

# A SAFE AND RESPONSIVE BUSINESS THAT IS DRIVEN TO DELIVER

“Many of the challenges we face as a business relate to the political, social, economic and regulatory environments in which we operate. Taking a disciplined approach to Corporate Responsibility is essential to meeting these challenges while creating value for our stakeholders and minimising risk to our operations.”

Ayman Asfari  
Group Chief Executive



## What matters most to our stakeholders

### The Petrofac materiality matrix and issues for 2016

Over several years we have formally engaged with many stakeholders to understand the CR topics that are most relevant to our business. In 2016, these topics were refined and re-prioritised to reflect changing attitudes.

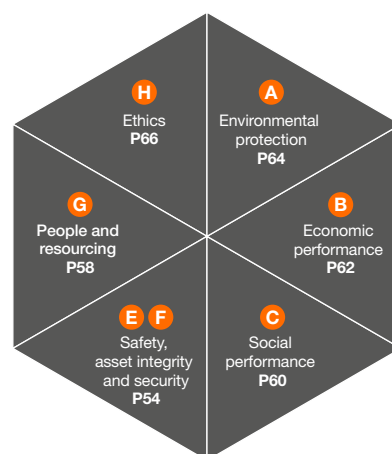
Importance to external stakeholders	High	<p><b>B. Political risk</b></p>	<p><b>A. Energy and climate change</b>                      A. Environmental management                      B. In-country value                      B. Revenue and tax transparency                      C. Human rights                      C. Modern slavery                      C. Worker welfare                      G. Diversity and equality                      H. Trade sanctions</p>	<p>A. Environmental incidents                      B. Supplier and contractor management                      E. Contractor safety and management                      E. Major accidents/ process safety                      E. Worker safety/fatalities                      F. Emergency preparedness                      H. Bribery and corruption                      H. Ethical conduct                      H. Governance</p>
	Medium	<p>A. Biodiversity/habitat protection                      A. Legacy soil contamination                      C. Indigenous populations                      C. Industrial relations disputes                      C. Land acquisition and resettlement                      C. Social investment (community investment)                      C. Social licence to operate                      D. Disease prevention</p>	<p><b>A. Materials</b>                      A. Waste management                      A. Water management                      B. Joint venture management                      C. Labour rights                      G. Employee recruitment                      H. Whistleblowing</p>	<p>D. Occupational health                      D. Wellbeing and stress management                      F. Security risks                      G. Learning and development                      G. Succession and career planning</p>
	Low	<p>C. Employee volunteering</p>		<p>G. Employee retention</p>
		Low	Medium	High

Importance to Petrofac

Key ● Changed position ● Same position as 2015 ● Emerging issue

### How we report:

Information on the issues listed can be found in the sections shown below.



**Key: Issues by group**  
 A Environmental protection  
 B Economic performance  
 C Social performance  
 D Health  
 E Safety  
 F Security  
 G People and resourcing  
 H Ethics

Read more on our CR performance at  
[www.petrofac.com](http://www.petrofac.com)



**At Petrofac, we believe that sustained commercial success and a commitment to corporate responsibility (CR) go hand-in-hand. More specifically, we see that our CR capability helps us to:**

- Maintain strong employee engagement
- Build productive relationships
- Bid for challenging projects
- Optimise the performance of our assets
- Manage our risks

#### **Progressively raising our reporting standards**

By improving our reporting, we bring more rigour to our CR programmes.

For the first time, we are now reporting in accordance with the Global Reporting Initiative (GRI) G4 (core) guidelines. As a commonly used framework for reporting on social, environmental and governance matters, the GRI guidelines help us to:

- Identify and address the material issues that matter the most to our stakeholders
- Prioritise areas for improvement and track our progress over time
- Benchmark our performance against our peers

In 2016, we also improved our CR reporting at [www.petrofac.com](http://www.petrofac.com), including the publication of many of our policy statements.

#### **Understanding what matters most to our stakeholders**

Since 2012 we have worked with our CR advisors to engage formally with representatives from various stakeholder groups (including clients, suppliers, investors, NGOs, government representatives, employees and industry associations) and understand the CR topics that are most relevant to them.

In 2016 we continued the process. We ran focus groups with institutional investors and financial analysts. We also surveyed and ran an internal focus group with a range of our senior managers.

Based on this programme of engagement, we produce a materiality matrix (see opposite page), which sets out our most important CR topics, and is updated annually to take account of changing attitudes. This is used by the Leadership Team and the Board to inform our management approach to CR, and is used by the wider business to guide the quality of our CR programmes.

#### **What this section covers**

- In Safety, asset integrity and security, we report an overall improvement in our safety performance, sadly overshadowed by a fatality at our Rumaila Base Camp in Iraq
- In People and resourcing, we report a reduction in our overall headcount as a result of our reorganisation
- The Social performance section sets out our contributions to communities through social investment, as well as our approach to tackling modern slavery and human rights
- Our Economic performance reporting shows how we support local businesses and local employment, as well as our worldwide contributions to public finances
- The Environmental protection section details our performance in relation to emissions, spills and energy efficiency
- In Ethics, we report on progress in implementing our Code of Conduct

## Safety, asset integrity and security

**Safety, asset integrity and security are fundamental disciplines for Petrofac – enabling us to protect our people, our customers and the communities we work in, as well as the assets we design, build, operate and maintain.**

With a significant increase in the number of man-hours worked across our projects, we are taking steps to maintain our safety performance – and we continue to enhance our well-established programme of health, safety, security, environment and integrity assurance (HSSEIA) measures.

Regrettably, the year's achievements were overshadowed by the death of a security guard at our Rumaila Base Camp site in Iraq. The first fatality recorded at any Petrofac site in more than two years, this was the result of a vehicle accident. The incident was investigated and reviewed by senior management and, separately, by the Board, and the lessons learned were fed back into our ongoing safety initiatives.

### 'Safe' – a core Petrofac value Reflecting on our safety performance

Across Petrofac, our aspiration is for zero safety incidents, as reflected in the name of our Horizon Zero global safety campaign.

We see this as an entirely realistic and achievable goal and are proud to say that, much of the time, we do live up to it. For example, in October 2016 we recognised a landmark in safety performance, having worked 77 million hours without a single Lost Time Incident (LTI) across the entire Group.

