

Petrofac limited

Modern Slavery Act public statement 2022



Introduction

Petrofac is a leading energy services company that helps its clients meet the world's evolving energy needs.

We design, build, manage and maintain onshore and offshore infrastructure for the energy industries. Our client portfolio includes many of the world's leading integrated, independent and national energy companies, as well as companies specializing in new and renewable energies. We operate in more than 20 countries worldwide, extending from Australia in the east to the United States in the west and have a workforce of 8,000 made up of around 70 nationalities.

The Company is structured around three main divisions: Engineering & Construction (E&C) which, as its name suggests, handles large engineering, procurement and construction (EPC) projects; Asset Solutions (AS) which provides operations, maintenance, and training services; and Integrated Energy Services (IES) is Petrofac's upstream oil and gas business.



Introduction



Engineering & Construction

The Engineering & Construction (E&C) division delivers onshore and offshore engineering, procurement, construction, installation and commissioning services. Lump-sum turnkey is the predominant commercial model used, but we also offer our clients the flexibility of other models. The division has more than 40 years' track record in designing and building major energy infrastructure projects.



Asset Solutions

The Asset Solutions (AS) division manages and maintains client operations, both onshore and offshore, delivers small to medium scale EPC projects and provides concept, feasibility and front-end engineering design (FEED) services. The division is also home to market-leading well engineering, decommissioning and training capabilities. The majority of AS services are executed on a reimbursable basis, but we are responsive to clients' preferred commercial models to deliver our expertise.



Integrated Energy Services

Integrated Energy Services (IES) is Petrofac's upstream oil and gas business. Our interest in the Production Sharing Contract (PSC) for Block PM304 Malaysia's offshore Cendor field is the sole asset in the portfolio.

A New Energy Services (NES) business line has been created to build capability to advance the company's position within the energy transition market. NES specializes in the design and development of renewable energy facilities.

Our global presence



Introduction

We operate in a range of markets and work across the entire asset life cycle – from design to decommissioning – in environments that are often challenging.

We have an extensive and diverse supply chain, through which human rights issues can become a source of risk, both for our business and for some of the people who work on our sites. This supply chain comprises of material, equipment, and service providers, resource agencies, and sub-contractors, many of which have lower tier sub-contractors of their own.

We believe that how we do business is just as important as what we do. Our sustainability strategy sets out our environmental, social and governance (ESG) goals, aligned to our values, purpose and business model. An important part of this is our commitment to uphold and advance human rights throughout our business operations and



extended supply chain, ensuring that everyone who works with and for us is treated with respect, fairness, and dignity. We achieve this by taking measures to assess and address the risk of modern slavery across our operations.

This Statement relates to the financial year ending December 31, 2022. Published in accordance with the Modern Slavery Act

2015, it sets out the steps we implemented in 2022 to mitigate the risks of modern slavery and human trafficking across the Company and its supply chains.

Risk assessment

As we progress into new markets and regions, we recognize that modern slavery is a growing global concern and are focused on understanding and eliminating potential issues in our business and supply chain.

We acknowledge that the nature of our global operations and the type of geographies we work in at times present human rights risks. Our main exposure is in the extensive supply chains of our large EPC projects, particularly the labour practices of our sub-contractors and the recruitment agencies and the intermediaries they use.

To enable us to understand and manage the related risks, we carry out a four-step human rights due diligence process:



We take a risk-based approach to assessing and addressing potential modern slavery issues. We consider risk indicators such as industry, geography, socio-economic conditions, the products and services involved, the characteristics of those workforces and workers who are most at risk of potential exploitation, and the parts of the supply chain that are most vulnerable.

