

PETROFAC LIMITED MODERN SLAVERY ACT PUBLIC STATEMENT 2019

Introduction

Petrofac operates in challenging environments where human rights issues can become a source of risk, both for our business and for some of the people who work on our sites.

We are committed to upholding and advancing human rights throughout our business operations and extended supply chain, ensuring that everyone who works with and for us are treated with respect, fairness and dignity.

This Statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps we have taken in 2019 to address these issues across the company and our supply chains.

About Petrofac

We design, build, manage and maintain infrastructure for the energy industries. Our diverse client portfolio includes many of the world's leading integrated, independent and national oil and gas companies, and renewable energy 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\$4,475m.
- **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\$889m.
- **Integrated Energy Services (IES)** provides an integrated service for clients under flexible commercial models that are aligned with their requirements. Revenue US\$195m.

With 11,250 staff (as at 31 December 2019), comprising 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.

At the close of 2019, our main E&C and EPS projects' purchase orders covered some US\$2.9 billion worth of goods and we supported almost 57,000 jobs. 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 strive to follow industry good practice, working in accordance with the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, which we are a signatory of, as well as the core conventions of the International Labour Organization (ILO).

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.

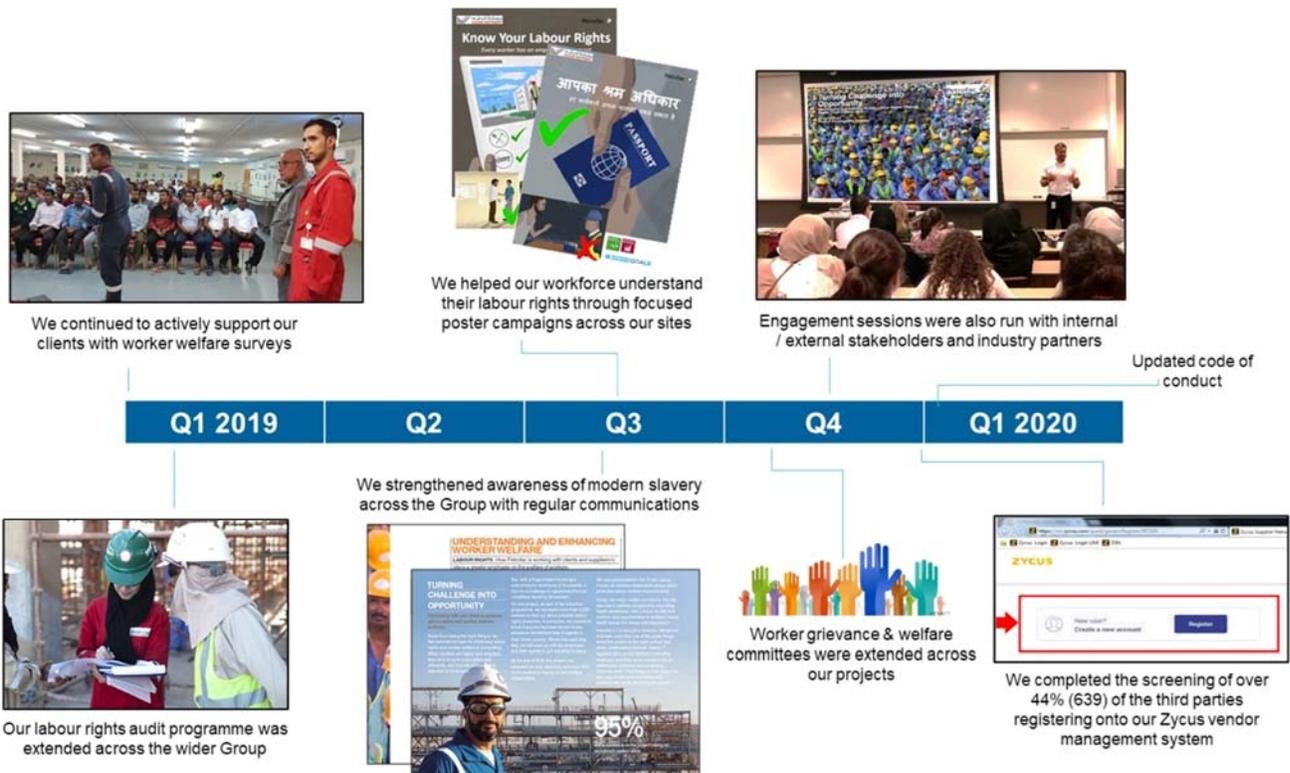


In 2019 we continued to take a risk-based approach to understanding and addressing potential human rights issues related to labour rights and worker welfare.

We know from our ongoing due diligence and assurance processes that our main potential exposure is associated with the large numbers of lower skilled migrant workers in parts of our supply chain, particularly the labour practices of some of our subcontractors and their recruitment agents.

Alongside standards of onsite welfare, potential risks include recruitment fees, grievance procedures, retention of key documents, and clarity over terms and conditions.

