

Corporate responsibility



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The Petrofac corporate responsibility (CR) ethos is embodied in our values.

These values lie at the heart of our work, differentiate us from competitors, and guide our decisions and actions. They also force us to take a disciplined, long-term approach to our corporate responsibilities.

For example:

- ◆ Being ethical is evident in our Code of Conduct
- ◆ Our insistence on safety is visible in the way we safeguard our people, our partners and our assets
- ◆ Our responsiveness is demonstrated in the way we seek to understand the concerns of our stakeholders, from clients to communities, and address them in the way we report
- ◆ Being driven to deliver means our projects and activities are designed to create long-term value for local communities and host societies

During 2014, we continued to formalise our approach to CR, with greater levels of discipline and improved reporting standards.

A safe, ethical, responsive business that is driven to deliver

Why CR is important to our continued business success

Petrofac is here for the long term – and we understand that sustained commercial success and disciplined CR go hand-in-hand.

We therefore recognise and manage the impact of our business and its contribution to society. We see it not just as an ethical way to act. Rather, for a service company like Petrofac, we know that CR makes sound business sense. It helps us to:

- ♦ **build productive relationships** with our clients – which we achieve, for example, by employing and training local workforces
- ♦ **develop trust** in our reliability and integrity – which we are reinforcing, for instance, by developing a global compliance network
- ♦ **manage risk** more effectively – as we do with the social and environmental impact assessments that we carry out in all geographies
- ♦ **improve our performance** – which we do, for example by maintaining the integrity of our assets, and caring about the safety of our people and our suppliers
- ♦ **maintain strong employee engagement** – which we do by protecting our distinctive culture and progressively strengthening our HR processes

Progressively raising our reporting standards

We continue to work towards the Global Reporting Initiative (GRI) G4 guidelines. This, in turn, helps to bring more discipline and continual improvement to our CR programmes, and allows us to prioritise areas of improvement.

As a commonly used framework for reporting on environmental, social and governance matters, the GRI guidelines help us to:

- ♦ identify and address the material issues that matter the most to our stakeholders – including investors, clients, employees and NGOs
- ♦ prioritise areas for improvement and track our progress over time
- ♦ benchmark our performance against our peers

During 2014 we made further progress – by defining in more detail the material issues we should be reporting against, and also by developing a roadmap for being able to report in full accordance with the GRI G4 guidelines.

Understanding what matters most to our stakeholders

We first enlisted the support of our CR advisors in 2012, and their brief was to help us develop our reporting in line with good industry practice as well as with stakeholder and investor expectations.

The first step was an initial materiality assessment. Working with representatives from across our business, we identified a series of CR topics that we believed were most relevant to our business.

In 2013 we set out to validate these assumptions through a series of in-depth interviews with several of our most important stakeholders (including clients, suppliers, investors, NGOs, government representatives and industry associations). Then, in 2014, we sought greater clarity by engaging with a wider selection of stakeholders.

Based on this work, we have arrived at an authoritative 'materiality matrix'.

This informs our management approach to CR and is used by the wider business to help improve the quality of our CR programmes and feed through to our reporting.

Improving our performance and providing a fuller picture

Our external advisers also conducted a full gap analysis of our 2013 Annual Report and Accounts. This identified those areas where our reporting is already in accordance with the GRI G4 guidelines, highlighted areas for improvement, and enabled us to set several new targets.

Drawing on this analysis, we continue to raise our standards. For example, we have refined our reporting around social performance, environmental protection and human rights.

For 2015, we will continue to engage with external consultants to help us track our performance. We will also increase the quality and detail of CR reporting at www.petrofac.com.

What matters most to our stakeholders

Petrofac materiality matrix and issues for 2014

Over the past few years we have engaged with a range of internal and external stakeholders to identify the CR issues that are most relevant to our business. In 2014, these issues were refined and re-prioritised to reflect revailing attitudes and take account of changing expectations.

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

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

Corporate responsibility continued

Safety, asset integrity and security

Nothing is more important to Petrofac than safety – protecting our people, our clients and the communities we work in, as well as the assets we design, build, operate and maintain.

Safety, asset integrity and security are fundamental to the way we work at Petrofac.

They matter to our people, our clients, our suppliers and our wider stakeholders. They reflect our relentless focus on operational excellence. They also help us sustain our unique, delivery-focused culture.

During 2014 we continued to enhance our well-established programme of health, safety, security, environment and integrity assurance (HSSEIA) measures. We also started to gear-up for 2015 when, with our largest ever backlog, we are due to commence the construction phase of several large projects. Meanwhile, we continued to refine our asset integrity programme, which includes systematic scrutiny of key performance indicators across all of our operations.

