



NEWPARK DRILLING FLUIDS S.R.L. SUPPLEMENT TO THE CODE OF BUSINESS ETHICS AND CONDUCT

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General principles

Introduction

Newpark Drilling Fluids S.r.l. is an Italian company, founded in 1980, which provides drilling and completion fluids and services in the Oil & Gas sector. It is a member of the US group Newpark Resources Inc, as it is a subsidiary of Newpark Drilling Fluids, LLC.

Newpark Drilling Fluids operates in an international context characterized by the presence of many very different institutions and economic, political and social situations. It is therefore important for it to define in the clearest possible manner the values recognized by Newpark Drilling Fluids itself, above and beyond the obligations to which it is subject by law or convention.

To this end, Newpark Drilling Fluids's management has decided to adopt a supplemental corporate code of conduct (additional to the Code of Business Ethics and Conduct already adopted by Newpark Resources Inc. and its subsidiaries), for the purpose of clearly defining the rules of behaviour to be followed by all its personnel and the responsibilities that must be assumed both inside and outside the company, in order to guarantee the reliability and safeguard the image and reputation of Newpark Drilling Fluids in all the contexts in which it operates.

The company's success also depends on the abovementioned factors: reliability, image and reputation.

Inspiring principles

The American company Newpark Drilling Fluids, LLC has adopted an internal code of conduct (the Newpark Code of Business Ethics and Conduct) which addresses several global Company policies related to fundamental principles, such as:

- Fair Competition
- Respect for all persons, as human beings
- Confidentiality of information
- Compliance with anticorruption laws and regulations
- Respect for company property
- Compliance with administrative procedures
- Absence of conflicts of interest.

In observance of these principles, contained in the Newpark Code of Business Ethics and Conduct, the company Newpark Drilling Fluids S.p.A has adopted them as its own, also taking into account the current Italian legislation in the matter of administrative liability (Legislative Decree 231/2001), corporate crimes (Legislative Decree 61/2002), terrorism and subversion of democratic order (Law 7/2003), human trafficking crimes (Law 228/2003) and offences against industrial safety and hygiene (Law 81/08), and in the BoD resolution of 7th March 2003 it set out the management's commitment to the definition and implementation of a code of ethics and organizational model capable of preventing the crimes indicated in the aforementioned legislation.

The European Community, through the Council of Europe, has also been moving in this direction by implementing correct behavioural principles in respect of the entire community, which have been ratified in two framework decisions, 2003/80/GAI of 27/01/03 and 2003/568/GAI of 22/07/2003. In these two decisions the Council of the European Union has established that all member States must adopt measures for the penal prosecution of behaviour contrary to the protection of the environment and corruption in the private sector.

The facts that Newpark Drilling Fluids S.r.l. operates both in Italy and outside it, that Legislative Decree 231 foresees the punishability in Italy of crimes committed in foreign countries when the grounds for prosecution are present, that the company's business activities include those classed as sensitive, which the company itself foresees amongst its management activities as drawing up financial statements, preparing documentation for participation in tendering and contracting, writing market prospectuses, handling relations with shareholders, auditing firms, the board of auditors,

the audit committee, relations with supervisory authorities, handling operations regarding capital profits, convening conducting and reporting shareholders' meetings are further reasons that have pressed the management to draw up a code of ethics and organisational model capable of preventing conduct that is improper or in any case such as to cast doubt on the principles stated, and also to monitor and control the sensitive activities.

Goals

Taking into account what is stated above, Newpark Drilling Fluids's management aims to define in this document the fundamental principles on which its operation is founded.

The management promotes a work policy based on consideration of the value of work itself, the responsibility and moral integrity of personnel, respect for legality, correctness and transparency, and the absolute prohibition of all behaviour prejudicial to the rights of individual persons.

It also promotes, in the context of respect for legality, correctness and transparency, the absolute prohibition of all practices involving corruption, fraudulence or swindling of any kind, and all activities pertaining to terrorism or subversion of democratic order.

