

Oil & Gas industry rotator
assignment panel discussion
In high demand and on the
rise

Houston, TX
October 29, 2013



Agenda

- Introductions
- Demographics
- Policy and program management
- Controls and compliance
- Talent
- Looking ahead
- Questions

Introductions

Panelists

- Jeffrey Bryson, Manager, Global Human Resources at Halliburton
- Brent Copeland, Manager, Expatriate Tax at Hess Corporation
- Janell Zeug, Senior Human Resources Manager, Field Operations at Parker Drilling Company

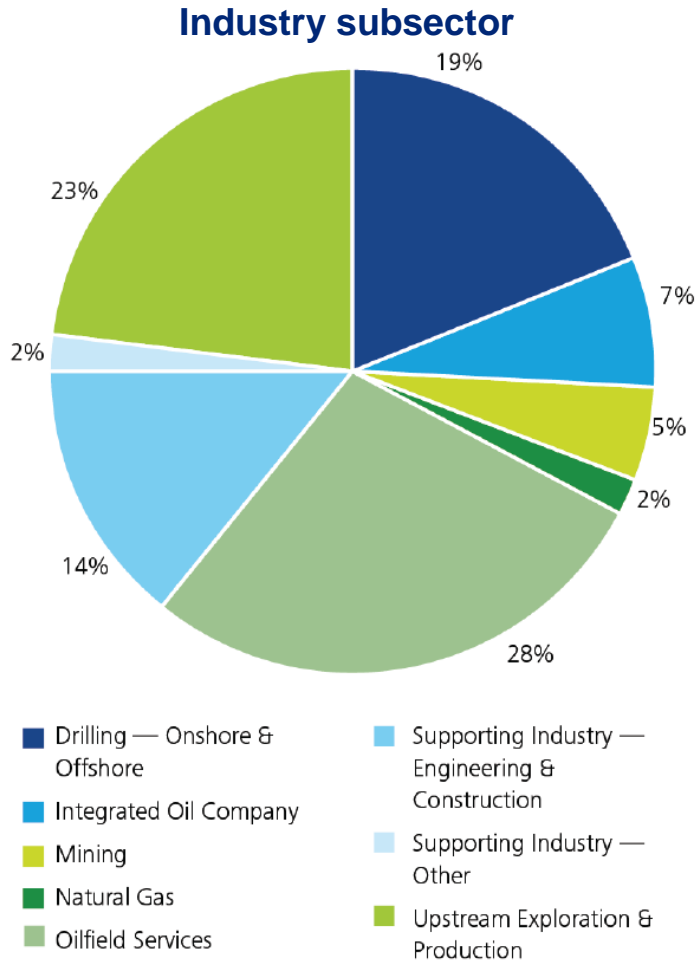
Demographics

Audience polling question

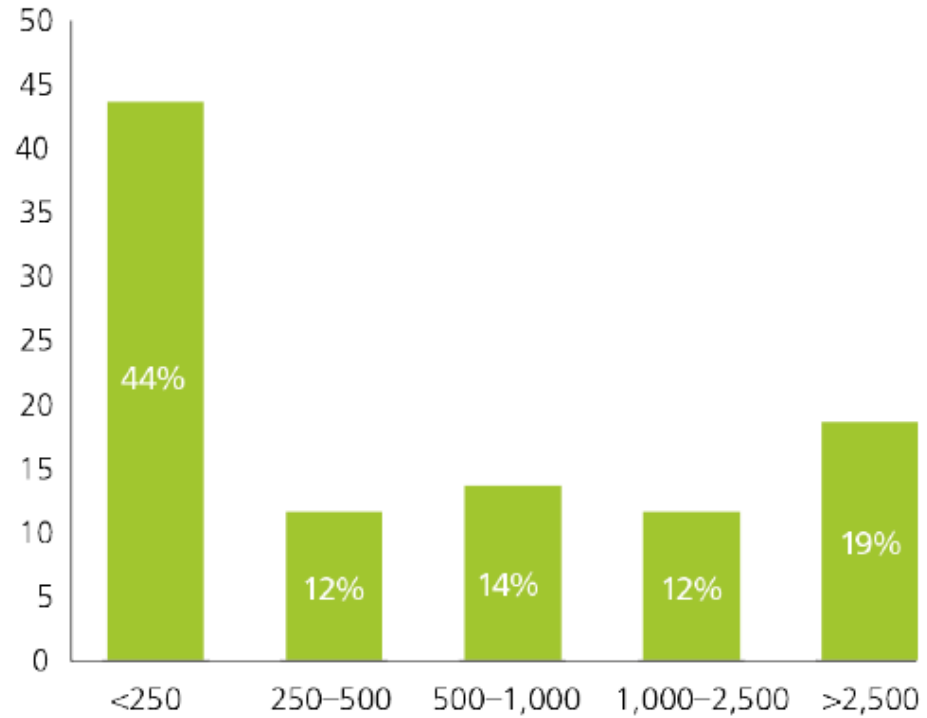
Which industry subsector do you represent?

