National Energy Services Reunited Corp. (“We”, “NESR” or “Company”) Environmental, Social, and Governance (ESG) report covers our ESG activities and performance for our Fiscal Year 2020. The report accounts for NESR's operations worldwide, unless otherwise noted. Select data and examples of our ESG performance in 2019 and 2021 were incorporated when relevant.

This inaugural report outlines our approach to ESG and our focus on the long-term sustainability of the Company. The content within this report should not be considered a substitute for financially material information provided in NESR's SEC filings.

For questions about ESG at NESR or about this report, please contact ESG@nesr.com
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2017 marked the birth of NESR as the first energy company from the Middle East and North Africa (MENA) region to list on the NASDAQ. Since inception, NESR was set to become the National Champion of MENA, combining the two largest local players in the region: Gulf Energy SAOC (GES) and National Petroleum Services (NPS). By merging local champions and building on their strong national identities, their long-lasting partnerships with key customers, suppliers, and technology partners in the MENA region, and combining that with our global vision and robust governance standards, we became the largest national provider of oilfield services in the MENA region.

NESR was built on a strong foundation of integrity, ethics, and social responsibility. Operating as a responsible corporate citizen is core to our DNA and our approach to Environmental, Social, and Governance (ESG). The Company was formed with a commitment to play a vital role in the economic development of the countries we operate in. Our focus on enhancing the positive value we generate locally includes hiring and developing local talent, manufacturing locally, investing in research and development, developing local suppliers, and supporting the growth of small and medium enterprises (SMEs). We are guided by the belief that our sustainability is linked to the viability of the economies, environments, and communities in which we live and work.

In 2019, we developed our ESG strategy, increased awareness around ESG issues within our operating units, launched company-wide ESG initiatives, started tracking and internally reporting key ESG metrics. We also announced our commitment to produce NESR's first ESG report covering ESG performance from January 1, 2020, to December 31, 2020.

I am pleased to share our inaugural ESG report, which reflects our commitment to responsibly manage our environmental footprint, actively create positive value for the communities we operate in, continuously enhance our governance structure, strengthen the long-term sustainability and resilience of our business. This report demonstrates our commitment to transparency and enhancing the depth and quality of our public disclosures and provides our stakeholders clarity on our management of ESG risks and opportunities, our long-term corporate ESG targets, and areas where progress could be made.

As the world continues to battle COVID-19, we remain committed to protecting the health and safety of our people. We have included information about our response to COVID-19 in this report. Our strong health and safety culture and ability to maintain our business continuity during the global pandemic is a testament to our dedication to ensure that our employees work under safe conditions. Beyond responding to the pandemic, our goal remains to lead our peers in health and safety performance and to record zero health and safety incidents in our operations.

The year 2020 also brought social justice issues to the forefront of the public debate. Improving diversity, equity, and inclusion in our Company has always been, and continues to be, one of our key priorities. We operate in 16 countries and employ more than 5,000 men and women of more than 60 nationalities. We believe that diversity should be fostered, equal opportunities safeguarded, and discriminatory practices eliminated. To advance the equitable participation of both men and women in NESR, we created Women in NESR (WIN) - an employee-driven affinity group that will help the Company achieve its gender diversity targets and increase awareness around gender diversity issues.

We are also very keen on reducing pay disparities, including the pay gap between the CEO’s and employees’ compensation. I believe in leading by example, so for the past three years, I have awarded all my restricted stock units within the long-term performance incentive plan to employees, to
boost their competitive spirits, ensure that all our top talents have a stake in the Company and that the wealth is equitably distributed among top performers. In addition to our commitment to improving pay equity, we align executive pay incentives with the creation of sustainable, long-term value for NESR and long-term returns for our shareholders.

Our compliance with relevant laws and best practices in corporate governance is uncompromising. Our NASDAQ-compliant governance guidelines published on our website solidify our competitive advantage in the MENA region and differentiate us in the eyes of regional competitors and customers alike. To further strengthen our corporate culture and governance standards, we upgraded our Code of Conduct in 2020 to incorporate clear guidelines on protecting human rights and whistleblowers, safeguarding equal opportunities, and applying fair hiring practices in the Company.

The Company continues to be guided by a strict mandate to align local activities and investments with the visions and national priorities of the countries of MENA. We are proactively participating in all the relevant local content programs including In-Country Value programs in Oman and the United Arab Emirates (UAE), and In-Kingdom Total Value Added (IKTVA) in Saudi Arabia. Our strong local presence engenders a sense of local pride and provides our customers with secure and stable oilfield services. Additionally, we invest in bringing cutting-edge technologies to the MENA region. Some of our latest agreements will allow us to reduce our environmental footprint and enable research and development in our LEED-compliant NESR Oilfield Research and Innovation Center (NORI), designed as an open platform that will bring the best innovative minds to the region and develop local capabilities.

Reducing our environmental footprint is also extremely important to us as the world combats climate change and the scarcity of natural resources. We have aligned ourselves with the United Nations Sustainable Development Goals (SDGs) and continue to invest in the sustainable future of the countries we operate in through environmental stewardship and innovation. In January 2021, we announced the creation of the ESG IMPACT segment, which will operate independently from the existing Production and Drilling & Evaluation Services segments. The ESG IMPACT segment will address key issues that are relevant to the communities in which we operate, such as water conservation and aquifer protection, and tackle larger global challenges like climate change mitigation, where we can make a significant impact as an industry. The Oil and Gas industry has long acted as a catalyst for global growth and has been a foundation upon which the global economy has been built over the last century. Going forward, we believe our industry can lead and address complex global challenges by improving the performance of our industry, and minimizing our collective environmental footprint through leveraging our tremendous research, engineering, and project management capabilities across the globe.

Despite our young age, our deep roots in the MENA region and presence for over four decades through our group companies coupled with our clarity of purpose and decisive actions solidified our position as the National Champion of MENA. We are very proud of the progress we have made, and as I look back at our achievements over the past years, I am confident that we are a stronger company today because of our commitment to ESG. We will continue to live by that commitment and look forward to a rewarding and responsible journey ahead.

SHERIF FODA
CHAIRMAN OF THE BOARD & CHIEF EXECUTIVE OFFICER OF NESR
In recent years, we witnessed a growing focus on redefining the role of companies in communities and an increasing demand for businesses to consider the common good in their daily decisions and long-term planning. To maintain our “social license to operate,” it is imperative for us to continue to bridge impact and profit while remaining sustainable in the long-term.

At NESR, we are focused on generating long-term sustainable value for our shareholders while maximizing the value we bring to all our other stakeholders including our people and the communities in which we live and work. We place business sustainability and good governance at the core of our ESG strategy and work with our customers, partners in the public and private sectors, and civil society to implement our ESG strategy in the countries we operate in.

Being a responsible corporate citizen is essential to us but integrating ESG into our business strategies is also about optimizing our business performance over the long run and building a more resilient Company. We believe that no single solution would suit all companies, communities, and environments so we are strategic in our approach, which is customized to address our unique challenges and the needs of the communities and environments we interact with. Thus, our environmental stewardship approach is focused on addressing areas within our operations where our interventions advance our efforts in limiting negative impacts on ecosystems and transitioning to a low carbon economy. Similarly, our community engagement activities go beyond CSR to integrate social value creation into our operations and business decisions. We prioritize creating local employment opportunities, investing locally, and ensuring that our corporate environment fosters diversity, equity, and inclusion.

We are constantly adapting and reorienting our business model and strategies to incorporate the interests of all our stakeholders. Our business ethics and common goal to protect people, profit, and planet includes running our Company on the principles of fairness, transparency, and respect, as well as leading by example, protecting human rights, undertaking actions to reduce the negative impact of our business throughout our value chain. We hold our management accountable, through defined ESG key performance indicators (KPIs) and metrics to ensure that the entire Company works towards achieving our ESG goals. ESG at NESR is directly overseen by the Chief Executive Officer (CEO) and the Board of Directors (Board) to ensure that ESG is considered alongside financial considerations.

Producing our inaugural ESG report was not without challenges, but we believe that a key to achieving effective sustainability reporting is to continue to make progress and demonstrate transparency in the process. Producing this report helped us focus on minimizing material ESG risks in our business and capitalize on ESG opportunities. We are determined to distinguish ourselves and our ESG performance within our industry and align our operations with our values. This mindset allows us to not only protect our business and enhance profit and shareholder value but also to improve the positive impact of our business on people and the planet. We believe that it is the collective duty of everyone at NESR to ensure ESG principles are adhered to and that we improve our Company together for the sake of all our stakeholders. We continue to be guided by that belief and by our commitment to the betterment of our Company, people, communities, and the planet.
Who We Are

NESR at a Glance

NESR was founded in 2017 as one of the largest national oilfield services providers in the MENA and Asia Pacific regions and is the first national energy company from the MENA region to be listed on the NASDAQ. With over 5,000 employees representing more than 60 nationalities in 16 countries, NESR helps its customers unlock the full potential of their reservoirs by providing production services such as hydraulic fracturing, cementing, coiled tubing, filtration, completions, stimulation, pumping, and nitrogen services. NESR also enables its customers to access their reservoirs more efficiently by providing drilling and evaluation services such as drilling downhole tools, directional drilling, fishing tools, testing services, wireline, slickline, drilling fluids, and rig services.

As the National Champion of MENA with operations spanning across all the major oil and gas basins in the region, NESR prides itself on delivering exceptional service and deploying optimal technical solutions to solve the challenges of more than 30 of our oil and gas customers, while striving to promote the economic development of the countries in which it operates.
Our Values

Customer Centric

We understand the challenges of our customers and bring value-added solutions, this is the essence of NESR. We are a customer-focused services company that brings fit-for-purpose ideas, technologies, and solutions to our clients. We take pride in providing the best services to our customers, and we deliver products and services that exceed industry standards. We want to be recognized as the best when it comes to service delivery.

Corporate Responsibility

We live in the countries where we operate and have a responsibility to play a positive role in developing local communities and employing sound environmental practices to minimize our environmental impact. We develop communities by creating lasting social value through investments and partnerships with local community players including NGOs, NPOs, and companies that share our values and ethical standards. We are dedicated to maximizing the employment of nationals in our local operations while maintaining fair hiring practices, promoting diversity and inclusion in our workplaces, assuring fair treatment and equal opportunities for everyone.

People & Teamwork

The motivation and dedication of our people are extremely important to NESR as we execute on our strategic plan. Our leadership team will continue to play an instrumental role in ensuring our employees are always put in situations where they can excel and deliver the best quality of service, which includes a diverse slate of employees working in a safe environment, free from harassment and disrespectful behavior.

Our Companies

National Petroleum Services

Gulf Energy SAOC

Awards and Recognition

• Most Promising Energy Value Creation United States IPO 2017

• Excellence in Corporate Governance – Oil & Gas Industry USA, Oil & Gas Service Provider of the Year MENA

• America’s Best Small-Cap Companies
NESR Board of Directors

NESR and its Board are committed to high standards of corporate governance, transparency, and the protection of shareholders' interests. We maintain open communication with all our stakeholders and effectively manage risks to our sustainability. In 2020, we published our Corporate Governance Guidelines (Guidelines) on our website www.nesr.com. NESR’s Guidelines provide a framework for the governance of the Company and assist the Board and its committees in the exercise of their responsibilities. In addition to the Guidelines, NESR is governed by the Board committee charters and our Code of Conduct, which can be found on our website.

NESR was incorporated in the British Virgin Islands (BVI) in 2017 as a BVI company limited by shares. NESR’s affairs are governed by its Amended and Restated Memorandum and Articles of Association dated May 11, 2017 (Charter), the BVI Business Companies Act, 2004, as amended, and the common law of the British Virgin Islands. Additionally, because the Company’s ordinary shares are listed on the NASDAQ exchange, NESR is subject to NASDAQ’s corporate governance listing rules (NASDAQ Listing Rules). NASDAQ Listing Rule 5615(a)(3) permits a foreign private issuer like NESR to follow the corporate governance practices of its home country in lieu of certain NASDAQ Listing Rules. NESR’s Guidelines do not represent NESR’s home country’s practice, and can only be waived by written approval of NESR’s Board of Directors. NESR is committed to high standards of corporate governance and endeavors to comply with the NASDAQ Listing Rules.
Board Leadership Structure

The leadership structure of NESR’s Board is put in place to ensure effective oversight of management and advance the best interests of shareholders.

The Board believes that the most effective leadership structure is for the CEO to also serve as the Chairman of the Board (Chairman). The Board believes that having the CEO as Chairman ensures that the Board’s agenda responds to strategic challenges, that the Board is presented with the information required for it to fulfill its responsibilities, and that Board meetings are as productive and effective as possible. The Board may, at their discretion, decide to reassign the roles of CEO and Chairman to different individuals in the future if they deem such action to be appropriate.

The Board is currently led by Mr. Sherif Foda, our Chairman and Chief Executive Officer, and Mr. Antonio Campo, our Lead Independent Director. The Company believes that our current structure is appropriate at this time as it strikes a balance between effective and efficient Company leadership and oversight by the independent directors.

The combination of the Chief Executive Officer and Chairman roles allows consistent communication and alignment throughout the Company, assuring effective and efficient implementation of corporate strategy and is important in unifying our team members, including the members of the Board, behind a single vision. The combination of the Chief Executive Officer and Chairman roles is balanced by our strong Lead Independent Director position, by the independence of all our other directors, each of whom has significant business experience and by the three principal committees of the Board, each of which consists solely of independent directors.

The Lead Independent Director is an important element of ensuring strong independent Board leadership. We believe the Lead Independent Director provides the Company and the Board with the same independent leadership, oversight and benefits that would be provided by an independent Chairman. Our Lead Independent Director is chosen by the independent Directors. Mr. Campo has been a member of the Board since inception and currently serves as the Chairman of the Nominating and Corporate Governance Committee and is a member of both the Compensation and Audit Committees.

