

Cairn Energy PLC: Modern Slavery Statement 2019

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 (“the Act”) and is approved by the Board of Directors of Cairn Energy PLC (the “Board”).

Cairn Energy PLC (“Cairn”) and its subsidiaries (together the “Group”) is committed to the requirements of the Act and to taking all reasonable steps to ensure modern slavery and human trafficking are not taking place in our supply chain or in any part of our business.

Our business and supply chain

Cairn Energy PLC is an independent, UK-based oil and gas exploration, development and production company and has explored, discovered, developed and produced oil and gas in a variety of locations throughout the world with more than 20 years’ experience. Cairn is listed on the London Stock Exchange with its headquarters in Edinburgh and offices in London, Senegal and Mexico. We have operated and non-operated interests in Europe, West Africa and Latin America. A large proportion of our activities are carried out by both contractors and consultants, which form the most significant aspect of our supply chain. In 2019 we had a total organisational workforce of 278 of which 76% were direct employees and 24% were consultants employed as time-writing contractors or consultants on fixed-term contracts. Consultants may be provided through agencies or contracted directly.

During 2019 Cairn had over 75 material contracts which incorporated appropriate modern slavery clauses either in the specific contract terms or as a result of having been drawn down against our existing Global Master Service Agreements, which incorporate modern slavery provisions. It is estimated that this represents over 1000 contractor personnel during the year. Services and equipment used in exploration, development and production activities came from various locations and suppliers around the world.

Our policy in relation to slavery and human trafficking

Cairn remains firmly committed to respecting internationally recognised human rights and non-complicity in human right abuses. This is reflected in our core values: Respect, Relationships and Responsibility (the ‘3Rs’) and Business Principles, which are captured in our **Code of Ethics** (<https://www.cairnenergy.com/media/2495/cairn-code-of-ethics-jun2019-eng.pdf>). We recognise that modern slavery is a significant global human rights issue and has many forms including human trafficking, forced labour, child labour, domestic servitude, people trafficking and workplace abuse. We maintain a zero-tolerance approach to all aspects of modern slavery and take steps to prevent it in our activities and supply chain.

We are committed to respect internationally recognised principles on human rights, and we support the Universal Declaration of Human Rights. We continue promoting and supporting local employment and skills in line with the UN Social Development Goal on Decent Employment and Economic Growth. Our Code of Ethics describes duties to report and contains our Grievance Policy and Whistleblowing Policy.

Our **Corporate Social Responsibility (“CSR”) Policy**

(<https://www.cairnenergy.com/media/2530/cairn-csr-policy-oct2019.pdf>) includes specific commitments to:

- Respect and support internationally recognised human rights standards wherever

we operate and seek to ensure non-complicity in human rights abuses.

- Identify, prevent or mitigate adverse human rights impacts resulting from or caused by our business through due diligence and mitigation processes.
- Maintain zero tolerance of and not be complicit in the use of forced, compulsory, bonded or child labour or any form of human trafficking.
- Provide human rights training to our personnel and actively promote awareness of human rights issues.
- Ensure that appropriate and accessible mechanisms are in place for those affected by our operations to raise and address grievances.

Potential risks of modern slavery and human trafficking in our business and supply chain

The upstream oil and gas industry is global and there can be risks to human rights within the country hosting our operations and in relation to the level of activity underway at any time. These human rights risks include potential human trafficking, forced or bonded labour. Vulnerabilities for the oil and gas industry include outsourced operational suppliers and agency workers, fabrication and construction workers, warehousing and logistics workers and domestic and catering personnel.

We recognise that we can control some risks but only influence others and this influence declines the further the risk is from our immediate partners and contractors into wider communities and society at large.

During 2019 our principal activities have included: performing drilling activities offshore UK, Norway and Mexico; supporting 2D seismic activities in Suriname; and supporting our partners in Senegal in particular, with the development of the Sangomar field. We also had an active new ventures programme assessing acreage and potential new country entries and ventures in the East Mediterranean, Africa and South America.

We recognise and seek to understand the potential risks of the locations we plan to enter and those in which we operate. For new acreage acquisition we needed to understand potential human rights and modern slavery risks. In existing activities, we considered the potential risks our operations may represent and where vulnerabilities arise within the supply chain. Group policies and our Code of Ethics apply throughout the oil and gas life-cycle of our business and Cairn applies regular risk assessments integrated into our procedures to understand where controls are required.

What have we done to assess and prevent modern slavery and human trafficking risks?