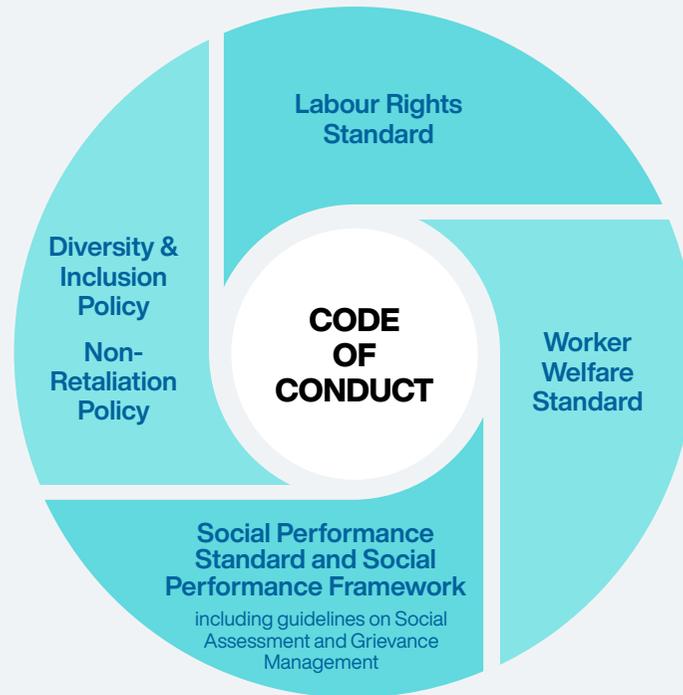
We then evaluate these risks against the context of Petrofac's governance framework to understand how they can be prevented, mitigated or addressed effectively.

Governance framework focus on human rights

In line with industry good practice, our governance framework is guided by:

- UN Guiding Principles on Business and Human Rights
- Fundamental Conventions of the International Labour Organization
- United Nations Global Compact (of which we are a signatory and disclose annually our progress against its Ten Principles).

Our commitment to prevent any form of human rights violation or modern slavery within the Company's operations, partnerships and supply chains, is embodied within the Petrofac Code of Conduct, policies and standards. Through our assurance processes, we maintain general oversight of all policies, standards and procedures to ensure they are implemented effectively across the business.



Human rights due diligence across our Supply Chain

Each year, we take a risk-based approach to assessing our operations for human rights issues. Any incidents of modern slavery related to forced and bonded labour, worker welfare infringements, and other labour rights abuses are addressed. Necessary steps are taken to ensure human rights are respected.

Labour rights due diligence screening is an integral part of the Company's Vendor Management system. To prequalify, all third-party suppliers must undergo mandatory human rights and labour rights due diligence screening and are required to read and commit to Petrofac's Labour Rights Standard. This applies to new as well as existing suppliers.

Prior to any award, all suppliers need to clear compliance due diligence (which is conducted using a cloud-based platform provided by Dow Jones).

Clauses covering requirements on anti-slavery and human trafficking, as well as compliance with Petrofac's Labour Rights Standard, are included in "Purchase Orders" and in the "General Terms and Conditions" of supplier contracts.

Addressing security and human rights risks

To enable respectful relationships between our security providers, our workforce, and the local communities we work in, we operate in accordance with the Voluntary Principles on Security and Human Rights.

Adherence to these Principles is a prerequisite in our selection of security providers, and we provide awareness

training to staff and third parties to help improve the way we work. We also audit our performance to ensure compliance with the Principles and Petrofac's Security Management Framework, and these audits are integrated into the Group health, safety and environmental (HSE) compliance assurance programme.

Grievance mechanisms

Encouraging a speak up culture

It is vital that everyone working with and for Petrofac can raise any concerns they might have, without fear of retaliation, and have the option to do so anonymously.

Our whistle-blowing tool – the Speak Up channel – enables employees, contractors, suppliers, customers and other third parties to report any breach or suspected breach of our Code of Conduct, or policies and standards such as our Labour Rights and Worker Welfare Standards.

We consistently look for ways to foster an open and transparent environment. This entails training and targeting middle-level managers, to promote a strong and healthy Speak Up culture. This is supplemented by a top-down cascade of messaging from the senior management to all employees on the importance of speaking up. In this, we emphasize the terms and the importance of our Non-Retaliation Policy.

We continue to promote the role of worker welfare committees on our project sites via their respective

project management teams. These committees are an important component of our commitment to labour rights and an important pillar of our due diligence framework. We work to ensure that regular monthly meetings are held on all project sites, that all workforce groups are fairly represented (in terms of nationalities, local and foreign migrant workers, rotation of representatives, etc.) and that an effective dialogue is maintained between all parties.

Project-level grievance mechanism

At each project site, we operate grievance processes, which are designed to be transparent and accessible, and based on the principles of engagement and constructive dialogue. Workers are encouraged to raise complaints and suggestions for improvement, either anonymously or in person, and we engage with all parties to support the fair and prompt resolution of any issues raised. Periodically, we run communication campaigns to raise awareness of these grievance systems and how to access them.