In 2016, the number of man-hours worked increased to 244 million (2015: 183 million) and kilometres driven to 99 million (2015: 94 million). Despite these increases, we achieved reductions in our Lost Time Injury, Recordable Injury and Driving Incident rates. Some of the more significant achievements include:

- 11 years without an LTI at the Kittiwake Platform in the UK North Sea
- 7 years without an LTI aboard the FPF-003 vessel offshore Thailand
- 50 million man-hours without an LTI at the Sohar Refinery Improvement Programme in Oman
- 5 years, or 6 million man-hours, without an LTI at the Iraq Crude Oil Expansion Project
- Several awards, including an ASSE (American Society of Safety Engineers) Gold Safety award for the Kuwait gathering centre project (GC29) team, as well as three nominations and a Best Newcomer award at the Total E&P UK SHE (Safety, Health and Environment) Awards

In evaluating our safety performance, we pay particular attention to what we term high potential incidents (HiPos), or incidents that could have resulted in a fatality or serious injury had the situation been slightly different. Our HiPo rate has fallen from 0.063 in 2015 to 0.039 in 2016.

We measure our wider safety performance according to the UK Occupational Safety and Health Administration rules. In every category, the results were encouraging:

- Our recordable incident frequency rate was 0.10 per 200,000 man-hours, compared to a rate of 0.16 in 2015. This is well below the industry average of 0.242 (as extrapolated from the figures published for 2015 by the International Association of Oil and Gas Producers).
- Our lost time incident (LTI) frequency rate was 0.013 per 200,000 man-hours, compared to a rate of 0.019 in 2015. Again, this compares well to the industry average of 0.058 (as extrapolated from the International Association of Oil and Gas Producers figures for 2015).
- The driving incident frequency rate was 0.26 per million kilometres driven compared to a rate of 0.34 in 2015.

### Total man-hours worked (million)

Million man-hours completed by employees and subcontractors

115	2014
183	2015
<b>244</b>	<b>2016</b>

### Lost time frequency rate

per 200,000 man-hours

0.044	2014
0.019	2015
<b>0.013</b>	<b>2016</b>

### Recordable incident frequency rate

per 200,000 man-hours

0.16	2014
0.16	2015
<b>0.10</b>	<b>2016</b>

### Driving incident frequency rate

incidents per million kilometres driven

0.58	2014
0.34	2015
<b>0.26</b>	<b>2016</b>



Without doubt, these achievements were overshadowed by a death in our Iraqi business, which reminds us of the need to continually strengthen our safety culture. Following a full investigation of the circumstances, several initiatives were introduced to ensure that lessons were learned. This included:

- We conducted a 'Dark Corners' exercise to identify any onsite locations and/or areas of operation where safety-related accountabilities are not clearly understood
- We refreshed and re-launched our Line of Fire safety campaign to remind all personnel to be aware of, and stay well clear of, potential safety hazards (such as vehicles)
- We introduced a Driving Safety Policy, followed up by a month-long campaign on driving related risks

### Strengthening our safety culture

2016 was year of change for Petrofac, including a Group restructure and a reduction to our own headcount, as well as a significant increase in the total number of man-hours worked at our projects. Given changes of this magnitude can often lead to a deteriorating safety performance, we took actions to ensure that we maintain a strong safety culture.

Examples include:

- We once again held our annual safety conference attended by 50 of our most senior leaders, including our Group Chief Executive and Chief Operating Officer
- All nine of our Business Unit Managing Directors were charged with forming and leading a team to consider and prioritise the safety issues within their respective areas and to report back at our annual safety conference – a process that involved some 600 people across the Group
- In a new Safety by Design initiative, our technical services teams were asked to actively consider how their design and engineering concepts could help to minimise safety risks during the construction phase of every project – leading to several safety-related improvements to the way that our projects are now designed and built

- A renewed focus on the everyday welfare of all onsite personnel, covering the quality of their living conditions, rest areas, diet and hydration – to protect their overall health and wellbeing, but also to contribute to our safety performance
- A re-emphasis on the importance of Leading by Example, including regular, highly visible leadership visits to our sites
- Refocusing efforts across Petrofac to ensure HiPo investigation, causes and actions are prioritised
- The ongoing rollout of the Petrofac Assurance Index (PAI), and also the roll-out of our recently refreshed Health, Safety, Security and the Environment (HSSE) Framework
- A new initiative focused on people who have recently begun working onsite (Short Service Employees) – enabling their colleagues to immediately recognise that they may not be fully familiar with safety procedures and encouraging them to look out for their welfare

### Making our Golden Rules of Safety accessible and understandable

Our analysis reveals that, in more than 90% of our reported incidents, the root cause is a failure to observe our Golden Rules of Safety. As in previous years, we therefore worked hard to raise awareness of these Rules and their importance.

For example, we continued to roll out our Golden Rules of Safety e-learning package. Using clear illustrations and graphics, this clearly articulates the Rules and our expectation that they should always be followed. By the end of 2016, more than 19,000 people had completed the course, and a further 24,000 had been through its first phase.

### Extending our commitment to our suppliers and partners

All Petrofac safety policies and procedures apply equally to our suppliers and partners as well as our own employees. To underline this principle, we held our third annual Contractor Safety Forum in 2016 in Sharjah, UAE. Open to clients as well as contractors, this was attended by around 200 delegates. Using electronic voting devices, 100% of them said the event was valuable.

### Sharing best practice across the industry

We continue to share expertise across the industry by collaborating with our peers. We remain an active member of the UK Oil Response Forum, and the Step Change in Safety initiative, including its Asset Integrity Steering Group, the Helicopter Safety Steering Group, and the Behavioural Safety Workgroup.

### Golden Rules of Safety



Confined space entry



Management of change



Ground disturbance



Lifting operations



Energy isolation



Permit to work



Driving safely



Working at heights

## Safety, asset integrity and security

### Asset integrity – fundamental to our business

At Petrofac, we design, build and operate assets that are safe, reliable and meet or exceed their specified purpose. Key to this is our Asset Integrity Framework, which enables us to take a structured and consistent approach to integrity across all Petrofac operations. This Framework comprises:

- Our Asset Integrity Management Policy
- Our Asset Integrity Standard, comprising the 12 Elements of Asset Integrity
- Related guidance documents and a toolkit of supporting processes
- Audit programmes to assure compliance and continuous improvement

Across the Group, we are responsible for managing and assuring the integrity of 20 operating assets and we seek to apply the underlying principles across all of our operations.

A particular focus for 2016 was to prepare for and manage change. During the year, a number of assets were divested, several others came under our control, and roles and responsibilities changed accordingly. Experience suggests that, during times of change, attention to asset integrity can suffer, so we have worked proactively to protect our performance – by setting standards, educating our people, and stepping up our reviewing and monitoring programmes.

### A rigorous, consistent process

Every month, each of our 20 operating assets is obliged to report against 20 key performance indicators, which are derived from the UK Health and Safety Executive's guidance on Developing Process Safety Indicators. These comprise:

- Lagging indicators – relating to the physical condition of our assets and the status of their respective maintenance programmes
- Leading indicators – relating to the quality of our management processes and the degree of compliance with our Asset Integrity Management Policy



Across the Group, we are responsible for managing and assuring the integrity of 20 operating assets.