During 2019 we continued to look at a wide variety of potentially new locations. In all cases as part of our investment process we reviewed country specific risks and ratings from the Global Slavery Index and the US Trafficking Victims Protection Act classifications including our new country entries and in all our new venture due diligence. Findings were included in internally produced Investment Proposals (“IPs”) submitted to the Senior Leadership and Management Teams prior to submission of proposed investments and summarised risks to the Board. IPs in new areas or new activities include an assessment of modern slavery risk as standard.

In 2019 we included modern slavery clauses in all contracts where personnel were involved and we screened risks in UK, Norway and Mexico. The key vulnerabilities were considered to arise from contractors we employ and their practices. At the beginning of tendering process for all work, we

issued clear requirements in internally produced Invitations to Tender (ITTs) including our Code of Ethics, policies and terms and conditions with specific clauses on modern slavery to relevant operational contractors. ITTs were accompanied by a due diligence questionnaire with modern slavery questions included and answers were assessed during tender evaluation. Global Master Service Agreements with existing key suppliers have also been adjusted and ITTs developed for operational activities elsewhere have included the same requirements. All material corporate service contracts now incorporate modern slavery clauses.

The primary risks were identified from employment of personnel via a contracted agency for work in Mexico. All three agencies tendering for this contract were required to submit their policies relating to modern slavery and were interviewed and asked to provide procedures regarding employment of all personnel supplied to support our Mexico project. Assessment included examination of their policy, face-to-face interviews with senior managers, checking mechanisms for payment of personnel and associated conditions such as transport and residential arrangements. No instances of potential modern slavery, people trafficking or gangmaster behaviour was identified.

We refreshed our guidance on Human Rights in 2019 including improvement of issues associated with modern slavery. Our HSE practitioners participated in a Human Rights workshop in November including modern slavery aspects. During the year new personnel were required to complete the Human Rights and modern slavery training modules as part of their induction.

Our Corporate Social Responsibility Policy which contains our commitments on modern slavery was reviewed and revised in 2019.

Other processes we use in relation to modern slavery and human trafficking in the business

Our Corporate Responsibility Management System includes our policy commitments, Code of Ethics and our operating standards and procedures as well as guidance for staff.

We apply human rights screening as part of the Company's comprehensive due diligence process before entering a country or new activity as an operator. This includes labour related rights such as forced and bonded labour. When considering a non-operated joint venture, we identify and check any human rights issues and establish any risks requiring management by the operator before proceeding. For operations, we will assess human rights impacts either within an Environmental and Social Impact Assessment (ESIA) or where necessary, we undertake a Human Rights Impact Assessment (HRIA). If, following these assessments any potential human rights impacts are identified, we use a 'rights aware' approach, which recognises that the most effective way to manage these issues is through our core business operations.

All procurement and operational activities undertaken by the Group must adhere to Cairn Group Code of Ethics and CSR policy. Verifying that our contractors share our focus on all aspects of health, safety and environment (HSE) and Corporate Responsibility (CR) is essential to maintaining our licence to operate. Cairn applies a rigorous selection process in choosing contractors, which is embedded in Cairn's Contractor Management Procedures.

Cairn measures and reports on steps taken in relation to ensuring that slavery and human trafficking is not taking place in its business or supply chains

Cairn reports annually on human rights within our annual CR report published on the web-site. The CR report is developed to meet the 'core' reporting standard of the Global Reporting Initiative (GRI) which also meets the requirements of the UN Guiding Principles Reporting Framework.

In 2020 we have revised this statement to reflect activities undertaken in 2019 financial year in accordance with the Act.

Communicating our position and expectations on slavery and human trafficking

All staff and consultants are required to read the Code of Ethics as part of induction training. They are required to sign off their understanding of and be bound by the Code of Ethics. We completed the second round of modern slavery training in 2019 to new employees and consultants.

All potential contractors are provided with a copy of the Code of Ethics as part of the bid package and we assess their position in relation to our requirements as part of the selection process. We seek to ensure that contractors are aware of and comply with our policies and standards and where necessary, we work with them to raise their standards to meet our requirements.

Our plans in 2020

Cairn will continue to seek improvement in our management of human rights and modern slavery. This will include: continued promotion of expectations to all relevant operational project contractors; assessment of their position as part of contract evaluation; delivery of a revised risk-based integrated contractor audit programme; and review and improvement of our internal training plans.

In 2020 we anticipate a limited operational programme but all relevant contracts will continue to contain our Code of Ethics, clauses relating to modern slavery and appropriate assessment of contractors will be made prior to award. In addition, Cairn will review implementation of modern slavery controls in place for the Sangomar development project operated by our partner as well improve our training programmes.



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Chief Executive Officer
Cairn Energy PLC

Other links

<https://www.cairnenergy.com/media/2530/cairn-csr-policy-oct2019.pdf>

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