

# ENVIRONMENTAL MANAGEMENT

## Commitment to the Environment

Nabors is committed to *responsibly* helping our customers meet the world's demand for oil and gas through innovative, environmentally conscious technologies. This commitment is driven through the Company's health and safety-centric culture, which promotes the health and safety of our planet including the natural resources it provides and its inhabitants. Nabors leadership promotes a culture that reinforces environmental compliance and proactive performance. This behavior exemplifies Nabors' values of accountability, teamwork, innovation, excellence, and safety.

Our commitment to the environment is additionally guided by the following environmental principles:

- Fulfill compliance obligations.
- Integrate the consideration of environmental aspects and their impacts into our decision-making and activities.
- Prevent pollution whenever possible.
- Conserve natural resources whenever possible.
- Operate responsibly to ensure the preservation of habitats.
- Communicate our environmental commitment to all personnel and educate them in their roles and responsibilities as stewards of the environment.
- Develop and maintain appropriate emergency and spill response programs where required by legislation or where significant health, safety, or environmental hazards exist.
- Work aggressively to mitigate significant environmental aspects that may hinder sustainable business growth.
- Improve continually by monitoring and measuring our environmental performance and setting relevant goals
- Provide environmental performance visibility to all stakeholders.

Our environmental principles provide a framework to ensure structured and responsible environmental performance is forefront in our business decisions and activities. Nabors executive management team is actively involved in setting environmental performance expectations and initiatives that drive the Company's

Journey to Excellence continuous improvement process and Mission Zero<sup>1</sup>. Monthly progress updates are provided to our executive team. Our Chief Administrative Officer ultimately oversees the company's environmental program progress and provides quarterly updates to other stakeholders.

## Integrated Management Systems

Our Health, Safety, and Environmental Management System (HSE MS) establishes a set of expectations for all our global operations. The HSE MS consists of nine interrelated elements that help identify and mitigate health, safety, and environmental risks to our employees, the environment, and the communities in which we have the privilege of operating. Elements in the HSE MS include: Management Commitment & Employee Engagement, Risk Assessment and Management, Environmental Stewardship, Training, Emergency Preparedness, Event Reporting & Corrective Actions among others.

As an extension of the HSE MS, the Company deploys an Environmental Management System (EMS) to better manage environmental risks and opportunities and ensure compliance with applicable environmental laws, regulations, and accepted industry standards in areas where such laws and regulations do not exist. These standards apply not only to our employees – our vendors and supplier partners also are expected to comply with them, as set out in our [Vendor Guidelines](#).

To ensure the most effective EMS, Nabors has committed to alignment with the International Standards Organization's (ISO). We have obtained ISO 14001:2015 Environment Management System certification in Colombia (with Bureau Veritas), Mexico (with Lloyds Registered Quality Assurance), and Oman (with LMS Certification Limited). Nabors is actively working to improve our current environmental management system to meet or exceed ISO standards across global operations. As an operational control within the EMS, the Company implements an Energy Management Standard in our manufacturing, drilling rigs, and facilities. This manual is aligned with the ISO 50001 standard and is utilized for identifying significant energy sources and implementing measures to effectively reduce energy use.

The EMS requires annual training to ensure responsible personnel are aware of environmental requirements to meet related legal requirements and any additional expectations as defined by Nabors. Employees must submit a record of any environmental non-compliance or deviation from the HSE MS and EMS. Environmental

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<sup>1</sup> See reference material: HSE-POL-001 HSE Mission Statement.

performance metrics are reviewed monthly to identify areas of opportunity and drive continuous process improvement.

## Environmental Risk and Opportunity Assessments

From the Arctic Circle to tropical rainforests, our operations take us to some of the most remarkable corners of the earth. Nabors recognizes the need to preserve the environments we operate in. Our assets and major projects are routinely assessed for actual and potential environmental improvement opportunities or impacts both at a corporate and business unit (BU) level.

