

Cairn Energy PLC: Modern Slavery Statement 2017

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) 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. Cairn holds a balanced portfolio of exploration, development and production assets with interests in the UK and Norway and along the Atlantic Margin including Senegal, Mexico and the Republic of Ireland. A large proportion of Cairn's activities are carried out by both contractors and consultants, which form the most significant aspect of our supply chain. In 2017 we had a total organisational workforce of 236 of which 76% were direct employees and 24% were consultants employed on fixed-term contracts. Consultants may be provided through agencies or contracted directly.

We also had material contracts with over 20 organisations representing approximately 360 contractor personnel. Services and equipment used in exploration and development came from various locations and suppliers around the world.

Our policy in relation to slavery and human trafficking

Cairn has a longstanding commitment to upholding human rights as reflected in our core values: Respect, Relationships, and Responsibility (the '3Rs'), and within our Business Principles. 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. Cairn is a signatory to the United Nations Global Compact and we maintain a zero tolerance position on all aspects of modern slavery.

Our core values and Business Principles, which are captured in our **Code of Ethics** (see <https://www.cairnenergy.com/investors/corporate-governance/>), commit us to respect internationally recognised principles on human rights, and we seek to ensure non-complicity in human rights abuses. This includes a commitment to not employ forced, bonded or child labour and take all reasonable steps to ensure that it does not exist in our operations or supply chain. Our Code of Ethics describes duties to report and contains our Grievance Policy and Whistleblowing Policy.

Our Corporate Social Responsibility (CSR) Policy (see <https://www.cairnenergy.com/working-responsibly>) includes specific commitments to:

- Maintain a zero tolerance of, and not be complicit in, the use of forced, compulsory, bonded and child labour or any form of human trafficking.
- Ensure that contractors and suppliers are aware of, and where necessary, work with them to meet our Business Principles, policies and standards.
- Use our leverage with business partners to promote high standards.
- Identify, assess and manage human rights risks within its sphere of influence and activities, working firstly to avoid or mitigate them.
- Ensure that appropriate mechanisms are in place for those affected by operations to raise and address grievances.

We also maintain People Management Policies and controls which include, among others, recruitment and selection, diversity, training and development and employee relations policies.

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

The 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. Particular areas of vulnerability 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.

For Cairn our primary activities in 2017 included the Senegal drilling programme, Mexico new country entry and supporting new venture partners in the delivery of Catcher and Kraken UK production for the first time.

We recognised the potential risks in the supply chain for our drilling operations including direct support contractors in the Cairn supply base and other support services in Senegal from local suppliers in addition to staff hired by our international contractors. For new acreage acquisition we needed to understand potential human rights and modern slavery risks. We also checked the position of key partners in our non-operated production activities on modern slavery to ensure they too recognise, and are taking measures to manage their own risks.

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

In 2017 we assessed the risk of modern slavery in the locations in which we have assets. These assessments extended to locations or opportunities for new business by reviewing country risks and ratings from the Global Slavery Index and the US Trafficking Victims Protection Act classifications including our new country entry into Mexico. Findings were included in 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.

For our operations in Senegal we initiated an awareness session on human rights and modern slavery for our contractors based in Dakar to highlight risks and responsibilities. This included a presentation to the contractor monthly meeting which was followed-up by a human rights and modern slavery audit of our key local supplier in Dakar. The audit assessed awareness, preventative mechanisms and looked for evidence of unacceptable practices. Our staff in country also ensured that sub-contractor personnel on our base were properly represented on employment issues.

In 2016/17 we strengthened our modern slavery prevention processes as part of the Corporate Responsibility Management System (CRMS), supply chain procedures and due diligence process. Our CSR policy was

strengthened to be explicit on modern slavery in late 2016 along with explicit requirements in the CRMS. The Selection of Services Providers Procedure was revised in 2017 to include a modern slavery assessment to mirror the controls already in place on Anti-bribery and Corruption. In 2017 our internal audit programme has identified the need to strengthen conditions on modern slavery in our contracts and this has been initiated for implementation in January 2018.

Modern slavery and other human rights risks are integrated into CR risk management as part of the overall Business Management System. The Management Team routinely reviews risks at both a Corporate and

Operational level and identified business risks are reviewed quarterly. Material risks are checked every six months as part of our reporting process and these are used to assist in setting CR Objectives for each business cycle and reported upon in annual and half-year reports to stakeholders.

Performance against CR Objectives and operational progress is undertaken at each MT meeting and overall year-end performance is reviewed by the Senior Leadership Team and the Board. Business Objectives including CR Objectives are assessed by the Board, the Remuneration Committee and as part of the Performance Management System.



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

Our CRMS 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 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 2018 we have produced this statement for the 2017 financial year in accordance with the Act for the first time following anticipated qualification under its terms due to increasing financial turnover as a result of production from non-operated assets Kraken and Catcher in late 2017.

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. In 2017 we rolled out human rights and modern slavery training to all 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 raise their standards to meet our requirements.

Our core values

Building
Respect

Nurturing
Relationships

Acting
Responsibly

Our plans in 2018

In 2018 Cairn will seek further improvement in the management of human rights and modern slavery. This will include: a risk based integrated contractor audit programme; inclusion of specific modern slavery terms and conditions in contracts; and, further risk assessment of business opportunities.



SIMON THOMSON
Chief Executive
12 March 2018

Other links:

- [Cairn CSR Policy](#)
- [Cairn Code of Ethics](#)
- [Annual Report and Accounts](#)
- [Web pages](#)