The Lead Independent Director’s duties include consulting with our Chairman and Chief Executive Officer, and presiding over meetings of the Board at which the Chairman is not present, including executive sessions of the Board and the independent directors. The Lead Independent Director’s duties also include facilitating discussions among independent directors on key issues and concerns outside of Board meetings, serving as a liaison between the Chairman and the other directors, reviewing information to be sent to the Board, collaborating with the Chairman and other members of management to set meeting agendas and Board information, assisting the chairs of the committees of the Board as requested, and performing such other functions and responsibilities as requested by the Board or the independent directors from time to time. In performing the duties described above, the Lead Independent Director consults with the chairs of the appropriate Board committees.

Board Composition

We value the diversity of our Board and believe that it allows for different perspectives to be represented. Our Board members are diverse in gender, racial backgrounds, age, experience, and nationality. At the same time, all members of the Board, apart from the CEO, satisfy the criteria of independence as defined under the NASDAQ Listing Rules, applicable SEC rules, and the Company’s independence standards. Our directors are citizens of African, Asian, European, and North American countries and reflect the diversity of our employees and clients.
The Board is elected by NESR's shareholders to oversee the business and affairs of the Company, enhance its long-term value and financial health, and serve the interests of shareholders. The Company’s day-to-day business is run by employees under the direction of the CEO, with supervision of the Board.

The Board is committed to promoting the core values of the Company including integrity, social responsibility, environmental stewardship, and fostering diversity and inclusion. Both the Board and management of NESR recognize that the long-term interests of shareholders are advanced by maximizing return to shareholders in a responsible and ethical manner.

NESR’s Board performs a number of specific functions:

- Selecting, evaluating, and compensating the CEO and overseeing CEO succession planning, in conjunction with the Compensation Committee;
- Providing counsel and supervision on the selection, evaluation, development, and compensation of senior management;
- Reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
- Monitoring and assessing major risks facing the Company—and reviewing options for their mitigation; and
- Ensuring processes are in place for maintaining the integrity of the Company—the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders.
Board Committees

The Board has three standing committees, namely, the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee. Every committee has a charter that outlines the committee’s purpose and responsibilities. The charters are reviewed annually and updated as necessary. Each committee performs its duties as authorized by the Board in compliance with its specific charter and the Company’s charter.

The Audit Committee of the Board is appointed for the primary purpose of performing the Board’s oversight responsibilities as they relate to the Company’s accounting policies and internal controls, financial reporting practices, legal and regulatory compliance, including the quality and integrity of the Company’s financial statements, the Company’s financial compliance with legal and regulatory requirements, review of the independent auditors’ qualifications and independence, the performance of the Company’s internal audit function and the Company’s independent auditors.

The Compensation Committee of the Board is appointed for the primary purpose of representing and assisting the Board in discharging its responsibilities for approving and evaluating officer compensation plans, policies, and programs of the Company. The Compensation Committee ensures that the Company’s compensation programs are competitive, designed to attract and retain highly qualified directors, officers, and employees, encourage high performance, promote accountability and assure that employee interests are aligned with the interests of the Company’s shareholders.

The Nominating and Governance Committee of the Board is appointed for the primary purpose of monitoring compliance with good corporate governance standards and overseeing the selection of persons to be nominated to serve on the Board. The responsibilities of the Nominating and Governance Committee include recommending director nominees to the Board for election at the annual meeting of shareholders or for election by the Board to fill open seats between annual meetings and reviewing and making recommendations to the Board regarding non-executive director compensation.
Board Oversight of ESG & HSE

The Board oversees corporate ESG and Health, Safety, and Environment (HSE) performance. At the Board’s direction, ESG updates are presented to the Board quarterly to ensure ESG considerations are factored into business decisions. Additionally, the Board reviews and monitors ESG risks and opportunities at Board and committee meetings as deemed necessary. The Board’s close supervision of ESG and HSE is designed to safeguard the interests of all internal and external stakeholders and ensure the protection of communities, environments, and ecosystems impacted by the Company’s business.

NESR’s internal ESG efforts, including the development of key ESG strategies and initiatives, assessment of key ESG risks and opportunities, and the development of the Company’s ESG reports are overseen by the CEO and driven by senior leadership with the full support of the Board.

Managing ESG Risks

The Board manages ESG risks that are highlighted by the Vice President of ESG on a quarterly basis. The CEO also meets with the Vice President of ESG and other Company executives that manage corporate risks regularly to assess and reduce the Company’s risk exposure. Identified ESG risks that are financially material to the Company are investigated, and mitigation actions are undertaken accordingly. The Board recognizes that actions need to be taken to help the Company transition and adapt to a low carbon economy.

In 2020, we started tracking and measuring our environmental performance to set reduction targets for our business. We are currently in the process of understanding our baseline and designing measures to improve energy and water efficiency and reduce CO2 emissions in our operations and facilities.
ESG Priorities

NESR is committed to the responsible management of its ESG impact. In 2019, the Board approved the Company’s ESG strategy, which focuses on:

- Improved environmental performance;
- Diversity, equity, and inclusion in the workplace;
- Health and safety of employees and operations;
- Enhanced community involvement;
- In-country value creation;
- ESG risk monitoring and accountability; and
- Public disclosure of ESG data and performance.

Our ESG priorities were identified based on our assessment of financial materiality, the potential for positive impact, and relevance. We have also identified our priorities in alignment with the priorities of local economies and the communities in which we operate. We continuously monitor regulatory and policy changes that could potentially impact our business and industry and identify opportunities we could capture.

Director Compensation

Executive Directors of the Board, such as the CEO, who also serves as the Chairman of the Board, are not compensated for their service on the Board.

The Nominating and Governance Committee recommends competitive compensation packages designed to attract and retain highly qualified Directors and assure that the interests of the Directors and shareholders are aligned. The Nominating and Governance Committee may also review and recommend to the Board changes to the compensation of the Company’s independent directors.

Changes to independent director compensation, if any, need to be approved by the Board.
Executive Compensation Philosophy

2020 brought issues of financial and social inequality to the forefront of public debate. In the context of growing inequality, we find the growing disparity between executive and employee compensation at publicly traded companies unacceptable. It is inappropriate for CEOs to make as much as 400-500 times the wages of a typical employee, as is common in many publicly traded companies today. We are very keen on reducing pay disparities, including the pay gap between the CEO’s and employees’ compensation. For the past three years, NESR’s CEO awarded all his restricted stock units within the long-term performance incentive plan to employees to ensure equal distribution of wealth among top performers without diluting shareholders’ equity positions.

At NESR, all employees have the opportunity to gain stocks and awards amounting to up to 200% of their annual salaries by meeting the objectives set according to our standards. Our reward system is based on merit, not hierarchy, and allows for equal participation. We do not reward actions or decisions that are detrimental to shareholders and other stakeholders. As such, we support linking CEO and executive compensation to total shareholder return and do not reward high tolerance for risk. To maintain a healthy balance between short-term financial gains and long-term value creation, we do not have severance agreements that grant the CEO excessive payouts in the event of a merger or acquisition, and we link total compensation to the key ESG targets which we believe are important to stakeholders.

Our compensation program is designed to align our executive pay incentives with the creation of sustainable, long-term value for NESR and the long-term returns for our shareholders. Executive compensation includes base salary, annual cash bonuses, long-term incentive awards, and other benefits and limited perquisites. Our variable compensation program is designed to reflect the entrepreneurial culture of NESR, with at least 70% of executive pay at risk and tied to specific, measurable objectives. Our long-term equity incentive awards are designed to reward value creation from achieving operational objectives, thus aligning management and shareholders. Our executive compensation program is also designed to limit perquisites, executive contracts, change in control payments, or other benefits not widely available to all employees. For 2019, our CEO’s awarded compensation was approximately 33 times the median employee’s annual total compensation, as adjusted for cost-of-living differences.

A more detailed discussion of our executive compensation program is available in our 2020 proxy statement beginning on page 16 under the caption, “Compensation Discussion and Analysis.”
In setting our executives’ compensation, we follow the guidelines listed below:

- **Pay for Performance:** Both our short-term and long-term incentive plans are linked to the achievement of performance metrics.
- **Distribution of Performance Incentives:** Both our short-term and long-term compensation programs are granted widely throughout the organization on similar terms as the named executive officers (NEOs) to align performance objectives and promote greater pay equity.
- **Limited Change of Control and Employment Contracts:** Our NEOs have no employment or severance contracts except as required by local laws, and our equity plan has a limited change of control provisions.
- **Higher Weighting of Compensation to At-Risk Pay:** Base salaries for NEOs are targeted at peer midpoint levels with a higher proportion of at-risk pay.
- **Peer Compensation Review:** The NEO compensation program is periodically benchmarked by an independent consultant and reviewed by the NESR Compensation Committee.
- **Limited Perquisites:** NEO perquisites are limited to expatriate assignments, relocation, and perquisites customary in certain countries as part of an executive compensation package.
- **Compensation Clawbacks:** NEOs are subject to clawbacks that would allow NESR to recover incentive-based compensation paid during the prior three-year period in the event of fraud or willful misconduct that causes or contributes to the need for NESR to restate its financial results. This applies to all Company management and anyone designated by the CEO.

**Tax Strategy**

We are committed to complying with the tax laws and regulations of all the countries in which we operate. Paying taxes according to the jurisdictional requirements where we operate contributes to the economic wellbeing of the populations in these countries. NESR voluntarily publishes its tax strategy to disclose its position concerning tax planning, tax risk management, and tax governance. We consider this part of our commitment to transparency to be good corporate governance and responsible corporate citizenship. We disclose taxes paid and effective tax rates in the notes of our financial statements. NESR strives to build transparent and cooperative relationships with all our stakeholders, including shareholders, employees, governments, and the public in all the countries in which we operate. We also seek to resolve disputes amicably and achieve mutually acceptable outcomes whenever possible. Our tax strategy was formulated to reflect this mindset.

We apply professional care and judgment in tax affairs and ensure that we adopt clear processes directed at assessing and paying all taxes associated with our operations in a transparent, accurate, and timely manner. NESR has zero tolerance stance on tax evasion. Our transfer pricing policy, when applied, is set in accordance with internationally acceptable standards and regulations set by tax authorities in the countries in which we operate. We commit to apply any incentives or exemptions implemented by the governments where we do business in the manner intended and in compliance with applicable laws and our internal controls and commitments.

Tax planning at NESR is designed to ensure compliance with tax laws and regulations in all the countries where we operate and to minimize our exposure to tax risks. Given the jurisdictional diversity of NESR, we
continuously monitor changes in tax practices and regulations to effectively manage our exposure to tax uncertainties, and we make fair and accurate tax disclosures at all times. Whenever necessary, we consult with external tax advisors to assist with tax reporting to facilitate a better understanding of tax laws and to support technical and tax compliance matters. We aim to manage tax risk in a manner that preserves the investment of our shareholders, while remaining aware of the financial and reputational impact of our decisions and acting in accordance with our corporate responsibility to the countries in which we operate.

NESR’s tax governance framework and the management of our tax affairs are designed to ensure accuracy and legal compliance. Our tax policies and guidelines are strictly enforced by our finance team and tax professionals, who are trained to identify and manage tax risks and ensure compliance with the tax rules of different jurisdictions. NESR has systems in place to maintain robust internal controls in relation to all aspects of our operations including taxation and financial reporting. The Audit Committee of NESR’s Board oversees NESR’s accounting policies and internal controls, financial reporting practices, and legal and regulatory compliance, including tax policies, which are regularly reviewed by the Audit Committee.

Communication with the Board

To reach the Board, or any specific member or members thereof, including the non-management directors as a group, send your communication to:

**Corporate Secretary**

National Energy Services Reunited Corp.

777 Post Oak Blvd., Suite 730

Houston, TX 77056

United States of America

The corporate secretary shall then forward the correspondence or materials, as appropriate, to the intended member(s) of the Board.
NESR is committed to transparency, integrity, and maintaining ethical conduct at all times. We regularly update our Code of Conduct (Code) to strengthen the foundations of our identity and corporate culture and set the boundaries of our interactions with others. The Code reinforces our corporate commitment to maintaining high ethical standards and summarizes the fundamental importance of acting with integrity in everything we do.

Published on our website in Arabic and English, our Code applies to all directors, officers, employees, and contractors of the Company, as well as third parties who do business with NESR, and can only be waived by written approval of NESR’s Board. Each of our business partners, suppliers, and agents are required to comply with the laws of the countries where they operate and act responsibly and ethically in a manner consistent with our Code.

Similarly, all NESR employees are required to perform their jobs in compliance with all applicable laws, rules, and regulations of the jurisdictions within which the Company operates. Sometimes these laws vary from place to place and may even conflict. Our employees are responsible for knowing and following the laws and regulations that apply where we work. However, when local laws or practices are not as strict, the Code and other NESR requirements still apply (NESR Code, p. 6).

We maintain strict guidelines to deal ethically with our customers, suppliers, contractors, government agencies, and fellow employees. We are committed to respecting our competitors and their offerings, vigorously and fairly competing with them, and never colluding to gain an unfair industry advantage. We believe in personal accountability, transparency, honesty, and accurately reporting and tracking all of our business activities (NESR Code, p. 15).

We conduct periodic internal and external audits to verify that we are meeting our obligations and to improve adherence to the Code. Company-wide mandatory training to enhance understanding and compliance with the Code was offered to all employees in 2020.

“At NESR, we lead by example, apply ethical principles and positively influence each other. NESR’s diverse environment empowers me to confidently achieve my career goals.”

GHADA ALBAJEGNI
HR LEADER, LIBYA
Anti-Corruption and Anti-Bribery

NESR adopts a zero-tolerance approach to bribery and corruption. We conduct our business honestly and in an ethical manner and expect our people to act professionally, fairly, and with integrity wherever we operate. We implement and enforce effective programs, training, communications to counter improprieties and ensure anyone doing business on behalf of NESR has sufficient awareness to conduct themselves accordingly (NESR Code, p. 12).

Our anti-corruption and anti-bribery policy stipulated in our Code is published on our website www.nesr.com. Enforcement of the policy is overseen by the Board and CEO. The Code and any associated Company policies, standards, and guidelines are reviewed and updated regularly.

We aim to identify and address any anti-corruption and anti-bribery policy violations promptly. Our grievance reporting procedures that are outlined in our Code allow for anonymous reporting of Code’s violations. When violations are reported, NESR thoroughly conducts investigations by forming an objective investigation team; determining the facts through interviews and the review of relevant documents; recommending corrective action, as appropriate; and providing the person who raised the original concern (if that person is known) with feedback on the matter (NESR Code, P. 6-7).

