



Oil States Industries (UK) Limited

Modern Slavery Prevention Disclosure

For the Year ending December 31, 2017

Overview

Oil States Industries (UK) Limited ("Company") is owned by Oil States Industries, Inc. and along with other subsidiaries make up the Oil States Industries Group (collectively referred to as the "Oil States Industries Group"). Oil States International, Inc., the ultimate parent company, is headquartered in Houston, Texas and is publicly traded on the NYSE under the symbol "OIS".

The Oil States Industries Group is a major global provider of integrated energy systems and solutions for the oil and gas industry. The Company has an annual turnover in excess of £36 million.

The Oil States Industries Group's countries of operations include, but are not limited to, Brazil, Canada, Mexico, Singapore, Thailand, Vietnam, India, the United Kingdom and the United States of America.

Objective

Modern Slavery can take many forms, from child or forced labour, to human trafficking ("Modern Slavery"). Modern Slavery is the fastest-growing international crime, affecting people, economies, businesses and industries worldwide. The purpose of this statement is to express the commitment of the Company to comply with UK Modern Slavery Act of 2015 (hereinafter "the Act"), and to identify the resulting due diligence efforts that the Company has committed to in relation to the Act. In order to achieve compliance, transparency and clarity, this statement also outlines the expectations the Company has towards its suppliers with respect to the Act.

Policy

The Company is aware that Modern Slavery not only destroys the lives of individual victims, it is also harmful for business and the economy. Organizations who are involved or implicated in Modern Slavery can suffer serious reputational, legal, financial and/or operational damage. The Company is committed to taking a zero tolerance approach to Modern Slavery within its own business and spheres of influence and shall take action to comply with the requirements set forth in the Act.

The Company is committed to acting ethically and with integrity in all our business relationships and shall endeavour to enforce effective systems and controls to ensure Modern Slavery is not taking place within its businesses or its supply chains. The Company expects its direct suppliers to also act ethically and with integrity in their business relationships and where possible, requires all direct

and/or potential suppliers to have effective measures in place to ensure that no Modern Slavery exists within their businesses or supply chains.

Risks

The following have been identified as potential areas of increased risk:

1. Where there is a contractual need to comply with local content requirements, there is a risk that non-registered or non-ethical recruitment agencies may be used to hire workers or that the materials will be sourced from non-ethical brokers;
2. As a provider to the global oil and gas industry, the Company often sources materials from suppliers worldwide, increasing the risk of Modern Slavery as a number of the top exporting countries of metals that are used within our product lines and manufacturing processes may be considered to be 'high risk';
3. Given that employees, agents, and suppliers of the Company often perform services in remote locations or offshore, the risk for sex workers and corresponding sex trafficking activity may be increased;
4. Personal protective equipment ("PPE") is provided to employees and is required to be worn where there are health or safety risks at work. Although most PPE is purchased from UK suppliers, it can be sourced from countries where there is a high risk of Modern Slavery.

Due Diligence

In this financial year (2017-2018), the Oil States Industries Group has agreed that the Company will implement the following due diligence efforts. The purpose of rolling out these efforts in the United Kingdom initially is to enable the Oil States Industries Group to best identify which processes are most effective and determine the applicability of those processes for the other members of the Oil States Industries Group. However, where any subsidiary within the Oil States Industries Group becomes concerned about a particular transaction or contract, they are strongly encouraged to consider implementing the due diligence processes identified below in relation to such particular transaction and/or contract.

▪ Recruitment

In countries where there is a contractual duty to comply with local content requirements, the Company shall require that the use of non-verified and non-approved recruitment agencies is prohibited throughout the supply chain in those areas. In addition, where workers are sourced locally in risk areas, the Company will examine the labour conditions of such local workers, such as time and wages, discrimination policies, living conditions, health and safety policies, grievance mechanisms, employee training and freedom of movement to ensure that all local workers are treated fairly and ethically.

▪ Sourcing of Materials

The Company recognizes that the sourcing of materials from countries with high levels of risk highlights the importance of implementing effective due diligence and ethical mapping of supply chains to prevent involvement in Modern Slavery. Although it may not be practical for the Company and its suppliers to have a direct relationship with all links in the supply chain down to the source, it is expected that, where possible, we will work closely with

direct suppliers to trace materials back to their origin in order to uphold responsible sourcing.

