

PETROFAC LIMITED MODERN SLAVERY ACT PUBLIC STATEMENT 2018

Introduction

We are committed to working in partnership with our clients and suppliers to ensure that human rights are respected throughout our business operations and across all our project sites.

Since publishing our first Modern Slavery statement in 2016, we have continued to increase the depth and breadth of our work in this area, deepening our understanding of the issues, and ensuring we have in place the most effective responses to the risks.

This Statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps we have taken in 2018 to address these issues across the company and our supply chains.

About Petrofac

We are an international service provider to the oil and gas production and processing industry, with a diverse client portfolio including many of the world's leading integrated, independent and national oil and gas companies.

Our divisions:

- **Engineering & Construction (E&C)** delivers onshore and offshore engineering, procurement, construction, installation and commissioning services on a lump-sum basis. Revenue US\$4,087m.
- **Engineering & Production Services (EPS)** brings together our services' capability across brownfield projects and operations, greenfield projects through concept, feasibility and front-end engineering and full project delivery, as well as a range of operations, maintenance and engineering services for onshore and offshore projects. Revenue US\$1,479m.
- **Integrated Energy Services (IES)** provides an integrated service for clients under flexible commercial models that are aligned with their requirements. Revenue US\$282m.

With 11,500 staff, made up of around 80 nationalities, we have seven operational centres in Sharjah, Abu Dhabi, Chennai, Mumbai, Aberdeen, Woking and Kuala Lumpur, supported by over 20 offices and training facilities worldwide.

Further information about Petrofac can be found in our Annual Report and Accounts and at petrofac.com.

Supply chains and subcontractor relationships

Petrofac has large, complex and diverse supply chains. We buy a broad range of both low-value and high-value goods and services from suppliers globally. In 2018, for example, in our main E&C and EPS projects our purchase orders covered some US\$1.1 billion worth of goods.

At the close of 2018, we supported almost 75,000 jobs at our project and operational sites. Around 95% of these were through our subcontractors, the remainder being a mix of expatriate and local Petrofac employees and contractors. These workers cover a wide range of services – such as civil works, mechanical, electrical and instrumentation construction works, site facility management and catering services.

Policy framework and management approach

Respecting human rights is fundamental to our values which are at the heart of everything we do and guide our decisions and behaviours. We strive to take a risk-based approach to understanding and addressing potential modern slavery issues, supported by training to raise awareness, effective due diligence and compliance assurance.

We are committed to increasing our engagement with industry and other stakeholders to share good practice. And we work in partnership with our clients and supply chain to drive innovation and continuous improvement on our projects.



2018 Highlights

YR 1	YR 2-3	YR 4-5
<ul style="list-style-type: none"> Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners 	<ul style="list-style-type: none"> Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners 	<ul style="list-style-type: none"> Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners Labour Rights Standard implementation across all PFC and SP partners

Update of Labour Rights Standard Implementation Plan

Development of Labour Rights Site Implementation Toolkit and commenced roll out at E&C project sites

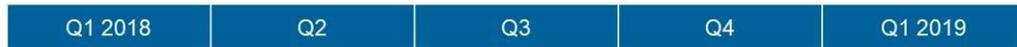


Executive Committee & Board updated on progress meeting our MSA commitments

Incorporation of Labour Rights due diligence into Zycus vendor management system & subcontractor prequalification



Extending labour rights audit programme across new projects and the wider Group



Worker Welfare Standard launched



Labour rights training modules developed and launched



Continued engagement with wider industry (Oman LR Forum, IPIECA Human Rights Task Force)

2018 marked a change in our focus on addressing modern slavery issues.

As reported in our previous year's statement, we had worked to map our supply chain risks, develop our policy framework, and establish our response. In 2018, we shifted our attention to awareness raising, training, capacity building, and ensuring that our requirements are understood and implemented across our extended supply chain.

Implementing a new Worker Welfare Standard

To complement our new Labour Rights Standard, we finalised and launched a new Worker Welfare Standard, covering topics such as accommodation, catering, recreation, healthcare, transportation, working hours, and workforce engagement.

This sets out the minimum requirements for every Petrofac project and asset, and applies to every worker, irrespective of whether they are employed directly by us or through a sub-contractor. As well as communicating the Standard to all employees and sub-contractors, we also shared it with clients and peers.

Many of the requirements were already well established. What the Standard does is to support their consistent application across the Group, and guarantee that everyone on our sites is entitled to safe and healthy working conditions.

This commitment to worker wellbeing not only improves the health and morale of our workers, but also increases efficiency, performance, and safety – and is therefore instrumental to achieving our ultimate goal of Horizon Zero (incidents).

Addressing risks via sustainable remediation

Through our due diligence programmes, we know that the main human rights vulnerability is in the employment of unskilled migrant labour at our large engineering and construction projects. Of particular concern are the practices of agents used by some of our subcontractors, including the charging of excessive recruitment fees, unconsented retention of travel documents and the risk of contract discrepancies.

