



# COMPLIANCE & ETHICS

Petrofac 

# Three lines of defence



*Each line in our defence system includes a feedback loop that informs improvement.*

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# LEADERSHIP & PEOPLE

# First line of defence:

## Our Board – a fresh perspective

- A largely new, proactive and engaged Board. Five out of eight members have joined since 2016
- Includes members with relevant remediation experience following corporate corruption issues
- The Compliance & Ethics Committee is particularly relevant for its oversight and challenge of the Compliance function



Tareq Kawash  
2023



Sara Akbar  
2018



Francesca Di Carlo  
2019



René Médori  
2012



Ayman Asfari  
1991



Matthias Bichsel  
2015



Afonso Reis e Sousa  
2021



David Davies  
2018

*Compliance &  
Ethics  
Committee  
Members*

# First line of defence:

## The Compliance and Ethics Committee

- Strong blend of relevant experience as executives and non-executives, including remediation of corporate corruption
  - Chaired by Francesca Di Carlo, former VP for Audit and Compliance at Enel, in addition to solid operational and HR background
  - Matthias Bichsel, formerly of Royal Dutch Shell executive
  - David Davies, extensive financial controls and audit experience, Chair of the Audit Committee
- Productive Quarterly meetings
  - Attended by Group General Counsel, Chief Compliance Officer, Head of Investigations, Head of Internal Audit and other corporate leaders
  - Often attended by other board members
  - Involvement in Compliance Programme management



Francesca Di Carlo  
2019



Matthias Bichsel  
2015



David Davies  
2018

*Compliance &  
Ethics  
Committee  
Members*

# First line of defence:

## A new leadership team



Tareq Kawash  
CEO  
2023



Elie Lahoud  
COO, E&C  
2021  
(joined 1997)



Nick Shorten  
COO, EPS  
2021  
(joined 2018)



John Pearson  
COO, ETP  
2017



Afonso Reis e Sousa  
Chief Financial Officer  
2021  
(joined 2012)



Des Thurlby  
Director of HR  
2017



Jonathan Kennefick  
Head of Business  
Assurance  
2022



Sophie Reid  
Head of Communications  
2022  
(joined 2019)



Jim Andrews  
Head of HSE  
2021



Roberto Bertocco  
Director of  
Technical Functions  
2023  
(Joined 2012)



Marc Bonandrini  
Chief Commercial Officer  
2023



Sandra Redding  
General Counsel  
2023

Gaurav Karlupia  
Head of Internal Audit  
2020  
(joined 2008)

Tarek Massoud  
Chief Compliance Officer  
2018

# First line of defence:

## Culture

- No current member of the Petrofac Board or leadership were involved in the conduct described in the SFO's case
- Senior management has worked hard to enhance its corporate compliance programme and to institutionalise this within the company's culture
- Fundamental relaunch of Compliance and Ethics Programme built on new Code of Conduct. Launched in January 2020 by the full board webcast to the entire organisation.  
Nearly 4,500 terminals viewed live
- Backed up by mandatory e-training for all staff.  
7,500 completed, and focused ABC Training to over 2,000 staff in higher risk roles
- Consistent unequivocal message from leadership throughout the organisation.  
Compliance issues regularly feature in all internal meetings from the ExCom down
- Focus on consistency and “tone from the middle”  
Fostering a Healthy Speak-Up Culture training delivered to over 1,000 senior staff
- Revamped Anti-Bribery and Corruption programme.  
Standalone ABC Policy, revised standard, revised Conflict of Interest Policy and Procedure, Gifts, Entertainment, and Hospitality Procedure, and automated tool for COI and GEH approval.

# First line of defence:

## Supporting the cultural shift

- Better empowered and more qualified personnel have been recruited into key roles across the business with more direct lines of communication to senior management
- Shift in how project managers see compliance as part of their roles
- Chief Compliance Officer reports to Compliance and Ethics Committee Chair
- Significant upskilling and investment in the staffing of the Compliance team



**Chief Compliance Officer, Tarek Massoud**  
*Experienced compliance professional; formerly worked in compliance at Schlumberger and Unilever in the Middle East and Globally.*



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# PROCESSES & CONTROLS

# Second line of defence:

## Control framework

Examined our risk profile, changed compliance and financial controls, and the people who administer them:

MANUAL PROCESSES HAVE BEEN RETIRED AND CONTROLS INTEGRATED INTO ERP AT A SYSTEMS LEVEL. THEY ARE NOW ROBUST

DUE DILIGENCE MUST BE PERFORMED AND VALIDATION OF SERVICES RENDERED BEFORE PAYMENTS CAN BE MADE

CONTROLS ARE CROSS-DEPARTMENTAL, WITH SEPARATE REPORTING LINES TO ExCom LEVEL

HIGH RISK ROLES RECEIVED FOCUSED TRAINING. E.G SANCTIONS AND IMPORT/EXPORT CONTROLS TRAINING FOR 395 LOGISTICS STAFF

In order to make Due Diligence more accessible, we have:

CHANGED PLATFORMS, SO THAT WE EXCLUSIVELY USE ONE CLOUD BASED PLATFORM

TURNED OFF IRELEVANT SYSTEMS, ENSURED REMAINING SYSTEMS ARE CONSTANTLY MANAGED AND UPDATED. REDUCED MANUAL PROCESSES

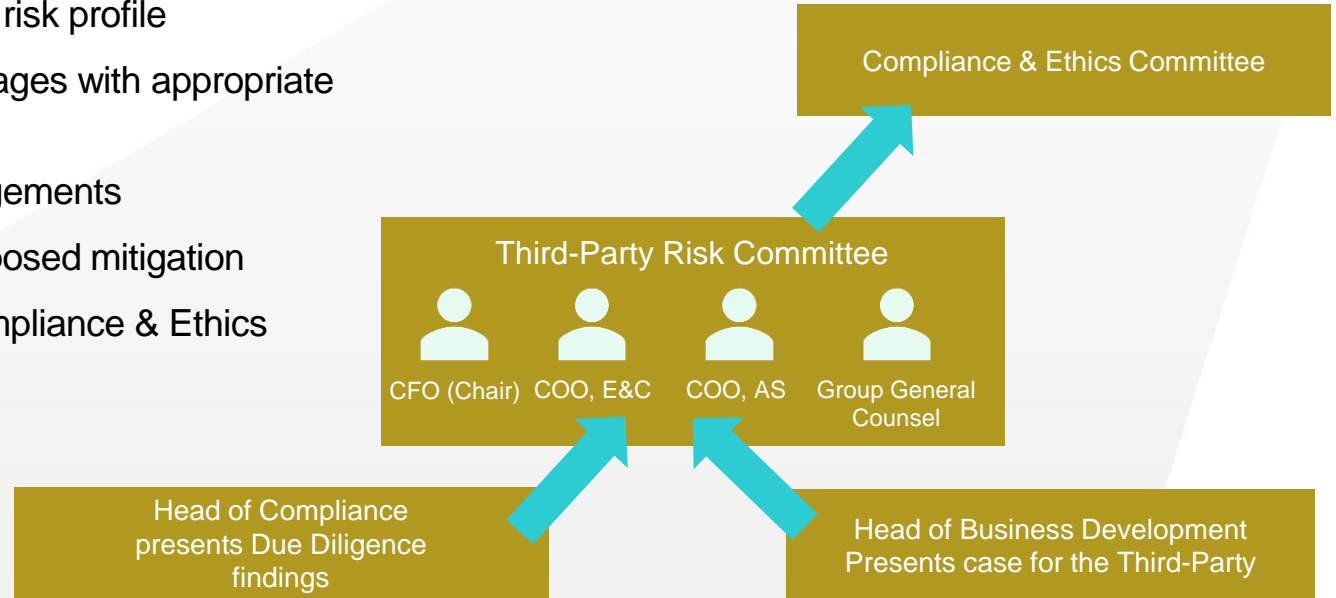
HIRED AN EXPERT IN DUE DILIGENCE IN SHARJAH

ESTABLISHED LIVE MONITORING OF OUR ENTIRE COUNTERPARTY BASE

# Second line of defence:

## Third Party Risk Committee

- All commercial agency arrangements terminated, except where it is legally required
- Oversight of our third-party risk profile
- Ensures Petrofac only engages with appropriate third parties
- Reviews all high risk engagements
- Evaluates the risk and proposed mitigation
- Reports its work to the Compliance & Ethics Committee



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# ASSURANCE

# Third line of defence:

## Assurance framework

- Renewed Investigations function
- Strong Internal Audit function
- External monitoring and review by FSS

*All three provide feedback into the design of the Compliance & Ethics programme, in a continuous improvement cycle*

# Third line of defence:

## Investigations team

- Redesigned function under new experienced leadership, with trained specialist investigators
- New platform for anonymous reporting of issues
- Agreed KPIs to ensure timely resolution of investigations
- Framework to ensure consistent parameters are applied to the investigation process, which is properly independent of its potential subjects and free from influence internally
- Consistent outcomes applied in accordance with consequence management framework, up to and including termination