Supply Chain Management

We require our suppliers to comply with the laws of the countries in which they operate, and that they act responsibly and ethically in a manner consistent with our Code. Likewise, each of our suppliers are required to maintain policies to safeguard against human rights violations (e.g., discrimination, child labor, slavery), prohibiting bribery and corruption, and responsibly sourcing materials. Our commitment to these requirements is unwavering.

We also promote diversity in the supply chain and invest in developing local suppliers. We prescreen potential business partners and suppliers to confirm legal compliance by requiring that proposals include a statement of their intent to adhere to laws and regulations regarding human rights including forced or child labor and the payment of wages. (NESR Code, p. 19)
Human Rights

NESR complies with relevant local and international laws and regulations everywhere we operate and strive to ensure that human rights are upheld in our operation. We make concerted efforts to confront human rights violations in our operations and ensure a work environment where employees are treated with respect and dignity, enabling them to achieve their full potential free from discrimination, as defined in the United Nations Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work, U.N. Guiding Principles.

Our commitment to conduct business with the highest level of integrity includes compliance with international labor and workplace laws and regulations governing our operations worldwide. We also commit to dealing only with those business partners who share our commitment to protect human rights and safeguard diversity in our supply chain. We prescreen potential business partners and suppliers to confirm legal compliance by requiring that proposals include a statement of their intent to adhere to laws and regulations regarding forced or child labor and the payment of wages (NESR Code, p. 19).

Our commitment includes compliance with international labor and workplace laws and standards in:

- Freedom of association;
- Collective bargaining;
- Privacy;
- Immigration;
- Working time, wages and hours;
- Healthy, safe and secure workplaces;
- Employment discrimination;
- Harassment;
- Forced, compulsory or child labor; and
- Human trafficking.
Whistleblower Protection

NESR employees are required to promptly report actual or suspected violations of the Code to support an ethical workplace, strengthen the Company, and protect colleagues from harm.

Employees who need to report issues or share concerns should first contact their direct or functional manager. If this is not practical, they may contact a manager in human resources, finance, or another relevant function, or NESR general counsel. Additionally, they can raise concerns online via ethics@nesr.com, or by calling the anonymous Company compliance hotline toll-free numbers on the website.

NESR prohibits retaliation for good faith reporting of a potential or actual violation of the NESR Code or applicable laws. At the same time, failing to promptly report a known or suspected violation of the Code, knowingly filing false reports, and retaliating against any employee for reporting a concern may be subject to internal disciplinary action, up to and including termination, as well as potential civil or criminal prosecution (NESR Code, p. 6-7).

Conflicts of Interest

NESR directors, officers, and employees are expected to avoid situations where an employee’s personal interest may interfere in any way with the Company’s interest or work objectives. All such individuals are expected to refrain from taking for themselves opportunities discovered through their use of corporate assets or their positions. Situations of conflicts of interest should be avoided and, when unavoidable, should be disclosed and approved in writing by NESR legal team. All NESR employees must make prompt and full disclosure to their supervisors of any situations involving an actual or possible conflict of interest (NESR Code, p. 14).

“I am fortunate to be a part of an organization that places passion at the core of its business mantle, and merits employees based on talent, drive, ambition and ethics.”

SAHAR BADRAN
HEAD OF LEGAL
Gifts and Donations

Our employees, in their corporate capacity, are prohibited from giving or accepting any gifts that are more than a nominal value of $100, nor can they give gifts to or accept gifts from the same vendor more than once per year. Should such prohibited gifts be received, our employees are instructed to return the gifts, with a note of thanks addressed to the vendor, including a polite reminder of the Company’s policy. Our policy is designed to prevent situations where business decisions might be influenced by gifts and hospitalities that may amount to or be construed as bribery.

Confidentiality

Information regarding the Company’s business, including but not limited to information regarding customers, employees, costs, prices, earnings, products, operations, potential mergers and acquisitions, strategies, and other arrangements, is presumed to be confidential information. NESR employees are prohibited from sharing, publishing, or disclosing to anyone outside of NESR, or use in any other than NESR’s business, any non-public information shared by the Company, its suppliers, or customers, whether or not it is marked confidential. We comply with insider trading laws and as such NESR employees and their relatives and associates are prohibited by law from buying or selling the Company’s securities when in possession of material, non-public information (MNPI). Any breach of confidentiality obligations is subject to disciplinary and/or legal action. We strictly protect our confidential data and enforce our rights against others who take or use it without proper authorization (NESR Code, p. 17).

Donations, where made, must be strictly controlled and approved by executive management and NESR finance. No Company donations of any sort can be made without the approval of executive management and NESR does not make charitable donations to gain any commercial advantage (NESR Code, p. 12-14).
Lobbying and Political Contributions

NESR is politically neutral and does not make political contributions of any kind to political parties. Similarly, we do not make charitable donations to gain any commercial advantage. Our employees may not use Company funds or assets for political purposes. For public policy matters affecting the Company and its shareholders, NESR may engage in a direct dialogue with decision-makers but does not use paid lobbyists or seek to bring about a particular outcome or decision. As a result of the Company’s stance of political neutrality, NESR does not maintain a political action committee, nor does it contribute to any third-party political action committees or other political entities (NESR Code, p. 12).

Trade Control Compliance

NESR complies with applicable import and export trade controls in all countries where we operate. As an international upstream oilfield services company, we routinely transfer material further afield, often across many borders so we must follow strict guidelines when we are getting the job done (NESR Code of Conduct, p. 18).

In 2019, a Trade Control and Compliance Policy was designed to meet obligations under sanctions laws of the jurisdictions in which NESR operates, has a presence, is registered and/or licensed and any other jurisdiction where the facts of the transaction make it appropriate to do so. The policy applies to NESR, its subsidiaries, affiliates, officers, consultants, agents, and employees.

We developed the policy to ensure that NESR officers, agents, consultants and employees as well as the Company’s relationships with customers, suppliers, consultants, partners, joint venture associates and other third parties directly engaged with the Company’s business activities do not breach any applicable sanctions.

We demonstrate our commitment to trade control compliance by:

- Complying with all applicable import and export laws, rules, regulations, and licenses controlling the shipment or movement of products or services wherever we do business;
- Complying with all applicable laws and regulations related to the transmission of technical data or software products wherever we do business;
- Complying with all applicable economic and trade sanctions or restrictions;
- Conducting all of our business ethically and within the framework of all applicable antitrust and competition laws;
- Refraining from knowingly circumventing any laws, rules, regulations, and licenses whilst pursuing any Company business activity; and
- Remaining up to date with all laws, rules, regulations, and licenses related to trade and movement of goods as necessary.
NESR ensures that all books and records are fully available for audit by internal auditors and/or independent external auditors and that all Company assets and liabilities form part of the books of account included in the Company's financial statements. We ensure that any reporting or disclosure of financial information, whether inside the Company or to the public, is made by authorized personnel and approved by the appropriate authority of the Company and that this reporting or disclosure complies with all applicable laws, regulations, and NESR financial procedures. We record all transactions under U.S. Generally Accepted Accounting Principles (GAAP) and reflect them accurately in the Company's records (NESR Code, p. 22).

NESR and all of its business partners, suppliers, and agents are required to comply with the laws of the countries where we or they operate and to act responsibly and ethically in a manner consistent with the NESR Code, including maintaining policies to safeguard against human rights violations such as discrimination, child labor and slavery, prohibiting bribery and corruption, and responsibly sourcing materials. We do not tolerate human rights abuses associated with irresponsible sourcing of materials and only work with suppliers that share our values in their sourcing activity (NESR Code, p. 6).
NESR's crisis management policy is designed to effectively coordinate the use of resources to protect life and assets during and immediately following a major crisis or disturbance affecting our operations that cannot be controlled through routine, daily and normal channels, operating standards, and procedures. Every business unit at NESR has a defined crisis management committee composed of members of senior management.

The committees provide general oversight for the entire planning process and meet regularly to address emergency preparedness, response, and recovery issues. The committees also develop specific crisis management response plans that outline steps on handling a crisis to protect NESR's personnel and assets, as well as to mitigate any impact on our business. These plans include communication protocols, evacuation procedures, drills, and resource planning.

NESR's crisis management policy is designed to effectively coordinate the use of resources to protect life and assets during and immediately following a major crisis or disturbance affecting our operations that cannot be controlled through routine, daily and normal channels, operating standards, and procedures (NESR Code, p. 23).

In February 2020, in response to the spread of COVID-19, NESR's crisis management team conducted daily meetings to manage the impact of the pandemic on NESR's operations across the globe. From managing inventories and the supply chain, to controlling the spread of the virus in our offices, our crisis management team safeguarded the continuity our operations and the health of our workforce.
Information Security

Protecting the Company’s and third-party’s information is paramount. Dealing with sensitive and confidential information is common and employees that have access to proprietary Company information or the personal information of others are obligated to take all necessary measures to protect such data.

We protect our information by:
- Ensuring that our Information Technology Systems are protected by the latest security systems and software;
- Putting backups and business continuity workflows in place to avoid any business disruption due to loss of data;
- Ensuring that NESR mobile devices (laptops, phones) are secured at all times, including while traveling; and
- Training our employees on how to handle, manage, store and dispose of both customers’ and NESR's proprietary and sensitive information (NESR Code, p. 11).

In 2020, 518 hours of cyber security awareness fundamentals and email security awareness training courses were provided to 2,075 employees at NESR.

Data Protection

NESR is determined to preserve the integrity of all customer and internal data. Our customers engage and entrust us to execute a service, capture and evaluate operational data, and document the results and we are committed to ensuring that data is securely handled and maintained to preserve confidentiality.

We have strict processes in place to manage and control customer and internal data and create awareness around data integrity through training and communication campaigns. Our employees are trained to only request and access customer data when required and only for legitimate business purposes. In addition, customer data is shared internally only with those employees whose job roles require access to such data.

We take all reasonable measures to protect the confidentiality of any trusted or sensitive information of our customers and immediately notifying our customers of any unintentional access or wrongful receipt of proprietary data. We diligently prepare and accurately record data and business records, and securely retain and appropriately dispose of customer data where and when required to do so. Finally, our procedures define clear accountability lines concerning handling, generating, transmitting, receiving, storing, and disposing of customer and internal data (NESR Code, p. 16).

Intellectual Property Rights Protection

NESR respects fair competition and intellectual property obligations and firmly protects the Company's rights to its intellectual property. NESR employees understand that all intellectual property such as inventions, innovations, discoveries, improvements, or ideas conceived or developed by employees of the Company are considered the Company's sole property. Our employees should not disclose or misuse the Company's intellectual property or irresponsibly use the intellectual property of others (NESR Code, p. 23).
At NESR, we believe that our sustainability, business continuity, and success are closely tied to the health of the economies, environments, and communities in which we live and work. This belief drives our commitment to integrate ESG into our practices, business processes, decisions, and strategic planning. We are dedicated to maintaining a sustainable and responsible Company and strive to reduce our environmental footprint, deepen our social impact and strengthen our corporate governance everywhere we operate.

We operate our business with a steadfast commitment to:

- Reduce the negative impact of our business on the ecosystems we interact with;
- Positively contribute to the wellbeing of local and national communities;
- Develop our employees and invest in their wellbeing;
- Build the capacity of our suppliers;
- Provide high quality, safe, and reliable services to our clients;
- Align the business with the interest of our shareholders; and
- Uphold the highest standards of integrity and transparency with our investors and communities.

Our social license to operate depends on our ability to adapt our practices and conform to global social and environmental expectations. We believe that conventional methods are not sustainable and that we need to constantly improve our operations and business practices to address environmental and social challenges.

Since introducing the ESG strategy in August 2019, NESR made great progress towards improving ESG performance. We started tracking ESG data in late 2019 and engaged with our internal and external stakeholders to raise awareness about our ESG plans and priorities. In 2020, corporate ESG targets were introduced and corporate ESG performance was linked to compensation. ESG public disclosures were expanded and enhanced and ESG data collection and reporting were made mandatory for different functions across the Company. A companywide ESG gaps analysis was conducted and as a result, new policies were introduced, existing policies were amended as appropriate, new data collection sheets were developed per function, 2020 improvement plans were developed, the Code and grievance procedures were upgraded, and new processes and procedures were put in place to address the identified gaps. In addition, stakeholders were engaged, internal ESG awareness and alignment enhanced, and external ESG communication was deepened and widened. Key ESG initiatives were also launched, including the Employee Engagement Program and Women in NESR.

We are aware of the challenges of climate change and how that could impact our industry. We are taking measures to improve our preparedness and transition to a low carbon economy. NESR is currently mapping out a plan to achieve net zero carbon emissions from our operations by 2050.

We believe that setting ESG key performance indicators across the Company for different functions should allow us to achieve our ESG goals in an expedited manner.
Oversight of ESG

Corporate governance principles are overseen by our Board and instilled in our employees through our Code. At the Board direction, ESG updates are presented to the Board quarterly to ensure ESG considerations are factored into business decisions. In addition, the Board reviews and monitors ESG risks and opportunities at Board and committee meetings as deemed necessary.

Stakeholder Engagement

NESR’s Board and management are committed to transparency, open communication, and creating long-lasting value for all internal and external stakeholders. We align our business decisions with the interests of our stakeholders and our shared concern for people and the planet. We also believe in the universal values of fairness, equality, and respect for human rights and dignity and apply those values to all our dealings with customers, employees, suppliers, investors, communities, and environment. We manage ESG risks and capture opportunities that improve the sustainability of our business and believe that maintaining strong relations with all our stakeholders is core to creating strong, sustainable communities everywhere we work.

