
PETROFAC LIMITED MODERN SLAVERY ACT PUBLIC STATEMENT 2021



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 is 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 2021 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.



Engineering & Construction

Revenue	US\$1,971m
2020: US\$3,090m	
EBITDA	US\$10m
2020 restated ¹ : US\$114m	
Business performance net profit	US\$8m
2020 restated ¹ : US\$63m	
Employees	3,350
(as at 31 December 2021)	
% of revenue	64%

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

Revenue	US\$1,111m
2020: US\$933m	
EBITDA	US\$84m
2020 restated ¹ : US\$60m	
Business performance net profit	US\$86m
2020 restated ¹ : US\$40m	
Employees	4,350
(as at 31 December 2021)	
% of revenue	34%

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

Revenue	US\$50m
2020: US\$110m	
EBITDA	US\$21m
2020: US\$39m	
Business performance net loss	US\$(5)m
2020: US\$(18)m	
Employees	250
(as at 31 December 2021)	
% of revenue	2%

Integrated Energy Services (IES) is Petrofac's upstream oil and gas business, providing an integrated service for clients under flexible commercial models that are aligned with their requirements.

Following the completion of the sale of our 51% interest in our Mexico operations in November 2020, our interest in the Production Sharing Contract (PSC) for Block for Block PM304 Malaysia's offshore Cendor field is our sole remaining material IES asset.

NOTE 1: The prior year numbers are restated in relation to the adoption of the IFRIC decision on cloud configuration and customisation costs, in April 2021

Policy framework and management approach

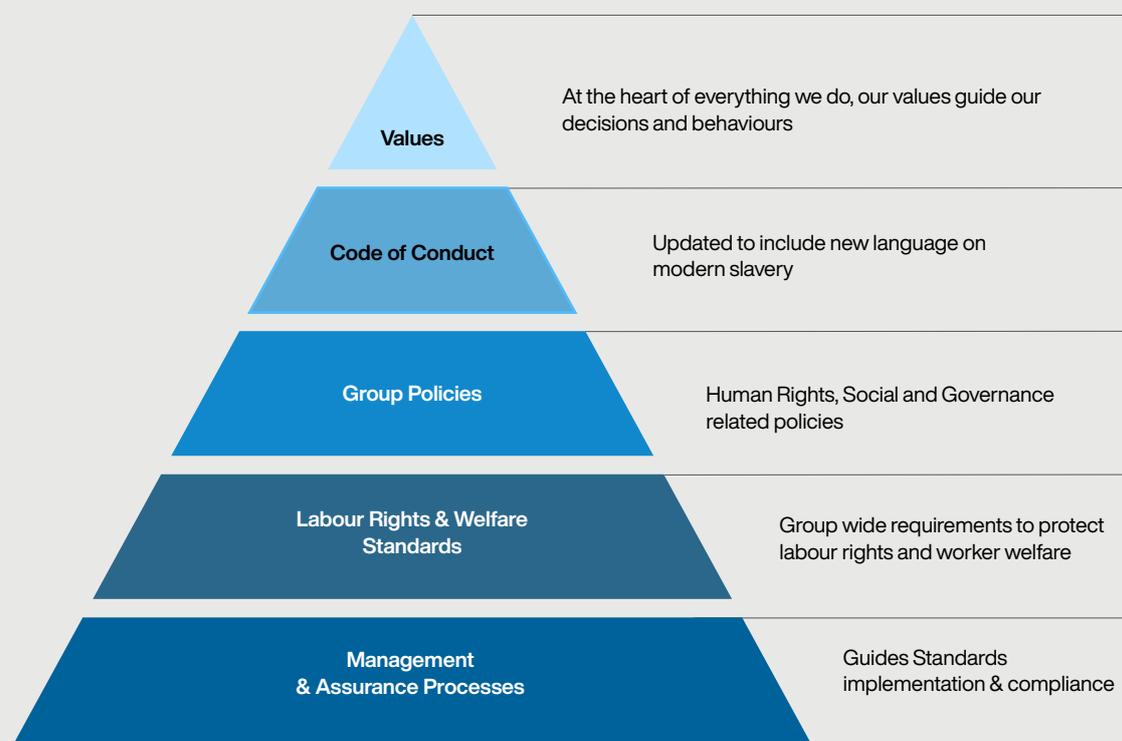
Respecting human rights is fundamental to our values which are at the heart of everything we do and guide our decisions and behaviours. We strive to take a risk-based approach to understanding and addressing potential modern slavery issues, supported by training to raise awareness, effective due diligence, 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, of which we are a signatory, 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 2021 we continued to take a risk-based approach to understanding and addressing potential human rights issues related to labour rights and worker welfare.