- Drilling
- Oilfield Services
- Integrated Oil Company
- Mining
- Natural Gas
- Supporting Industry- Engineering & Construction
- Supporting Industry- Other
- Upstream Exploration & Production

Survey participants

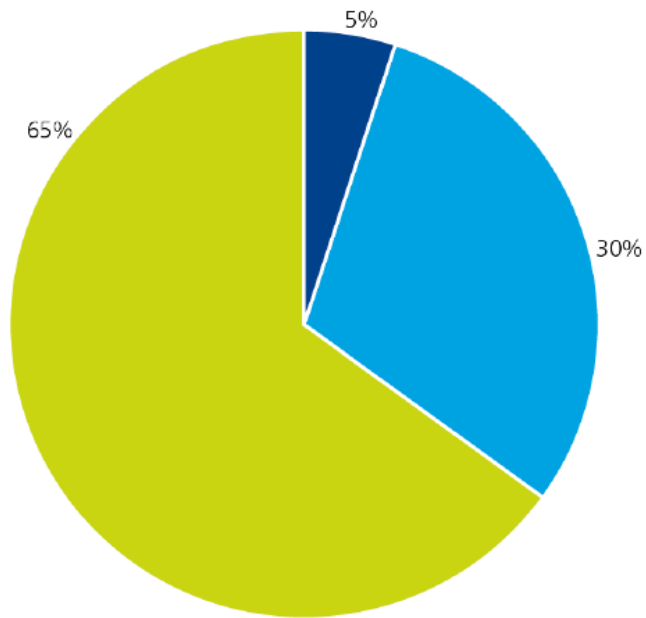


Number of rotators worldwide



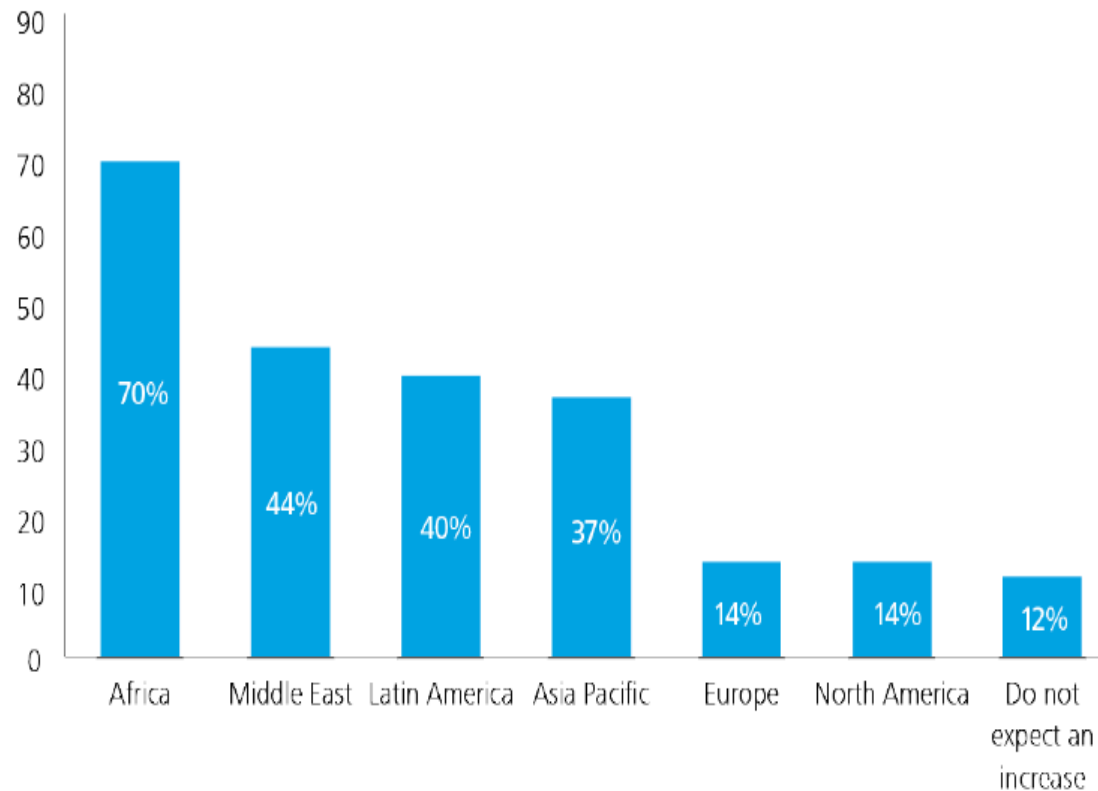
Survey participants

Expected changes to rotator population over the next five years



- Decrease in size
- Stay relatively the same
- Increase in size

Regions in which an increase in rotators is expected over the next three to five years



Policy and program management

Audience polling question

Who owns/manages the rotator program/policy?

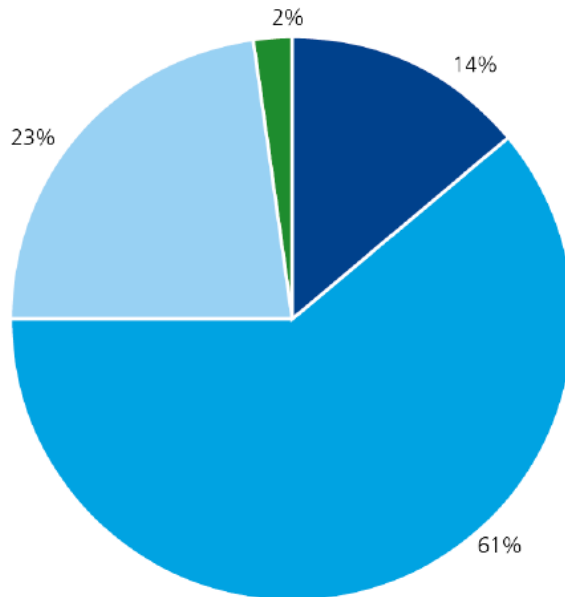
- Business
- Human Resources
- Global Mobility Function
- Other