Our relationships with all our stakeholders are critical to our long-term viability. We will only prosper in the long run if we:

- Reduce our environmental footprint
- Develop our local and global communities
- Produce high-quality, safe, and useful products and services
- Develop and invest in our human capital
- Build the capacity of our suppliers
- Communicate transparently with our investors and shareholders

In 2020, our priorities included improving the quality and quantity of our public disclosures on ESG, collecting ESG data, and improving our ESG performance. Our inaugural ESG report will help our stakeholders better understand our ESG performance and engage with our Company. We believe that public disclosure of our ESG performance through our different mediums, and our proactive engagement with our stakeholders, will improve our competitiveness and enhance transparency in our business.
We pride ourselves on being the National Champion of the MENA region and the first company from the MENA region to be listed on the NASDAQ exchange. As a viable national alternative and a leading oilfield services provider in the region, we are steadfast in our commitment to contributing to the health of the economies in which we operate. We are guided by a strict mandate to align our local activities and investments with the visions and national priorities of the MENA region. As such, we participate in many local content programs – including IKTVA in Saudi Arabia, TAWTEEN in Qatar, and different In-Country Value (ICV) Programs in the United Arab Emirates (UAE), Oman, and Algeria - to increase local employment, manufacturing, and procurement where we do business.

Our focus on enhancing our contribution to the communities in which we operate includes supporting the growth of small and medium enterprises in the MENA region, particularly through contracting local suppliers. In 2019, in 62% of the countries where we operate, over 75% of the employee workforce was comprised of nationals of such countries, including three countries of operation which were entirely nationalized. To strengthen local supply chains, 80% of our total procurement budget was spent on local suppliers, and we spent more than 3,100 hours developing and training local suppliers in 2019.

Manufacturing locally and investing in cutting-edge research and development further enhance our local content and strong local presence. In November 2019, we opened our second manufacturing facility in Oman. The facility localizes the manufacturing of casing accessories and enhances our in-country value by creating employment and training opportunities for employees residing outside of urban areas. We also became the first company in the region to successfully manufacture casing accessories in Oman and export those products to neighboring countries.

Our focus on enhancing our contribution to the communities in which we operate includes hiring and developing local talent, manufacturing locally, investing in cutting-edge research and development, and supporting the growth of small and medium enterprises in the MENA region, particularly through contracting with local suppliers. Our commitment to local content value creation is founded on the belief that creating shared social and economic values through local content programs will enhance our long-term sustainability and growth plans in the region.
Developing Local Communities

NESR’s commitment to responsible corporate citizenship and the betterment of communities is unwavering. One of the key goals of NESR’s ESG strategy is creating social, environmental, and economic value for the communities in which we live and work. We believe that we have a responsibility to play a positive role in developing local communities and employing sound environmental practices to minimize our environmental impact. We develop communities by creating long-term value through investments and partnerships with local community players, including non-governmental organizations, non-profit organizations, and companies that share our values and ethical standards. We are dedicated to maximizing the employment of nationals in our local operations while maintaining fair hiring practices and promoting diversity and inclusion in our workplaces and ensuring fair treatment and equal opportunities for everyone.

In 2020, the global spread of COVID-19 changed the way we connect with our families, friends, and communities and presented challenges for many in our community. As a response, in April 2020 NESR CEO published an open letter to all employees encouraging them to find creative ways to volunteer in their local communities and help address their communities’ specific needs. NESR CEO also launched a corporate volunteering program across the company to enhance our community outreach and engagement and linked executive compensation to community engagement.

NESR offices in all countries of operations created a network of employee engagement champions who created 14 Community Involvement Teams (CIT) across the Company. Throughout 2020, our CITs had our employees across the globe engage with their communities on environmental, health awareness, and educational activities. In 2020, NESR received an environmental award for environmental initiatives and was recognized by our client in Saudi Arabia for its outstanding accomplishment of environmental initiatives in 2019.

Our social impact programs are designed to align corporate responsibility initiatives with our business strategies to maximize our social return on investments and create shared value. Corporate giving is also high on our agenda and aligned with our strategic community development priorities. In 2020, we contributed to several initiatives to help local governments combat the negative effects of COVID-19.
In 2020, NESR broke ground on NESR Oilfield Research and Innovation Center (NORI), which is designed as an open platform that will host international and local innovators to develop oilfield research and innovative technologies in Saudi Arabia. NORI will build local capabilities and provide employment opportunities in Saudi Arabia and facilitate collaboration with academic institutions, including King Fahd University of Petroleum and Minerals.

The agreement to establish NORI was signed in September 2018 between NESR and Dhahran Techno Valley Company (DTVC), a wholly owned subsidiary of King Fahd University of Petroleum and Minerals (KFUPM). NORI is aligned with Saudi Aramco’s IKTVA program and will enhance NESR’s local content while also adding significant value to Dhahran Techno Valley and the Saudi oil and gas industry.

Our commitment to local content value creation is founded on the belief that creating shared social and economic value through local content programs will enhance our long-term sustainability and growth in the region. NORI’s mandate is aligned with Saudi Vision 2030, which emphasizes the importance of strengthening the technology sector in general, and energy technologies in particular, in order to support the knowledge-based economy, and maximize the creation of startups.

Once completed, NORI will allow NESR to develop fit-for-purpose techniques and technologies for Saudi Arabia and the whole region. Our plan is to bring our technical partners from North America and the rest of the world to NORI, which will allow them to customize and develop technologies in Saudi Arabia for the local industry.

We believe that by constructing energy-efficient facilities and retrofitting existing facilities, companies can greatly reduce energy consumption, which is both environmentally and fiscally responsible. Thus, NORI was designed to comply with Leadership in Energy and Environmental Design (LEED) certification requirements and is projected to consume 20% less energy than comparable buildings in Saudi Arabia. We estimate that approximately 5% of the energy consumed at NORI will be generated from renewable energy sources.

NORI incorporates high-efficiency HVAC systems, insulation, LED lighting, low-flow plumbing fixtures and irrigation systems, and other sustainable building materials. We have also installed building management systems to monitor energy consumption at NORI and conduct energy modeling and reduce energy consumption. In addition, sustainable water management plans have been included in the design of the project. Rainwater collection and dispersion systems are installed, and sustainable landscaping has been adopted in the design of the center. Native plants were incorporated into the design to reduce water consumption in the desert environment of Saudi Arabia.
Harassment

NESR is committed to promoting and ensuring a work environment that is safe, empowering and free of harassment. Our employees are entitled to be treated with respect and dignity in a work environment that is free of all types of harassment, including offensive behavior, unwelcome comments (written or spoken), acts or conduct that violate an individual’s dignity, and/or create an intimidating, hostile, degrading, humiliating or offensive environment.

Our employees are required to report harassment to ethics@nesr.com (NESR Code, P. 20).

Discrimination

We are committed to providing equal employment opportunities and comply with all applicable immigration and employment laws. We work in a Company where employees of many nationalities, diverse skills and backgrounds collaborate to achieve common goals. We embrace uniqueness and strive to ensure that differences are appreciated, celebrated, and respected.

We are dedicated to fostering an engaging, empowering, safe and responsible corporate culture, not only because it is the right thing to do, but because the diversity of our workforce and the inclusiveness of our culture strengthen our long-term competitiveness and sustainability. Therefore, we ensure that no decisions are made based on race, color, religion, sex, disability, marital status, military or veteran status, citizenship, or any other characteristic or class protected by the laws or regulations in the locations where we operate.

We administer our personnel policies, programs, and practices in a nondiscriminatory manner in all aspects of the employment relationship, including recruitment, hiring, work assignment, promotion, transfer, termination, wage and salary administration, and selection for training. Managers and supervisors are responsible for implementing and administering this policy, maintaining a work environment free from unlawful discrimination, and promptly identifying and resolving issues related to equal employment opportunity.

Individuals who believe they have observed or been subjected to prohibited discrimination are required to immediately report incidents to their supervisors, upper management, their designated Human Resources contact or at ethics@nesr.com (NESR Code, P. 21).
Substance Abuse

We are committed to a safe, healthy, productive, and a substance abuse-free workplace for all employees. Alcohol, drugs, inhalants or any other form of substance abuse that will or has the potential to impair our employees’ ability to perform properly, and adversely effects safety, efficiency and productivity of other employees is prohibited. Likewise, the misuse of over the counter or prescription drugs, or the use, possession, distribution, or sale of illicit or un-prescribed controlled drugs on Company business or premises, is strictly prohibited and is grounds for termination of employment. Possession, use, distribution, or sale of alcoholic beverages on worksites is also prohibited (NESR Code, p. 22).

Diversity, Equity and Inclusion

We believe that providing an empowering, inclusive, and diverse work environment enables us to attract and retain top employees who can drive the success of our business. We also believe that all people should be treated with dignity and respect and that our employees and contractors should adhere to the policies, guidelines, business ethics, and values set in the Code. Our Code reaffirms our commitment to protect our employees from all forms of discrimination in the workplace. It applies to all directors, officers employees and contractors of the Company, as well as third parties who do business with the Company.

We draw strength from the diversity of our employees and our inclusive culture. We employ more than 5,000 people representing more than 60 nationalities and working in 16 countries across the Middle East, Asia and Africa. The gender, cultural, ethnic, and religious diversity of our workforce enriches and strengthens our culture and workplace and fosters innovation, creativity, tolerance, and inclusiveness. This provides an environment where our employees can reach their full potential and bring their best to work every day. Our inclusive culture creates a common NESR identity that unites us in the pursuit of a common goal: providing best-in-class service to our clients. Ensuring gender diversity in our workplace is key to our business. In 2020, we introduced gender diversity targets to improve the representation of women in the Company. NESR’s Code includes anti-harassment and non-discrimination policies to ensure that our workplace is safe, and our work environment is empowering to all. We are committed to providing equal opportunities and maintaining pay equity for all our employees. At our inception, NESR’s Board was 25% female and sourced its directors from 4 different continents. Our Board today continues to be diverse by gender, nationality, age, and experience.

NESR is an equal opportunity employer. We follow the best international practices and the employment laws of the countries in which we operate. We do not discriminate based on race, color, gender, age, sexual orientation, ethnicity, disability, religion, union membership, or marital status in hiring and employment practices such as promotions, rewards, and access to training. We are committed to conducting business in a manner that preserves and respects human dignity. It is our policy to provide equal employment opportunities and comply with all applicable immigration and employment laws (NESR Code, p. 21-21).
“I am honored to play a part in NESR’s innovative plan, which has put into motion Saudi Arabia’s inclusive Vision for 2030. NESR rewards high-achieving talent and provides a safe environment where everyone can grow to their full potential.”

SUHA SAIF
CORPORATE STRATEGY CHAMPION

Health and Safety

Protecting the health and safety of our employees, contractors, and the communities in which we operate are major drivers for our business. Our goal is to deliver safe and compliant operations without harming individuals while making a positive impact on the community. Our commitment to safety runs over to our contractors and society at large; not only do we want our operations to be safe, but we also want to influence others to follow safety procedures in their operations. Ultimately, we want to play a key role in promoting a culture of safety in our industry and beyond.

In 2018, we audited our safety practices and identified areas for development. These improvements were implemented in collaboration with our customers and the cooperation of our employees. Similarly, we exhibited excellent progress in 2019 in our journey toward injury-free operations through strong leadership in implementing a new management system and a focused, risk-based approach, including extensive training of our employees and contractors to recognize and manage health and safety risks. In 2019, NESR was recognized as a best-in-class performer in health and safety in our two major countries of operation.

Our proactive response to the unprecedented health risks presented by the global spread of COVID-19 in 2020 reaffirms our commitment to protecting the health and safety of our people and our operations. Our emergency response included actions and plans to address logistical concerns, customer engagement plans, supply chain sustainability, and inventory planning, among other things. We believe that we must support our employees and their families during these challenging times. We continue to closely monitor the situation and hold regular meetings to promptly address and adapt our business decisions to developing circumstances. Our priority is to keep our employees safe, keep our operations running without interruption, and support local communities (NESR Code of Conduct, p. 8).
Environmental Stewardship

We are dedicated to maintaining a sustainable and socially responsible company and strive to reduce our environmental footprint everywhere we operate. We strive to align our environmental initiatives with the United Nations Sustainable Development Goals and recognize that stewardship of the environment is necessary to ensure the long-term success and sustainability of our business.

To understand our baseline and improve our environmental performance, we started tracking environmental data related to energy, water, consumption of natural resources, air emissions, and waste in 2020. That exercise helped us understand our footprint, and initiate plans to reduce our environmental impact in the year to come. We are conscious of the risks presented by climate change, evolving environmental regulations, and depleting natural resources and we are developing plans to improve our sustainability and preparedness for the transition to a low carbon economy. In 2021, we plan to align our reporting with the TCFD to enhance our understanding of climate-related risks and opportunities and reduce our footprint and that of our customers. As we embark on our transformation, we aim to help our clients meet their environmental targets, including lower consumption of natural resources and decreased GHG emissions.

We believe that deploying sustainable water strategies, implementing responsible energy consumption practices, and better waste management systems are essential to our ability to conduct our operations in the MENA region. To reduce our water consumption substantially, our goal is to recycle all water from the wash bays and the permanent man camps in our biggest operating locations by the end of 2023. In 2020, we started tracking our total energy consumption from different sources and the waste produced by our operations to understand the impact of our business on different ecosystems (NESR Code of Conduct, p. 8).
Health, Safety, and Environment Compliance

To ensure the proper compliance with our HSE policy and objectives NESR conducted 1,387 HSE audits in 2020 which included:

- HSE Management System verification
- HSE Site Compliance verification
- HSE Plan verification
- Process HSE verification

We continuously invest in new technologies and develop partnerships to improve our operational performance and environmental compliance. We do this in consultation with our clients and communities to ensure our activities target the specific needs of our stakeholders. Improving our efficiency and environmental management systems helped us improve our performance and record no environmental violations across NESR’s operations in 2019 and 2020.

NESR’s operations are conducted in compliance with industry-standard certification programs, including those for quality management (ISO 9001), environmental management (ISO 14001), and health and safety management (ISO 45001 or OHSAS 18001). The NESR integrated HSE management system is aligned with ISO 9001/14001/45001. Most of our operating countries are ISO 14001 certified by external certification bodies. Additionally, those entities frequently hold multiple other certifications, such as ISO 9001/45001, OSHAS 18001, and API Q1 and Q2.