**SEE IT.
REPORT IT.
SPEAK UP.**

**Our Code,
our responsibility.**

- If you hear or see something that potentially breaches our Code of Conduct, you must **Speak Up**.
- Your concerns will be taken very seriously, and we will not tolerate retaliation of any kind.
- We encourage you to raise your concerns first with your line manager. Alternatively, you can report to a manager in one of the Corporate functions.
- You can also report anonymously on any device via our Speak Up channel, by visiting [Petrofac.ethicspoint.com](https://www.petrofac.com/ethicspoint)

Progress on implementation and effectiveness of governance controls

In mid-2022, we appointed a new Sustainability Manager to the Corporate Sustainability team. This role covers oversight of the Company's sustainability initiatives and performance, with a focus on human rights, labour rights, social performance, social investment, training and audits across our global operations.

During 2022, we made the following progress:

Training and awareness

- We conducted mandatory Code of Conduct and Compliance training for all employees.
 - In 2022, the proportion of employees with line management responsibility who completed mandatory Code of Conduct e-learning was 98.6%.
 - The proportion of employees who completed mandatory e-learning (Code of Conduct along with other compliance training) was 96.1%.
- We conducted labour rights refresher training for our workers at project sites and provided toolbox talks, poster campaigns, training sessions, etc.
- A similar programme of labour rights refresher training was implemented by engaging our sub-contractors and the wider workforce, to emphasize the importance of worker welfare, the principles we follow, and the support we make available on each of our project sites. This included the provision of information campaigns available in multiple languages, such as posters and discussion topics for toolbox talks with groups of workers.

Supply chain due diligence and key performance indicators (KPIs)

- Within E&C, we continued to screen third parties for human rights compliance using a risk-based approach. The number of companies screened at prequalification stage was 1,911 (up from 1,475 in 2021). This process is formalized within the Vendor Management System - Zycus. If red-flagged, third parties were put through additional due diligence and where issues were identified, we worked collaboratively with them to support improvement plans.
- The Asset Solutions (West) business unit utilized the Achilles FPAL database while prequalifying suppliers. Achilles FPAL is considered an effective checking mechanism for pre-screening suppliers for human rights matters, as FPAL collects information on suppliers, including their policies and in particular their labour practices.
- All third parties have undergone a mandatory Compliance Due Diligence (through Dow Jones) before any contract can be awarded.
- We ensured that clauses requiring compliance with Petrofac's Labour Rights Standard are included in "Purchase Orders" and under "General Terms and Conditions" of contracts with third parties that we work with.

Grievance processes – project sites



- We conducted regular meetings of Worker Welfare committees at project sites with fair representation from the workforce, covering worker welfare matters, identification of actions and follow-up until resolution.
- We maintained active grievance mechanisms – complaint boxes at accommodation blocks, canteen areas, site offices, plus telephone, and online channels. Any notifications received were addressed by the respective project management teams.

Progress on implementation and effectiveness of governance controls



Grievance processes – General

- During the year, we received 118 Speak Up reports, which was slightly down from 2021 but remaining ahead of recognized international benchmarks. These reports included instances where an employee or any third party that is engaged with Petrofac had a reason to believe that there may have been a potential violation of the Petrofac Code of Conduct, policies, standards, procedures or applicable laws, including human rights issues. We also saw a change in the type of reporting, with fewer anonymous reports, and a larger proportion of reports being made in person to managers, rather than through our online Speak Up platform. All of this demonstrates that people are comfortable in reporting and discussing their concerns.

- During 2022, instances of delayed salary payments by our sub-contractors to their workforce, on the Duqm Refinery project site in Oman, were brought to our attention. Our social performance team at site investigated the matter and collaborated with the management of the sub-contractors to resolve these issues. Our team increased the number of random interviews with workers, and maintained a Salary Payment Status log – covering 30+ sub-contractors, to bring visibility and closely monitor the payment of salaries to workers in a timely manner.
- In 2022, we were notified of allegations of forced extended working hours, verbal mistreatment and denial of movement back from our offshore site in the North Sea, to one employee of our lower tiered sub-contractor.