It expressly calls the attention of all those who operate in the interest of Newpark Drilling Fluids S.r.l. and collaborate with it to the need to observe the accountancy procedures indicated in the organisational model adopted by Newpark Drilling Fluids S.r.l. and to comply with the current book-keeping and fiscal regulations, in order to avoid any and every corporate offence foreseen in the Civil Code and current legislation.

This code of ethics is drawn up to provide a clearly defined, behavioural model referable to established rules, subject to monitoring and which foresees that solutions be adopted if deviations (both actual and probable or possible) from its provisions are detected.

As the said model and this Code define general principles that are binding and compulsory for all concerned, the responsibility for its approval is held by the Board of Directors and, also by delegation to the Managing Director, for its divulgation, application and monitoring both inside the company and externally towards customers and suppliers, emphasizing the company's concrete commitment to the implementation of what is foreseen herein.

The Vigilance Body guarantees to the BoD that any deviations found will be promptly tackled and notified in appropriate reports to the BoD itself, in addition to periodical assessments regarding their state of application and adequacy. The adoption of this document guarantees that Newpark Drilling Fluids has endowed itself with a series of rules of conduct to be followed in relation to all interlocutors both internal and external, collaborators and consultants, who are themselves required to observe these rules, and also in relation to the market on which it operates, and that it has defined an organisational structure that can assure the effectiveness and efficiency of the system by means of adequate programming, execution and monitoring of the company's activities and processes, for the purpose of guaranteeing compliance with the rules thus established and preventing deviations from them. Newpark Drilling Fluids's management undertakes to assure the internal diffusion of the Code of Ethics throughout all levels of the company, evaluating by compliance checks the extent of its comprehension and acceptance, and also its external distribution to customers, suppliers and whoever else requests it.

Compliance with the provisions of this document is compulsory for all those who work as employees and collaborators of Newpark Drilling Fluids S.r.l., with regard both to its Italian headquarters in Rome and to its present and future branch offices in other countries; penalties are consequently foreseen in relation to the seriousness of the transgression concerned, the person who committed it and the more or less intentional manner in which it was committed. The penalties foreseen for employees are in accordance with what is established in the pertinent National Collective Employment Agreement.

For suppliers, this document and its acceptance are contractual requirements.

What is established herein is repeated in general terms in the key document of Newpark Drilling Fluids's entire integrated management system, namely its Quality, Environment and Safety Policy.

In addition, the Vigilance Body keeps watch to ensure the correct application of its provisions and, above all, the continuous verification of compliance with the requisites defined in this document.

2. Relations with collaborators

Work, safety and health

One of the essential principles of Newpark Drilling Fluids's policy is to make certain that the human resources who work for it have the necessary knowledge and skills to guarantee that the activities assigned to them are performed in a completely safe and autonomous manner, in the framework of a relationship based on mutual trust and good faith.

Accordingly, Newpark Drilling Fluids's management guarantees compliance with the requirements foreseen in the current laws and regulations (national collective employment contract for the pertinent category) with regard to the contractual aspects between employer and employee, and also in the matter of social security, benefits, contributions and insurances.

With regard to the contractual aspects pertaining to self-employed personnel (consultants and collaborators), signature by way of endorsement guarantees the parties in relation to the pertinent contractual, contributory, insurance and social security matters and also in accordance with what is established in the current laws and regulations with regard to fixed duration or specific project contracts. All contracts specify the terms and procedures for pre-expiry withdrawal from same to guarantee the signatories' rights.

In addition, Newpark Drilling Fluids's management guarantees the adequacy, in all cases, of the skills and training of its operative personnel, and thus promotes both internal and external training activities for all levels of company personnel.

Newpark Drilling Fluids S.r.l. guarantees, moreover, that it has never made use in any of its Italian or foreign establishments of child labour, "black economy" labour or other forms of work that do not respect the rights of human beings and the value of work itself.

The commitment to full compliance with current employment laws and regulations, with particular regard to child labour and the provisions of law in the matter of health and safety, is a contractual requisite for the Italian and foreign suppliers of the entire group and is a specific commitment of Newpark Drilling Fluids itself, also by way of guarantee of correct practices in relation to its customers.

All work activities must be performed in a manner that guarantees the operators' physical and moral integrity.