Nabors has developed a risk-based process to assess environmental aspects with the goal of eliminating or minimizing our business activities' impact to the environment. This risk-based process includes assessing compliance obligations<sup>2</sup>, natural resource (water, land, and energy) use; how use of natural resources may impact biodiversity and local communities; and our business activities potential to generate waste and pollution amongst other things. Where significant risk for impact have potential to exist or where required by compliance obligations, operational controls (processes / procedures / management plans) are created as part of the EMS and implemented.

Additionally, our risk-based process allows for identification of improvement opportunities including the rehabilitation or restoration of land areas impacted by our operations and supporting activities, pollution prevention opportunities, energy-use reductions and transition to renewable sources, and water consumption reductions and recycling opportunities. We continually evaluate viable methods to have a positive impact on the environment. Some examples include:

- At our Houston corporate office, we began a recycling program for business waste to learn the improper disposal of a single piece of material in the incorrect container could contaminate the entire bin. The compromise turned out to be single stream recycling, a process where all trash and recyclables are gathered and then sorted offsite.

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<sup>2</sup> **Compliance Obligations** means legal requirements and other requirements that an organization has to comply with and other requirements that an organization has to or chooses to comply with.  
Note to entry: Compliance obligations can arise from mandatory requirements, such as applicable laws and regulations, or voluntary commitments, such as organizational and industry standards, contractual relationships, codes of practice and agreements with community groups or non-governmental organizations. (ISO 14001:2015 definition)

- Our Safah base in Oman redirected water discharge after construction of their treatment plant. Now, five years later, a healthy strand of trees encircles miles of perimeter around the facility in the middle of the arid desert.
- Mexico offshore base in Campeche bay has supported sea turtle conservation projects of local species such as Tortuga Blanca (*Chelonia mydas*) a species in danger of extinction.
- Mexico and Colombia operations have executed conservation projects by replanting trees in different areas.
- Venezuela base supported environmental initiative campaigns to recover water body and land in Maracaibo lake.
- Wash bays at facilities across the US have implemented reclamation units that filter wastewater used in parts cleansing and recirculate it back into the bays for reuse.
- By retrofitting our drilling rigs with energy-efficient LED lights and replacing engines with battery banks.
- Indonesia implemented the use of water based quick-breaker cleaner for cleaning the equipment (environmentally-friendly liquid). Indonesia office is using LED lights (advantages is electricity reductions).
- Kazakhstan implemented bi-fuel engines to reduce ecological impact of using gas or LPG project.

## Waste Management

Our environmental program offers a waste management system that enables Nabors to optimize efficiencies and minimize waste to reduce our impact on the environment. At Nabors, waste management applies a waste hierarchy that outlines expected operating practices and requirements necessary to reach these objectives. The hierarchy focuses on preventative measures promoting source reduction, reuse, and recycling over disposal. The waste management system is designed to ensure awareness and compliance with compliance obligations, employee competency, and measure and monitor environmental performance.

Properly managing nonhazardous and hazardous waste (industrial or office waste<sup>3</sup>) from Nabors' operations mitigates environmental impacts, promotes safe operations, and protects human health. Nabors focuses on proactively reducing waste from our operations, recycling recyclable materials, and effectively managing residual wastes. Paper/packaging waste, used oil, and scrap metal are a few of the Company's industrial waste

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<sup>3</sup> **Industrial waste (production waste)** is defined as end-stage waste that is generated from industrial activities (manufacturing, production, maintenance activities, etc.)

**Office waste (business waste)** is defined as end-stage waste that is generated from office activities (paper, packaging, food, etc.)

streams. All these wastes are recyclable or reusable materials and included within our recycling program. Our yard and office operations do not rely on a material level of water consumption; however, wastewater recycling is implemented where possible at our facilities. Nabors Integrated Management System establishes a standardized process for managing nonhazardous and hazardous waste (HSE-PRO-033 Waste Management System) that includes waste classification, storage, handling, transporting and disposal. Nabors has established procedure HSE-PRO-032 to define recyclable materials in Appendix 10.1 EMS Compliance Matrix.

