



---

## **UK Modern Slavery Act 2015 – Statement for Financial Year 2019**

Published: April 2020

### **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.

The Company’s financial year runs from 01 January – 31 December each year.

### **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 the 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 direct suppliers with respect to the Act.

### **Policy**

The Company recognises the responsibility to respect human rights of its employees. Furthermore, the Company is aware that Modern Slavery not only destroys the lives of individual victims, it is also harmful for business and the economy. 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 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 endeavor to enforce effective systems and controls to ensure Modern Slavery is not taking place within its business 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 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 the current financial year, the Company will continue to implement the following due diligence efforts.

- **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 recognises 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 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.

If the Company becomes aware of any supplier whose supply chain practices include any of the offences included in the 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 has been 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 Process**

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, and will continue 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 and refresher training will be implemented as necessary.

- **Contracts**

The Company has a 'Modern Slavery' clause within 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. Company shall also ensure that where Company Terms and Conditions are not used, similar Modern Slavery clauses exist in the

relevant terms and conditions governing the relationship between Company and supplier / customer.

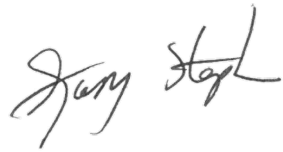
- **Standalone Company Policy**

The Company is committed to implementing a standalone Company policy which sets out the Company's stance on Modern Slavery. The policy will be shared with all employees upon publication and employees will be required to review the policy each year via an automated e-mail.

### **Statement**

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 2019. 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:

A handwritten signature in black ink, appearing to read "Garry Stephen". The signature is written in a cursive, flowing style.

Garry Stephen  
Group Vice President