Drawing on this data, an asset integrity dashboard is published monthly and distributed to more than 100 people across the Group. Additionally, our Asset Integrity Review Board, consisting of senior representatives from each operating asset, holds monthly teleconferences to review performance, discuss integrity issues and receive challenge and support from their counterparts.

In addition, we conducted in-depth integrity reviews of 15 of our operating assets, with a particular focus on operational readiness for our FPF1 project, and also the Anasuria Floating Production facilities and the Miller platform when they were transitioned into Petrofac operations.

In evaluating our asset integrity performance, our main area of focus is what we term high potential incidents (HiPos), or incidents that could have resulted in significant environmental or operational issues. Compared with 2016, the number of asset integrity-related HiPos recorded has reduced marginally from 14 to 13.

### Seeking continuous improvement

We seek to continuously improve our approach to asset management. Enhancements in 2016 included:

- **Establishing an Asset Integrity community group** – to improve information exchange and knowledge sharing across the Company
- **Implementing a pipeline survey programme** – performing a systematic review of 215 key pipelines that Petrofac operates across the world and establishing improvement programmes
- **Sharing learnings from previous incidents** – re-visiting selected HiPos from recent years, each of which could have led to a major accident, and sharing the lessons learned via a highly visible 'Remember When...' campaign on the Company intranet sites





- **Improving access to our standards and guidance documents**

– creating a new sharepoint site, to give easier access to all of our documentation (such as our Technical Due Diligence Guidance, Operations in Projects Guidance, Pressure Systems Repair Guidance and Technical Authority Standard)

Plans for 2017 include:

- **Implementing an Offshore Structures Survey Programme**  
– to follow-up on the success of 2016's Pipeline Survey Programme and 2015's Tank Survey Programme
- **Re-visiting the way we learn and share lessons from incidents**  
– to address any weak areas and ensure that awareness of asset integrity remains high across the Group by creating and sharing valuable experiences

### **Security – protecting our people and assets**

Petrofac's security team works closely with the business to protect our people and assets and ensure that our operations proceed smoothly. In 2016 we worked to integrate our function more closely within the wider HSSEIA community and to ensure that we remain focused on providing the most efficient and robust security for our projects and people.

### **Broadening our focus in a less stable geopolitical environment**

During 2016, our security teams continued to support activities in our core markets through the use of bespoke reports, greater access to commercial intelligence products and engagement with government stakeholders. At the same time we have worked to engage more closely with our project teams – from the very early stages of business development through to bidding and delivery.

For 2017 the teams will broaden security awareness training across projects in all territories. Whilst maintaining a focus on the high-risk environments, we will also review security in low and medium-risk environments in order to ensure that we can replicate best practice across the Group.

In territories where the threat does not warrant a dedicated Security Manager the Petrofac Security teams will also roll out a training programme for a designated "Security Focal Point" in order to ensure consistency in standards of training and reporting.

### **Stepping up our crisis preparedness**

In 2016 we widened the scope and capability of the Group Crisis Team. Drawing on deeper engagement with a wider group of internal and external stakeholders. We developed a crisis management system that brings our corporate and operational centres closer together, while also interfacing more effectively with clients and partners.

For 2017, we will continue to develop a Group-wide Emergency Response and Crisis Management Framework. In doing so, we will build on our traditional strengths, while also addressing areas such as digital media, business continuity and disaster recovery.

### **Respecting human rights**

We continue to monitor compliance with the commitments Petrofac has made to respect human rights. In relation to our use of contracted security providers, we will conduct security and human rights risk assessments and monitor compliance with international norms, such as the Voluntary Principles on Security and Human Rights.

## People and resourcing

**As a services business, we know and value the importance of having the right people in our Company.**

**Our people, their attitude and their skills are the key to our distinctive, delivery focused culture. By living our values, it is they who set us apart from our competitors, allow us to attract and retain clients, and enable us to earn differentiated margins.**

In 2016, in light of the challenging market conditions, we took the opportunity to reorganise the Group, and to renew our focus on operational excellence and disciplined cost control.

### **Pursuing a business-focused HR strategy**

Throughout the Group, we employ HR professionals with expertise in a number of disciplines. They are based in each of our key locations and, together, they deliver against a business-focused HR strategy. The guiding principles include:

- **Developing all of our people** – viewing current employees as the natural candidates for tomorrow's roles, and equipping them to progress in their careers
- **Identifying and developing those with leadership potential** – with effective talent management and succession planning identifying next generation of senior leaders, and providing the support they need
- **Strengthening our leadership capabilities** – developing the skills of those responsible for others
- **Driving high performance** – cascading consistent and aligned performance measures to enable us to achieve our business plans
- **Attracting and developing the right graduates** – evolving our graduate programmes to create a global cohort who are closely networked and highly collaborative

- **Encouraging people to 'join our journey'** – portraying a consistent employee value proposition that helps us to compete for and retain talent
- **Getting the HR fundamentals right** – seeking greater efficiency, integration, consistency and effectiveness across all our HR activities

In 2016, to assist in pursuing this strategy, the HR teams developed a new, integrated cloud-based technology tool to support performance, talent, succession and competence management, as well as training management and e-learning. As this is rolled out across the Group from early 2017, it will bring greater consistency to the way people are developed and managed, and will help Petrofac to build capability and drive performance. It also means that employees will have easy and direct access to all of their competence, training, e-learning, scorecards and appraisal information.

### **Adapting to an uncertain business environment**

As covered elsewhere in this Report, the Group continues to adapt to an uncertain business environment.

During 2016, we delivered on various organisation effectiveness, cost saving and change projects to ensure we are a competitive and cost-effective organisation (in terms of structure, process, systems and skills) in order to adjust to the evolving market circumstances.

As evidence of this, we saw a reduction in our headcount, which fell by just under 30% to reach around 13,500. This was made possible by a reorganisation of the Group, our formal exit from various operations, including Romania, and the termination of several hundred temporary contracts. Whilst these headcount reductions were very regrettable, they have nonetheless left the Group in a stronger competitive position.

In 2016 we also moved towards one legal employing entity in the UK, providing simpler and stronger customer and service propositions, together with more standardisation of employment terms to create greater consistency and fairness. This has additionally allowed us to realise synergies and support greater flexibility, including internal mobility.

Given the relative scarcity of oil and gas jobs, voluntary turnover levels are thought to be low across the industry. Here at Petrofac, voluntary staff attrition during 2016 (measured in terms of those leaving the Company by choice) stands at 6.0% (compared with 6.6% during 2015).

We continually look to improve our people planning through an annual integrated process that reviews both our staff bench-strength and capability.

### **A clear focus on talent management and career progression**

With a clear emphasis on identifying, developing and progressing our own talent, we aim to be seen as an attractive employer, offering our employees tangible opportunities for career progression and personal development.

