers adopted September 20, 2023 (the “Executive Officer Clawback Policy”) and in the event of any conflict between the application of this Policy and the Executive Officer Clawback Policy, the terms of the Executive Officer Policy shall control and apply.

#### **Administration; Amendments**

This Policy shall be administered by the Compensation Committee of the Board (the “Compensation Committee”). The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration and application of this Policy, in all cases consistent with the Dodd-Frank Act and applicable rules of the SEC and the NYSE Listing Standards. Such determinations include the manner of enforcement and recovery pursuant to this Policy in any manner determined by the Compensation Committee. Such determinations regarding the administration and application of this Policy shall be made by the Compensation Committee in its sole discretion, exercising its business judgment, and all such determinations shall be final and binding, including on all affected individuals. Either the Board or the Compensation Committee may amend or change the terms of this Policy at any time for any reason, including as required to comply with Section 10D under the Exchange Act or other rules of the SEC and the NYSE implementing Section 954 of the Dodd-Frank Act.

#### **Covered Persons**

This Policy applies to any current or former Covered Person (as defined below) after the Effective Time with respect to a Misconduct Clawback (as defined below), and shall apply to any Covered Person (including any Executive Officer (as defined below)) during the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Restatement (as defined below), as determined in accordance with the this Policy (the “Recovery Period”). This Policy shall include all Incentive-Based Compensation received by a Covered

Person during the Recovery Period: (i) after beginning service as an Covered Person; (ii) who served as a Covered Person at any time during the performance period for that Incentive-Based Compensation; and (iii) while the Company has a class of securities listed on a national securities exchange or national securities association.

## **Recoupment**

***Restatement Clawback.*** The Compensation Committee shall require, except as otherwise provided herein (or shall require, to the extent required with respect to any Executive Officer of the Company in accordance with Section 10D under the Exchange Act and the Executive Officer Clawback Policy), to the extent legally permitted, the return, repayment or forfeiture of any Incentive-Based Compensation (as defined below) made or granted to any current or former Covered Person, which shall include any Incentive-Based Compensation received during the Recovery Period, in the event that the Company is required to prepare a restatement of its financial statements due to material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “Restatement”), if:

- 1) the payment or award was made or granted based wholly or in part upon the attainment of a Company financial reporting measure (including, without limitation, (a) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and/or (b) any measure that is derived wholly or in part from such measure, and for the avoidance of doubt, including Company stock price or Company total stockholder return); and
- 2) a lower payment or award would have been made or granted to the Covered Person based upon the restated financial results had there not been a Restatement (such potential recoupment, a “Restatement Clawback”).

The date on which the Company is required to prepare a Restatement is the earlier to occur of (A) the date the Board or the Compensation Committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For the avoidance of doubt, a restatement of the Company’s financial statements due to a change in accounting policies or principles shall not be deemed a “Restatement” for purposes of this Policy.

***Compensation Subject to Recovery.*** In connection with a Restatement Clawback, the amount of Incentive-Based Compensation required to be returned, repaid or forfeited shall be the amount by which the Covered Person’s payment or award for the relevant Recovery Period exceeded the lower payment or award that would have been made or granted based on the restated financial results, but in no event will such amount required to be returned, repaid or forfeited exceed the

total amount of such Covered Person's payment or award for the relevant Recovery Period. For this purpose, Incentive-Based Compensation (i) is considered to have been received by an Covered Person in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, regardless of when the payment or grant of such Incentive-Based Compensation occurs and (ii) shall be calculated without regard to any taxes paid or withheld. If the Board or the Compensation Committee cannot determine the amount of excess incentive compensation received by the Covered Person directly from the information in the Restatement, then it will make its determination based on a reasonable estimate of the effect of the Restatement. For Incentive-Based Compensation based on the Company's stock price or the Company's total stockholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Restatement, then the Board or the Compensation Committee shall determine the amount to be recovered based on a reasonable estimate of the effect of the Restatement on the Company's stock price or the Company's total stockholder return upon which the Incentive-Based Compensation was received and the Company shall document the determination of that reasonable estimate and provide it to the NYSE.

***Misconduct Clawback.*** The Compensation Committee may require, to the extent legally permitted, the return, repayment or forfeiture of any compensation (including any Incentive-Based Compensation, which may be in the form of cash or equity, variable compensation, bonus, severance, or sign-on compensation) awarded or paid to any Covered Person (as defined below) if the Compensation Committee determines that such Covered Person committed a significant federal or state law violation, committed a material Company policy violation, including a material violation of the Company's Code of Ethics and Business Conduct (as in effect from time to time), or committed a violation of the terms of any restrictive covenants set forth in any sign-on or other agreement with the Company or in any award granted by the Company to the Covered Person (a "Misconduct Clawback"). The Company also has the discretion to require a Misconduct Clawback in circumstances in which a Covered Person had supervisory authority over a person engaging in the misconduct described above and knew of, or was willfully blind to, the misconduct. If the Compensation Committee determines that a Covered Person has engaged in conduct giving rise to a Misconduct Clawback within the thirty-six (36) months following the award or payment (including vesting) of any compensation (including any Incentive-Based Compensation, which may be in the form of cash or equity, other variable compensation, bonus, severance, or sign-on compensation)(the "Misconduct Lookback Period"), subject to the enforcement provisions of the Policy, the Compensation Committee may, in its sole discretion and to the extent legally permitted, direct the Company to seek recovery of any amount of such compensation awarded or paid (including vesting) for the performance or vesting period in which such misconduct occurred. In addition, subject to the enforcement provisions of the Policy, the Company shall, if directed by the Compensation Committee and to the extent legally permitted, provide for the forfeiture of any such compensation awarded within the Misconduct Conduct Lookback Period that has not been settled, paid, or become vested, as applicable. In each such instance, the amount required to be returned, repaid or forfeited by the Covered Person shall be determined by the Compensation Committee in its sole discretion.