We communicate our HSE philosophy to all employees, customers, contractors, and third parties associated with our business, and each NESR organization is required to provide evidence of conformance to the relevant system.
ESG Disclosures

Founded in 2017, NESR is a young company with ambitious growth plans and strong corporate citizenship ideals. Since its inception, corporate responsibility was established as one of the core values of the Company. NESR management spent the first two years building and growing the Company, which today is present in 16 countries across Africa, Middle East, the US, and Asia. The Company’s Board and executive management believe that ESG risk can impact the Company’s ability to generate long-term sustainable value for all its stakeholders. Therefore, in 2019, NESR created the ESG function reporting to the CEO and initiated work on the ESG strategy, which was approved by the Board that same year. ESG information was also included in all our proxies issued after June 2019. Furthermore, internal ESG data tracking and reporting were initiated in late 2019 with the data of 2020 being the first full year ESG data collected by the Company.

In 2020, we greatly enhanced our public disclosures by publishing our Corporate Governance Guidelines, Tax Strategy, our ESG commitments and primary data. We also upgraded and expanded the policies in the Code of Conduct and made it available in English and Arabic.

The lack of standardization and focus on financial materiality in ESG data and the diversity of ESG data reporting standards represents a challenge to companies who are expected to report ESG data according to several competing frameworks. This challenge is augmented for young and small-cap companies with limited experience and resources available for ESG data collection and reporting. At NESR, we believe that responsible management of ESG issues is part of our fiduciary duty to our shareholders, and that is why our ESG approach is focused on issues that are financially material to our business and could impact our ability to create long-term sustainable value.

To avoid delaying our disclosures and affirm our commitment to transparency and open communication, we opted to report our ESG data in our inaugural report using available data, focusing specifically on sustainability issues we identified as most likely to materially affect the financial condition or operating performance of our Company. In doing so, we considered the best reporting practices in our industry and prioritized reporting quantifiable factors whenever possible. With regards to non-quantifiable factors, we made an effort to disclose the existence of appropriate policies and safeguards that demonstrate our commitment to operational integrity, responsible corporate citizenship, and sustainability.

Recognizing the magnitude and complexity of quality ESG reporting, and desiring to provide the most reliable, comparable, and useful ESG data to our stakeholders, we intend to align our future ESG reporting with Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Taskforce on Climate-Related Financial Disclosures (TCFD), and the UN Sustainable Development Goals (SDG) starting in 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMUNICATION

For all Environmental, Social, and Governance (ESG) inquiries, please contact:

Vice President, ESG and External Affairs
esg@nesr.com
NESR is committed to providing technological services that enhance our customers’ performance by helping them reduce their environmental impact. In doing so, we rely on our core values of being socially and environmentally responsible. We actively integrate environmental, social, and governance into our business processes, decisions, and strategic planning. We are dedicated to maintaining a sustainable and socially responsible Company and strive to reduce our environmental footprint everywhere we operate.

We align our strategies and programs with the United Nations Sustainable Development Goals and strive to preserve our planet for future generations while complying with all relevant rules and regulations. We firmly believe that our sustainability is closely linked to the viability of the economies, environments, and communities in which we live and work. We deploy innovation ingenuity in our approach. From redesigning solar-powered light towers in Saudi Arabia to utilizing reinforced thermoplastic pipe technology as a flaring solution in the Middle East, we are reducing air emissions and playing a vital role in the sustainable development of the countries in which we operate.

We manage our environmental impact by measuring and tracking our environmental performance data; improving annually the measurement and management of our carbon footprint; enhancing our energy and water efficiency; managing our consumption of natural resources and our waste; collaborating with our customers to engineer solutions which maximize the sustainable value of their assets and reduce the environmental impact of their operations; using technologies that help our customers increase their operational performance while reducing or avoiding emissions; working with suppliers to reduce the environmental impacts of their operations and the greenhouse gas (GHG) emissions of their products; ensuring compliance with all applicable environmental laws and regulations in the places we operate; and reporting regularly on our progress toward effective sustainability and stewardship of our business and the advancement of these goals.

Alignment with the Sustainable Development Goals (SDGs)

We acknowledge the long-term sustainable development challenges of our global community and the environmental challenges of our industry. As such, we align our business and stakeholder relations with the SDGs and strive to play a large role in bringing solutions to global sustainability challenges. The SDGs are inherently aligned with our core values and our commitment to responsible corporate citizenship. They also provide insights into the direction of the global economy and help us identify opportunities for long-term growth and measure impact.
Climate Change

We recognize the effects of climate change on our planet and our business and align our approach with the United Nations Sustainable Development Goals. We remain focused on reducing our environmental footprint while continuing to help our customers provide the world access to affordable, efficient, and reliable energy. When assessing our risk exposure, we consider risks associated with climate change and their impact on our business in the near and long-term.

We believe that companies that are unprepared for a carbon-constrained world may face substantial financial and regulatory risks in the future. We intend to be part of the solution and to benefit from the transition to a low carbon economy by adapting our operations and services to climate change. In 2020, we explored several technological partnerships focused on climate change mitigation, which resulted in launching our climate change mitigation services in January 2021.

Despite the required capital expenditures and short-term financial sacrifices, we believe in responsible environmental practices and that our investments will generate long-term returns that will compensate for short-term costs. In 2021, we intend to take more actions to reduce emissions, strengthen climate-related financial disclosures, and improve our governance of climate change issues to effectively address the risks of climate change and capture opportunities presented by the transition to a low carbon economy. We are currently considering science-based targets for emission reductions, developing a climate change strategy, and planning to align our future reporting with the task force on Climate-Related Financial Disclosures (TCFD).

Our new ESG IMPACT segment, which was announced in January 2021, is envisaged to host a portfolio of product lines and services to mitigate climate change, enhance water management and conservation, minimize environmental waste in the industry, and introduce innovative energy solutions. By proactively and systematically thinking about our environmental footprint, we are pioneering sustainability models for our industry and improving our long-term sustainability in the face of uncertain realities.
Air Emissions

NESR is currently developing new solutions to enhance our commitments and increase the transparency of our GHG reporting. Our plans will be announced in 2021.

We help our customers reduce air emissions through the provision of clean energy services and technologies. We shifted from using diesel-powered light towers in our rigless sites in Saudi Arabia to using solar-powered light towers. We have also replaced some of our diesel-powered generators in Saudi Arabia with solar-powered generators to further reduce our GHG emissions.

In 2019, we provided solutions for one of our key customers in the Middle East to reduce hydrocarbon flaring and CO2 emissions. By using reinforced thermoplastic pipe technology, we enabled the safe transportation of several tons of hydrocarbons, which prevented their release into the air.

NESR strives to mitigate environmental impacts associated with Greenhouse Gas emissions by managing the carbon emissions of our operations. All NESR locations with the potential for air emissions are establishing a documented air emission plan to minimize air emissions.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019 (Estimate)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO 2 e - Scope 1</td>
<td>Metric tons</td>
<td>33,371</td>
<td>118,854**</td>
</tr>
<tr>
<td>CO 2 e - Scope 2</td>
<td>Metric tons</td>
<td>2,571</td>
<td>2,420</td>
</tr>
</tbody>
</table>

** Increase in Scope 1 emissions is largely due to the Frac fleet, which commenced work in 2020

Our new ESG IMPACT segment is envisaged to host a portfolio of product lines and services to mitigate climate change. The climate change mitigation product line will focus on the objective of establishing real-time monitoring of greenhouse gas emissions from oilfield operations, including wellhead, gathering stations, and gas processing facilities. In addition, it will focus on flare gas treatment and its capture and transportation to the nearest power plant or gas gathering station.
Energy Management

NESR aligns with and supports the United Nations Sustainable Development Goals of providing access to affordable, reliable, sustainable, and modern energy for all and taking urgent action to combat climate change and its impacts.

We continually improve our practices and invest in facility upgrades by using energy-efficient equipment, implementing current best practices, and increasing our use of alternative and clean energy. The focus of our short-term strategy is to raise the internal awareness of employees to conserve energy and resources through various monthly campaigns, training, and monthly performance reports.

Our medium-term strategy focuses on implementing an energy management standard in our operational facilities that are aligned with the ISO 50001 standard for identifying significant energy sources and implementing measures to effectively reduce energy use.

Implementing responsible energy consumption practices across the business was one of our environmental objectives in 2020. In 2019, we started tracking our total energy consumption from different sources to improve energy efficiency and increase the percentage of energy we consume from renewable sources. To this end, we installed building management systems to monitor energy consumption at NESR’s Oilfield Research and Innovation Center in Dhahran Techno Valley and conducted energy modeling to reduce energy consumption. NORI is being designed to comply with Leadership in Energy and Environmental Design (LEED) certification requirements and is projected to consume 20% less energy than comparable buildings in Saudi Arabia. We estimate that approximately 5% of the energy consumed at NORI will be generated from renewable energy sources.

The shift away from diesel-powered light towers and generators further increased the share of energy consumed from renewable sources in our operation.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Use</td>
<td>MWh</td>
<td>6,240</td>
<td>5,873</td>
</tr>
</tbody>
</table>
We operate in water stressed areas in the MENA region so we apply best practices and technological solutions to water management challenges to reduce the impact of our operations on water resources.

NESR has developed a salt-tolerant fracturing fluid system capable of formulating hydraulic fracturing fluids with produced water. This formulation is able to use brackish and sea water with minimal to no treatment. This system also eliminates the need to source fresh ground water. The use of produced water for hydraulic fracturing can also reduce or eliminate the carbon footprint associated with the trucking/piping of produced water to disposal wells.

Our new ESG IMPACT segment is envisaged to host a portfolio of product lines and services to enhance water management and conservation. The Water Conservation and Management product line will focus on delivering fresh water from produced water that is today either wasted or injected into disposal wells. Another application will address the sulfate removal from well water or sea water, eliminating the need to use higher quality aquifer water for oilfield applications.

We are currently working with Salttech SA, a water-treatment technology company based in the Netherlands, on developing several plants to convert high salinity produced water into fresh water. We are also working with our MENA operators to impact several projects including high salinity produced water treatment to freshwater quality with an objective of zero liquid discharge (ZLD). The resulting fresh quality water can be used for smart water Enhanced Oil Recovery (EOR), crude washing to remove salt, reservoir pressure management, and drilling & completions.
Waste Management

We are committed to reducing the environmental impact of our activities across the entire value chain. We continuously strive to improve our environmental performance in multiple ways, including responsible waste management.

To manage waste materials more efficiently, we reuse materials when possible, recycle both in our own operations and for our customers, and use innovative technologies to find new recovery methods. We continue to seek opportunities to reduce both our direct consumption of resources and the waste we generate. In addition, NESR audits waste service providers to ensure appropriate waste treatment and disposal practices are followed.

In 2019, we started tracking the total volume of hazardous and non-hazardous waste produced by our operations – a first step toward understanding the volume and nature of the waste we generate. In an effort to raise employee awareness about the importance of reducing consumption, reusing what can be reused, and ultimately reducing and recycling waste, we banned all plastic water bottles from our offices in 2019 and provided reusable, environmentally friendly bottles and cups.

In 2020, we started tracking the volume of waste we recycle, and where our waste ultimately ends up (incinerated, sent to landfills, sold as scrap, etc.) This will allow us to understand the full impact of the waste we generate on different ecosystems. Ultimately, we believe that the information we collected in 2020 will facilitate better waste management in the future.

### Waste Management

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019 (Estimate)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Waste Generated</td>
<td>Metric tons</td>
<td>6,052</td>
<td>5,935</td>
</tr>
<tr>
<td>Non-hazardous Waste Generated</td>
<td>Metric tons</td>
<td>48,600</td>
<td>70,141</td>
</tr>
<tr>
<td>Waste Recycled</td>
<td>Metric tons</td>
<td>ND</td>
<td>2,737</td>
</tr>
<tr>
<td>Waste Incinerated</td>
<td>Metric tons</td>
<td>ND</td>
<td>8,481</td>
</tr>
<tr>
<td>Waste to Landfill</td>
<td>Metric tons</td>
<td>ND</td>
<td>61,336</td>
</tr>
</tbody>
</table>

Well Integrity

NESR’s process safety procedures incorporate practices that reduce negative environmental impacts. Barriers as part of good integrity are crucial to reducing the risk of uncontrolled release of formation fluids. NESR has a portfolio of cementing technologies and logging tools for ensuring and evaluating well integrity. Zonal isolation is created and maintained in the wellbore through the cementing process. Cement supports and protects well casings and helps prevent fluids in one zone from mixing with fluids in another zone. The cement systems that help establish zonal isolation work in a variety of reservoir conditions and remain in place throughout the life of the well.
In 2020, with the help of our clients, we introduced improvements to our fracturing operations and existing processes to reduce environmental impacts and optimize operational efficiencies in our fracturing operations. For example, we introduced cutting-edge technologies to effectively reduce job volume by 30%, which improved efficiency and reduced water consumption. Responsible water management in our operations is critical because the majority of our fracturing operations take place in water-stressed areas of the Middle East. In 2020, we partnered with plug providers that have modified their plugs to reduce water consumption during plug and perforation operations. Introducing a pump down O-ring around plugs made our plugs move quicker, reducing the rate and volume of water consumed. On average, previously used plugs and perf operations required a rate of 12-16 bbl per minute while our new plugs require less to achieve the same movement in the bottom hole assembly, which results in less fluid consumption. Plug upgrades introduced in 2020 will save an estimated 5 MM gallons of water per year according to our calculations.

Other environmental impacts were decreased through effective planning and running our Frac equipment for shorter periods. We were able to reduce our Frac fleet’s Carbon footprint by 30% and reduced diesel consumption and GHG emissions as well.

By increasing our efficiency and optimizing job design we are able to frac PADs more efficiently and effectively. We also increased stage count per day, further enhancing our efficiency and utilization – which translated to increased revenue. We recorded the highest stage count by the smallest fleet size in MENA – running a highly efficient operation with 100% utilization of our fleet.

Hydraulic Fracturing Optimization

Land containment strategies were also enhanced through instilling the following:

- **Auto Fuel System:** This system uses hydrostatic to feed fuel to all the equipment on location, which prevents the need for manually dragging a fuel hose and potentially spilling fuel unto the ground. This enclosed system has No-Spill connections that prevent residual fuel spill.