To address this, we have stepped up our scrutiny of sub-contractors. For example, as part of the prequalification process, we have included labour rights screening. And, as part of the ongoing business relationship, we require them to validate their compliance with all our rules and standards, including labour rights and worker welfare.

This programme of due diligence was also extended to other third parties we do business with through incorporation of labour rights screening into the registration process of our Zycus vendor management system.

Where we discover an issue, our emphasis is on sustainable remediation – to deal, honestly and openly with our concerns, and agree on a path to the full implementation of our policy requirements and standards

TURNING CHALLENGE INTO OPPORTUNITY

Partnering with our client to enhance labour rights and worker welfare in Oman.

Aside from being the right thing to do, the commercial case for improving labour rights and worker welfare is compelling. When workers are happy and engaged, they tend to work more safely and efficiently, and the risk of delay and disputes is minimised.

But, with a huge project involving a subcontractor workforce of thousands, it can be a challenge to appreciate the true conditions faced by all workers.

On one project, as part of the induction programme, we surveyed more than 3,000 workers to find out about possible labour rights breaches. In particular, we wanted to know if anyone had been forced to pay excessive recruitment fees to agents in their home country. Where they said they had, we followed up with the employers and their agents to put solutions in place.

By the end of 2018, the project was assessed as near debt-free, with over 95% of the workforce having no recruitment-related debts.

We also participated in the Oman Labour Forum, an industry stakeholder group which promotes labour welfare improvements.

Along with many welfare provisions, the site also has a wellness programme promoting health awareness, with a focus on diet and nutrition and opportunities to address mental health issues like stress and depression.

Petrofac's Construction Director, Mohamed Shaheen, says that one of the great things about the project is the open culture and close collaboration between teams, "I regularly sit in on the Welfare Committee meetings, and they do an excellent job of addressing concerns and proposing improvements. This shows in how happy the guys are on site and how safely and productively we're delivering the project."



Our commitments for 2019 and beyond

For 2019, our priority will be to continue to roll out and embed our various initiatives and resources.

This will include:

- An update of our Code of Conduct to make human rights more explicit
- Extending our labour rights programme across our new projects and the wider Group
- Meanwhile, we will strengthen our subcontractor compliance assurance processes, and will continue with the series of project audits to assess the level of compliance in sites and address any issues encountered.

Assessment of effectiveness and KPIs

In our 2017 statement, we committed to report on the following areas:

- Supplier Labour Rights Due Diligence – 45% of new and existing suppliers screened (2017:16%).
- Projects Completing Labour Rights Assessments – 40% of new E&C projects completed labour rights assessments (2017:14%).

- Labour Rights Training – 227 person training hours completed (2017: 51).
- Incidents – No incidents of modern slavery reported through employee hotline disclosures or our internal incident reporting mechanisms.

We aim to continue to drive up ethical standards in our supply chain, focusing on engagement of our subcontractors and promoting the adoption of the following compliance targets on our projects:



Project KPI targets	
1. All workers have contracts (in a language they understand or have been explained to them)	<input checked="" type="checkbox"/>
2. Only licensed recruitment agents used	<input checked="" type="checkbox"/>
3. Employer pays recruitment fees	<input checked="" type="checkbox"/>
4. Security payments aren't taken when workers are recruited and they are paid on time	<input checked="" type="checkbox"/>
5. Freedom of movement for all workforce (where safety and security requirements permit)	<input checked="" type="checkbox"/>
6. Worker Welfare Standard requirements met	<input checked="" type="checkbox"/>
7. Workers grievance system in place	<input checked="" type="checkbox"/>

Training and capacity building

In 2018 we finalised and launched a comprehensive labour rights training and awareness programme for key functions and third parties, completing 227 person training hours across the following sessions:

- 9 project / subcontractor sessions
- 5 sessions for key functions (Supply Chain, HR, etc)
- 4 recruitment agent sessions

We stepped up our collaboration with industry peers and stakeholders to adopt common principles and drive industry-wide improvement in working practices.

For example, we participated in various industry bodies, such as IPIECA, the global oil and gas industry association for environmental and social issues, and Building Responsibly, a global contractor coalition committed to promoting the rights and welfare of workers.

We also presented our work at several conferences and events, such as the Society of Petroleum Engineers annual conference. And we have teamed up with clients to emphasise our commitment to human rights.

For example, we have been active participants in the Oman Labour Forum; a BP-led stakeholder group which seeks to establish common industry practices. As part of this, we also worked with BP to undertake a mass survey of human rights issues involving 1,200 of our workforce on the Khazzan Phase 2 project.

Looking further ahead, we aim to continue to drive innovation and improvement, and to report on our achievements, sharing and incorporating good practice from peer learning.

To support the project implementation of our new Labour Rights and Welfare Standards, we will extend our awareness raising and capacity building progressively across our projects and to key subcontractors and recruitment agents in 2019.

We look forward to reporting on our progress again next year.

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



Ayman Asfari
Chief Executive Officer May 2019