Policy and program management

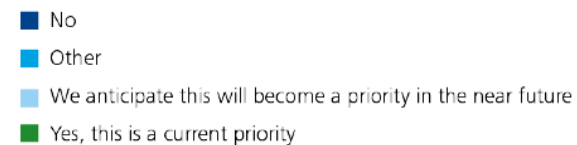
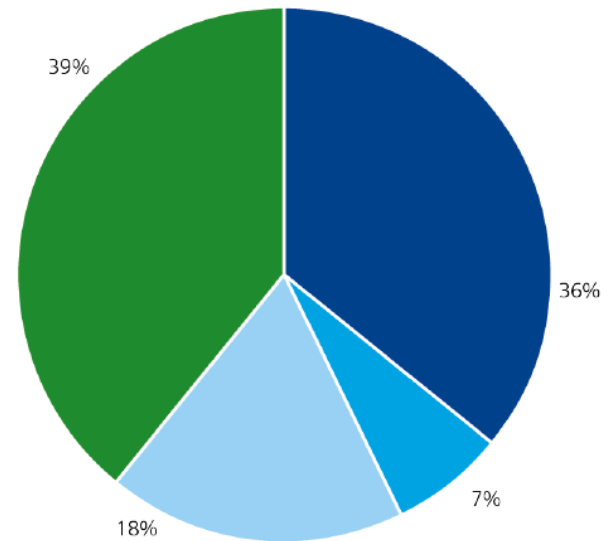
Key observations

- Drilling and Engineering & Construction companies rely heavily on a combination of the business and Human Resources to manage rotators
- 80% of Upstream rely on their Global Mobility function
- Oilfield Services companies are split 50-50 between managing their rotator populations through HR and business unit

Who owns/manages the rotator program/policy?



If your company looking to Global Mobility to have more ownership/governance over rotators?

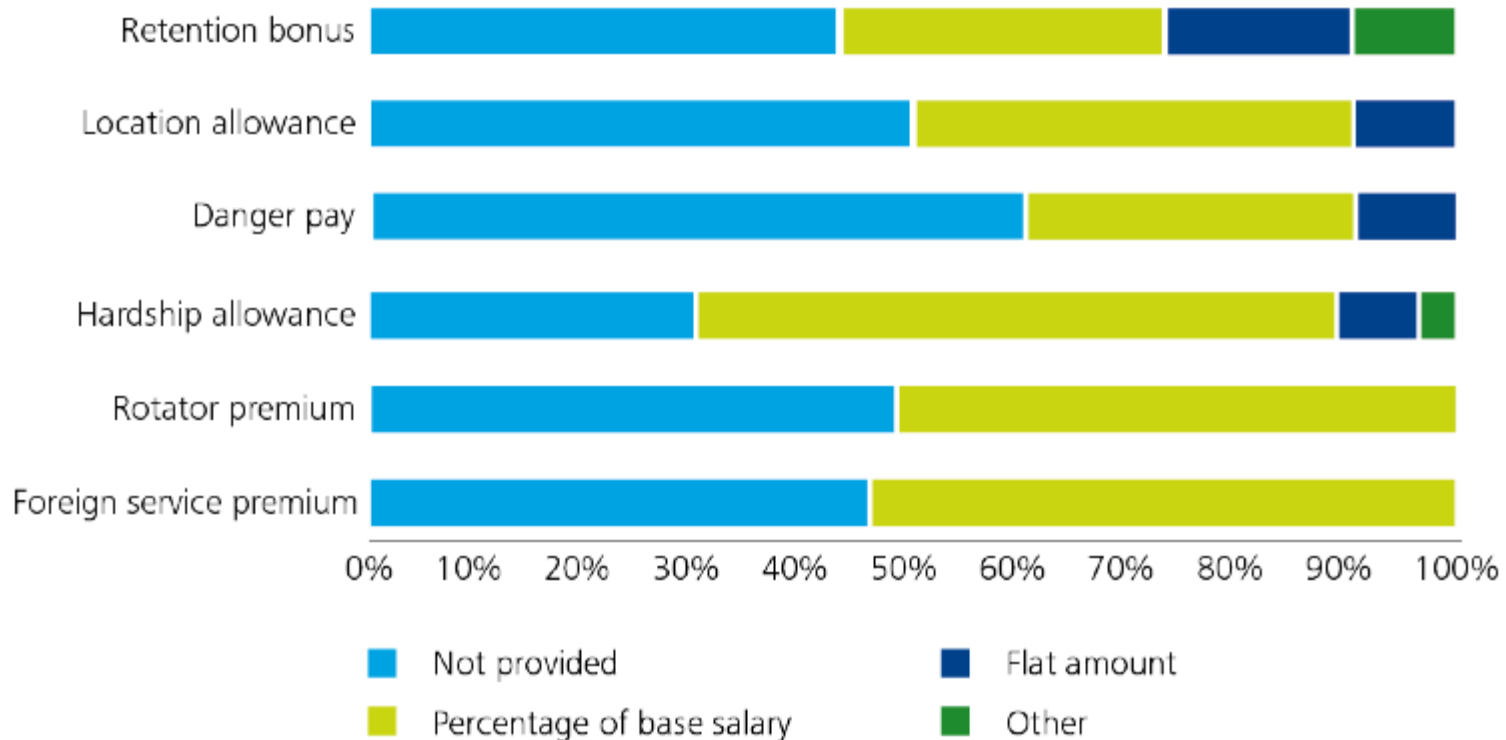


Policy and program management

Key observations

- Compared to 2008, a greater percentage of companies are providing hardship allowance, danger pay, and location allowance
- Growing trend to provide a retention bonus in an effort to improve the retention rates of rotators, with more than 50% providing such an incentive

What premiums and/or allowances do you provide your rotators and how are they calculated?