- **BestContain System:** This system allows us to spread a polyethylene rubber under tanks and a high tensile strength plastic around the tanks in order to contain 150% of the fluids stored within it. Because we do not use a JCB (digger) to surround acid tanks, we do not need to dig and we were able to prevent acid from penetrating into the ground.

- **Bulk Transportation of Chemicals:** All our chemicals are transported and stored on location within bulk transports. This reduces the environmental impact of multiple tote tanks and residual chemicals in small containers. With this project we have reduced exposure of our personnel to chemicals and reduced unintended spills that are environmentally harmful.
In addition to the above, technical solutions introduced in 2020 included using technologies that will facilitate the use of high-sulfate water in Frac jobs to substantially reduce our consumption of more than half a million barrels of fresh water a month. We also are investing in deep imaging to monitor Frac jobs in real time. Finally, we are looking into innovative technologies that will allow us collect emissions from equipment and dispose of them responsibly rather than release them into the atmosphere.

The success of our fracturing operation is largely due to our foresight. By investing in building the capacity of our local frac fleets in the areas we work in, we avoided service interruptions during lockdowns and travel and movement restrictions due to COVID-19. In June 2020, with a fleet of 48 nationals, we were able to successfully frac the highest stage count on a single well ever seen in MENA.

Our ability to break records was due to the commitment of our local field population who were trained in the USA between 2019 and 2020 in partnership with our US partner. The 5 months mentorship and training module consisted of:

- Two months field work and training in the US;
- Three months training per unit in Saudi Arabia – provided by our US partner;
- Weekly competency reviews, where our partners were held accountable for the progress of the Saudi crew.

All the above underscores the value of our commitment to hiring and developing local populations, which not only aligns with our local content value creation targets but also enhances our operational resilience in the face of global disruptions. During times of crisis, being a local company that employs local talents and invests in transferring knowledge and expertise to local populations gives us a competitive advantage. Despite the difficulties presented by COVID-19, including the departure of our expat frac crew from the countries we operate in, our local Frac crews were able to ensure uninterrupted operations and energy supplies. Strengthening the capabilities of local teams is aligned with the economic visions of our clients in the MENA region, who continuously demonstrate their commitment to supporting local companies and local talents.

- Is the first and only local company to Frac in KSA with growing market share;
- Is a new and young company that is able to outperform and replace older players
- Built, trained and developed the first all-Saudi Frac fleet in Saudi Arabia
- Improved operational efficiency and performance and reduced our environmental footprint
- Set new records and raised the bar for all
- Provided equal pay to all our local and international Frac teams
- Introduced innovative pay schemes that reward workers per stage not per workday, which improved performance and efficiency
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- Built, trained and developed the first all-Saudi Frac fleet in Saudi Arabia
- Set new records and raised the bar for all
- Introduced innovative pay schemes that reward workers per stage not per workday, which improved performance and efficiency
Each NESR site is equipped with appropriate emergency control and spill prevention plans. As part of NESR’s process safety procedures, barriers as part of good integrity are crucial to reducing the risk of the uncontrolled release of formation fluids. NESR has a portfolio of cementing technologies and logging tools for ensuring and evaluating well integrity. Zonal isolation is created and maintained in the wellbore through the cementing process. Cement supports and protects well casings and helps prevent fluids in one zone from mixing with fluids in another zone. The cement systems help establish zonal isolation work in a variety of reservoir conditions and remain in place throughout the life of the well.

To prevent unplanned discharges, NESR tests the integrity of service equipment regularly. Regularly scheduled inspections, evaluations, and testing of bulk storage containers by qualified personnel are critical parts of discharge prevention. Our inspection and testing programs involve an external visual inspection along with extensive testing and examination to evaluate container integrity. These inspections are site-specific and they meet or exceed industry standards.

NESR has deployed an automatic fuel system in its fracturing operations which consists of a closed system that supplies diesel to the fracturing fleet. This system can fuel all the equipment in a large fleet simultaneously, eliminating spills, hazards for the fracturing crew, and overfill risk. In addition to the environmental impact, the automatic fuel system improves the efficiency of the fracturing operation and reduces nonproductive time. NESR also establishes secondary containment as part of protection measures for primary storage.

### Environmental Releases

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spills &gt; 1 bbl</td>
<td>Barrels</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Volume of Spills</td>
<td>Liters</td>
<td>ND</td>
<td>40</td>
</tr>
</tbody>
</table>

### Chemical Transparency

During the design and development phase of fracturing, all chemical additives are selected based on minimizing environmental impact and regulatory acceptance in the operating companies and countries where we operate. These chemical formulations are also designed to be safe for the individuals who are handling them, from the manufacturing plant to the final oilfield application. Our current fracturing fluids are developed by one of our US-based technology partners, and as such, these additives are publicly disclosed via FracFocus when deployed in the US market by our partner.
**Biodiversity**

NESR strives to identify, manage, protect biodiversity (including diversity of ecosystems) and restore the lands impacted by our activities. Under our practices and procedures, we study the ecosystems before conducting operations, plan operations to minimize the significant impact on lands, water, and biodiversity; monitor the effectiveness of current operations; and facilitate the restoration of land areas impacted by NESR’s activities.

We are committed to protecting biodiversity through:

- Locating, designing, and managing our facilities and operations to minimize adverse impact on flora and fauna, ecosystems, and conservation areas;
- Minimizing impact on biodiversity by conducting risk assessments upon acquiring new properties;
- Avoiding environmentally sensitive areas and reducing the need for land clearance as far as reasonably practical (especially around areas bordering deserts);
- Minimizing environmental impact and disturbance for all operations;
- Restoring land impacted by NESR activities where possible;
- Increasing awareness of the importance of biodiversity and promoting best practices of protecting and conserving biodiversity among our employees and contractors.

**Environmental Compliance**

We continuously invest in new technologies and develop partnerships to improve our operational performance and environmental compliance. We do this in consultation with our clients and communities to ensure our activities target the specific needs of our stakeholders. Improving our efficiency and environmental management systems helped us improve our performance and record no environmental violations across NESR’s operations in 2019 and 2020.

NESR’s operations are conducted in compliance with industry standard certification programs, including those for quality management (ISO 9001), environmental management (ISO 14001), and health and safety management (ISO 45001 or OHSAS 18001). The NESR integrated HSE management system is aligned with ISO 9001/14001/45001. Most of our operating countries are ISO 14001 certified by external certification bodies. In addition, those entities frequently hold multiple other certifications, such as ISO 9001/45001, OSHAS 18001, and API Q1 and Q2.

We communicate our HSE philosophy to all employees, customers, contractors, and third parties associated with our business, and each NESR organization is required to provide evidence of conformance to the relevant system.
Environmental Achievements

Our environmental achievements are broad-ranging. NESR has:

■ Been selected by Aramco to participate in the 2019 Southern Area Oil Operations (SAOO) Environmental Campaign;
■ Participated in an environmental campaign in Saudi Arabia to spread awareness on best environmental practices among school children;
■ Been recognized by Saudi Aramco’s Southern Area Well Completion Operations Department (SAWCOD) for its outstanding contributions towards the accomplishment of environmental initiatives in 2019;
■ Installed energy-efficient lighting, heating, and cooling systems;
■ Prioritized technological developments aimed at minimizing CO2 emissions;
■ Replaced diesel-powered light towers in rig-less sites in Saudi Arabia with solar power light towers to reduce noise pollution, fuel consumption, and CO2 emissions;
■ Banned plastic water bottles in NESR offices to reduce waste;
■ Reduced 6,700 m3 of freshwater per year in Oman operations by changing the cement slurry formula;
■ Educated employees about greener operational alternatives and practices and encouraged them to adopt initiatives that support the achievement of our annual targets;
■ Advanced the operational processes in our facilities by taking significant steps to reduce scrap and the use of harmful chemicals;
■ Worked closely with the community and nonprofit organizations to develop initiatives to apply technology, expertise, and volunteerism toward solving pressing environmental issues;
■ Conducted assessments of business partners, suppliers, and contractors to uphold equal social and environmental standards, and defined next steps to improve worker-management, communication, and working conditions; and
■ Tracked and reported our environmental performance internally since 2019 and externally starting in 2021.
ESG IMPACT Segment

The ESG IMPACT segment addresses key issues that are relevant to the communities in which we operate, such as water conservation and aquifer protection, and tackles larger global challenges like climate change mitigation, where we can make a significant impact as an industry. The oil and gas industry has long acted as a catalyst for global growth and has been a foundation upon which the global economy has been built over the last century. Going forward, we believe our industry can lead and address complex global environmental challenges by adopting, adapting, improving the performance of our industry, and minimizing our collective environmental footprint through leveraging our tremendous research, engineering, and project management capabilities across the globe.

NESR continues to be focused on improving its ESG performance and on delivering services in the most effective, efficient, and sustainable manner. We introduce innovative energy solutions captured within the NESR ESG IMPACT Triangle. The climate change mitigation product line will focus on the objective of establishing real-time monitoring of greenhouse gas emissions from oilfield operations, including wellhead, gathering stations, and gas processing facilities. In addition, it will focus on flare gas treatment and its capture and transportation to the nearest power plant or gas gathering station.
The water conservation and management product line will focus on delivering fresh water from produced water that is today either wasted or injected for reservoir pressure management or into disposal wells. Our objective is to provide field-based solutions that deliver fresh water from produced water as well as to deliver alternatives to traditional industry use of higher quality aquifer water for oilfield applications. We are currently working with Salttech SA, a water-treatment technology company based in the Netherlands, on developing several plants (25,000 to 100,000 bbl/day) to convert high salinity produced water into fresh water.

We are working very closely with a number of MENA operators to impact several projects including high salinity produced water treatment to freshwater quality with an objective of zero liquid discharge (ZLD). The resulting fresh quality water can be used for multiple applications within the oilfield, e.g., smart water Enhanced Oil Recovery (EOR), crude washing to remove salt, reservoir pressure management, and drilling & completions. Such water can also be used for industrial and agricultural applications.

In the aquifer space, our focus is on providing water from previously unusable water resources due to high sulphate content in order to reduce industry reliance on high quality aquifers. We are evaluating potential plant and field capabilities with CleanTeQ, an Australian-based clean technology company that currently operates an antimony treatment plant in Oman.

In March 2021, NESR announced its participation in the initial investment round of an innovative geothermal technology company. With this technology we aim to support our customers to reduce their carbon footprint by capturing geothermal energy to generate electric power. In essence, thermal energy which was previously untapped and was being dissipated into the atmosphere will now be harnessed to replace existing energy sources.
We believe that treating employees fairly, safeguarding their health, safety, and general wellbeing, and investing in their training and skills development can create a positive and productive work environment. We also strive to align our employee's sense of personal growth and satisfaction with the success of the Company in a win-win relationship that is beneficial to all. We share our Company's success with our employees through stock option plans to empower and financially benefit our employees.

Employee Relations

Our Code ensures understanding, mutual respect, and cooperation form the basis of relationships within our Company. We maintain gender pay parity and reward top performers who meet their functional and ESG targets. We promote diversity in all its forms and inclusion in our workplace, and we maintain a corporate culture that rewards based on merit and is open to innovative ideas and diverse perspectives. We foster self-actualization and growth, which allows us to maintain a low level of turnover and attract top talent in the market.

We believe that when we treat our employees with dignity and fairness, we will be rewarded in the long-run. Investments in human capital and fostering an empowering work environment lead to higher productivity and lower turnover. We ensure that all our employees work in a safe environment where they feel valued and protected.

Labor Practices

Our Code protects the rights of workers and preserves and respects human dignity. We are committed to the fair treatment and welfare of all our employees, individuals within our supply chains, contractors, and others who interact with our business. We respect freedom of association, freedom of choice, and equal opportunities for all. As such, and in alignment with the United Nations Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work, U.N. Guiding Principles, we prohibit child labor, human trafficking, all forms of modern-day slavery including forced labor (NESR Code of Conduct, p. 6, 19).
Supply Chain Labor Conditions

We strive to improve work conditions within our supply chain. In 2020, we took actions to improve transparency and disclosure and conducted third-party auditing to enhance workplace health, safety and human rights.

Diversity, Equity, and Inclusion

Diversity and inclusion have been a part of NESR’s core values since the Company was created. We operate in 16 countries and employ more than 5,000 men and women comprising more than 60 different nationalities. We operate across cultures, language barriers, and different time zones and differences in race, gender, age, nationality, language, ability, personality, and religious beliefs. We are united in our shared values, common objectives, and the conviction that our diversity fosters creativity, innovation, tolerance, and respect in our workplace. Our diversity is a reflection of the diversity of our clients, suppliers, and the communities in which we live and work.

We know that diversity does not automatically lead to inclusion. We embrace uniqueness and ensure that differences are appreciated, celebrated, and respected. We believe that everyone has the right to be heard and treated with fairness, dignity, and respect. We are dedicated to fostering an engaging, empowering, safe, and responsible corporate culture, not only because it is the right thing to do, but because the diversity of our workforce and the inclusiveness of our culture strengthen our long-term competitiveness and sustainability.

2,100 Suppliers were screened for environmental, human rights and social impact performance in 2020

Equal Opportunities

NESR is committed to creating a collaborative, equitable, diverse, and inclusive work environment and is proud to be an equal opportunity employer. All qualified applicants receive consideration for employment without regard to race, color, religion, sex, disability, marital status, military or veteran status, citizenship, or any other characteristic or class protected by the laws or regulations in the locations where we operate. Applicants and employees requiring assistance and/or a reasonable accommodation in the application or recruiting process due to a disability, receive consideration and support. We strive to attract and retain exceptional talent through our commitment to fair hiring, training, development, and career advancement practices.

www.nesr.com
We operate in a space where women’s entry into the workforce is a relatively recent phenomenon. We recognize the fact that women face many barriers to entry and advancement, and our goal is to safeguard gender equity in our workplace. We are committed to improving gender diversity by increasing the percentage of women in our workforce, providing career development opportunities to ensure women’s progression to leadership and senior management roles, identifying and eliminating gender pay gaps, and accommodating flexible work schedules to improve work-life balance.

