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## PETROFAC LIMITED SOVEREIGN, COUNTERPARTY AND FINANCIAL MARKET RISK POLICY

### Vision

Sovereign, counterparty and financial market risk is the potential exposure to loss, financial and reputational, resulting from sovereign government action, counterparty default and/or financial market movements. Petrofac will protect its reputation and shareholder value through effective sovereign, counterparty and financial market risk management.

### Commitment

The Petrofac Board of Directors has ultimate responsibility for sovereign, counterparty and financial market risk management. Petrofac and its business units are therefore committed to:

- Approaching sovereign, counterparty and financial market risk management not as a business cost or as a profit opportunity but as a strategy for limiting the group's risk exposure.
- Ensuring that management understands the nature and extent of sovereign, counterparty and financial market risks before entering into any transaction.
- Maintaining effective and transparent processes for periodically reviewing sovereign, counterparty and financial market risks to which the group is exposed.
- Ensuring that the group is not exposed to any single sovereign, counterparty or financial market risk that could pose an existential threat.

### Objectives

To meet this commitment Petrofac will:

- Only accept material sovereign risks where the group's political and operational exposures are understood.
- Ensure that commercial counterparty exposure is assessed and that any material exposures are mitigated.
- Ensure that material financial counterparty risk is only held with counterparties that are rated by Standard and Poor's as "A" or better (or equivalent rating from Moody's or Fitch). Where ratings do not meet this standard, ensure that sufficient due diligence is conducted to assess and mitigate the counterparty exposure.
- Establish and keep under regular review approved counterparty limits for all financial counterparties which limit exposure to acceptable levels.
- Ensure that it maintains an adequate level of liquidity in the form of cash, readily available short term investments or committed credit facilities at all times.
- Hedge all material transactional foreign exchange exposures and manage interest costs using a mix of fixed and variable rate debt.
- Ensure that any significant deviation from this policy is approved by executive management and by the Board.

### Responsibility

Responsibility for compliance with this policy lies with the Group Chief Executive, the Chief Financial Officer and the business units' Managing Directors.

This policy applies to all operating companies and service lines within Petrofac Limited and all partnerships or Joint Ventures over which we have management control.