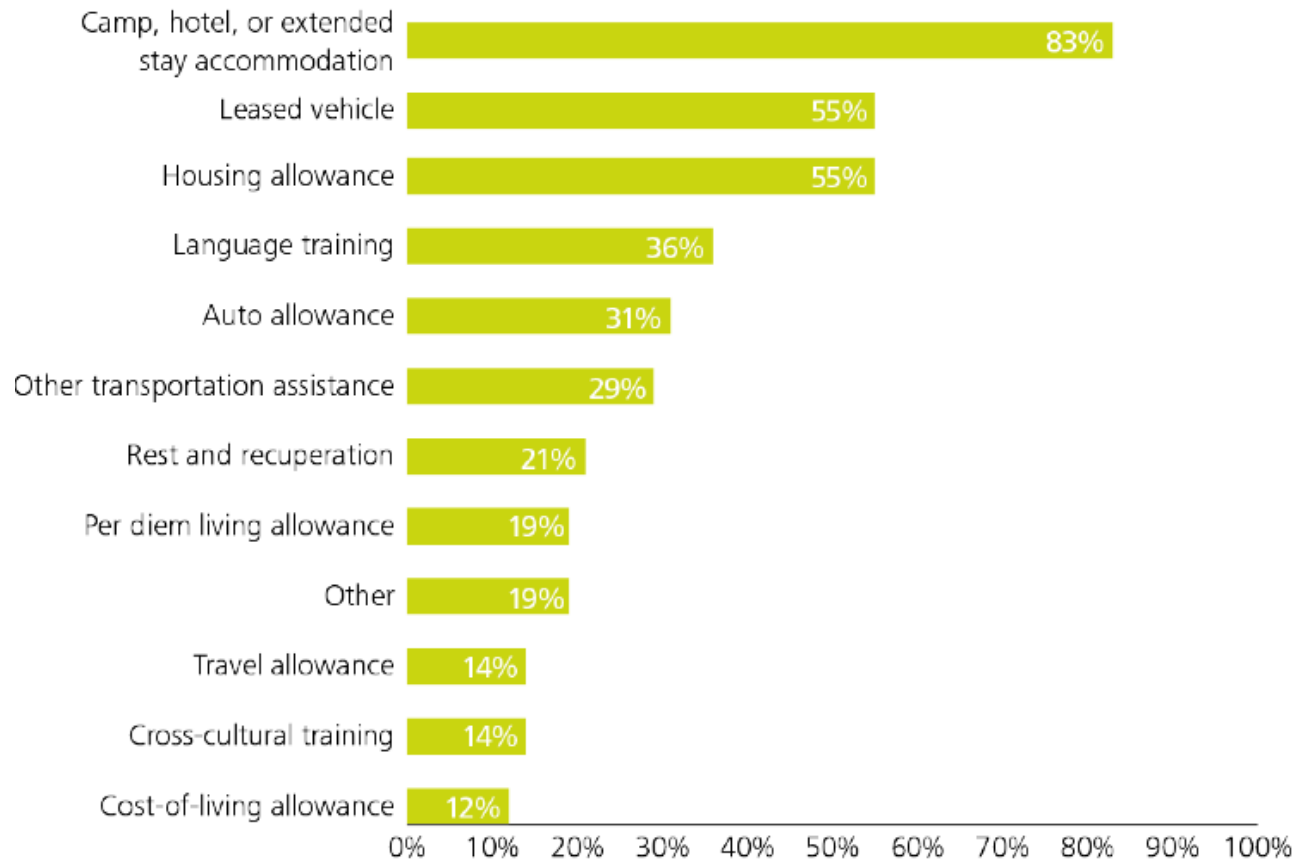


Policy and program management

Key observations

Companies are providing significantly more generous packages compared to five years ago.

Which assignment benefits and/or allowances does your company provide to rotators?



Discussion questions

- With increased competition for rotator talent, how have you adjusted your policies to incent rotators to take assignments?
- How have your on-shore and executive rotating population influenced your policy and packages offered?

Controls and compliance

Audience polling question

What is your tax approach for rotators?

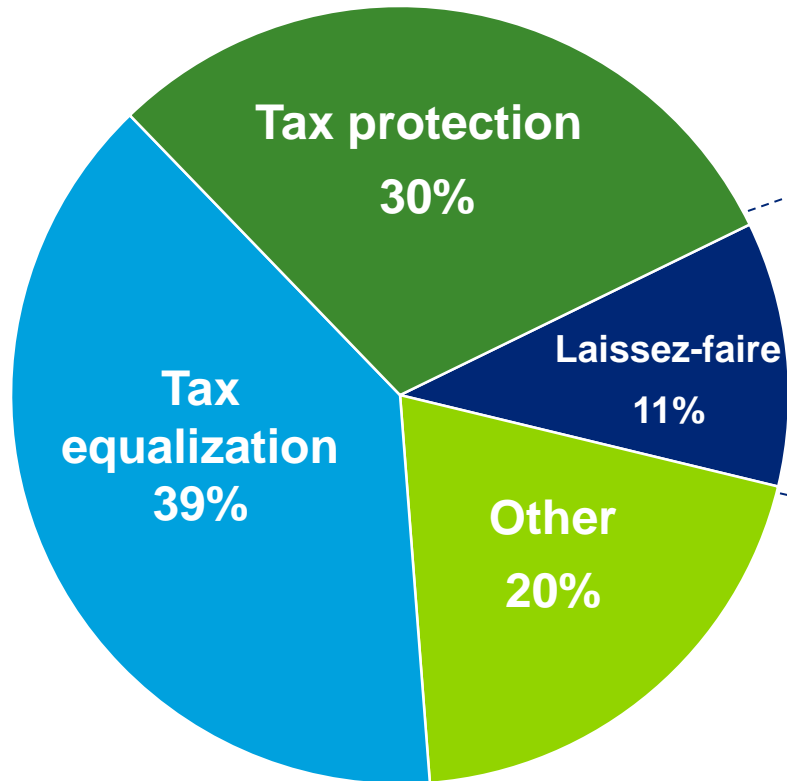
- Tax protection
- Tax equalization
- Laissez-faire
- Other

