

# Supplier Assessment Process

Since 1952, Nabors has built a foundation of innovation and has continually improved the way wells are drilled. Sustainability and safety are an essential part of our corporate culture and have served as our guideposts during this evolution. Today, we continue to conduct business through the lens of environmental, social and governance priorities. We believe our success is directly linked to the development and integration of a broad range of sustainable practices.

## Operations and Supply Chain

Our suppliers and vendors are critical to our success and play a significant role in Nabors' day-to-day business operations, collaborating with us to promote efficient operations, maintain high standards of HSE performance, mitigate risks and create shared value. We ensure that all vendors, regardless of their size, geography or workplace nationalities, have the same opportunities to compete for the supply of goods and services. Accordingly, all purchases and sales must be predicated strictly on considerations of efficiency, price, quality, service and suitability. You can read more about Nabors supplier selection process [here](#).

We work collaboratively with many of our suppliers to review processes, procedures and data to help drive the right actions and foster continuous improvement. In 2020, we worked to strengthen our supplier relationships, increasing transparency, delivering mutual value and discovering improved ways of working together, especially with our most strategic suppliers.

While this section describes our general approach with our suppliers, these practices may differ in certain instances, if necessary, to comply with applicable local laws and requirements or if otherwise appropriate.

## Supply Chain Transparency and Compliance

Nabors prides itself on conducting business in a socially responsible and ethical manner. To accomplish this, we firmly believe a vital factor is to build a sustainable and resilient supply chain. The role of suppliers in this equation became even more apparent during the pandemic.

Nabors reserves the right to carry out annual audits with suppliers, evaluating their performance in the areas of human rights, environmental management, business ethics and social responsibility as outlined in our Vendor Guidelines and aligned with our [Health, Safety and Environmental Management System \(HSE MS\)](#) and [Occupational Health and Safety \(OH&S\) Management System](#)

We partner with suppliers who maintain the same rigor as we do. At the core of this approach is our supplier re-evaluation procedure, conducted annually and applicable to all Nabors business units or local operations that are directly responsible for the purchase of products, service-related products and/or services.

As part of the annual re-evaluations, the suppliers are determined based on annual, quarterly, or monthly reports focusing on supplier's performance that includes, at a minimum, the KPI for total spend, on-time-delivery (OTD), and/or quality. In preparation of the re-evaluations, the following is obtained/verified:

- Supplier Survey and On-site assessment – tools used to confirm our current supplier's processes and performance regarding compliance, diversity, inclusion, labor, human trafficking and slavery, environment and human rights.
- Supplier scorecard – completed by the Supply Chain Quality Manager or Supply Chain Manager based on the result of the objective analysis of supplier-specific KPIs, at minimum, as follows:
  - Total spend
  - On-time-delivery rate
  - Order fulfillment rate
  - Number of aged overdue open Purchase order lines
  - Number of non-conformances
  - Type and quantity of quality issues/defects
- Business review presentation – documenting and disclosing our supplier's non-conformance and associated corrective action rate for their compliance with, at minimum, labor rights, human rights, environmental and health and safety policies.

The results of our annual re-evaluations are documented and shared with internal and external stakeholders. Although the vendor assessment process can be challenging, the benefits include finding low-risk sources for high-quality goods and services, as well as the development of mutually beneficial, long-term business relationships.

Nabors' vendors are expected to implement due diligence procedures for their own suppliers, subcontractors and other participants in their supply chains, to ensure that there are no human rights violations, including but not limited to slavery, child labor or human trafficking in their supply chain. You can read more about our vendor expectations within our [Nabors Vendor Guidelines](#).