

30 June 2023

Norwegian Transparency Act Report 2022



About

Sinomine Specialty Fluids Limited is an oil and gas service company headquartered in Aberdeen, Scotland with a branch office in Bergen, Norway. Our company currently has 53 permanent employees, with 11 of these based at our Bergen facility. In 2022, our turnover was USD 61.6 million with USD 31.9 million of this generated in Norway.

Sinomine Specialty Fluids is the world's leading supplier of cesium formate fluids to the oil and gas industry. We have implemented a sustainable business leasing model, which has been recognised with chemical leasing awards from the United Nations Industrial Development Organization. This innovative approach ensures a significant reduction in waste and judicious use of raw materials. By leasing chemicals to our customers, we promote the circular economy and minimise the environmental impact of our operations.

The company is a wholly owned subsidiary of Sinomine Hong Kong Rare Metals Resources Co Ltd.

Approach to responsible business conduct and human rights

At Sinomine Specialty Fluids, we are committed to maintaining a high level of transparency and accountability in our operations. As a leading supplier of formate brines to the oil and gas industry globally, we recognise the importance of responsible business practices, human rights and sustainable development.

Engagement with employees

We value the input and involvement of our employees and believe in fostering an open and inclusive working environment. We hold regular 'All Hands' meetings, where employees are kept up to date with the business and also directly engage with management and raise questions. Additionally, we provide an open and anonymous forum for employees to raise any issues, queries or suggestions, ensuring that their voices are heard and their concerns addressed. We have a very good working relationship with our elected health and safety and trade union representatives, and actively engage with them to ensure decent working conditions and promptly resolve any concerns.

Engagement with suppliers

We understand that our suppliers play a crucial role in our business operations. We actively engage with our suppliers to ensure alignment with our code of conduct relating to responsible business practices and human rights. We communicate our expectations regarding ethical conduct and responsible practices and encourage suppliers to adhere to these principles. Regular pre-qualification processes and audits are conducted to assess supplier compliance.

We are also committed to identifying, preventing, mitigating and accounting for any potential adverse impacts on human rights and decent working conditions throughout our supply chain. This is achieved through a comprehensive risk assessment process that includes environmental impact assessments, SWOT analysis, QHSE assessments and a supplier qualification process. Our approach is based on a thorough analysis of the location and context of our operations, as well as the likelihood and severity of negative impacts.

Engagement with clients

We recognise the importance of collaboration and partnership with Norwegian operators in upholding responsible business practices. We are dedicated to maintaining open lines of communication, exchanging best practices and working together to address any challenges or opportunities that arise. As a registered supplier in the Magnet JQS system, we undergo a comprehensive capability assessment, which includes assessment against the UN Guiding Principles for Business and Human Rights. This assessment is then available for all registered Norwegian operators.

Any new client set-up must go through an approval process, which includes assessment of potential negative impacts related to the safeguarding of human rights and decent working conditions.

Continuous improvement

We are dedicated to continuously improving our transparency and responsible business practices. We regularly review and update our policies and procedures to reflect evolving industry standards and best

practices. Through ongoing due diligence, we strive to identify areas for improvement and take appropriate actions to address any issues that may arise.

By adhering to these principles, we aim to maintain the highest level of transparency and ethical conduct in all aspects of our business. We are committed to fostering a culture of openness, accountability and sustainability, both within our organisation and throughout our supply chain.

Assessment of risk

The company has assessed that there are no significant adverse impacts on fundamental human rights and decent working conditions related to its own operations. Through our due diligence risk assessment, it has been identified that there are some gaps in our supplier management processes related to safeguarding of human rights and decent working conditions. Updates to our supplier management process have been developed to ensure we verify our suppliers are working in line with the UN Guiding Principles for Business and Human Rights.

Actions in 2022 and planned actions for 2023

Actions in 2022

1. Initial due diligence assessment

In 2022, we conducted an initial due diligence assessment to evaluate our operations against the UN Guiding Principles for Business and Human Rights. This assessment helped us identify potential gaps and areas for improvement in our policies, procedures and supplier management practices.

2. Assessment of policies

We thoroughly assessed our existing policies against the UN Guiding Principles to ensure alignment with international standards for human rights and responsible business practices. This evaluation allowed us to identify any necessary updates or revisions to our policies to better address human rights issues.

3. Tiered supplier structure

To enhance our risk-based verification requirements for suppliers, we developed a tiered supplier structure. This structure enables us to categorise suppliers based on their risk profile, allowing for a more targeted and robust approach to supplier verification. By implementing this structure, we aim to strengthen our supplier management processes and ensure greater adherence to responsible business practices.

4. Internal training on UN Guiding Principles

Recognising the importance of employee awareness and understanding at all levels of the business, we developed internal training programmes to educate our employees on the UN Guiding Principles. These programmes provide information on the principles themselves and how our company aligns with them. By fostering a culture of awareness and knowledge, we aim to ensure that all our employees are equipped to uphold and promote responsible business practices.

Actions planned for 2023

1. Release new supplier forms

In 2023, we plan to release new supplier forms to existing suppliers. These forms will be designed to gather more comprehensive information about suppliers' ethical practices, including their commitment to human rights. By collecting this information, we can better assess and monitor supplier compliance with responsible business practices.

2. Updated audit programme for tier 1 suppliers

To strengthen our supplier management programme, we will release an updated audit programme specifically tailored for our tier 1 suppliers. This will involve more rigorous and thorough assessments to verify compliance with our ethical standards. Through these audits, we aim to ensure that our tier 1 suppliers maintain high ethical standards and actively work towards protecting human rights.

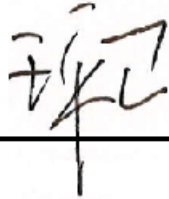
3. Updated awareness training for employees

In 2023, we will provide updated awareness training to all our employees on the importance of human rights. This training will serve as a refresher on responsible business practices and the UN Guiding Principles, which reinforces our commitment to ethical conduct throughout the organisation.

4. Advanced safeguarding training

Based on our risk assessment, we will identify employees who require more detailed human rights training. This targeted training will provide in-depth knowledge on human rights issues specific to employees' roles and responsibilities. By tailoring the training to specific roles, we aim to empower our employees to actively identify and address human rights concerns within their respective areas of work.

We remain committed to promoting transparency, responsible business practices and human rights within our operations and supply chain. Through the actions undertaken in 2022 and the planned actions for 2023, we strive to continually improve our policies, procedures and supplier management processes. By doing so, we aim to ensure that our operations align with international standards and contribute to the overall well-being of society.



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