Controls and compliance

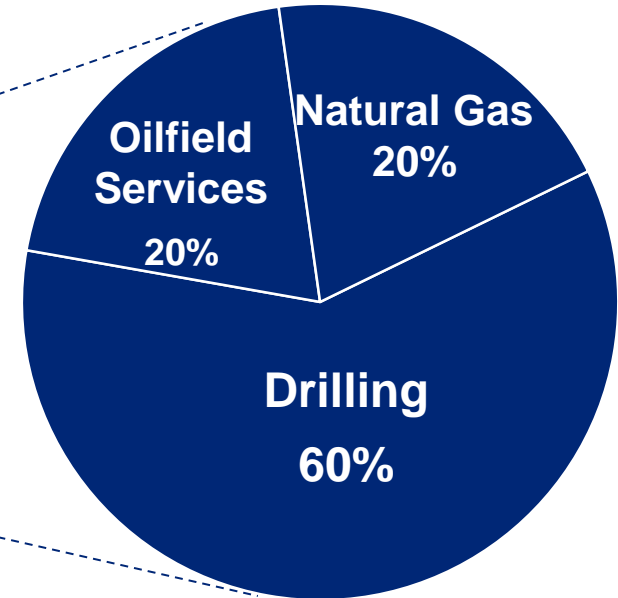
Key observations

Results influenced by increased representation from Drilling

Tax approach for rotators

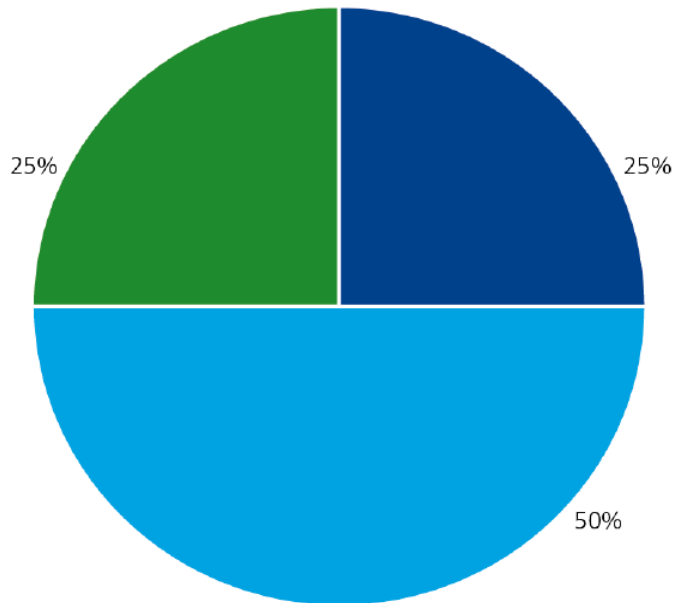


Laissez-faire



Controls and compliance

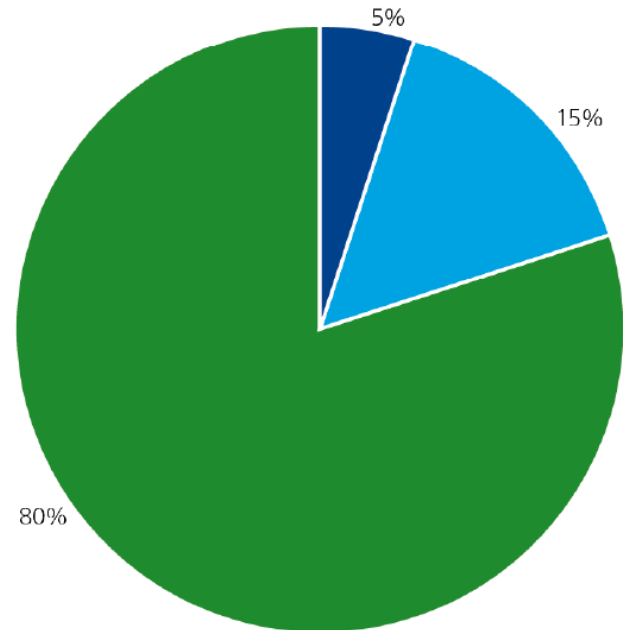
Primary reason for considering a new approach



- Corporate governance
- Greater equality across rotator populations
- Other, please see below

Others include: one policy approach, company cost of current approach, decrease overall employment tax costs, increase tax compliance

If you tax equalize your rotators is this based on:



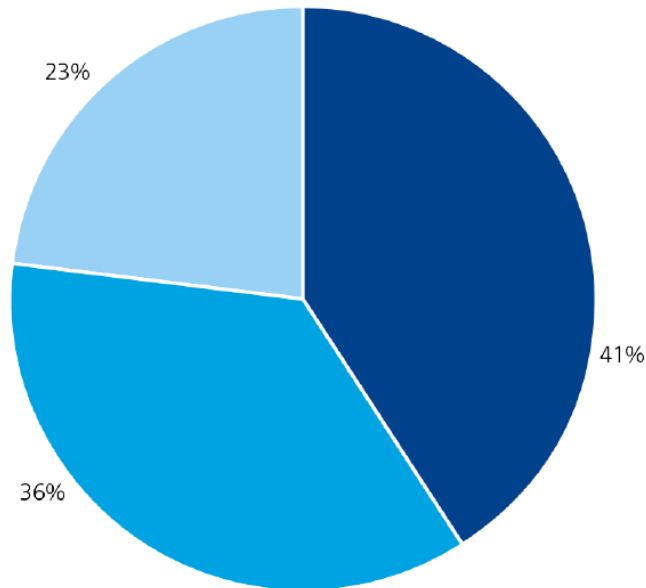
- A flat percent
- Headquarters
- Home country