Respecting human rights across our supply chain

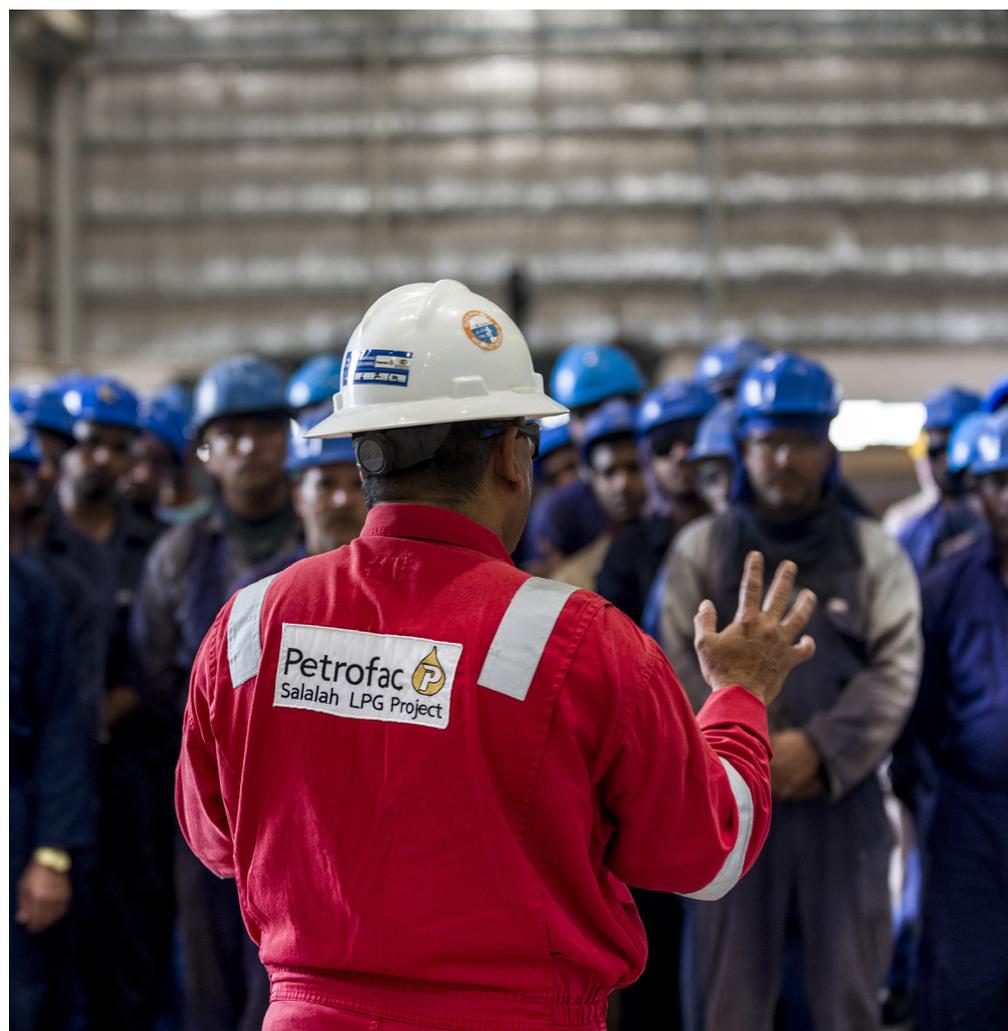
We strive to protect and respect human rights throughout our business operations and extended supply chain and our commitments are set out in our Code of Conduct. However, we acknowledge that the nature of our global operations and the type of geographies we work in at times present human rights risks. Our main exposure is in the extensive supply chains of our large EPC projects, particularly the labour practices of subcontractors and the recruitment agents and brokers they use.

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

All third-party suppliers undergo human rights and labour rights due diligence screening as part of prequalification onto our vendor management system and are required to read and commit to Petrofac's Labour Rights and Worker Welfare Standards. We also review compliance with our standards through our audit, review, and inspection programmes. Where issues are identified, we work collaboratively with third parties to support improvement plans.

In 2021, there were no incidents of modern slavery or human rights violations reported through our auditing or internal incident reporting mechanisms. However, we did

uncover several labour rights issues arising from the ongoing challenges of the pandemic.



SUPPORTING LABOUR RIGHTS THROUGH THE PANDEMIC

While the pandemic has impacted the entire supply chain, it is our lower tier subcontractors who are most vulnerable and least financially resilient. Across several projects, our labour rights monitoring and grievance management systems highlighted instances of labour rights infringements. For example, due to country travel restrictions some subcontracted workers opted to work extended rotations rather than return to their home countries and risk finding themselves unable to return to work. In other instances, lower tier subcontractors with cash-flow problems within the employer organisations were unable to pay workers' salaries or health insurance on time or made unacceptable cuts in the welfare provision.

In all instances, we worked in collaboration to facilitate solutions, monitoring the situation until resolved. As a preventive measure, across the supply chain, we also stepped up our reviews of the welfare of our subcontracted workers and provided additional support where necessary.

REFRESHING LABOUR RIGHTS AWARENESS

To remind our subcontractors of the importance of worker welfare, the principles we follow, and the support we make available on each of our project sites, a programme of labour rights refresher training was implemented (aligned to the International Finance Corporation Standards on Environmental & Social Sustainability, Labour Standard 2). Information campaigns were also developed in multiple languages, such as posters and discussion topics for toolbox talks with groups of workers.