### *Speak-up reporting trends*

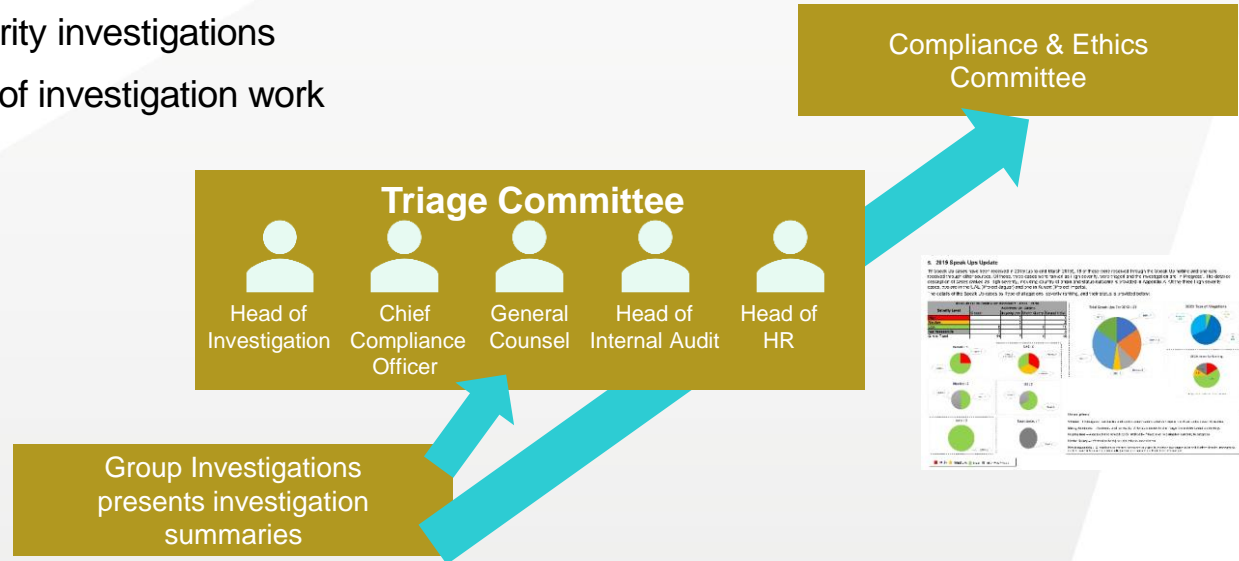
	2018	2019	2020	2021	2022
Speak Up Intake	37	32	57	125	118

# Third line of defence:

## Investigations Triage Committee

### Triage Committee and Investigation Reporting to Board

- Assess allegations of wrongdoing from all sources
- Applies consistent criteria to assess allegations by severity
- Has active role in all high severity investigations
- Monitors progress and results of investigation work



# Third line of defence:

## Internal audit

- Independent function, reporting through the Finance function to the Audit Committee
- Tests compliance with Group policies, including Compliance and Ethics
- Weekly cross-departmental calls to ensure timely reporting of any potential issues
- Active tracking of mitigation and remediation



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**ASSURANCE:**

FREEH, SPORKIN & SULLIVAN LLP

# Third line of defence:

## External monitoring and review - introduction

- FSS was engaged by Petrofac in 2019 to review and report to the Board on Petrofac's Compliance & Ethics programme.
- It was a 3 years engagement, forming a key part of our ongoing assurance process.
- Whilst we no longer actively work with FSS (the objectives of the relationship having been met), since 2022 we have been focusing on implementing and embedding FSS's previous recommendations.
- The next slide provides more detail on the work performed by FSS.

# Third line of defence:

## External monitoring and review - FSS

### Review Petrofac's current compliance programme

- Evaluate / benchmark to regulatory / industry expectations
- Use UK MOJ Bribery Act 2010 Guidance
- Make recommendations for improvements
- Monitor implementation and effectiveness
- Led by Louis Freeh from FSS, experienced in evaluating multinational corporate compliance programs
- Freeh has served as DOJ monitors in Daimler and Walmart FCPA DPAs
- Freeh has served as independent compliance monitor

# Third line of defence:

## External monitoring and review - FSS

- Petrofac is a different company today compared to the time of the central allegations from the SFO, and is on the right path for continued improvement so as to become best in class
- Senior Leadership and Board are setting an important tone and are committed to strengthening the culture of ethics and compliance everywhere Petrofac does business
- Senior Leadership and Board are providing clear direction to improve compliance, including building an oversight infrastructure to provide leadership
- Compliance team has grown markedly, with an increase since 2016 from two to 12 people and a budget that has doubled
- Compliance team is executing important policy and process improvements