Controls and compliance

Key observations

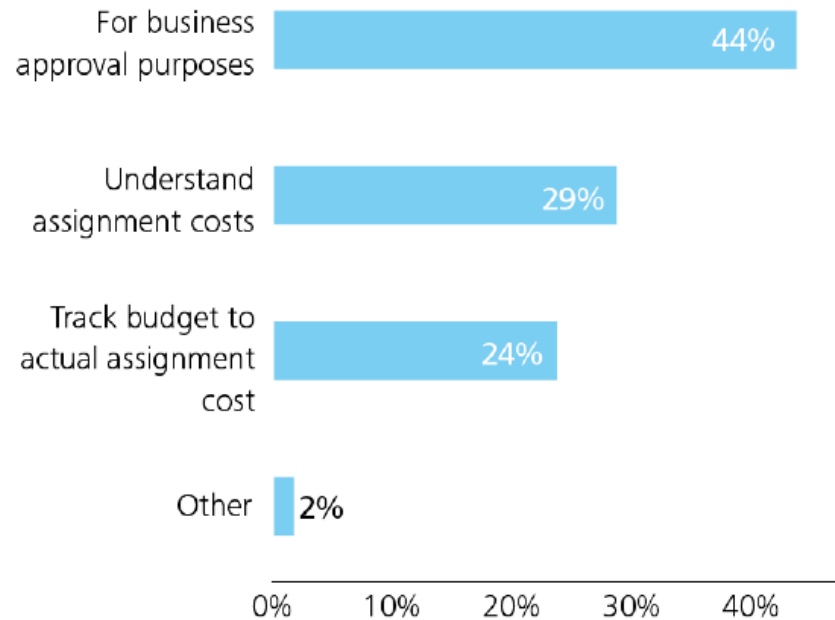
More Upstream and Drilling companies are completing such estimates, whereas most Oilfield Services companies are not calculating costs for more than 50% of their assignments.

Does your company calculate an estimate of assignment costs prior to the start of an assignment?



- No, not at all
- Yes, for all rotators
- Yes, on a case-by-case basis

If yes, how is this estimate used?

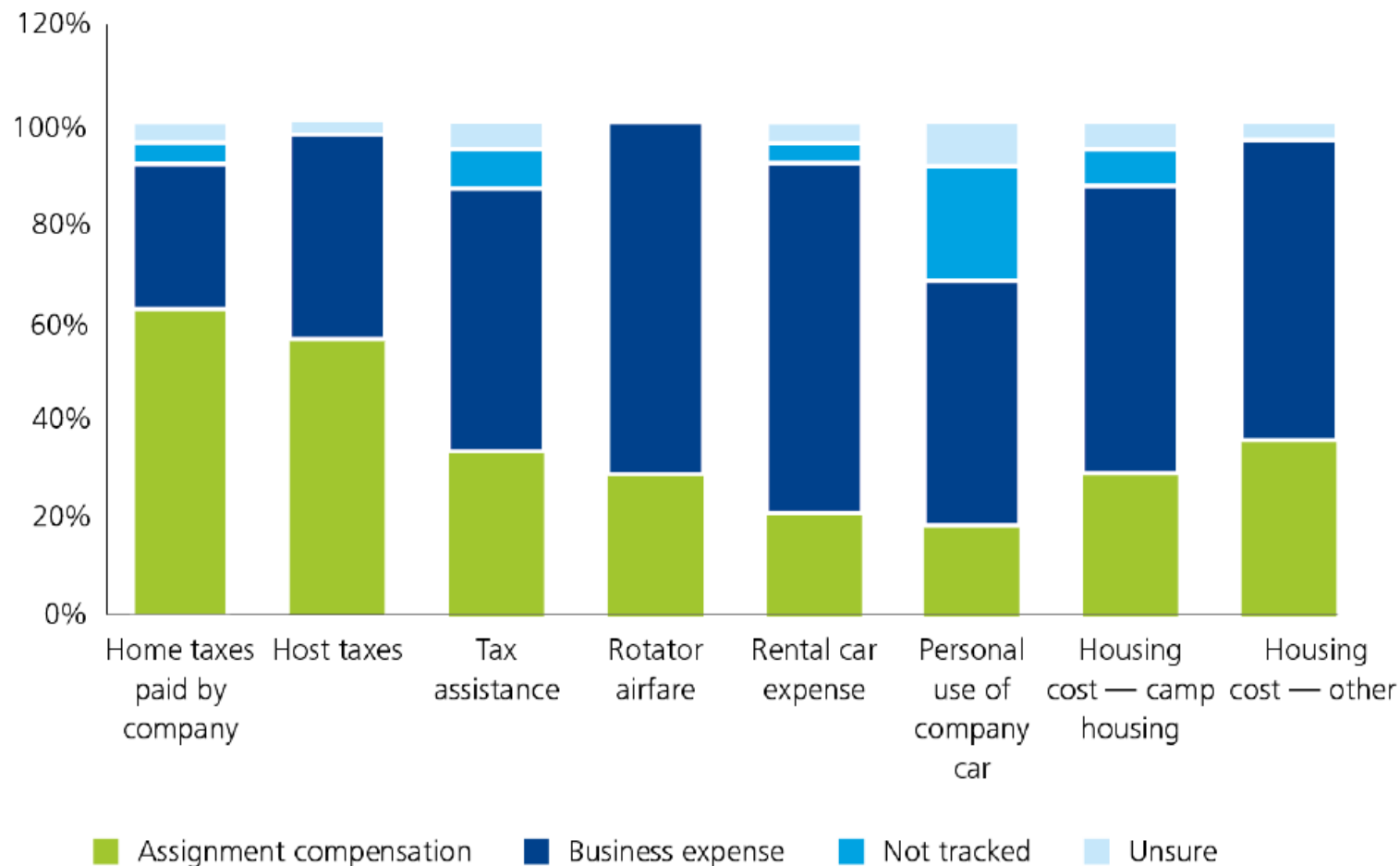


Controls and compliance

Key observations

High number of respondents do not consider rotator benefits to be assignment compensation, which may mean that some companies are understating taxable compensation for their rotators

Do you consider the following to be assignment compensation or a business expense?



Discussion questions

- What is your tax approach for your rotators?
- What challenges does your selected approach present?
- How much influence does the rotator population have on your tax approach?
- What measures has your organization taken to monitor tax and immigration compliance?