- **In 2020, the total population of women in NESR increased by 24%**
- **Saudi Arabia’s total number of female employees increased by 22%**
- **Kuwait’s total number of female employees increased by 20%**
- **Abu Dhabi’s total number of female employees increased by 57%**
- **Oman’s total number of female employees increased by 5%**

Employee resource groups are powerful tools to influence, build awareness, and bring about positive change in a corporation. Employees also serve to build strong and diverse work environments. Women serve on NESR’s Board and make up 37% of our executive team and 25% of the CEO’s direct reports. 15% of the women in our workforce hold leadership positions.

We are committed to the equal participation of both men and women in NESR. To expedite reaching our gender diversity goals, in 2020 we created Women in NESR (WIN). WIN is an employee-driven affinity group that will help the Company achieve its gender diversity targets, increase awareness around gender diversity issues and enhance employee engagement.
Training and Development

“We invest in training and developing our employees because we believe in building the capacity and skills of our workforce especially since the quality of our services depend on the quality of our people and their expertise. As part of our ongoing commitment to the continuing development of our workforce, we make learning opportunities available to our employees through classroom instructions, e-learning, live simulations at our learning centers, on-the-job training, informative videos, group discussions and activities and other means.

COVID-19 expedited technological advancements in e-learning and altered the way we learn. We responded to such changes in August 2020 by launching our e-learning portal, which contains more than 3,000 different courses and 75,000 reading materials, e-learning materials, which can be accessed anywhere and anytime, were made available to 1,500 employees who were selected by country leaders. Our plan is to make e-learning available to our entire population in the future to enhance our training offerings.

KHALED NOUR
GLOBAL DIRECTOR - WELL TESTING

“NESR is a place for ambitious people who crave continuous growth and self-actualization. NESR believes in, and fosters, young local talents and is committed to the betterment of its people and the communities it operates in.”
We recognize that an essential factor in our business success is the emphasis we place on health and safety, which is a fundamental element in all our business activities. At NESR, operational excellence begins with safety leadership across all levels of the organization, and all employees are fully empowered and responsible to stop any work activity if they observe unsafe acts or conditions.

Our aim is for NESR to become the region’s leader in Health and Safety. NESR’s leaders are responsible and accountable for driving a strong health and safety culture by ensuring effective implementation of our standards. Our Health, Safety, and Environment policy applies to all NESR employees and contractors. We update the policy regularly to ensure it continues to reflect our strong commitment and focus on HSE and comply with the most stringent of the legal, international, national, customer, and other applicable safety and ecological standards and requirements wherever we do business.

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**Our Commitment**

**We demonstrate our health and safety commitment by:**

- Setting clear objectives and measurable, progressive targets as part of our business performance, and monitoring performance for continuous improvements;
- Driving health and safety behaviors with a “no defects” mindset, and rewarding outstanding performance and initiatives;
- Eliminating health and safety events and accidents with a strong reporting culture and effective investigation of near-misses;
- Training our workforce on our health and safety standards to increase awareness of risks and prevention methods;
- Effectively communicating our policies, standards, programs, and performance to our stakeholder;
- Protecting the health, safety, and security of our workforce at all times;
- Meeting international, national, and customer standards and requirements;
- Ensuring health and safety considerations are factored into the design, engineering, and deployment of our services and products; and
- Maintaining an updated response plan to minimize the effect of any emergency, business disruption, or crisis.
NESR’s commitment to HSE is contained within our Code, which also details the Company’s expectations and regulatory compliance requirements for all NESR employees, business partners, suppliers, and contractors. We comply with the most stringent of the legal, international, national, customer, and other applicable safety standards and requirements wherever we do business.

HSE is a fundamental element in all our business activities and an integral part of service delivery workflows from all levels of employees and contractors. Our management communicates our safety philosophy to all employees, customers, contractors, and third parties associated with our business by walking through the key rules and providing the relevant materials. We do not engage any employee or contractor without evidence of safety program compliance, and we conduct safety leadership courses across our operations for line managers and field supervisors.

Safety Performance Data

We capture safety performance data through the online HSE software deployed across all our operations. All incidents are investigated by line management supported by the HSE function. NESR uses the International Association of Oil and Gas Producers definitions and reporting criteria to classify HSE data. Work-related employee and contractor injuries are included in the data.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019</th>
<th>2020</th>
<th>Year on Year Improvement Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Injury Frequency Rate (TRIR)</td>
<td>Per million manhours</td>
<td>1.20</td>
<td>1.10</td>
<td>8%</td>
</tr>
<tr>
<td>Total Lost Time Injury Frequency Rate (LTIFR)</td>
<td>Per million manhours</td>
<td>0.73</td>
<td>0.67</td>
<td>9%</td>
</tr>
<tr>
<td>Fatalities Employees</td>
<td>Number</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Fatalities Contractors</td>
<td>Number</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Automotive Accident Rate</td>
<td>Per million kilometers</td>
<td>0.67</td>
<td>0.36</td>
<td>46%</td>
</tr>
</tbody>
</table>

All our employees and contractors are not only encouraged but expected, to intervene or stop work without fear of reprisal if they observe any unsafe action or condition at the worksite or have concerns regarding the QHSE controls in place.

To ensure the proper compliance with our HSE policy and objectives, NESR conducted 587 verification assessments in the first half of 2020 which include:

- HSE Management System verification
- HSE Site Compliance verification
- HSE Plan verification
- Process HSE verification
Safety Compliance

Our operations are conducted under industry-standard certification programs, including those for quality management (ISO 9001), environmental management (ISO 14001), and health and safety management (ISO 45001 or OHSAS 18001). NESR’s integrated QHSE management system is aligned with ISO 9001/14001/45001. Operations in most of the countries where we do business are ISO 45001 or OSHAS 18001 certified by external certification bodies.

Driving Safety

We promote a safe work environment. Since driving-related incidents are one of the key causes of injuries and fatalities in our industry, all those whose jobs involve driving are required to comply with safe-driving requirements. In addition, our employees are expected to follow all Company driving safety regulations while driving their own vehicles.

We vigorously promote safe driving behaviors, strictly monitor and track compliance with safe driving guidelines in real time through our monitoring centers, and offer our drivers support and training to reduce risk of accidents and address non-conformance with our journey management protocols.

We analyze our drivers and effectively engage with them to improve their driving performance and highlight areas of improvement. Our aim is to identify areas of risk to address them swiftly and effectively.

In 2020, we continued to focus on improving our driving safety performance to reduce road accidents and improve the safety of our operations in compliance with our driving policy (the Code, p. 9).

Driver Training: NESR requires that all drivers maintain a valid driver’s license according to local regulations. Transportation rental vehicle drivers must attend driving training and pass a practical evaluation prior to driving for the Company. We expect and encourage all passengers of vehicles assigned to NESR operations as part of their job duties to ensure that Company drivers abide by our safety principles. Any violation or unsafe behavior is sufficient cause to stop the trip and report to management.

Journey Management: To minimize driving risks, each NESR business unit has a Journey Management Plan that has management’s approval. The plan includes specifics on fatigue management, night driving, speed limits, traffic laws, and customers’ procedures. We prohibit the use of personal vehicles for Company operational field trips.

Pre-trip Vehicle Inspection and Load Securement: We hold all NESR drivers responsible for their pre-trip vehicle inspections. They are obligated to secure their load in a safe and lawful manner according to our manuals and procedures.

Seat Belts: All occupants of NESR cars, including the driver of any vehicle, are obligated to wear a seat belt at all times while driving.

Mobile Phones: The use of mobile phones and hands-free devices is prohibited while the vehicle is in motion for any NESR related business purpose.

Substance Abuse and Smoking: NESR drivers are prohibited from driving under the influence of alcohol, drugs or any other prescribed medications that could impair their performance. Smoking is not allowed in any NESR vehicle.

Driver Performance Monitoring: Each NESR vehicle and established contractor or long-term rental vehicle has an in-vehicle monitoring system installed to collect information and use it to proactively manage and improve driving safety. The information collected will be used to proactively manage and improve driving safety.
In 2020, 12.5% of LTI was associated with land transport. We conduct commentary drives on an annual basis to improve our drivers’ performance. Best drivers are recognized and rewarded on a monthly basis to encourage safe driving and better performance.

### Operational Integrity

One of NESR’s business fundamentals is to deliver products and services that meet or exceed our customers’ expectations and objectives while complying with legal, international, national, and customer standards and requirements. We promote a model of operational integrity where employees and contractors act honorably and responsibly, and we leverage that integrity to produce the highest quality of service for our customers by focusing on delivering best-in-class operational processes.

A key measure used by the Company to track the service quality performance is the nonproductive time rate. Any reduction in the nonproductive time rate reflects operations being conducted more efficiently, which may ultimately result in reduced emissions by both NESR and our clients.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019</th>
<th>2020</th>
<th>Year on Year Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive Accident Rate (AAR)</td>
<td>Per million kilometers</td>
<td>0.67</td>
<td>0.36</td>
<td>46%</td>
</tr>
</tbody>
</table>

We also use checklists to further improve operational reliability and efficiency. Checklists are visual or oral aids that help crew members overcome the limitations of short-term memory to perform action or verification items without referencing a manual. These checklists are kept as short as possible to minimize diversion of the crew’s attention while performing their responsibilities.

NESR’s operations are conducted under industry-standard certification programs, and operations in most of the countries where we do business are ISO 9001/API Q1 or Q2 certified by external certification bodies.

Management communicates our quality philosophy to employees, business partners, suppliers, and contractors by providing the relevant rules and material, and each NESR organization must provide positive evidence of compliance with the quality system. Regular audits and service quality meetings are conducted to review adherence to the quality processes.
Quality, Health, Safety, and Environment (QHSE) Results

Total numbers for NESR globally

<table>
<thead>
<tr>
<th>Year</th>
<th>Man hours</th>
<th>LTI</th>
<th>TRC</th>
<th>KM Driven</th>
<th>Motor Vehicle Accident (MVA)</th>
<th>Operating Hours</th>
<th>NPT</th>
<th>LTIFR/ Million Manhours</th>
<th>TRIR/Per Million Manhour</th>
<th>AAR/ per Million</th>
<th>NPTR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10,840,382</td>
<td>8</td>
<td>13</td>
<td>40,526,641</td>
<td>27</td>
<td>2,759,107</td>
<td>7,235</td>
<td>0.73</td>
<td>1.20</td>
<td>0.67</td>
<td>2.62</td>
</tr>
<tr>
<td>2020</td>
<td>11,863,209</td>
<td>8</td>
<td>13</td>
<td>49,910,350</td>
<td>18</td>
<td>2,671,234</td>
<td>4,628</td>
<td>0.67</td>
<td>1.1</td>
<td>0.36</td>
<td>1.73</td>
</tr>
</tbody>
</table>

Note: The values for 2020 are compared with 2019 for better understanding.
Employee Wellbeing

The COVID-19 pandemic had a detrimental effect on global health, both physical and mental, and created long-lasting implications for our business and employees everywhere. At NESR we believe that employee wellbeing should always be at the forefront of our business. We recognize that balanced living relies on total wellbeing, including employees’ mental health. As part of the wellness package offered through our health insurance, in 2020 we offered 24-hour per day access to an employee wellness support program which included free, confidential counseling, resources, and information to help employees deal with unhealthy amounts of stress, distraction, or worry.

In 2020, we also worked with our online training providers to ensure that we support our employees in managing the stress that may be caused by anxiety related to COVID-19 risks related to health, job security, separation from loved ones, or any such conditions. We introduced stress management online training courses to provide employees with access to educational information on how to manage stress to limit its negative effects on health and safety.

In addition to stress management training, NESR promotes employees’ and contractors’ wellbeing by providing various HSE training (e.g., hygiene, ergonomics) health campaigns, and awareness sessions to promote healthy lifestyles for both the employees and their families and to reduce illnesses in the workplace.

In July 2020, NESR rolled out e-learning across the organization. This gave employees access to 3,000 online learning courses that span across various business and functional aspects. HSE training hours delivered to employees in 2019 and 2020 are specified below:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSE Training</td>
<td>Hours</td>
<td>50,000</td>
<td>84,999</td>
</tr>
</tbody>
</table>

Our employees are always encouraged to participate in community activities that promote physical activity and overall health and wellness. Despite severe restrictions on mobility and group activities due to COVID-19 regulations, our employees in Oman managed to donate blood to the blood bank and positively impact the health of more than 100 people. In December 2020, our employees in Saudi Arabia participated in a cycling activity to promote health and physical fitness and improve community engagement and awareness of health.
Response to COVID-19

To help ensure our people’s continued health during an extraordinary year, we implemented a comprehensive outbreak management plan and introduced COVID-19 preventative measures that are aligned with guidance from Centers for Disease Control and Prevention, the World Health Organization, and applicable local government regulations and containment measures.

Our impact extended beyond NESR as we also developed practices that are contributing to the health of our communities and helped reduce the risk of COVID-19 spread and infection among our contractors, business partners, suppliers, and agents.

NESR’s Crisis Management Team (CMT), was activated at the beginning of the pandemic and focused on:

- Protecting our people’s health and safety by providing effective guidance and support and adopting best work practices;
- Maintaining business continuity by monitoring the situation across regions and countries, and implementing preventive measures to mitigate the impact of COVID-19 on our business;
- Supporting of local communities in the fight against the pandemic by active participation in local programs, sharing best practices with local community contractors, and donating to local healthcare initiatives;
- Monitoring the evolving situation in real time and implementing appropriate measures to keep our people safe and informed; and
- Communicating with employees, contractors, and partners to keep them safe and informed.