To support this, the key capability objectives for the organisation are to ensure that:

- Everyone has access to the technical skills appropriate to their role and can demonstrate competence in applying these to the workplace
- Those managing others have strong management skills to protect our current and future business
- Our talent management processes identify individuals with the potential to progress and be the business leaders of the future

### **A popular career choice among graduates**

Attracting and developing the right graduates is one of the principles of our HR strategy.

Our graduate programmes are centrally coordinated through our Petrofac Academy and we have retained almost two-thirds of all those graduates hired since 2005. Females make up 18% of this population, which represents a step towards gender diversity.

Over half of all graduates hired have been identified as 'high performing/high potential' and one in five has progressed much faster than expected.



Each year, we celebrate employees and teams who embody our values through the EVE Awards.

### Consistently emphasising the importance of our values

It is important that all employees understand the importance of the Petrofac values and the role they play in our distinctive, delivery-focused culture.

Our values are therefore integrated into everything we do and we highlight their importance to employees at each stage of their Petrofac career. This enables everyone to understand what is expected of them, the behaviours we value and the contribution they make to the success of their teams. In addition, our values are linked to our Group-wide performance management process, and therefore play a part in setting employee objectives and conducting mid-year reviews and year-end appraisals.

This helps us to drive high performance culture across the Group, whilst also maintaining a focus on how our people should work in partnership with the wider Petrofac team.

Each year, we also celebrate employees and teams who embody our values through the EVE (Excellence, Values, Energy) Awards. In 2016, we received 346 entries from across the Group, the highest number to date, demonstrating a significant level of interest and enthusiasm.

### A commitment to continuous learning and development

Again, the central ethos of our HR strategy is to develop our own people. We want to enable all employees to progress professionally. We also want to enable those employees who are responsible for others to improve their management and leadership skills. Irrespective of their role or seniority, we want to help them to live the Petrofac values.

- **Individual development**

We offer a range of programmes and resources to help individual employees develop their respective competencies.

As it is rolled out during 2017, our new Group-wide learning management system will enable us to make better in-house use of the technologies and tools developed by Petrofac Training Services, as well as giving us a more consistent way to identify training needs, deliver learning, assess competence, and track individual progress.

- **Management and leadership development**

As in previous years, we continued to develop the skills of those responsible for others.

Our Leadership Excellence Programme has now run successfully for over five years, with around 300 senior leaders having participated, thereby creating a common language around leadership across Petrofac.

The Petrofac Pathway, our learning and development programme for first-line supervisors through to senior managers, has now been running for two years and a substantial number of employees have participated.

- **A disciplined approach to succession and career planning**

A focus of our HR strategy is to develop the Group's leadership capabilities.

In 2016, we continued to review and update succession plans for all our critical roles, and extended this approach across the top three tiers of the organisation. We continue to look at ways to gain more value from the combined knowledge and experience of our most talented people. The aim is to ensure that we can always place our most effective people into our most important roles.

- **An engaged workforce with a sense of ownership**

To support our business strategy, we formally monitor employee engagement levels across the Company, which helps us to build on strengths and address concerns.

In 2016, with the Group-wide restructure complete, we resumed our employee engagement survey, PetroVoices. We invited all our employees around the globe to participate in our online survey. We achieved an overall response rate of 64%, which was lower than in previous years. However, the overall results were positive, with the results improving in nearly all categories since our 2013 survey. This was reassuring, particularly when taking into account the challenging market environment and the restructure of the Company.

The survey focused on eight key categories, from Health & Safety and Leadership, through to Employee Engagement and Reward & Recognition. Areas of specific note are the willingness of our employees to go the extra mile and the fact that our people feel enabled to do their job. Views on managers' behaviours were also very high and, according to our research partner, exceeded the norms of high performing companies. In addition, Health & Safety remains a top strength across the Company.

Overall, the survey highlighted areas of strength and also areas that our employees want us to focus on in the future to further improve our working environment. We will develop action plans both at the Group level and at service line level to enhance employee engagement further across the Company.

We actively encourage employee share ownership, believing that it builds commitment to the Company's goals and rewards our people for their contribution. In 2016, 37% of our employees participated in at least one of the Petrofac employee share schemes.



## Social performance

**For many of our projects, we have a regulatory or contractual accountability to manage the impact (both positive and negative) that our business may have on local communities.**

Working closely with our clients, we take steps to understand and manage these impacts – which enable us to reduce risk and create value for the Company, our clients and the communities in which we work.

### **Our management framework**

Our Social Performance Framework governs the way we manage social performance. It consists of our Social Performance Standard and a set of guidelines, which enable us to meet the commitments set out in the Petrofac Ethical, Social and Regulatory Policy. The Framework is significant in four main ways:

1. It sets out our minimum expectations and requirements for those contracts where we have a regulatory or contractual accountability for managing social impacts
2. It provides consistent guidance on how we manage the various elements of social performance
3. It demonstrates our approach to social performance and indicates our related credentials
4. It indicates to all stakeholders that we have a coherent approach to working in sensitive locations, and are capable of fulfilling internationally recognised social performance requirements

The Social Performance Standard is consistent with relevant international standards, such as the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability.

### **Implementing our Social Performance Standard**

We implement our Social Performance Standard in those countries where we are contractually responsible for managing community relations, namely Mexico and Tunisia.

During 2016 we also worked to raise the profile of social performance issues across the Group and incorporated them into our wider business processes. For example, social performance considerations are routinely factored into the risk assessment phase of our bidding processes. In addition, our security teams seek to understand and address any situations where community relations could constitute a security risk.

### **Social investment programmes**

Our social investment programmes fall into two categories:

- **Community development** – spending on initiatives that benefit neighbouring communities in our areas of operation
- **Strategic corporate giving** – spending on philanthropic initiatives that have altruistic aims but nonetheless contribute to Petrofac's reputation, and tend to focus on our Group-wide theme of science, technology, engineering and mathematics (STEM) education

In 2016, our spending on these social investments amounted to US\$2.7 million (US\$3.5 million in 2015).

### **About our community development initiatives**

We typically conduct community development initiatives when we act as the operator of a client's asset.

For several years, we were particularly active in Mexico, and invested millions of dollars (75% of which is cost recoverable) in a range of projects related to sustainable livelihoods. In 2016, the amount we spent dropped to US\$2.2 million from US\$2.6 million in 2015, reflecting a reduction in our activities as we continue to negotiate the migration of our Production Enhancement Contracts to Production Sharing Contracts.