'Safe' – a core Petrofac value

Reflecting on our safety performance

Across Petrofac, we are committed to a future in which we have zero safety incidents, as reflected in the name of our Horizon Zero global safety campaign. We are proud to say that, much of the time, we do live up to this goal – and, during 2014, we were able to celebrate several encouraging landmarks.

For example, Petrofac Training Services has now gone three years without a single Lost Time Incident (LTI). During the past 24 months, it also reduced the incidence of reportable events by 70%, and in the very first year of entering the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Awards, it achieved the coveted Gold award.

Our LTI-free record has also been extended across several of our operations, including:

- ♦ 9 years at the Kittiwake platform in the North Sea
- ♦ 8 years at the Cendor Field Development project in Malaysia
- ♦ 10 million man-hours at Kuwait Oil Company's effluent water injection project
- ♦ 4 million man-hours at the Badra oilfield development project in Iraq
- ♦ 4 million man-hours at the Gdansk shipyards in Poland
- ♦ 2 million man-hours at Apache's North Sea assets

Meanwhile, the number of managers who have participated in our IES Safety Leadership training programme has exceeded 400.

We are pleased to report that there were no fatalities at any of our operations during 2014. Nevertheless, we continue to focus close attention on what we term "High Potential incidents" (HiPos), that is to say, incidents that could have resulted in a fatality or serious injury had the circumstances been slightly different.

Compared with 2013, the number of HiPos reduced from 81 incidents to 78. We regard this as a critical measure and seek to understand the circumstances behind every case – each of which is fully investigated and the lessons learned are shared across the Group.

We measure our wider safety performance according to the Occupational Safety and Health Administration rules. In every category, the absolute number of incidents and their severity decreased, due to a reduction in man-hours worked, but for two categories, the underlying rates edged upwards:

- ♦ our recordable incident frequency rate was 0.16 per 200,000 man-hours, compared with a rate of 0.14 in 2013, and a target of zero. This is well below the industry norm of 0.32 (as extrapolated from the figures published by the International Association of Oil and Gas Producers)
- ♦ our lost time incident (LTI) frequency rate was 0.044 per 200,000 man-hours, compared with a rate of 0.046 in 2013, and a target of zero. Again, this compares well with the industry norm of 0.090 (as extrapolated from the International Association of Oil and Gas Producers figures)
- ♦ the driving incident frequency rate was 0.12 per million kilometres driven. This is up from a rate of 0.02. We do not have a reliable industry benchmark with which to compare this performance

Strengthening our safety culture

During 2014 we continued with our Group-wide safety improvement plan, the purpose of which is to continue to strengthen our safety culture – whilst also preparing the Company for the forthcoming increase in projects.

Our analysis of reported incidents reveals that their root cause almost always lies in a basic failure to observe our Golden Rules of Safety. Continually improving awareness of these Rules and their importance is therefore our emphasis.

For example, in 2014:

- ♦ we completed a Golden Rules of Safety e-learning package. Using clear illustrations and graphics, this clearly articulates the Rules and our insistence that they should always be followed, and will be rolled out throughout 2015
- ♦ we enhanced our HSSE Management Frameworks and made a number of changes to our related policies. These have been approved by the Board and will be implemented and communicated during 2015
- ♦ we held a Safety Managers Forum, bringing together senior HSSE personnel from across the Group, establishing priorities, and forming a number of new workgroups to follow through on related initiatives
- ♦ in preparation for forthcoming construction and fabrication projects, we established new, onsite HSSE teams in both Shanghai and Abu Dhabi

Leading by example

When it comes to safety, we expect all of our senior executives to lead by example. For example, during 2014:

- ♦ the importance and effectiveness of “role modelling” was one of the themes of our annual safety conference, attended by 130 of our most senior leaders, including our Group Chief Executive and all Service Line Managing Directors
- ♦ we developed a framework and supporting tools to improve the visibility and the positive impact of site visits by any members of our leadership team. This ensures that they lead by example, are well aware of any site-specific issues, and always address safety matters when speaking to our people

Recognising the risks relating to the Ebola crisis

Although we were not working in the three countries worst affected by the Ebola outbreak, with an office in Lagos, Nigeria, and many of our people travelling through hub airports, we put in place measures to monitor the situation, provide advice to employees and prepare for any worsening of the situation.