2019 Highlights



Embedding our Labour Rights and Worker Welfare Standards

During 2019, our priority was to continue to roll-out and embed our Labour Rights and Worker Welfare Standards throughout the business.

We continued the awareness raising and capacity building programmes first launched in 2018, focusing on further understanding our supply chain risks and enhancing our protections.

We are committed to the principle that workers do not pay for a job and are progressing adoption of the Employers Pay Principle (for recruitment fees) and promoting ethical recruitment practices within our supply chain.

To ensure all staff and third parties we do business with understand these issues, human rights were made more explicit in our updated Code of Conduct. Our aim is to highlight the growing global concern related to modern slavery and emphasise our responsibility to understand the issues and address any potential problems in our business and its supply chain.

We also continued to raise awareness throughout the Group through various training sessions and engagement events; for example we ran an awareness event in Mumbai for the senior leadership team responsible for our new Indian projects.

Building capacity to ensure compliance

As part of our capacity building, we continued to strengthen our subcontractor compliance assurance processes, extending these deeper into our supply chain. A key part of this was to focus audits on both subcontractor companies and the recruiters they use in their source countries.

We also continued to refine the labour rights screening process within Petrofac's vendor management system. By the year-end, we had completed the screening of more than 44% (639) of the third parties on the system, as all new vendors registering are progressively screened. Where potential risks were identified, enhanced due diligence was conducted.

To ensure suitable protections are in place and workers have the means to raise concerns, we strengthened grievance and welfare committees across our projects and undertook reviews of subcontractor and recruiter systems. Where issues were identified, we took the time to understand the cause and worked with all involved parties to improve protections.

Using words to change people's worlds



One effective way to improve the prospects for workers and lessen the risk of them falling victim to modern slavery is to enhance their literacy and communication skills. To this end, in 2019 we continued to support the SmartReading programme, an initiative originally launched by the Dubai-based NGO SmartLife in 2016. To date, hundreds of labourers have completed the programme and received a certificate recognising their achievement, dedication and willingness to improve.

Petrofac Cost Control Assistant Jikky Renji, who supports the programme as a volunteer teacher, says: "The programme is free-of-charge, opening its doors to anyone who would like to join. As teachers, we're proud to help workers develop these life-changing skills. The initiative also complements the work Petrofac is doing to improve labour rights and worker welfare on our sites. When workers can read and develop the confidence to question what they don't understand, they're better equipped to avoid exploitative labour practices. They also act as role models for other workers and family members to improve their literacy skills."

Our commitments for 2020 and beyond

For 2020, our focus will continue to be on building capacity within the organisation, highlighting our contribution to the UN Sustainable Development Goals, extending awareness training, and refining our data collection and performance monitoring systems. This will include:

- Aligning relevant parts of the programme to UN Sustainable Development Goal 8: Decent Work & Economic Growth, specifically targets; 8.7 ending modern slavery and 8.8 protecting labour rights
- Continuing to extend labour rights and worker welfare due diligence of our supply chain
- Expand our awareness and training programmes to all new E&C projects
- Broaden coverage of labour rights and worker welfare audits by integrating social performance into the Group HSSEIA compliance assurance programme

Assessment of effectiveness and KPIs

In 2019 we made the following progress against our performance targets:

- Supplier Labour Rights Due Diligence – 44% of new and existing suppliers screened (2018: 37%).
- Project Labour Rights Audits – 7 system compliance audits were undertaken on E&C projects, slightly less than 2018 as audit resources were also allocated to follow-up previous audit action close-out (2018: 9).
- Labour Rights Training – 105 person training hours completed (internal), 180 person training hours (external third parties) (2018:227 hrs).
- Incidents – No incidents of modern slavery reported through 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:



Training and capacity building

We continue to actively collaborate with our industry partners on labour rights and worker welfare issues.

We continued our involvement with the Building Responsibly Group of engineering and construction companies, and also presented at the industry-led Oman Labour Forum and the Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC).

The results and learnings from our work were shared at these events, and we continue to work with our industry partners to drive innovation and support continuous improvement.

To address one of the recommendations of the workforce survey we reported in 2018, we undertook to update the awareness material in our site labour rights toolkit.

As part of this refresh, a 'Know Your Rights' awareness campaign was launched. In addition, labour rights posters, induction material for new starters, and an awareness video were developed and rolled out across a number of our project sites.

Looking further ahead, we aim to continue to drive innovation and improvement, and to report on our achievements, focusing our efforts in three key areas:

- Collaboration and engagement with our supply chain to further promote adoption of our standards.

- Foster peer to peer learning across our industry partners to support development of shared good practice.
- Broaden our oversight of compliance.

Companies are increasingly judged as much on their character as the quality of their work, and nothing speaks more to character than the way we support human rights.

At Petrofac we recognise that we all have a part to play in combatting modern slavery in all its forms, and we look forward to reporting on our progress on this again next year.

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



Ayman Asfari
Chief Executive Officer May 2020

Petrofac Limited Modern Slavery Act
Public Statement 2019

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 2019.