Talent

Audience polling question

Have you put any programs in place to attract/incent/retain rotators?

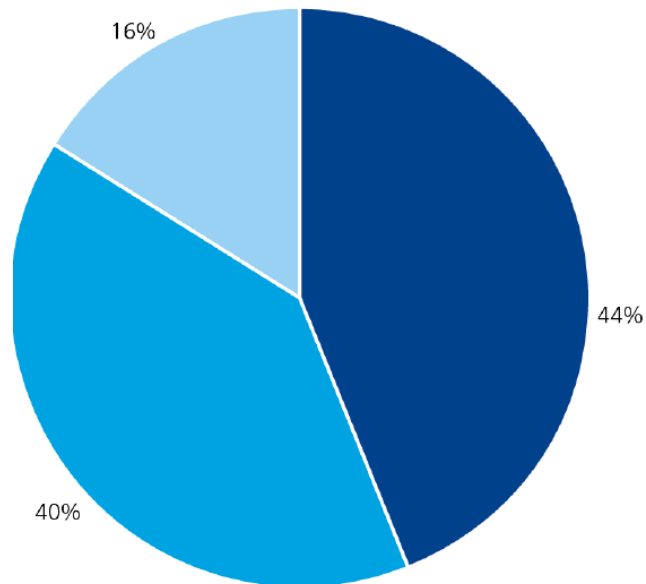
- Yes
- No
- Planning to in the near future

Talent

Key observations

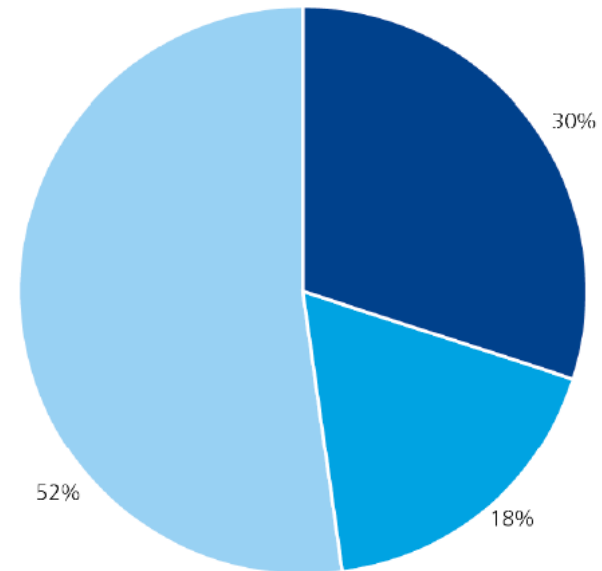
- Oilfield Services have more programs in place than other sectors
- Oilfield Services and Drilling exploring ways to leverage rotator talent to fill nonrotational positions

Is your company exploring ways to transition rotators into nonrotational positions?



- No, we do not plan to move rotators into other positions
- Yes, we are leveraging this talent into other positions in our organization
- Yes, we are starting to discuss internally

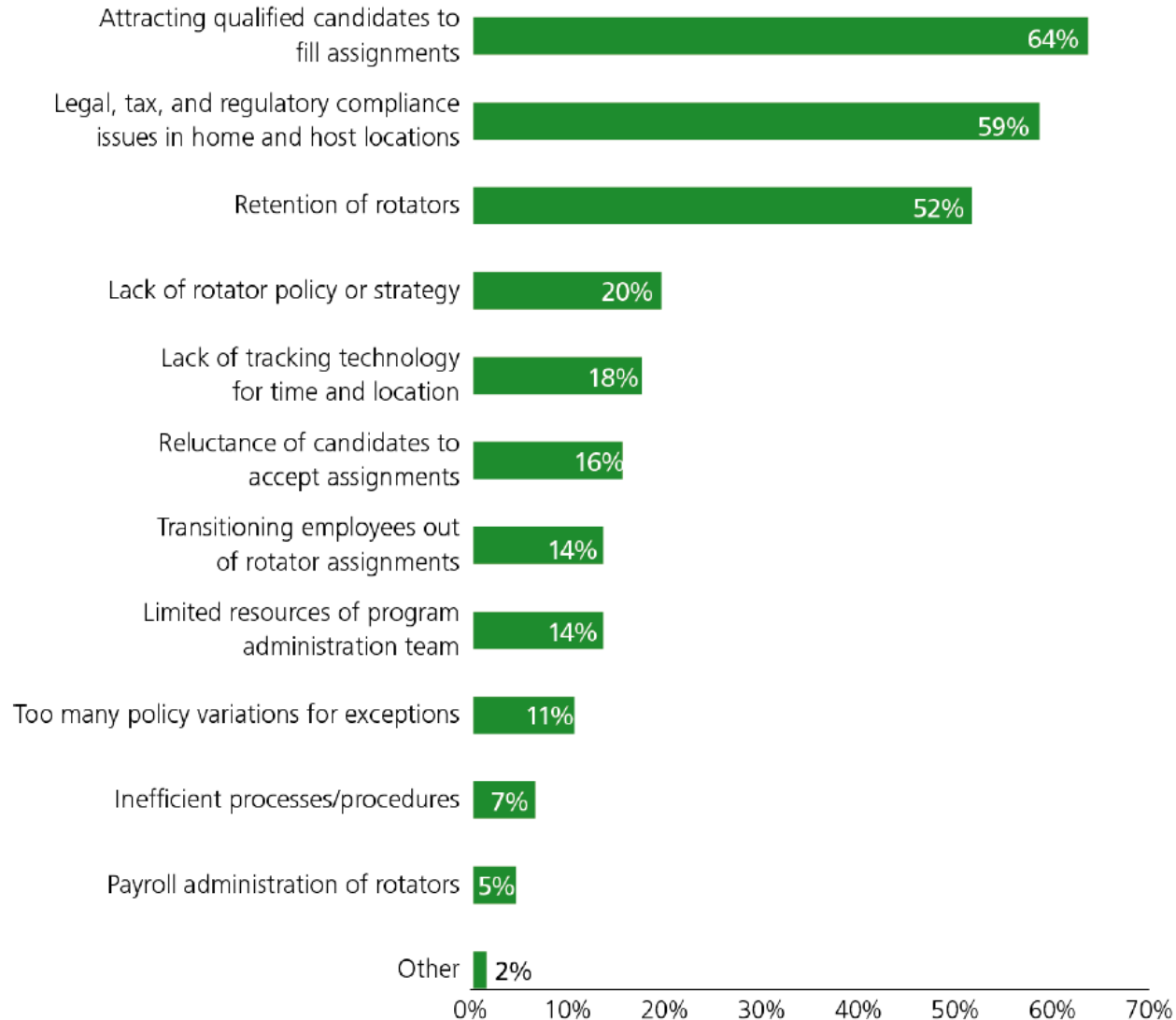
Have you put any programs in place to attract/incent/retain rotators?