Putting emergency preparedness to the test

Given the fact that we work in a major hazard industry and sometimes in difficult security environments, we are acutely aware of the importance of emergency preparedness.

We are therefore fortunate that Petrofac Training Services is one of the industry's foremost providers of emergency response training, and we drew on these specialist capabilities on several occasions during 2014. For example, major emergency response exercises were conducted in the UK, Malaysia, Mexico and Romania. In each case, our teams were assessed on the quality of their response and lessons learnt were shared.

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 inaugural Contractor Safety Forum in 2014.

The event held in Sharjah was attended by more than 150 representatives from over 40 of our key contractors from around the world. The main themes were around embedding safety behaviours, enhancing collaboration between different companies, sharing learnings and emphasising the importance of teamwork. Once again, we highlighted the importance of the Golden Rules of Safety – and we emphasised the need for complete openness and transparency regarding HSSE performance and issues.

Sharing best practice across the industry

We continue to share expertise and reduce risk across the industry by collaborating with our peers. For example, we remain an active member of the UK Oil Response Forum, and the Step Change in Safety initiative, which is co-chaired by a Petrofac representative. We are also active in the Asset Integrity Workgroup and Helicopter Safety Steering Group where we played our part in the mandatory introduction in 2014 of emergency breathing systems for all helicopter passengers travelling offshore in the UK.

Continuing to improve our capability

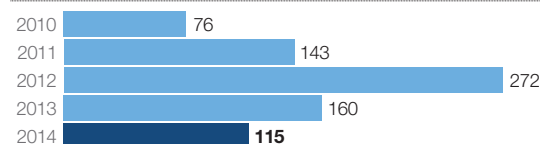
For 2015 and beyond, we will continue to implement our Group-wide safety improvement plan. Key components include:

- ♦ establishing and implementing a new Control of Work Standard
- ♦ developing new techniques to assess and improve supplier safety
- ♦ implementing our revised HSSE management Framework
- ♦ sharing best practice across the Group

This Group-wide plan is supplemented by and aligned with local plans that have been established by each service line.

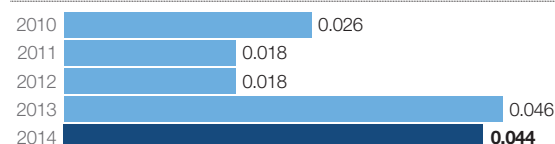
Total man-hours worked (million)

Million man-hours completed by employees and subcontractors



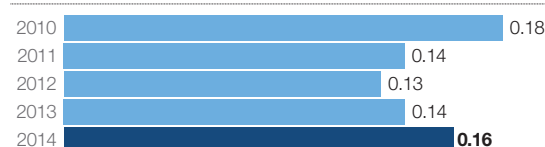
Lost time injury frequency rate

per 200,000 man-hours



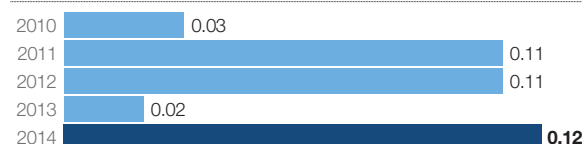
Recordable incident frequency rate

per 200,000 man-hours



Driving incident frequency rate

Incidents per million kilometres driven



Corporate responsibility continued

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

Across the Group, we are responsible for protecting the integrity of 23 operating assets, and we seek to apply the underlying principles across all of our operations wherever they take place.

A rigorous, consistent process

Every month, each of our 23 operating assets is obliged to report against a range of 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 (for example, this includes us tracking any unplanned plant shutdowns)
- ♦ leading indicators – relating to the quality of our management processes and the degree of compliance with our Asset Integrity Management Policy (this includes the level of compliance with our planned maintenance programmes)

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 the performance of each asset, discuss integrity issues, receive challenge, support and share learnings with their counterparts.

During 2014, the format of these monthly meetings was refined to take account of the increased number of assets under review, and to give more focus to strategic considerations and lessons learned. We also developed and launched a new web-based tool that enables us to track and report on the asset integrity considerations of our engineering and construction projects.

