

Petrofac Limited

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## **Below is our Communication on Progress for the tenth principle – Anti-Corruption**

### **Anti-Corruption Principles**

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (For more

### **Assessment, Policy and Goals**

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment).

Description

of policies, public commitments and company goals on anti-corruption.

(See below)

## **Ethical and Regulatory Risk Policy of the Petrofac Limited Board**

To manage this risk and limit our exposure Petrofac will in each of its businesses individually and collectively:

1. Approach, ethical and regulatory risk management as an essential obligation to protect the financial and reputational health of the company;
2. Ensure that management understands the nature and extent of relevant ethical and regulatory risks before entering into any obligation;
3. Maintain effective and transparent processes for periodically reviewing ethical and regulatory risks across all aspects of operations;
4. Ensure that the company understands and adheres to applicable international laws and regulations and the local laws and regulations of the countries in which we operate;
5. Ensure that all business conducted by Petrofac or under our direction abides by our standards for the prevention of bribery and corruption;

6. Ensure that Petrofac does not engage in any business activities that could implicate the company, directly or indirectly, in the abuse of human rights or the breach of internationally proclaimed labour standards;
7. Take appropriate measures to understand the social risks and impacts of our business activities and take steps to mitigate these risks by engaging with, supporting and investing in the local communities affected by our operations;
8. Seek assurances that all Third Parties over whom we have responsibility or who are acting under our direction conduct their business with us in a manner that is consistent with the principles set out in this policy and in our Code of Business Conduct;
9. Develop processes to implement this policy and receive assurance that it is being adhered to throughout our operations;
10. Ensure that any significant deviation from this policy is formally approved by Executive management and notified to the Board;

### **Policy Application**

It is the responsibility of the Group Chief Executive and the Business Unit Managing Directors along with their management teams to ensure that this policy is implemented.

- Board Risk Committee will monitor progress
- Executive is committed to the objective of preventing Band C in our operations
- Member of PACI since June 2010 and attended recent PACI conference in NY – also will be participating in PACI initiatives in 2011
- TI to review and audit our standards in 2011
- Goals in 2011 – to implement new standards and audit compliance
- We will also review our Code of Conduct in 2011

### **Examples**

- Assessment of risk of corruption and bribery in the company's industry and country(ies) of operation
- Written company policy of zero-tolerance for corruption, bribery and extortion
- Reference to (or statement of support for) the UN Convention Against Corruption and other international instruments
- Protocol to guide staff in situations where they are confronted with extortion or bribery
- Policy requiring business partners and suppliers to adhere to the anti-corruption principles
- Specific goals in the area of anti-corruption for the upcoming year

### **Implementation**

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

A new risk management standard will be fully implemented across all operations in 2011. Each of our businesses already has a nominated senior manager responsible for this standard within their business unit. This standard covers:

- Third Party risks and due diligence
- Charities, political contributions and CSR
- Facilitation payments
- Gifts and Entertainment
- Monitoring and review of the process

Training will be provided to senior management and high risk groups. There will also be an e-learning follow up to the training that will test employee knowledge.

Petrofac will also continue to strengthen relationships with TI and with PACI.

Petrofac already has a whistleblowing line for raising and investigating concerns.

#### Examples

- Suggestion box, call center or grievance mechanisms
- Awareness raising or training of employees about company's policies regarding anti-corruption and extortion (e.g. mailings, internet, internal communication, etc.)
- Allocation of responsibilities for anti-corruption within your company
- Participation in industry initiative or other collective action on anti-corruption

#### **Measurement of outcomes**

Description of how the company monitors and evaluates anti-corruption performance.

Internal audit will audit compliance with the standards in Q4 2011.

We monitor the whistleblowing line and investigate in confidence any issues that are raised.

In 2011 we will review the findings of the audits and respond with additional measures as necessary to ensure that the risk management system is fully implemented.

TI review of our risk management system will be fully addressed.

The e-learning will reveal the extent of our senior management awareness and understanding of the issues and of our risk management system. Any shortfalls in knowledge will be addressed.

#### Examples

- Information about how your company deals with incidents of corruption
- Internal audits to ensure consistency with anti-corruption commitment, including periodic review by senior management
- Investigations, legal cases, rulings, fines and other relevant events related to corruption and bribery
- Specific progress made in the area of anti-corruption during the last reporting period
- External audits of anti-corruption programmes