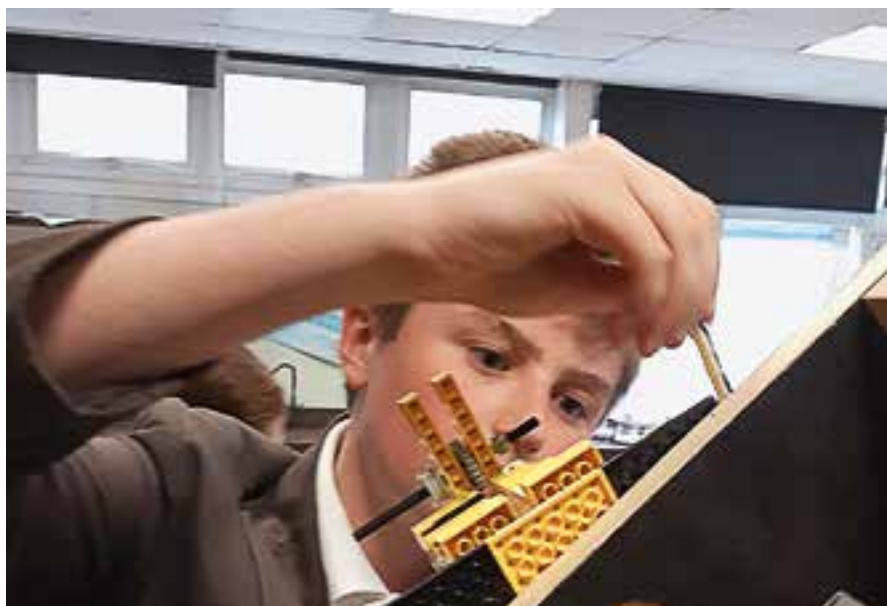
Meanwhile, in Tunisia, 2016 was marred by significant community and social unrest linked to the local economic situation.

This resulted in lengthy suspensions of our operations. As a consequence, our expenditure dropped from US\$334,000 in 2015 to US\$80,000 in 2016. In order to reach a sustainable solution and to understand how we can best contribute to a lasting agreement between all parties, we engaged extensively with community groups and local stakeholders.

Details of specific community development initiatives can be found at **[www.petrofac.com](http://www.petrofac.com)**.

Petrofac has a strong relationship with local communities in Tabasco, Mexico, and has invested significantly in school safety initiatives.





Petrofac supports initiatives to promote the teaching of STEM subjects in schools.

### About our strategic corporate giving programmes

Petrofac has a formal corporate giving strategy focusing on initiatives that promote STEM education and/or improve access to education and employability for young people from marginalised groups.

We believe this focus is a good fit for our business, whilst also addressing global development needs. Our related programmes are selected at a national level and managed by our local offices.

Our strategic corporate giving programmes also cover philanthropic initiatives that enhance employee engagement. For example, we support matched-funding programmes, and often make donations to charities that are relevant to our employees or are located close to our offices.

A notable development for 2016 was a new regulation in India, requiring us to spend at least 2% of our in-country revenues on CSR initiatives. With large technical service centres in Chennai, Delhi and Mumbai, this has seen us invest over US\$100,000 on education programmes targeting underprivileged children.

Details of specific corporate giving initiatives can be found at [www.petrofac.com](http://www.petrofac.com).

### Respecting human rights

Petrofac's Ethical, Social and Regulatory Policy prevents us from engaging in any business activities that could implicate the Company – either directly or indirectly – in the abuse of human rights or the breach of internationally recognised labour standards.

As such, we respect human rights as set out in the United Nations' Universal Declaration of Human Rights, as well as the core conventions of the International Labour Organization (ILO). We also support the United Nations' Guiding Principles on Business and Human Rights.

Most human rights protections are implicitly covered in a range of Company policies and standards, such as our Code of Conduct, Social Performance Framework and HR policies, as well as our policy statement on child labour.

A focus for 2016 was to take steps to combat modern slavery and human trafficking within our own business and our supply chains, in accordance with the requirements of the UK Modern Slavery Act.

As such, we established a steering group of relevant heads of department, which reports directly to our Executive Committee and Board of Directors. This group oversaw an extensive programme of labour rights due diligence, consisting of:

- A detailed review of our human rights policy framework to identify potential gaps
- Due diligence among a sample of key suppliers and subcontractors (accounting for US\$2.9bn of subcontracts in our Engineering & Construction division, and over 50% of our spending through our top 50 global suppliers and vendors)
- A review of our own recruitment practices, particularly where these relate to lower skilled workers
- A high level risk assessment to identify areas where there is a potential exposure to risks of modern slavery and human trafficking, and to prioritise these areas for future attention.

Based on the findings, we concluded that our main risk exposure is the employment of low-skilled migrant workers from 'high risk' countries. These risks are particularly prevalent in our Engineering & Construction division and on projects located in the MENA region.

During 2017, we will develop a Labour Rights Standard for roll-out across the Group and our supply chain. In compliance with the UK Modern Slavery Act, we will report on this and other actions we are taking in our annual transparency statement published at [www.petrofac.com](http://www.petrofac.com).

## Economic performance

**Petrofac operates in many different countries around the world – and we seek to make a positive and tangible contribution to their respective economies.**

### Quantifying and maximising our in-country value

Local delivery has always been key to the Petrofac model – employing local people, working with local suppliers, and developing local capabilities.

Alongside client value and shareholder value, we consider in-country value (ICV) as one of the three core outcomes of our business model. The concept of ICV seeks to formalise and quantify the net contribution Petrofac makes to the economies in which we operate.

Across many of our projects we have started to evaluate our impact. We are also becoming more consistent in the way we set and monitor targets, and share the lessons learned across the Group.

### Working with local suppliers

Through the procurement of goods and services, we have the opportunity to contribute to local economies and we always aim to work with local vendors and suppliers. This enables us to meet our contractual and regulatory obligations regarding local content. It also helps to reduce costs and enhance relationships with clients and other local stakeholders.

In 2016, just taking into account the key projects listed on page 40, we purchased more than US\$2.3 billion worth of goods and services. This is slightly up from the US\$2.2 billion spent on key projects in 2015, reflecting their changing stage of delivery. Meanwhile, the proportion of ICV rose from 25% in 2015 to 33% in 2016.

For various reasons, the level of local content varies by country. For example, in Abu Dhabi, where we are delivering projects worth US\$4.9 billion, more than 75% of our procurement came from locally registered vendors. The equivalent figure for Algeria is 56%, for Saudi Arabia it is 54%, and for Malaysia it is 51%.

### Supporting local employment

We are working towards gathering consistent data to report how many jobs are created and sustained on our key projects. Our goal is to understand the total number of jobs created, as well as the ratio between expatriate and local workers – to indicate the level of the local content of our workforces.

As of December 2016, just taking into account the key projects listed on page 40, we supported over 69,500 jobs at our project sites. The vast majority of these, 95%, were through our subcontractors, along with a smaller number of expatriate and local Petrofac employees and contractors.