While our primary sub-contractor had conducted an investigation into this matter and had already indicated to us that the allegations were baseless, considering the seriousness of the allegations, we took this opportunity to review them ourselves to be sure of the conclusions drawn and also to become aware if the potential problems were pervasive. Through the investigation which was conducted by our internal investigation team, no breaches of human rights or Modern Slavery Act, 2015 were identified. Further, this investigation identified a contractual dispute involving the abovementioned employee, which, once resolved, resulted in the abovementioned allegations being withdrawn.

Progress on implementation and effectiveness of governance controls

Assurance through audits

- We conducted an in-depth human rights audit at our Duqm project in Oman, which involved interviews of workers and sub-contractor management teams, camp inspections, and an assessment of the site's impact on the local community.
- In our capacity as one of the main contractors at Duqm, we also supported our client OQ8 by participating in an external, third-party social audit, conducted by Ramboll (the Denmark-based engineering group).

Living wage foundation



In the UK, we followed through on a commitment we made in 2021 to pay at least the Real Living Wage to all employees. In 2022, we received accreditation from the Real Living Wage Foundation which, each year, calculates the hourly wage that a UK family needs to live on, based on the cost of a basket of household goods and services. This wage is considerably higher than statutory requirements. Importantly, the commitment extends to

all UK-based employees and covers indirect employees - such as temporary or agency staff, as well as any interns or placements.

Employee assistance program



- Our global Employee Assistance Programme (EAP), operated by Canada-based TELUS Health, is a confidential support service provided at no cost to all employees that can help them and their dependents address a wide range of problems and challenges in their lives. It offers timely, qualified assistance and support, and can be contacted toll-free, 24 hours a day, seven days a week. Details are provided on the Petrofac intranet site and employees are made aware of the benefits of the programme through a series of webinars and articles. This also serves to guide and encourage employees to speak up and raise any concerns related to workplace conditions or practices through appropriate channels.
- We recognize that exposure of workers to any form of human rights abuse, at the workplace or outside, could adversely affect their mental health and wellbeing, which is one of the reasons we provide a range of mental health first aider and volunteer programmes. After

successfully piloting our approach in our UK operations, we rolled out the initiative in our Sharjah offices, where 24 newly trained Mental Health First Aiders volunteered to provide a dedicated and safe space for employees to discuss their concerns and experiences. The aim is to address and resolve any emerging issues before they become severe.

- Internal communications and webinars helped us to draw attention to mental health issues and reduce the stigma that has traditionally surrounded them.



In 2022, there were no incidents of modern slavery or human rights violations reported through our auditing or internal incident reporting mechanisms. Unfortunately, we did uncover a small number of labour rights violations (such as late salary payments) at lower tiers of our supply chain. These were addressed by engaging with the management of the relevant sub-contractors and collaborating to reach an effective resolution.

Our commitments for 2023 and beyond

For 2023, we will continue to develop our approach. Plans include:

- Updating our Labour Rights Standard and Social Performance Standard and associated guidelines to include enhanced implementation and monitoring processes, guidelines and tools.
- Developing additional communication and awareness programmes, including:
 - Overall company-wide initiatives to increase awareness about modern slavery and human rights issues.
 - Targeted training and capacity building for employees responsible for social performance and grievance management.
- Support for sub-contractor forums, to enhance their respective labour rights awareness, KPIs, and grievance management systems.
- Broadening and enhancing our internal audits for assurance and continuous improvement. The enhanced audit protocol will continue to be integrated into the wider HSEQIA audit programme to ensure that all projects are scrutinized for potential issues on a routine and regular basis.
- Exploring the potential for digitization of the related processes, records, etc.



At Petrofac we believe we all have a part to play in combatting modern slavery in all its forms. We are committed to ensuring that it never takes place within our own operations, that companies in our extended supply chain comply with our requirements, and that we exert a positive influence across the wider industry. We look forward to progressing on this and reporting again next year.

This statement has been approved by the Board of Petrofac Limited.

A handwritten signature in blue ink, appearing to read 'Tareq Kawash'.

Tareq Kawash
Chief Executive Officer June 2023

Petrofac Limited Modern Slavery Act Public Statement 2022

1. All reference in this statement to 'Petrofac', 'We' and 'Our' relate to the Petrofac Group and subsidiaries, associates, and joint arrangements.
2. Revenue figures relate to financial year Jan - Dec 2022.