This requisite is met by the following means:

- Checking that the places where the work is performed are compliant with the current workplace safety and health regulations (the regulations currently in force in Italy are also applied to workplaces in other countries when the local regulations are less strict) through internal audits in compliance with the BS OHSAS 18001 standard system certified by certification body.
- Making Newpark Drilling Fluids available to each operator the appropriate spaces necessary to allow the correct performance of the tasks and duties concerned
- Making Newpark Drilling Fluids available all tools and instruments, both technological and otherwise, necessary to ensure that the pertinent activities are adequately performed in accordance with the foreseen time schedules and procedures
- Respecting the working hours and pauses foreseen in the relative contracts
- Guaranteeing that all concerned have all the necessary information to enable them to perform activities involving risks in a safe manner and that all the necessary accident-prevention gear and devices are Newpark Drilling Fluids available
- Familiarising all concerned with the emergency procedures and periodically checking their correct application.
- Prohibiting all forms of pornography, whether involving minors or otherwise.
- Adopting software tools that prevent access to and/or receipt of pornographic material

- Reminding all personnel who use information technology instruments to employ such equipment only in a correct manner and exercising vigilance to ensure this rule is observed

Newpark Drilling Fluids's management, accordingly, promotes a work policy and culture focussed on respect for health and safety and contrary to all offences against personal rights as foreseen in articles 600 to 602 of the Penal Code, and actively ensures its diffusion and comprehension at all levels of the company, ascertaining that it is implemented and promoting appropriate and responsible behaviour on the part of all operators both internal and external.

To guarantee the safety and health of its operators and in compliance with the current laws and regulations, consumption of alcohol and drugs and smoking on workplace premises are strictly forbidden.

Confidentiality of information, compliance with current laws and regulations, respect for company property

All operators and collaborators, and consultants too, are required to treat as strictly confidential all information that becomes known to them during the performance of their work, and therefore cannot divulge such information to third parties for any reason whatsoever.

Newpark Drilling Fluids likewise guarantees compliance with the requirements foreseen by the present regulations regarding the treatment of personal and sensitive data (Legislative Decree 196/2003) to its operators, collaborators and consultants: the contents of the documentation on each persons shall not be made known to anyone either inside or outside the company without the written authorisation of the person concerned, in case of need.

The principle stated above has been further asserted by the management by the obtainment of voluntary certification in accordance with the present ISO IEC 27001:2005.

In signing a work contract with Newpark Drilling Fluids in whatsoever form, whether permanent or temporary, as a consultant etc., the person concerned undertakes to work in full compliance with the current laws and regulations and to assure the correct treatment of company property, whether in the form of economic assets, movables or immovable.

It is therefore prohibited to utilise the company's economic resources and property for personal purposes.

3. Transparency of administrative and accounting procedures

In order to guarantee this requirement, Newpark Drilling Fluids has endowed itself with a series of procedures that constitute an integral part of its system documents, to ensure that all concerned are familiar with the procedures and operational steps foreseen for its administrative and account processes.

All operators must therefore provide the competent functions with all the information, particulars and documentation required, meeting the relative requirements for clarity, truthfulness, accuracy and completeness of same, so as to ensure that the accounts books and registers are properly kept. In addition, any conflicts of interest or failures to observe the correct procedures must be reported.

The personnel will be trained to ensure that they are able to perform their appointed tasks in a competent and professional manner, and are also familiar with the rules, regulations and procedures that must be complied with in the performance of their duties.

No voluntary errors in compiling accounting documents or other actions that could cast doubt on their transparency and truthfulness are allowed or tolerated.

For the purposes of monitoring compliance with this requisite and in addition to the checks performed by the competent company organs at regular intervals (at least twice a year) the administrative and accounting processes and the functions involved and concerned are subjected to audits by the Vigilance Body, so as to further guarantee the transparency and correctness of the said processes and their accordance with the code of ethics.

Any non conformities found during these audits are resolved, in terms of the time, manner and responsibilities for their solution, by agreement between the audit team and the function responsible.

The audit reports are corporate documents and, as such, are appropriately registered in the specific Company Book and presented to the BoD.