The extent to which these subcontractor jobs are held by local or expatriate employees is dependent on national local content requirements as well as the availability of qualified candidates to fill the required roles. For example, in Algeria the percentage of local subcontractor workers is as high as 80% whereas, in Saudi Arabia, up to 90% of the subcontractor workforce consists of migrant workers.

We continue to work with our subcontractors to understand more fully the make-up of workforces and to improve our reporting in future years.

Examples include:

#### • Investing for Oman

We are working on four major Omani projects (namely, the Khazzan gas field development for BP, the Yibal Khuff and Rabab Harweel Integrated Project for PDO and the Sohar Refinery Improvement Programme for Orpic), which have a combined value of more than US\$5 billion.

In support of a Government-led Omanisation agenda, and in line with our clients' respective ICV targets, we have developed a strategy based on four key pillars: Omanisation in operations, local vendor development, local sourcing of goods and developing skill sets.

At the end of 2016 we directly employed over 700 staff across these operations, more than 35% of whom are Omani nationals. In addition, up to 15,000 people are employed through our subcontractors, many of whom are Omani nationals.

Total amount paid to governments in tax

**US\$571m**

(2015: US\$605 million)

Value of goods and services ordered for key E&C/EPs projects

**US\$2.3bn**

(2015: US\$2.2 billion)

Number of jobs supported at key E&C/EPs project sites

**69,500+**

(2015: 55,000+)

Supporting the local supply chain is another way in which we can maintain a sustainable long-term presence. To date we have invested over US\$1.3 billion in ICV, of which 85% has been spent through local goods and service providers, as well as supplier development and training support initiatives.

In December 2016, we received a letter of award for a project worth close to US\$600 million for the Salalah LPG extraction project in southern Oman. Marwan Chedid, Petrofac Group Chief Operating Officer, commented:

**“This contract is our eleventh in the Sultanate and reinforces our commitment to Oman, where we have been present since 1988. This project will further support our commitment to increase in-country value. We will continue to maintain strong focus on this aspect of our delivery, particularly by engaging the local supply chain and recruiting local resources.”**





Providing employment for local men and women is a key element of our commitment to building in-country value.

- Supporting the Kingdom of Saudi Arabia's localisation objectives**

An integral part of our Middle East operations is our presence in Saudi Arabia where we have been active since 2009. Current projects include an engineering, procurement and construction (EPC) contract for Saudi Aramco's sulphur recovery plant as part of their Fadhili gas programme; two EPC contracts for Saudi Aramco's Jazan Refinery and Terminal project; and two EPC contracts for Petro Rabigh's Phase II petrochemical expansion project.

In support of the country's In-Kingdom Total Value Add (IKTVA) programme, which targets 70% localisation by 2021, we remain focused on successfully delivering these projects at the same time as increasing our local content through our Saudisation programme.

For example, Petrofac has committed to an overall purchase value of around US\$500 million directly in the Saudi market, placing orders with more than 650 Saudi suppliers for goods and services. We also consider Saudi Arabia as a strong supplier for our international projects and have placed around 200 purchase orders in the country for projects we are building outside the Kingdom.

Additionally, Petrofac has initiated a specifically tailored training platform, Saudi Future Generation Programme, for Saudi employees. The programme has provided engineering, construction, supervisory, and safety skills training to over 220 Saudi employees based in our operational centre as well as ongoing work sites at Jazan, Rabigh and Fadhili.

#### Making a significant contribution to public finances

Through the taxes we pay, Petrofac makes a significant financial contribution to the public finances of the local economies in which we operate.

In 2016, the total amount paid to governments in tax was US\$571 million, comprised of corporate income tax, employment taxes, other forms of tax and social security contributions.

#### Bringing more transparency to our tax reporting

Tax transparency remains a priority for governments, regulators and businesses. Many previously announced initiatives have now been formalised, including tax and financial data reporting on a country-by-country basis and disclosure of companies' tax strategies, governance and risk management. We are supportive of such initiatives and, in many cases, have actively contributed to their development.

In 2016:

- We made our inaugural disclosures under the Extractive Industries Transparency Initiative (EU Transparency Directive), involving country-by-country reporting of tax and non-tax payments made to governments in respect of extractive activities
- We continued to contribute to the development of business taxation policies and legislation by participating in public consultations
- We maintained membership of various industry groups that proactively participate in the development of future tax policy and transparency initiatives

#### Our worldwide contribution to public finances – total taxes paid<sup>1</sup> (US\$m)

720	2014
605	2015
571	2016

<sup>1</sup> Total taxes paid have not been subject to audit.

The total amount that we pay in taxes is not confined to the corporate income tax disclosed within the financial statements. It also includes employee and employer taxes and social security payments, VAT and sales taxes, and other taxes such as withholding, property and other indirect taxes. The total amount paid by Petrofac to governments worldwide includes those taxes which are borne by Petrofac, as well as taxes collected by Petrofac but which are recoverable from tax authorities or customers and suppliers. VAT and sales taxes are shown on an accruals basis.

## Environmental protection

**We are committed to operating our business in an environmentally responsible manner and aim to make progressive reductions to the environmental footprint of our global operations.**

In 2016, we continued to bring increased rigour and consistency to the way that we measure and manage our environmental performance, with a particular emphasis on the integrity of data we report.

### **Bringing more consistency and rigour across our operations**

During 2016, we continued to embed our Group Health, Safety, Security, and Environmental (HSSE) Framework, which was developed in 2015 and introduced a corporate HSSE Assurance programme to evaluate the performance of our operations against the framework.

To support the HSSE Framework, we also made some improvements to our Group Environmental Data Reporting Guide, bringing more rigour to our reporting processes, providing more clarity on roles and responsibilities and introducing simpler language. The content of this guide continues to be aligned with recognised international reporting standards, such as the Greenhouse Gas Protocol, the Global Reporting Initiative, the Petroleum Industry Guidance on Voluntary Sustainability Reporting and the UK's Greenhouse Gas Mandatory Reporting Guidelines (which we comply with on a voluntary basis).

### **Our reporting principles and procedures**

We commissioned ERM Certification & Verification Services (ERM CVS) to assure our 2016 Scope 1 and Scope 2 greenhouse gas (GHG) emissions. This process involved an evaluation of the data management systems and processes which we use to collect and report on fuel usage, energy consumption and other data which form the basis of our GHG emissions. A review of the emission calculations was also performed. As part of their assurance, ERM CVS interviewed Petrofac employees responsible for collecting and reporting data at our operations in Malaysia, Algeria, Tunisia and our corporate offices in Sharjah.