Seeking continuous improvement

We seek to continue to improve our approach to asset management. Enhancements in 2014 included:

- ♦ [updating our Asset Integrity Standard](#) – to provide more specific guidance, minimise the risk of misinterpretation and ensure that our practices are aligned across all of our operations
- ♦ [developing a Group-wide hydrocarbon leak reduction e-learning package](#) – to build on our related work in the UK and emphasise the role of asset integrity in minimising the risk of accidents
- ♦ [implementing a revised Technical Authority Framework](#) – to reflect the global nature of our business and provide around-the-clock, technical support to those people across the Group who operate our assets and manage high hazard risks

Plans for 2015 include:

- ♦ [launching a new e-learning tool to support the updated Asset Integrity Standard](#) – to include both primer-level and practitioner-level modules
- ♦ [developing a new Control of Work Standard](#) – to ensure that our asset integrity disciplines and processes are consistently applied to our construction projects

Security – protecting our people and assets

Petrofac's security team works closely with the business to protect our people and assets and to ensure that our operations proceed smoothly. This becomes more important as we enter new territories and work in volatile social and political environments.

Improved intelligence gathering and analysis

During 2014 we continued to improve our intelligence-gathering capability. Building on the enhancements implemented in 2013, we introduced a new system to identify quickly geographies in which the risks of political and social unrest go beyond an acceptable threshold. This information is used to inform our advice to travelling employees and our project decision making.

Meanwhile, we continue to share intelligence and information with other companies in the oil and gas sector.

Respecting human rights

All of our security policies and practices are consistent with the Voluntary Principles on Security and Human Rights, and we ensure that our teams and partners are fully aware of the related considerations.

Tightening our everyday processes

We continued to review and evolve our security processes, to reflect the changing nature of the environments in which we operate, and our ongoing security activities include:

- ♦ regular briefings to the Board Risk Committee
- ♦ weekly travel security and country updates
- ♦ 24-hour emergency support

Plans for 2015 include the enhancement of our audit and risk assessment processes.



Safe is the first and most important Petrofac value. Everyone in the Group would agree on how important it is. But making sure safety is always top of mind requires consistent communication and continual commitment.

Safety: HSE Bootcamps

Petrofac enjoys an excellent safety record. Our performance tends to be better than industry norms. Even so, things can and sometimes do go wrong.

In response to learnings from 2013, we developed a programme of safety-related initiatives for 2014 – including a series of HSE Bootcamps.

These three-day training courses were an eye-opener for many participants. They are not intended for HSE people. Instead they were aimed at managers, team leaders and supervisors who take decisions and lead teams at our sites.

Often, safety's biggest enemies are too much focus only on schedule and cost. The Bootcamps set out to show how any safety compromises can easily lead to time and cost over-runs. And the consequences can be life-changing for everyone involved.

Encouraging people to take personal accountability for their colleagues and their decisions, the training introduced new ways to convert HSE knowledge into action.

The team behind the HSE Bootcamps were selected as finalists in our annual EVE Awards. But most importantly of all, there is evidence to show that they have contributed to better, safer onsite decisions.

Corporate responsibility continued

People and resourcing

Petrofac is a people-based business. We recognise that it is our people, their attitude and skills, that are the key to our distinctive delivery focused culture. It is our people that set us apart from our competitors, allow us to attract and retain clients, and enable us to earn differentiated margins.

For the next phase of our development, we need to bring more efficiency, consistency and effectiveness to the way we recruit and manage our people – while also enabling and encouraging employees from around the world to pursue the considerable career opportunities that are opening up across the Group.

We enter 2015 with our biggest ever order backlog and anticipate that, over the coming five years, our global workforce will need to continue to grow. As well as creating significant career development opportunities for our existing employees, this also requires us to attract many more new employees.

In a Company with such a strong culture, we need everyone to understand and live up to our values. Our HR teams are therefore working closely with their colleagues from across the business to ensure we meet the challenge.

Establishing a business-focused HR strategy

Throughout the Group, we employ HR professionals with expertise in a number of disciplines, who are based across the world. In 2014, this global team came together with our new Group Director of Human Resources, Cathy McNulty, to refine the HR strategy.

Aligned directly to Petrofac's business priorities, this strategy sees us place more emphasis on developing our talented people and leveraging their collective capability. The guiding principles include:

- ♦ **developing our people** – viewing current employees as the natural candidates for tomorrow's roles, and equipping them to pursue these opportunities
- ♦ **strengthening our leadership capabilities** – developing the skills of our highest potential employees, with effective talent management and succession planning
- ♦ **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 2014, the total number of employees and long-term contractors increased by around 8% to reach 19,800. Meanwhile voluntary staff attrition levels (measured in terms of those leaving the Company by choice) remained at an acceptable rate, with turnover of some 8.5%.

Recruiting a new generation of homegrown talent

Given the rapid growth of the Company, we have typically relied on external recruitment to fill key roles. Going forward, we want our employees to aspire to such positions. With this greater emphasis on personal and career development, we aim to be seen as an attractive employer offering continual opportunities for career progression and personal development.