Combating COVID-19: Key Actions in 2020

Some of the key actions undertaken to protect the health of our employees and their families included:

- Established country emergency response teams;
- Restricted travel and prohibited large gatherings and corporate events;
- Split the workforce in different locations to minimize overcrowding;
- Adjusted field rotation schedules to minimize risk to field operations;
- Created a process to check employees’ health before returning from days off, which included COVID-19 testing and quarantining prior to rejoining operations;
- Restricted outside visitors from entering offices;
- Encouraged virtual meetings among employees and contractors;
- Allowed employees the flexibility to work from home using virtual communication tools;
- Adjusted shifts to minimize crowding in common areas;
- Monitored employee body temperatures at Company sites;
- Provided personal protective equipment to employees, including face masks and hand sanitizers;
- Regularly sanitized workspaces and installed plastic dividers in open areas;
- Developed and communicated guidelines and information on health precautions;
Combating COVID-19: Maintaining Business Continuity

To maintain business continuity, NESR worked closely with customers and suppliers to minimize operational disruption. For example:

- We adopted all necessary information-sharing tools to collaborate virtually with our customers and suppliers;
- Our global Crisis Management Team (CMT) and the country emergency response teams monitored the situation across countries and regions daily;
- We conducted supply chain risk assessments and operations impact assessments regularly and developed respective preventative and mitigation measures;
- We maintained inventory levels based on potential logistic delays; and
- We provided training sessions and online certifications to ensure that third parties associated with our business are appropriately educated on the virus.

- Provided training sessions and online certifications to ensure that employees are appropriately educated on the virus;
- Conducted periodic webcasts to all employees to brief them about the pandemic and the Company actions;
- Organized informational sessions to address employee’s questions and concerns;
- Provided salary advances to families and employees to reduce the negative financial impact of the crisis;
- Communicated with customers about NESR’s COVID-19 measures and guidelines;
- Developed an application to provide employees with the latest COVID-19 updates, NESR emergency contact details;
- Required employees to complete the employee Health Self-Declaration weekly;
- Tracked COVID-19 vaccination records of employees;
- Rolled out COVID-19 return to work guidelines and readiness assessments across the Company;
- Rolled out COVID-19 safety chats to address COVID-19 topics during pre-job meetings on an interactive basis;
- Introduced stress management online training courses to provide employees with access to educational information on stress management and limit negative effects to health and safety; and
- Introduced an employee wellness support program, which included free, confidential counseling, resources, and information to help employees deal with unhealthy amounts of stress, distraction, or worry.
NESR engaged with local communities to support the fight against COVID-19. For example:

- NESR Saudi Arabia financially supported the Health Endowment Fund of the Ministry of Health in the Kingdom in its effort to combat the spread of COVID-19 and provide support to healthcare workers;
- NESR Oman also contributed to the initiative of the Supreme Committee by matching the donations of our employees to the Ministry of Health’s COVID-19 efforts;
- NESR employees in Algeria cleaned and disinfected two schools, a stadium, and a Mosque;
- NESR employees in the UAE organized a donation drive to support families most affected by the pandemic; and
- NESR employees in Indonesia distributed food packages to 115 families to reduce the negative economic impact of the pandemic.
NESR is committed to the development of local communities in the countries where we operate. Through active partnerships with community-based organizations, prioritizing local employment and procurement, and aligning our activities with the national priorities of the countries we operate in, we not only maximize the positive impact our business has on local communities, we also accelerate national development plans in different countries around the world.

**Community Outreach**

We believe in being close to our communities to understand their needs and assess our impact. In 2020, as a response to the many economic and social challenges presented by the COVID-19 pandemic, we launched a companywide volunteering program to encourage our employees to enhance their involvement in their communities and provide a helping hand to disadvantaged communities. We created 14 community involvement teams (CIT) overseen by 14 employee engagement sponsors across our countries of operation.

In 2020, CIT organized and conducted 28 community outreach and environmental events, bringing positive value to communities and environments in the US, Africa, Asia and the Middle East. A total of 1,722 hours were contributed by 732 NESR employees in various countries. NESR’s community development and environmental activities and contributions were recognized by government authorities in Algeria, Saudi Arabia, Oman and Qatar.
Community Development

2020 was an extraordinary year in which we focused our social development efforts on improving the health and well-being of our communities. We focused on improving health awareness for our employees, their families, and the larger community. We also supported governmental efforts to combat COVID-19 and community efforts to promote healthy lifestyles.

In April 2020, NESR donated to the Health Endowment Fund of the Saudi Ministry of Health to combat the spread of COVID-19 and support health workers in the Kingdom. Similarly, in Oman, we ran an internal online campaign to support the initiative of the Supreme Committee and encourage our employees to donate to the Omani Ministry of Health’s COVID-19 efforts. We then matched the donations of our employees, bringing our total contributions close to USD 75,000.

In December 2020, our employees in Saudi Arabia ended the year on a healthy note by actively participating in a cycling event organized by the Society of Petroleum Engineers in Saudi Arabia to promote health and fitness awareness in the community.

In 2020, we designed 40+ posters, screen savers, and other informational communication materials to encourage responsible and healthy behaviors and safe practices among our employees and visitors especially relating to COVID-19 prevention, anti-smoking, safe driving, and environmental protection.
In addition to raising health awareness, and in line with our commitment to developing local talents and investing in the training and education of local communities, we designed learning opportunities for students through our academic collaborations with universities and vocational training institutes in Saudi Arabia. For example, in March 2020, NESR hosted students from King Fahad University of Petroleum and Minerals (KFUPM) at our base to provide them practical training and exposure to oilfield downstream services. Earlier in 2020, NESR’s sponsored students at the Saudi Arabian Drilling Academy (SADA) visited the Company’s base to learn about oilfield equipment and gain practical experience from our employees who conducted classroom and field training sessions for the students.

Finally, we support inclusive economic growth and the positive economic development of local communities through recruiting, hiring, and training locally and complying with local and international labor standards and country-specific local content requirements and strategies. We aim to create shared social and economic value everywhere we work.

In December 2019, we announced the opening of our second manufacturing facility in Oman. The casing accessories manufacturing facility further localized our manufacturing and enhanced our In-Country Value (ICV). Located in Nizwa, Oman, the facility created employment and training opportunities for Omanis residing outside urban areas and supported the growth of the oil and gas operation in the Sultanate while allowing more flexibility and efficiency in the supply chain and improving installation lead times. Moreover, with this project, NESR became the first National company in the region to successfully manufacture casing accessories in Oman to supply the market with locally manufactured products and export such products to neighboring countries.

The facility reinforced our client’s localization efforts and In-Country Value strategy, which aims to create jobs, training and learning opportunities for Omanis and enhance the domestic supply chain. It also underscored NESR’s commitment to enhancing our sustainability through generating...
local value everywhere we operate through direct investments in local economies, creating local employment and training opportunities, exporting locally-made products to the world, developing in-country expertise, and utilizing local suppliers.

To further underscore our commitment to community development, in December 2020, we signed a Memorandum of Collaboration with Petroleum Development Oman to create 600 job opportunities for Omanis over the next four years. NESR agreed to hire 150 Omanis annually in Wells Construction, Intervention and Industrial Services to localize such jobs and enhance Omani capabilities and employment prospects in local and international markets. This initiative aligns with Oman’s vision 2040, which includes developing global citizens who are competitive in the international labor market and sustaining ICV.

We monitor the number and types of grievances raised by external stakeholders in relation to the actual or perceived adverse impact of our business on communities and environments. We make an effort to understand these grievances and make progress towards resolving them. Our community outreach programs, and community partnerships are designed to increase our awareness of, and engagement with, our external stakeholders to align our activities with the best interests of all our stakeholders.
Supply Chain Management

We strive to have mutually beneficial relationships with our suppliers and build sustainable and ethical supply chains. We invest in developing our local suppliers and strive to enhance localization and diversity in our supply chain. We systematically communicate our quality, human rights, and environmental standards to our vendors during the vendor screening and registration process, which is meant to improve NESR’s oversight over activities within our supply chain. We provide vendor development programs for local critical vendors and invest in developing their skills, productivity and organization.

While we seek competitive deals and lower costs, we understand that in a globalized economy some labor practices might amount to modern slavery or forced labor. In compliance with our Code, we are committed to safeguarding human rights in our supply chain and prohibit working with suppliers who conduct work in unsafe and abusive conditions, employ child or forced labor. We seek reliable suppliers who are committed to fair and equitable work conditions and effectively limit environmental degradation.

We believe that diversity within the supply chain benefits society. We contract with small and local businesses to actively contribute to the inclusive economic wellbeing of the communities in which we live and work. Whenever feasible, we source goods and services locally to meet our local content commitments and reduce our environmental footprint.

<table>
<thead>
<tr>
<th>65% Of the 3,273 vendors contracted in 2020 were local suppliers</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total spend on developing local suppliers</td>
<td>$250,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>Total hours spent on developing/training local suppliers</td>
<td>3,121</td>
<td>4,600</td>
</tr>
<tr>
<td>Total number of suppliers that have been screened for environmental/human rights/social impact performance</td>
<td>1,000</td>
<td>2,100</td>
</tr>
<tr>
<td>Total procurement budget spent on local suppliers</td>
<td>$300 Million</td>
<td>$400 Million</td>
</tr>
</tbody>
</table>

Supplier Relations
We require our suppliers to comply with our Code and meet our labor standards as well as comply with all applicable human rights and labor related laws, regulations, decisions and instructions issued by local, international or governmental organizations pertaining to employment of personnel for carrying the services in their territories. Our suppliers are also obligated to comply with all applicable anti-slavery and human trafficking laws and regulations.

In performing their work, our suppliers are obligated to respect human rights and ensure that their operational policies reflect the responsibility to act in accordance with the UN Guiding Principles on human rights and other international human rights and labor standards. In addition, NESR labor standards require preserving the human dignity and welfare of workers within our supply chain. Our suppliers are required to adopt fair labor and business practices, provide safe work conditions, pay fair wages and refrain from discriminative practices and abusive conduct.

In addition to focusing on labor conditions, we require our suppliers to meet our standards on quality, and environment as a precondition to conducting business with us. We also require them to own policies and procedures to ensure compliance with our standards. In 2020, our Vendor Registration Process was updated to address key ESG concerns including compliance, human rights, and HSE (NESR Agreement for Purchase of Products, Sections 34, 27 & 33). Additionally, we regularly audit our suppliers to monitor compliance with NESR Code and ESG guidelines.

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### Dealing with Supply Chain Issues

Our diligence in addressing issues within our supply chain allows us to effectively address and remedy concerns. We expect our suppliers to identify, prevent and mitigate any potential or actual adverse human rights impacts resulting from activities or through relationships with subcontractors, or other third parties. We also expect our suppliers to remediate any actual adverse human rights impacts caused, including through:

- Providing adequate compensation or other appropriate remedy to any victim of the adverse impact;
- Addressing the cause of the adverse impact so as to avoid further similar adverse impacts; and
- Revising operational policies and procedures, and any other action as may be necessary to seek to avoid similar adverse impacts in the future.
## 2020 Data Sheets

<table>
<thead>
<tr>
<th>Metric</th>
<th>Units</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy Consumption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity used</td>
<td>kwH</td>
<td>5,873,044</td>
</tr>
<tr>
<td>Petrol used</td>
<td>liters</td>
<td>1,074,846</td>
</tr>
<tr>
<td>Diesel used</td>
<td>liters</td>
<td>44,605,291</td>
</tr>
<tr>
<td><strong>Water Consumption</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumed</td>
<td>liters</td>
<td>159,350,797</td>
</tr>
<tr>
<td>Water treated and recycled</td>
<td>liters</td>
<td>17,007,880</td>
</tr>
<tr>
<td>% Water recycled</td>
<td></td>
<td>10.7</td>
</tr>
<tr>
<td><strong>Waste Generation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous waste generated</td>
<td>kg/liters</td>
<td>5,935,519</td>
</tr>
<tr>
<td>Non hazardous waste generated</td>
<td>kg</td>
<td>70,141,681</td>
</tr>
<tr>
<td>Waste recycled</td>
<td>kg</td>
<td>2,737,737</td>
</tr>
<tr>
<td>Waste dumped in landfill</td>
<td>kg</td>
<td>61,336,632</td>
</tr>
<tr>
<td>Waste incinerated</td>
<td>kg</td>
<td>8,481,359</td>
</tr>
<tr>
<td><strong>Spills</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental spills</td>
<td>events &gt;1 bbl</td>
<td>0</td>
</tr>
<tr>
<td>Volume of spills</td>
<td>liters</td>
<td>40</td>
</tr>
<tr>
<td>Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Number of ISO 14001 certified sites</td>
<td>number 18</td>
<td></td>
</tr>
<tr>
<td>Number of ISO 9001 certified sites</td>
<td>number 16</td>
<td></td>
</tr>
<tr>
<td>Number of ISO 45001 certified sites</td>
<td>number 12</td>
<td></td>
</tr>
<tr>
<td>Number of OSHAS 18001 certified sites</td>
<td>number 16</td>
<td></td>
</tr>
<tr>
<td>Number of recordable environmental incidents</td>
<td>number 0</td>
<td></td>
</tr>
<tr>
<td>Environmental audits conducted</td>
<td>number 36</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HSE Compliance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of HSE audits conducted</td>
<td>number 1,387</td>
</tr>
<tr>
<td>Number of HSE fines and penalties</td>
<td>number 0</td>
</tr>
<tr>
<td>Total monetary value of HSE fines</td>
<td>number 0</td>
</tr>
<tr>
<td>Total number of non-monetary sanctions</td>
<td>number 0</td>
</tr>
<tr>
<td>Total number of cases brought through dispute resolution mechanisms</td>
<td>number 0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HSE Training</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total HSE hours of training</td>
<td>number 84,999</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Fracturing Fluid</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume of Hydraulic Fracturing Fluid Used (m3)</td>
<td>number 1,743,993</td>
</tr>
<tr>
<td>Percent of Hydraulic Fracturing Fluid Used (Down Well)</td>
<td>number 0.56</td>
</tr>
</tbody>
</table>

### QHSE Results in 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Man Hours</th>
<th>LTI</th>
<th>TRC</th>
<th>KM Driven</th>
<th>MVA</th>
<th>Operating Hours</th>
<th>NPT</th>
<th>LTIFR</th>
<th>TRCFR</th>
<th>VAFR</th>
<th>NPTR</th>
<th>EFF %</th>
</tr>
</thead>
<tbody>
<tr>
<td>NESR Total</td>
<td>11,863,209</td>
<td>8</td>
<td>13</td>
<td>49,910,350</td>
<td>18</td>
<td>2,671,234</td>
<td>4,628</td>
<td>0.67</td>
<td>1.10</td>
<td>0.36</td>
<td>1.73</td>
<td>99.83 %</td>
</tr>
</tbody>
</table>
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