In particular, through appropriate accounting checks, ascertainties are performed to make sure that each company function has complied with the prohibitions contained in the introduction to this code of ethics, and in particular with those regarding:

- Corruption and extortion
- Fraudulence and swindling
- Terrorism or subversion of democratic order
- Voluntary or involuntary behaviour that could constitute corporate offences for the effects and purposes of the laws and regulations currently in force.

This supervisory control will be carried out with particular regard to financial flows, accounting documents backing accounts entries and financial transactions, verification of application of the procedures adopted through the organisational model, verification of correct observance of responsibilities and use of delegated powers.

4. External relations

External interlocutors

During the performance of work activities it is necessary to interface with external interlocutors such as employees of public administrations, embassies etc.

Newpark Drilling Fluids guarantees that such relations are conducted in accordance with the current laws and regulations, in a correct and transparent manner, and that they are always verifiable.

Relations with public administrations are conducted in compliance with the regulations currently in force which do not allow any gift-giving beyond ordinary courtesy or normal commercial practices that aim instead to obtain favouritism of any kind.

It is likewise forbidden to seek and establish personal relationships with the object of obtaining favouritism that tend to directly or indirectly condition the relations in question.

Gifts to functionaries or employees of public administrations, including those to family members or middlemen, are prohibited except within the bounds of objects or other items of slight value and must in any case be in accordance with company practices.

Donations and contributions to political parties, trade union organisations or the like are forbidden except in accordance with the requirements established in the current regulations.

It is forbidden to engage in any behaviour that could constitute a criminal offence under the Penal Code (corruption, extortion, fraudulence to the detriment of the State, computer fraud, crimes regarding public disbursements) and any other provision of law on such matters.

Customers and contracting bodies

One of the fundamental principles asserted by the company's management in its corporate policy is that of customer satisfaction.

Newpark Drilling Fluids has always assured the quality of its products and services to satisfy its customers' expectations, aiming for constant improvement through the implementation of a management system that answers to the criteria defined in the current international regulations on quality, the environment and safety.

All relations with customers and contracting bodies are therefore conducted so as to assure reciprocal correctness, clarity in negotiations and in the definition of conditions of contract that do not damage either party but instead allow punctual performance on the terms foreseen.

Evaluation of contractual requirements in the context of tendering is carried out with care and diligence with a view to the correct assessment of all critical aspects related to the performance of the required services, voluntary and/or obligatory requisites to be met, economic conditions, necessary resources and logistics. The presence of any anomalous features must be promptly reported.

The evaluation must be carried out in an objective manner so as to guarantee the quality standards defined by management and the contractual conditions of the operators concerned both from the economic standpoint and from that of health and safety.

The contracts must foresee recourse to litigation only in the event that the legitimate claims of the parties cannot otherwise be duly satisfied.

In addition, the conducting of negotiations must not take place in such a manner that the parties or persons concerned could find themselves or appear to be in a situation involving a conflict of interests.

Suppliers

All suppliers of goods and services, including consultants, are obliged to follow the rules defined in this code of ethics. Assessments of suppliers for the purposes of their inclusion in the list of approved suppliers, as defined in the integrated system procedures, foresee the constant monitoring of same by Newpark Drilling Fluids, by careful verification not only of the individual items supplied but also of compliance with contractual and legal requirements and those defined herein.

Ascertainment of any non compliance with the provisions of this code giving rise to any of the offences foreseen in the code itself or any other behaviour not in accordance with the current laws shall entail the immediate termination of the relationship between Newpark Drilling Fluids and the supplier concerned.

5. Environmental protection

All company activities, whether operative or managerial, on the part of the Italian head office and the company's establishments in foreign countries are conducted in a spirit of respect and protection of the environment and in compliance with the laws and regulations currently in force, applying in relation to the logistics of the workplace whichever are stricter.

The principle stated above has been further asserted by the management by the obtainment of voluntary certification in accordance with the present UNI EN ISO 14001:2004 standards in this matter, thus confirming it is not only formally but substantially committed to the implementation of technologies and operating methods assuring reduced environmental impacts, energy savings, the correct exploitation of Newpark Drilling Fluids' available environmental resources, protection of the health and safety of its operators and prevention of risks for human beings and the environment.

