



2021

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
STATEMENT AND REPORT**

FOCUSING ON A SUSTAINABLE FUTURE



*ENVIRONMENTAL, SOCIAL AND GOVERNANCE
POLICY STATEMENT*

- SINO holds itself to the highest possible standards.
- As part of this ethos of acting ethically, we have a responsibility to consider the environmental, social and governance (ESG) impacts of any operations in the areas and communities in which we will operate.
- Our central objective will be to achieve increased stakeholder and shareholders value and we believe that the assessment of ESG policies, actions and risks is ultimately linked with this objective.
- Our projects are conceived and developed with this clear objective in mind.



ABOUT THIS REPORT

This report is Sino American Oil Company's first environmental, social and governance (ESG) report. This Report outlines environmental, safety and social responsibilities that Sino American Oil Company will be committed to as well as to propose initiatives that support this commitment. In this first report we do not reference any select standards but comment generally on these topics. We plan to expand and update this report later in 2021 and beyond.

This report was approved by our executive team and Board of Directors.

This report is intended to assist our stakeholders and shareholders to better understand our commitment to start operating in a responsible and sustainable manner. Additional disclosure will be available from our website; audited financial statements and the associated Management Discussion and Analysis; Annual Information Form; Management Information Circular; and any other publicly required information. If required and when prepared and filed these documents will be available and can be accessed on our website at www.sinoamericoil.com or through EDGAR at www.EDGAR.com

Should there be questions regarding this report, please direct them to jeffstanden1@me.com.



OUR PHILOSOPHY

Sino's environmental, social and governance (ESG) philosophy is rooted in the fact that the demand for light sweet oil will be around for decades to come.

Physical limitations with current wind, solar and battery technology constrain their ability to become viable replacements for energy produced from hydrocarbons. We believe, and science confirms, that unless there is a material decrease in global energy demand, the world will continue to need, and be reliant upon, oil and natural gas as the primary source of its energy supply.

So, how does Sino fit into this equation? Our new conventional, long-life, ultra-low-decline, light sweet oil project(s) puts us in an advantageous position in our industry and will ensure a long-term stable platform from which to create a better, more sustainable oil and gas production company.

This ESG report reflects Sino's commitment to balancing efficient and leading-edge exploration, development and operational execution with an unwavering commitment to protect and support the environment, the health, safety and security of our employees, contractors and the communities in which we intend to operate.

Jeffrey L. Standen

Chief Executive Officer

Sino believes that good corporate governance stems

from a culture of commitment to conduct business responsibly and ethically as well as to operate with integrity.

CORPORATE GOVERNANCE

Sino will uphold its core values of accountability, trust, respect and integrity. Our Board of Directors is responsible for the stewardship of Sino and has five committees: The Audit Committee; the Environment Committee, Social & Governance Committee; the Corporate Governance & Compensation Committee; and the Reserves Committee.

More information about the mandates of each committee can be found on our website at www.sinoamericoil.com

BOARD OF DIRECTORS

Board oversight encompasses ESG opportunities and risks

Audit Committee	Environment, Social & Governance Committee	Corporate Governance & Compensation Committee	Reserves Committee
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Executive Leadership Team – ESG targets aligned with strategy

Safety will be a core element throughout the organization and will be kept top-of-mind in everything we do

HEALTH & SAFETY

Sino will strive for an injury-free workplace for our employees and contractors and we will promote a safety culture through systems, processes and continued learning to mitigate risks. Safety will be a core element across the organization and will be kept top-of-mind in everything we do.

Our approach to maintaining safe and reliable operations with our leadership team will be embodied by rigorous health and safety programs with ongoing process and occupational safety improvements. We will continuously plan and practice effective responses to unlikely incidents, always prioritizing worker and community safety as well as environmental protection.

THE ENVIRONMENT IS A STAKEHOLDER

Sino considers the environment as a stakeholder and an integral part of our business and strong corporate citizenship. We will be firmly committed to operating in a responsible and sustainable manner. Our commitment will require the consideration of impacts on the environment at each stage of exploration, development and production.

All activities will be conducted safely and reliably to protect the public, minimize environmental impact, safeguard the health and well-being of employees and contractors, and protect our facilities and equipment from damage or loss.