To provide an accurate and consistent estimate, we have adopted the following principles:

- Our emissions data is calculated in line with the principles of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, produced by the World Resources Institute and the World Business Council for Sustainable Development – a globally recognised standard
- Petrofac is fully compliant with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, which include disclosures concerning GHG emissions (which we comply with on a voluntary basis)
- Greenhouse gas emissions and our corporate carbon footprint report are based on:
  - For fuels and electricity use – emission factors from the UK Department for the Environment, Food and Rural Affairs (DEFRA)
  - For gas flaring – The American Petroleum Institute's SANGEA methodology
- For those operations that are jointly owned, we use an equity share approach to account for emissions
- Those operations that are wholly controlled by third parties are excluded from our reporting
- All Petrofac operational sites and offices are included in this report

In 2016 Petrofac achieved a score of 'B' from Climate Disclosure Project (CDP) based on our response to CDP's climate change information request. This score is above the average for Energy sector FTSE 350 companies reporting to CDP in 2016 and indicates a comprehensive response to the questionnaire, as well as sound understanding and management of climate change-related issues – including greenhouse gas emissions – relevant to the Company.

As well as calculating our own emissions, we also monitor and report emission data to our clients for the facilities we manage on their behalf. Management of the assets in the North Sea conforms to the Oslo-Paris Convention standards and all the monitoring and reporting is carried out in accordance with the European Environmental Emissions Monitoring System. We measure and report on:

- All discharges of hydrocarbons and heavy metal to the sea
- All air emissions of sulphur dioxide, nitrogen oxides, and volatile organic carbons
- Use of chemicals and their discharges
- Naturally Occurring Radioactive Material (NORM)
- Waste produced

In addition to greenhouse gas emissions data, we also collect data on the waste that leaves our facilities, which is typically segregated, measured and reported by category. We monitor the amount of hazardous and non-hazardous waste disposed and recycled from our operations. Employees and staff are encouraged through various awareness programmes and campaigns to adopt waste management practices that minimise the generation of waste.

Our environmental data collection and analysis enables us to monitor and improve our energy use and waste management, which helps to minimise our related environmental impact. The data is also made available to various stakeholders to demonstrate that we comply with all related requirements and to show our commitment to environmental protection.

### **Emissions and spill performance**

We have been monitoring and reporting our carbon emissions since 2008 and, in 2016, there was a minor reduction in our emissions despite an increased level of activity at many of our project sites.

In line with the reporting requirements of the UK Companies Act 2006 (which we comply with on a voluntary basis), we report an intensity metric for our greenhouse gas emissions. We have chosen to use 'tonnes/million US\$ revenue' and 'tonnes/million man-hours worked', to monitor our emissions relative to the growth of the business.

### Our combined Scope 1 and Scope 2 greenhouse gas emissions

Tonnes of carbon emissions (000 tCO<sub>2</sub>e)



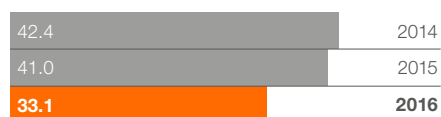
### Breakdown of the greenhouse gas emissions

(000 tCO<sub>2</sub>e)

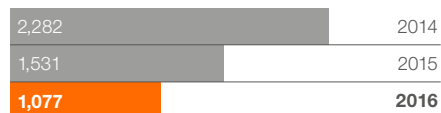
Year	Scope 1	Scope 2
2014	242	22
2015	260	21
2016	244	18

### Greenhouse gas intensity

tCO<sub>2</sub>e per million US\$ revenue



tCO<sub>2</sub>e per million man-hours worked



We understand that the world is facing challenges towards ongoing increases in energy consumption and climate change that demand organisations to be more energy efficient and strive to reduce their carbon footprint. Petrofac has set targets to reduce its Scope 1 and Scope 2 emissions in our service lines, as detailed below:

- Reducing greenhouse gas emission intensity (000 tCO<sub>2</sub>e/million BOE produced) by 2 percent year on year in Integrated Energy Services over the baseline year 2015 and 20% by year 2030
- Reducing greenhouse gas emission intensity (000 tCO<sub>2</sub>e/million US\$ revenue) by 2% year on year in Engineering & Construction over the baseline year 2015 and 20% by year 2030

These targets are supported by strategies and actions, effective to optimise energy consumption and implement technical solutions and employee initiatives.

We require all of our employees and subcontractors to report even the smallest of hydrocarbon spills. During the year, we achieved a 21% reduction in the number of hydrocarbon spills involving more than one barrel of volume and a 79% reduction in overall spilled volume.

### Number of spills above one barrel



### Volume of hydrocarbon spilled in barrels



The majority of these spill incidents occurred onshore. In each case, the appropriate spill-response measures were implemented and a full investigation was conducted. We did not receive any fines, notices or sanctions for non-compliance with environmental laws and regulations in 2016.

Meanwhile, in Mexico, we conducted a pilot project to reduce the number and severity of spills that can be caused by the deliberate sabotage of pipelines and facilities. In areas where we face particular risks, we fitted more security equipment, increased surveillance and installed subsurface valves. The project has shown encouraging results in preventing the sabotage of facilities leading to spills and the reduction of hydrocarbon spill volumes.

### Continuing improvements in our energy efficiency

For many years, energy efficiency has been an area of focus for the Company, as indicated by a large number of local initiatives, and is prominently featured in the Policy Vision of our Environment Policy – which is intended to guide all our activities.

Our commitment is demonstrated through the way that our teams often go beyond client requirements as they seek to optimise the energy efficiency of the facilities we design, develop and operate. Examples include:

- In Kuwait, our team was assigned a project to treat and recycle the municipal waste water for boiler feed. After reviewing the scheme suggested by

the client, it was identified that the scheme was too power intensive with high operating costs. The project design team proposed a new treatment scheme using a combination of advanced technologies which consumed far less power and reduced operating costs. This proposed treatment facility will bring down the power consumption from 8,000 kwh to 500 kwh per day, thus saving more than 90% of power and lowering the client's carbon emissions.

- One of our clients was facing the issue of excess gas flaring due to maintenance of key equipment. This would have resulted in the shut down of the plant. The Petrofac team provided the required technical support and avoided the continuous gas flaring. This avoided 54 million cubic metres of gas flaring and associated greenhouse gas emissions.

### Finding new ways to reduce our environmental footprint

We continue to raise awareness of environmental issues among our employees and local communities and encourage them to implement local initiatives. Examples from 2016 include:

- In partnership with Mexico's National Commission of Natural Protected Areas, we worked with PEMEX, as well as several public and academic institutions, to initiate a conservation programme to protect the critically endangered Lora Turtle that is found exclusively in the coast of Tamaulipas. This included the procurement of quad bikes for surveillance, satellite-enabled monitoring equipment and scholarships for local university students to study turtle behaviour. The project resulted in increased nesting levels and the successful release of 400,000 newborn turtles to the ocean.
- Our project teams constantly identify methodologies in construction activities to minimise the consumption of natural resources without compromising the quality and integrity of constructed facilities. Collectively, teams have derived and adopted methodologies to reduce steel and concrete consumption. In 2016 the teams were able to save 800 metric tons of steel and 25,000 cubic metres of concrete across the projects.