***Compensation Subject to Recovery.*** In connection with a Misconduct Clawback, the amount required to be returned, repaid or forfeited shall be such amount of compensation (including any incentive-based compensation, which may be in the form of cash or equity, other variable compensation, bonus, severance, or sign-on compensation) as determined at the discretion

of the Compensation Committee, which may be 100% of such compensation amount awarded or otherwise received by the Covered Person. For the avoidance of doubt, the Company may require a Misconduct Clawback even if the misconduct did not result in the award or payment of an amount greater than what the Covered Person would have received absent such misconduct. In evaluating whether to require a Misconduct Clawback and the recoverable amount, the Compensation Committee may consider such factors as it deems relevant and appropriate, which factors may include but are not limited to the seriousness of the violation, whether the Covered Person benefitted from the violation, and whether asserting the Misconduct Clawback would prejudice the Company's interests in any way.

***Enforcement.*** The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded applicable compensation (including Incentive-Based Compensation) in connection with either a Restatement Clawback or a Misconduct Clawback, including, subject to applicable law, by requiring the Covered Person to repay such amount to the Company, by set-off, by cancelling outstanding equity-based awards or by such other means or combination of means as the Compensation Committee determines to be appropriate.

***Exceptions.*** The Board or the Compensation Committee may determine not to seek recovery from a Covered Person in its sole discretion, including without limitation, in whole or part, including to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to the NYSE), (B) recovery would violate the home country law that was in effect prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is provided to the NYSE, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended.

***No-Fault Recovery.*** Recoupment under this Policy in connection with a Restatement Clawback may be required (but shall be required with respect to an Executive Officer in accordance with the Executive Officer Clawback Policy) regardless of whether the Covered Person or any other person was at fault or responsible for accounting errors that contributed to the need for the Restatement or engaged in any misconduct.

***Certain Definitions.*** For purposes of this Policy, the following terms shall have the meanings ascribed below:

“Covered Person” means an current or former (i) Executive Officer of the Company, or (ii) other employee of the Company who has received any grants of awards (including cash bonus awards) under the Company's Amended and Restated 2019 Omnibus Incentive Plan, as amended (the “LTIP Plan”) or any successor or replacement to such LTIP Plan.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Executive Officer” has the meaning of “executive officer” as defined in Rule 10D-1 under the Exchange Act.<sup>1</sup>

“Financial Reporting Measure” has the meaning of “financial reporting measure” as defined in Rule 10D-1 under the Exchange Act.<sup>2</sup>

“Incentive-Based Compensation” has the meaning of “incentive-based compensation” as defined in Rule 10D-1 under the Exchange Act.<sup>3</sup>

## **Disclosures**

This Policy shall be filed as an exhibit with the Company’s annual report on Form 10-K to the extent required by and in accordance with the SEC’s requirements. The Company will disclose any recovery of compensation pursuant to this Policy as required by the rules of the SEC, as required by the NYSE Listing Standards, and in such additional circumstances as deemed appropriate by the Company.

## **Successors**

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, executors, administrators, and other legal representatives.

## **No Indemnification or Reimbursement**

The Company shall not indemnify any Covered Person to cover any losses incurred by such Covered Person under this Policy, and any purported indemnification shall be null and void *ab initio*. The Company shall not pay or reimburse the premium for any insurance policy to cover any losses incurred by any Covered Person under this Policy.

## **Other Remedies Not Precluded**

The exercise by the Compensation Committee of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the Compensation Committee may have with respect to any Covered Person subject to this Policy, including without

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<sup>1</sup> As of the Effective Date, “executive officer” as defined under the Rule 10D-1 under the Exchange Act includes the president, principal financial officer, principal accounting officer (or, if none, the controller), any vice-president in charge of a principal business unit, division or function, and any other person who performs significant policy-making functions for the Company, which may include officers of the Company or their subsidiaries.

<sup>2</sup> As of the Effective Date, “financial reporting measure” as defined under the Rule 10D-1 under the Exchange Act includes measures determined and presented in accordance with accounting principles used in preparing the Company’s financial statements, non-GAAP measures, and other measures, metrics and ratios. Financial Reporting Measures may include measures not presented directly in the Company’s financial statements or filings with the SEC.

<sup>3</sup> As of the Effective Date, “incentive-based compensation” as defined under the Rule 10D-1 under the Exchange Act includes any compensation that is granted, earned or vested based wholly or in part upon the attainment of any Financial Reporting Measure. Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted units or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or the Compensation Committee, in each case not in part based on the attainment of any Financial Reporting Measure performance goal, is not subject to this Policy.

limitation to any restatement-related clawbacks required under the Dodd-Frank Act and Rule 10D-1 under the Exchange Act covered under the Executive Officer Clawback Policy or addressed separately in other policies, plans or agreements with Executive Officers.

**Governing Law**

The validity, construction and effect of this Policy and any determinations relating to this Policy shall be construed in accordance with the laws of the State of Delaware without regard to its conflict of laws principles.

**Effective Date**

This Policy has been adopted by the Board effective as of the Effective Date set forth above.