ATTAINING AND EXCEEDING NET ZERO EMISSIONS

The cornerstone from which Sino will attempt to grow and evolve our ESG mandate is by achieving net zero emissions.

ASSET RETIREMENT

Sino intends to be an active operator and participant in the management of future liabilities and Asset Retirement (AR). We recognize the importance of timely AR and disciplined management of inactive assets. If and when applicable funds will be committed to continue with responsible decommissioning, abandonment and reclamation programs. On assets Sino may acquire there will be a focus on site closure for inactive sites, as well as maintaining these sites in a safe and compliant state in the interim to minimize risk to the public and to the environment.

RISK MITIGATION

We will be managing our assets in such a way as to mitigate the potential risk of spills. Spills result in costly cleanups and often an interruption of operations. There is also the potential for impacts to air, land and water, thus impacting our stakeholders. Prevention is the best way to reduce spill risk. We will have an extensive asset integrity program that ranks assets for spill risks as well as implement systems for early spill detection.

COMMITMENT TO SPEND

Sino will commit to meet and exceed any regulatory requirements for Asset Retirement (AR) spending. Our anticipated low decline long life assets can be expected to provide predictable future cash flow, resulting in a manageable

spending commitment every year.

Sino's focus on
community investment
reflects our core value
of sustainable growth

COMMUNITY

Sino believes new can contribute to the well-being of the communities where we intend to operate.

By supporting programs in education, health and wellness, arts and culture, and other local initiatives.

Sino plans to initiate community giving programs that includes a corporate program and a field-based program for each operated property.

Sino intends to initiate to consider a corporate matching program which will allow employees to make an annual donation to the organization of their choice at a specified amount and have it matched by Sino.

Any Sino charitable donating will focus on distinct programs. One of the programs Sino is considering is a matching donation program with employee-driven support in areas where we intend to operate. If implemented each of these programs will encourage employees to consider the needs of their community and to give back through financial aid as well as volunteering, with a focus on making meaningful contributions to the communities in which we intend to operate.

EMPLOYEE-DRIVEN SUPPORT

As part of any potential Sino's charitable donation policy, a percentage of the funding earmarked for charities will be directed to support civic organizations and foundations within the communities in which we intend to operate. The program's goal would be to help registered charities and organizations that directly benefit members of the local community, and to assist groups that would not normally attract funding.

ADVISORIES

We have taken care to ensure the information in this report is accurate. However, this report includes aspirational goals and estimates, which will differ from actual results, and is for informational purposes only. We disclaim any liability whatsoever for errors or omissions. Further, some information in this report may

have been disclosed previously in other Sino public disclosure, and such disclosure is not intended in any way to be qualified, amended, modified, or supplemented by information herein.

Material may be used within this report to describe issues for voluntary sustainability reporting that are considered to have the potential to significantly affect sustainability performance in our view and may be important in the eyes of internal or external stakeholders. However, material for the purposes of this report should not be read as equating to any use of the word in other Sino public reporting or filings. With this report, we hope to increase your knowledge of Sino and our operations. However, this report does not provide investment advice, and readers are responsible for making their own financial and investment decisions.

This report contains forward looking statements and forward-looking information (collectively, forward-looking statements) related to future, not past events and circumstances – including those which may relate to our strategies, focus goals, ambitions, aims, targets, plans, objectives, operations, results, and financial performance. The use of any of the words “will”, “may”, “anticipate”, “expect”, “objective”, “believe”, “plans”, “intends”, “potential”, “continue”, “guidance”, and similar expressions are intended to identify those forward-looking statements.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future including, without limitation, those risks considered under “Risk Factors” in Sino’s Annual Information Form, and which may be outside of our control. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievement since such expectations are inherently subject to significant business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause our actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on our behalf, in this report.

We have included the forward-looking statements in this report in order to provide readers with a more complete perspective on our future operations and such information may not be appropriate for other purposes. Sino disclaims any intention or obligation to update or revise any forward-looking, whether as a result of new information, future events or otherwise, as required by law.

This report contains information from publicly available third-party sources. Although management believes it to be reliable, Sino has not independently verified any of the data from third-party sources referred to in this document or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon or referred to by such sources.



SINO American Oil Company



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