## Ethics

**'Ethical' is one of the six Petrofac values.**

**Our Code of Conduct (the Code) sets out our expectations of everyone who works for and with Petrofac. We aim to make all employees and suppliers aware of the Code and its content. If anyone is concerned the Code may have been breached, we encourage them to report their suspicions – and they have several ways to do so.**

We aspire to be an ethical Company. We therefore aim to make all of our employees and partners aware of our commitment to ethical behaviour, and we continue to increase the scope and reach of our compliance programme.

During spring 2016, Petrofac was subject to allegations which came to light in the media relating to the historical provision of services to the Company by Unaoil. The Board commissioned an immediate independent investigation to thoroughly review the allegations.

The investigation was carried out by Freshfields, supported by KPMG. The investigation included the forensic analysis of tens of thousands of documents and emails. The investigation reported directly to a sub-committee of the Board comprising three independent Non-executive Directors and the Chairman.

Following a four-month investigation, on 1 August 2016, the Company announced that the Board considered it appropriate to share the findings of the investigation with the Serious Fraud Office (SFO), and any other relevant authorities, as part of the SFO's wider ongoing investigation into the activities of Unaoil.

The internal investigation, which was based solely on the information available to the Company, and recognising the historical nature and wider context of the allegations beyond Petrofac, concluded that no evidence was found that any Director of the Company had knowledge of the alleged misconduct that was the subject of the allegations and no evidence was found confirming the payment of bribes. The nature of any follow-up by the SFO in the context of its ongoing investigation into the activities of Unaoil and how that may impact the Company is currently unknown.

### **Giving clear guidance to employees and business partners**

The Petrofac Code of Conduct (the Code) gives guidance to our employees and business partners. Using clear, easy-to-follow language, it provides a series of examples of the types of behaviour we expect of those who work with and for Petrofac. It also states clearly the types of behaviour that would constitute a violation of the Code.

During 2016 we initiated a full review of the Code, an exercise that we conduct every few years to ensure that the Code remains up-to-date, reflecting new legislative requirements. The new Code will be launched in 2017 and distributed to all Petrofac employees and relevant third parties.

### **Making everyone aware of the Code and emphasising the importance of compliance**

In our PetroVoices employee survey carried out at the end of 2016, 99% of respondents said that they were aware of the Code – the highest-rating question in the entire survey.

Nevertheless, during 2016, we continued to draw attention to the Code and its requirements. For example, all employees are expected to complete an e-learning programme that explains the Code's principles through a range of everyday examples. To ensure this is easily available to Petrofac employees, we operate a web-based compliance portal that can be accessed by any connected device (such as a PC or smartphone). During 2016, a further 2,700 employees participated in the e-learning tool on the Code, bringing the total number of people who have completed the programme to more than 18,700 since it was first launched.

### **Our Standard for the Prevention of Bribery and Corruption**

During 2016 we continued to progress work that had begun at the end of 2015 to update our Standard for the Prevention of Bribery and Corruption. The Standard was made more explicit in its language, requiring due diligence of all third parties working with or for Petrofac, including clients; eliminating some previously allowed exceptions; decreasing financial thresholds for gifts and entertainment; and introducing simplified and more uniform processes.

The Standard was launched during the first half of 2016 and, as part of this exercise we ran extensive internal information campaigns including updates to our intranet sites. In addition, a copy of the Standard was distributed to 10,000 employees. A new e-learning programme to support the Standard was launched in July by Ayman Asfari, our Group Chief Executive.

By the year-end, close to 10,000 employees had completed this e-learning programme, which included 7,780 employees whose completion was required by the nature of their position or location of work. We plan to audit parts of the Standard during 2017.

The Company also re-established an Agents and Consultants Committee whose role is to review and challenge the potential appointment or re-appointment of any agent who may represent Petrofac.

### **Enhancing our certification process**

Whilst following the Code is an obligation of all employees, upholding the Code and looking out for suspected breaches is a key accountability of all Petrofac managers (from first-level supervisors through to our executive leadership team).

In 2016 we continued to refine our Annual Code of Conduct Certification process. This is an annual exercise that provides the opportunity for all managers to raise any possible Code violations or conflicts of interest that may have occurred in the preceding 12 months. Any possible conflict can be logged onto a newly created Conflict of Interest Register for review by the Compliance team.

We also introduced a new Conflict of Interest Register, enabling employees who may be in a conflicted situation to register their concerns.

In 2016, approximately 2,700 managers were required to confirm that they have read and understood the Code and observed its requirements in all of their business dealings. Again, we use a web-based system to make the process accessible, and to track participation levels – which, by the year end, were close to 100%.

### Speaking Up about any breaches of the Code

We encourage everyone involved with Petrofac to raise any potential breaches of our Code. Furthermore, we have and implement a non-retaliatory policy for those who raise issues of concern in good faith.

Reports can be made to line managers or their supervisors, or to the HR, legal or compliance teams. We also consistently draw attention to Speak Up – our multi-language phone, online and email service, which enables any employee or third party to report suspected breaches of the Code.

In 2016, 71 suspected breaches were reported via Speak Up, each of which was assessed by the Compliance team and, where warranted, was either investigated or was being investigated at the year end. All submitted cases and confirmed violations are reported annually to the Audit Committee. Compared with 2015, the number of reported breaches increased by almost 50% (up from 41). We see this as a positive sign that the organisation is both more aware of the requirements of the Code and our non-retaliatory policy.

During the year, we also started working on a new Investigations Register, to provide Group-level oversight of all investigations, including those that may have been initiated locally as opposed to through the Speak Up whistleblowing tool.



We encourage everyone involved with Petrofac to raise concerns regarding unethical behaviour, or any questions regarding the Code.

### Screening third party suppliers and business partners

We continue to refine the way that we screen our third party suppliers – allowing us to assess their level of technical, financial and reputational strength, and enabling us to mitigate the risks that they may pose to Petrofac.

In 2016, we continued to roll out our new online due diligence tool which brings more transparency to the relationship between Petrofac and third parties. The interactive process, comprising a series of questionnaires and external assessments, puts the onus on potential suppliers to confirm that their standards are consistent with our own. This enables us to make educated decisions as to whether these third parties are aligned with our values.

Leaders required to certify compliance with the Code

2,700

Employees who completed the Prevention of Bribery and Corruption Standard e-learning training during 2016

10,000

Percentage of PetroVoices respondents who said that they were aware of the Code

99%