6. Implementation, monitoring, control and penalties

In compliance with the current laws and regulations and in accordance with what is foreseen in the integrated management system defined and subscribed by Newpark Drilling Fluids's management, implementing a planning and management policy based on the correctness, transparency and quality of one's work, measures are adopted to guarantee the observance of the rules established herein and to prevent behaviour that is unlawful or not in conformity with same.

Given the complexity of the company's business, the management delegates each management function to attend to the implementation of the provisions of this Code and to monitor and control its correct application, in order to prevent any deviations or promptly resolve any risky situations. The said functions are responsible for reporting any behaviour that is unlawful or in any case not in keeping with the rules foreseen in this Code or by law insofar as applicable so that the necessary corrective measures may be taken, including punishment if and as appropriate. The monitoring and control activities are carried out on a continuous basis during the performance of the company's activities and, in particular, during the audit activities performed by the Vigilance Body, the corporate office-holders and the quality system certification bodies. In view of the fact that compliance with the provisions of this Code on the part of employees, collaborators and consultants wherever pertinent is included in their contractual obligations as foreseen in art. 2104 of the Civil Code, failure to comply with them constitutes a breach of contract the penalties for which shall be commensurate to the transgression concerned and its perpetrator.

Non-compliance on the part of employees can invalidate the employment relationship and constitute a disciplinary offence whose penalties shall be determined on the basis of the pertinent laws and regulations currently in force with the consequences foreseen therein, and may therefore consist of:

- Verbal reprimand
- Written warning
- Suspension from work and pay for the lengths of time foreseen in the National Collective Employment Agreement
- Dismissal for just cause
- Any other measure foreseen in the current labour laws and regulations.

7. Communication and training

All persons who work for Newpark Drilling Fluids (whether as employees or as collaborators or consultants) are informed about this document and its content by e-mail (file sent in read-only format), by affixing to the notice-board and by direct communication at ad hoc meetings.

Customers and suppliers are made aware of this document by e-mail, by making it Newpark Drilling Fluids available on the company's website and by specific communication, specifying that observance of this code is a mandatory contractual requirement.

Personnel of all grades are given adequate training at specific meetings on the principles stated and the need to comply with them in order to guarantee their own rights, the company's image and compliance with the applicable provisions of law. They are also made aware, informed and given training on the fact that non-compliance with its provisions gives rise to the penalties indicated above.

8. Signature

The management of Newpark Drilling Fluids S.p.A, in the person of its Managing Director, signs this Code of Ethics, defining its nature as that of a mandatory document binding on all those who work and collaborate with Newpark Drilling Fluids and pledging himself to promote its divulgation, comprehension and acceptance both inside and outside the company, personally guaranteeing his commitment for its correct implementation, monitoring and control.



Paolo Salerno
Managing Director

CERTIFICATE AS TO COMPLIANCE WITH NEWPARK CODE OF BUSINESS ETHICS AND CONDUCT AND WITH NEWPARK DRILLING FLUIDS S.R.L. SUPPLEMENT TO THE CODE OF BUSINESS ETHICS AND CONDUCT

PURPOSE OF POLICY STATEMENT

I declare that I have received a copy of the **Newpark Code of Business Ethics and Conduct** along with this **Newpark Drilling Fluids S.r.l. Supplement to the Code of Business Ethics and Conduct**.

I also declare that I have read, understand, and will comply with the following Newpark Drilling Fluids S.r.l. Supplement to the Code of Business Ethics and Conduct policy statements:

2. Relations With Collaborators
3. Transparency of Administrative and Accounting Procedures
4. External Relations
5. Environmental Protection
6. Implementation, Monitoring, Control, and Penalties

I also acknowledge that, I understand that I am required to follow the policies and guidelines set forth in both the Newpark Code of Business Ethics and Conduct and this Newpark Drilling Fluids S.r.l. Supplement to the Code of Business Ethics and Conduct.

Name (printed): _____

Signature: _____

Date: _____ Location _____

One copy: Retained by Human Resource Department, Office Rome Italy

Second copy: remains in handbook