BUILDING CAPACITY TO ENSURE COMPLIANCE

We continued to innovate and improve, completing enhancements to the labour rights screening process within our vendor management system. This process is now fully automated, with 100% all vendors and suppliers screened against human rights criteria when pre-qualified and required to read and commit to Petrofac’s Labour Rights and Worker Welfare Standards.

We also continued the process of screening those third parties already registered on the system and yet to be selected for prequalification, and completed 1475, equating to 41%, in 2021. As a result of the screening, a small number of vendors were red flagged for enhanced due diligence.

Where issues are found, we work with third parties to improve their understanding of our Standards and support their efforts to comply fully.

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. We provide awareness training to staff and third parties to help improve the way we work, and we review performance to assure compliance with the Principles and

Petrofac’s Security Management Framework.

To broaden our oversight of labour rights and worker welfare performance, we have also integrated social performance into the Group HSE compliance assurance programme.

ENHANCING PROJECT GRIEVANCE PROCESSES

At each project site, we operate grievance processes, which are designed to be transparent and accessible, and based on engagement and constructive dialogue. Workers can raise complaints and suggestions for improvement both anonymously and in person, and we engage with all parties to support the fair and prompt

resolution of any issues raised. Given the potential impacts of the pandemic, we worked to raise awareness of these grievance systems and how to access them.

GIVING A VOICE TO WORKERS

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

Following improvements in 2020 to our Speak Up tool (which is how employees, contractors, suppliers, and customers and any other third parties can report any breach or suspected breach of our Code of Conduct, or policies and standards such as our Labour Rights and Worker Welfare Standards), the priority for 2021 was to encourage more open reporting through the tool or through management. This entailed additional training, again targeting middle-level managers, to promote a strong and healthy Speak Up culture, reinforced by a top-down cascade to all employees on the importance of speaking up. To ensure our stakeholders, and especially our employees, feel safe in speaking up, we introduced a standalone Non-Retaliation policy.

As a result, we saw an increase in Speak Up reports, which more than doubled to 125. This is in line with recognised international benchmarks. It demonstrates that people feel more comfortable in reporting and

discussing their concerns, which is indicative of the more open and transparent culture we are nurturing. In addition, as part of our focus on worker welfare in 2021, all project sites were encouraged to elevate the role of their worker welfare committees. The committees represent an important component of our commitment to labour rights and are an important pillar in our due diligence framework. We worked to ensure that regular monthly meetings are held, that workforce groups are fairly represented, and an effective dialogue is maintained between all parties

EMPLOYEE ASSISTANCE PROGRAM

Our global Employee Assistance Programme (EAP), powered by LifeWorks by Morneau Shepell, is a confidential support service that can help employees and their dependents solve a wide range of problems and challenges in their lives, at no cost to the employee. Our EAP offers timely, qualified assistance and support to help manage all of life's complexities. The EAP Care Access Centre can be contacted toll-free, 24 hours per day, 7 days per week so that employees can access support whenever they want it.

Employees are made aware of the benefits of our EAP through a series of webinars and articles. This also serves to guide and encourage employees to speak up and raise any concerns related to any work-place violations through appropriate channels.

ASSESSMENT OF EFFECTIVENESS AND KPIs

In 2021 we made the following progress against our performance targets:

- ▶ Supplier Labour Rights Due Diligence – 41% (1475)* of new and existing suppliers were positively screened and approved for use (2020: 40%, 1167)
- ▶ Incidents – No incidents of modern slavery reported through our internal incident reporting mechanisms

Note: *100% of registered suppliers when called off to be prequalified undergo mandatory Labour Rights screening, however, some suppliers opt to undertake the screening ahead of prequal at registration.



Our commitments for 2022 and beyond

For 2022, we will continue to enhance our approach. Plans include communications and training programme to promote grievance management arrangements. This will have an emphasis on continuing to nurture a culture of openness and transparency – so that all our people feel comfortable discussing our Code of Conduct and any labour rights concerns, and management understand the right ways to engage in these discussions, and where appropriate, to escalate the outcomes.

To help address the increasing cost of living challenges, the Company is also working towards accreditation as a UK Living Wage Employer and ensuring that it pays at least the real Living Wage to our employees. Target is to join the Living Wage Foundation as an accredited employer in 2022.



Finally, we will continue to broaden coverage of labour rights and worker welfare audits and embed into the Group HSE compliance assurance programme through auditor refresher training.

At Petrofac we recognise that we all have a part to play in combatting modern slavery in all its forms, and believe that how we do business is as important as what we do. We look forward to reporting on our progress on this again next year.

Petrofac 

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**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)

The graphic features a green background with a white speech bubble containing quotation marks, a blue silhouette of a person, and the Petrofac logo. The text is in white and blue.

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

Sami Iskander

Chief Executive Officer June 2022

Petrofac Limited Modern Slavery Act
Public Statement 2021

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 2021