Additionally, where materials are required to be sourced within risk areas, all direct suppliers, brokers and/or agents of the Company are expected to adopt and enforce due diligence processes similar to ours operating at least one link in the chain down (the 'one down' rule). This 'one down' rule may be extended to two links down where deemed appropriate and as tracing methods evolve, the Company intends to incorporate appropriate proven methods in its program.

- **Sourcing of PPE**

As with the sourcing of materials, where PPE is sourced from risk areas, the Company and its direct suppliers, brokers and/or agents intend to adopt due diligence processes to help ensure that all materials provided have been ethically sourced and that they have adopted a due diligence program at least one link in the chain down.

- **Supplier Policy**

In order to implement due diligence processes and mapping of supply chains, direct suppliers of the Company in identified risk areas will be required to submit information about their business and that of their suppliers relating to Modern Slavery. The information will be provided through a manual questionnaire or an equivalent third-party tracking system.

The Company has a Modern Slavery Policy (the "Policy"), which will be circulated to employees and available on the intranet. Direct suppliers will be asked to comply with the Policy or have a similar policy of their own.

If the Company becomes aware of any supplier whose supply chain practices include any of the offences included in Modern Slavery Act, it is expected that they will take the appropriate actions to remedy the situation in a timely manner, including the reassessment of those supplier relationships. The Company will seek to do business with suppliers who take similar measures with their own suppliers to ensure alignment throughout the chain.

- **Human Sex Trafficking**

Human sex trafficking is the most common form of modern-day slavery. Given that the demand for sex workers and corresponding trafficking activity may increase in more remote areas or near offshore rigs, we have a zero tolerance approach for any employee found to be facilitating or participating in (whether directly or indirectly) human sex trafficking.

Employees who are to be sent to remote locations or rigs will be provided with training on human sex trafficking and a section will be placed in the Company's employee handbook regarding the facilitation and/or participation in human sex trafficking. Any employee found to be involved, whether knowingly or not, in human sex trafficking will be subject to disciplinary action. We will encourage direct suppliers to provide similar training for their employees to ensure that no workers put themselves in situations where they could be facilitating or participating in human sex trafficking during the course of their work.

- **Employee Complaint and Reporting Procedures**

The Oil States Industries Group encourages all employees, customers, suppliers and other business partners to report any ethical concerns relating to their activities or supply chains. Our ethics hotline is extended to include Modern Slavery and is designed to make it easy for disclosures to be made without fear of retaliation. Further information on our Corporate Code of Business Conduct and Ethics, as well as instructions on how to report ethical concerns, can be found at <http://www.oilstatesintl.com/corporate-governance-1223.html>.

- **Training and Education**

The Company commits that its employees will gain a high level of understanding of Modern Slavery and the risks of it occurring within its supply chain and businesses. Training in the United Kingdom is to be given to relevant members of staff and shall aim to provide employees with an awareness of what to look for and what processes must be followed. Additional training will be implemented as necessary. Members of the Board of the Company shall also be given a full briefing of what is required.

- **Contracts**

The Company has added a 'Modern Slavery Clause' to their standard Terms and Conditions with both suppliers and customers. The clause entitles the Company to perform audits of its suppliers' due diligence processes, and requires suppliers to take active steps to eliminate slavery within their supply chain.

- **Key Performance Indicators for 2017**

In 2017, the Company is committed to:

1. Provide training to 50% of its UK employees.
2. Perform due diligence on 15% of direct, live suppliers in identified risk areas through the manual questionnaire or equivalent third party tracking system.
3. Add a Modern Slavery Clause to 25% of new purchasing contracts.

Due Diligence

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Company's Modern Slavery statement for the financial year ending 31 December 2017. This statement also provided compliance to the Modern Slavery Act for the Oil States Industries Group. It has been approved by the Company's Board and will be reviewed and updated annually.

On behalf of the Board for the Company:



Garry Stephen

Director and General Manager