- No
- Planning to in the near future
- Yes

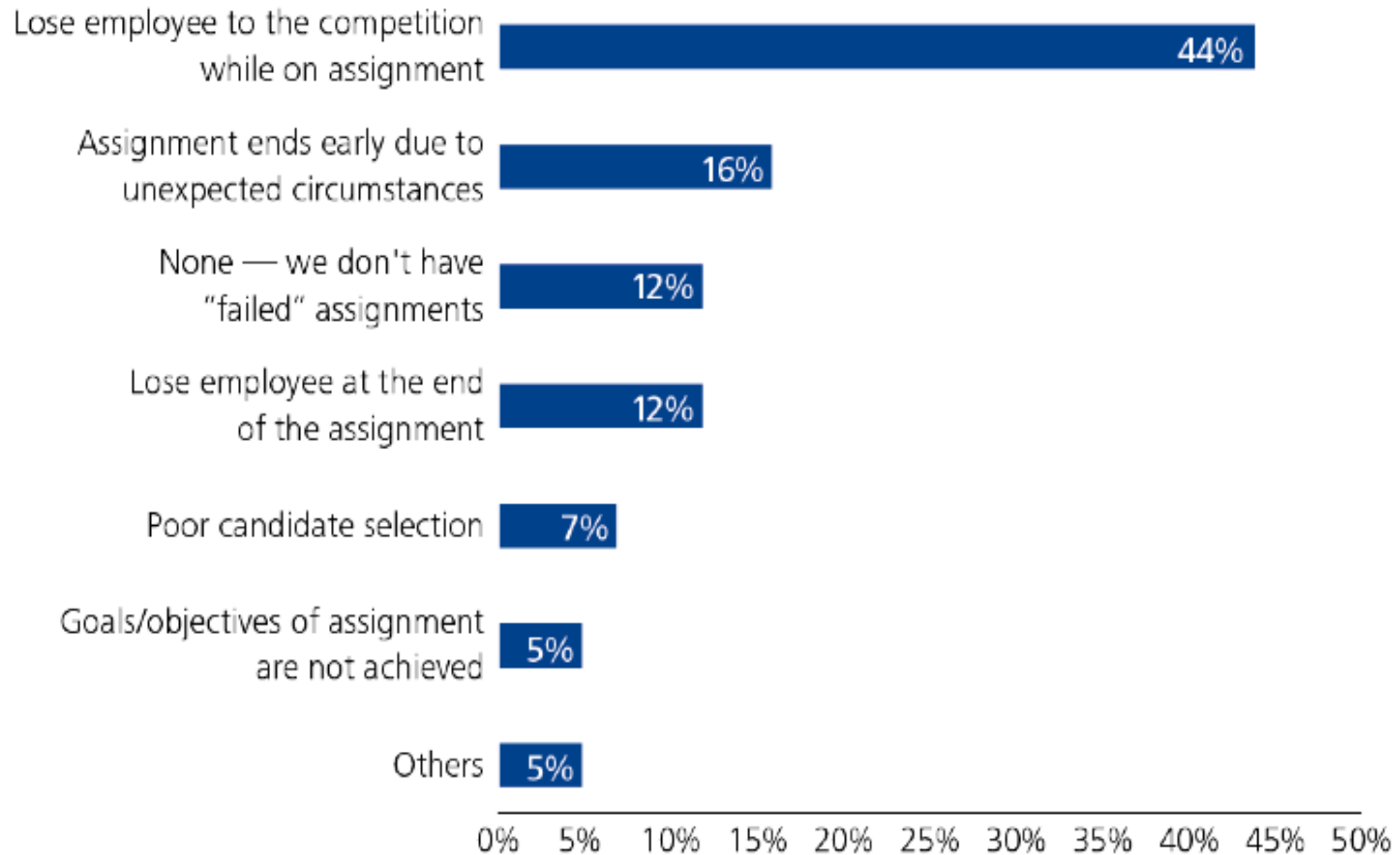
Talent

Most significant rotator program challenges



Talent

Most common cause of “failed” rotational assignments



Discussion questions

- How has the rotator population in your sector changed over the past decade?
- What challenges have you seen in attracting and retaining rotators?
- How has your organization responded to those challenges?
- What is the impact to the business?

Looking ahead

Discussion questions

- Where will your organization source rotator talent from in the future?

Our top five predictions

Growth of rotator populations will start to moderate as local geographies begin to take a bigger role.

Companies will focus more on talent strategies to proactively address rotator needs.

There will be an increased focus on global controls and compliance as immigration and tax authorities require companies to tighten compliance with their rules.

Companies will continue to centralize program management of rotator assignments under a Global Mobility function.

We will see a move towards more "tax equalization" type of approaches for personal tax compliance.

Questions?

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