Nabors manages waste from our global operational through prescriptive measures, including placing waste in designated, labeled containers; maintaining waste storage areas; conducting inspections; and disposing of waste based on all applicable regulations (transportation, and disposal of various operational and business materials, with waste minimization as a top priority). Our health, safety and environmental specialists assist operations with waste classification, disposal, and reporting. This process, combined with training and compliance audits, forms the basis of our waste management approach.

Our waste management standards prioritize source reduction, recycling and reuse, and conservation of natural resources as well as provide guidelines for safe storage and disposal of waste generated. Waste requiring disposal must be handled within applicable legal guidelines. We additionally request assurance from our customers that waste generated at work sites is managed in accordance with legal guidelines and regulations. Nabors standards on specific waste management requirements are defined, available to all employees, and reinforced through annual training.

## Biodiversity Program

### Drilling Operations

Wellsite location and construction is selected by our customers; however, as part of our best-in-class services, we support our customers by strictly adhering to their biodiversity management plans when applicable and continually assessing environmental issues that are material to our business to support their operations. Accidental releases to the environment account for one of the top risks to biodiversity from drilling operations that the Company can directly affect. Nabors highly prioritizes the prevention of accidental releases and implements the following at **100%** of our working drilling rigs (onshore and offshore):

- Emergency spill drills.
- Spill prevention plans.
- Emergency response plans.
- Systematic preventive maintenance work orders to all our equipment to prevent unintentional leaks.
- NDT (non-destructive test) inspections to detect failures in hydraulic systems and HP equipment.
- Walk the line procedure (HP valve alignment) for verification and validation purposes to avoid unintentional release.
- Secondary containment for diesel tanks.
- Well control assessments (VerifyIT application for WC drills), well control equipment certifications per API standards and frequent HP testing to all well control equipment to guarantee the integrity of the well control equipment.
- Environmental section incorporated in the COE (Crown Of Excellence audits).
- Environmental standards in Equipment Standards manual.

With innovation as one of our values, Nabors has re-thought our drilling rig designs in efforts of reducing drilling operations' ecological footprint by lessening the amount of land required to complete drilling activities. Nabors has designed the PACE X Rigs to locate several rig components into the substructure and rig floor with proper safeguards per API regulation which represents 15% less ground surface area than the traditional to operate and our SMART stack-out process uses 60% less ground surface than traditional process which helps Nabors to minimize the impact on flora and fauna in the area.

At some international areas (Mexico and Colombia), risk studies are performed to measure and monitor noise, vibration and illumination as part of our local compliance regulation or client requirements.

### **Facilities**

Nabors is committed to the protection and preservation of biodiversity, ecosystems, and habitats. As far as reasonably practical, the Company strives to operate within established facilities removing the need for additional land disturbances. Biodiversity is included as environmental risk criteria to be assessed at each facility leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas prior to any significant operational changes. To mitigate significant impacts, Nabors implements operational controls that minimize risk our business activities may pose to biodiversity, ecosystems, or habitats.

These controls are designed to protect sensitive wildlife areas, flora and fauna, air, soil, water, ecosystems, conservation areas, and human factor with life cycle perspective. The controls comply with applicable national

and regional regulations and external standards (USA EPA, BSEE, US Fish and Wildlife’s national endangered and threatened species, IUNC protected areas and Red List species, IPECA, etc.) and detail any reporting requirements on ecosystem and biodiversity management activities, which are periodically reviewed to ensure applicability.

Similarly, to drilling operations accidental releases may pose a risk to biodiversity and ecosystems in certain established facilities. Should the potential for significant spills exists in critical habitats or areas with biodiversity value, the Company implements biodiversity management plans as part of or in addition to spill prevention and stormwater pollution prevention plans where applicable. Nabors deploys spill prevention and emergency response plans at **100%** of our facilities, when required.