To support our ongoing recruitment needs, we progressed with a range of initiatives, including:

♦ establishing a compelling 'employee value proposition'

In 2014, based on formal research, we finalised our 'employee value proposition' – which is now reflected both within the Company and externally – through, for example, a globally consistent approach to recruitment advertising and collateral, as well as the recruitment pages of our website.

The central message is 'join our journey', indicating that Petrofac is an ambitious company with a commitment to career progression. After applying the new 'employee value proposition' to the LinkedIn Petrofac pages, we quickly became the fifth most followed company in the oil and gas sector – and became ranked as one of LinkedIn's top 20 most influential UK brands.

♦ rolling-out our new recruitment systems

Throughout the year, we continued with the implementation of a consistent, automated recruitment and applicant tracking system. This enables us to:

- improve the experience of potential and future employees
- streamline and standardise our recruitment procedures
- access and share the details of candidates across the Group
- bring more rigour to the planning and evaluation of our recruitment advertising
- reduce the reliance on and the costs of external recruitment agencies

Following its original introduction in 2013, the system was fully implemented across much of the Group during 2014. Since its introduction, the proportion of employees recruited directly by Petrofac (as opposed to through external agencies) has increased from 20% to 46%, and we expect this figure to continue to grow.

Driving high performance across the Group

To achieve our business goals, it is important for all of our employees to understand what is expected of them, and the contribution they make to the success of their teams.

To this end, our recently introduced performance management process provides a standardised way of setting employee objectives and conducting mid-year reviews and year-end appraisals. It also recognises the importance of the Petrofac values and the role they play in our distinctive, delivery-focused culture.

Each year, we also celebrate employees and teams who embody our values through the EVE (Excellence, Values, Energy) Awards. This year we received 323 entries – an increase of more than 100% on 2013.

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 in their careers. We also want to enable those employees who are responsible for others to improve their management and leadership skills.

♦ individual development

We offer a growing range of programmes and resources to help individual employees develop their respective competencies. For example, during 2014, we introduced a new Asset Managers Development Programme and, for 2015, we are creating a similar programme for Project Directors. Going forward, we intend to review our e-learning resources – thereby providing more flexibility for employees and ensuring that programmes developed in one part of the Group can be accessed by colleagues elsewhere.

♦ management and leadership development

This was a particular focus for our HR teams during 2014. For example, we introduced a new, Group-wide Leadership and Management Competency Framework. This clearly sets out what we expect of all our managers, from first line supervisors right through to our most senior leaders, and covers four dimensions:

- ♦ driving performance
- ♦ developing people
- ♦ delivering for clients
- ♦ being a role model for our values

The Framework draws heavily on our values and is aligned with our selection criteria and our performance management system (see above). It applies to everyone in the Group with responsibility for the performance of others.

With the Framework in place, we have also developed an all-embracing management and leadership development programme, which we call the Petrofac Pathway. This comprises five key elements:

- ♦ **Managing the Petrofac Way** – an induction programme for all newly appointed and recruited managers, which emphasises the Petrofac culture
- ♦ **Supervisor Toolkit** – a two-day programme for newly appointed supervisors who, for the first time, have responsibility for other colleagues
- ♦ **Management Essentials** – a programme concentrating on basic management skills for first-line managers
- ♦ **Management & Leadership Development Programme** – an ongoing programme covering more advanced management skills for mid-to-senior managers
- ♦ **Leadership Excellence Programme** – first introduced in 2011, and so far attended by almost 200 senior leaders, this comprises an annual leadership event and a series of financial and people management modules

During 2014, we created all of the related course components and materials for each of these elements. The priority for 2015 will be to embed the Petrofac Pathway across the entire Group, and to support local offices with its implementation.

A disciplined approach to succession and career planning

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

In 2014, following a thorough talent review of our most senior managers, we reviewed and updated succession plans for all our critical roles. For 2015, we will extend our talent reviews further into the organisation.

We will also look at ways to gain more value from the combined knowledge and experience of our most senior managers, such as more internal secondments and appointments. The aim is to ensure that we can always place our most effective people into our most important roles.

Global mobility where it makes business sense

Wherever possible, Petrofac delivers locally, by employing local people, working with local partners and developing local capabilities. However, in many instances, it makes good business sense for us to facilitate international moves.

By mobilising some of our key people, we can supplement local technical and professional skills. We can also strengthen our global culture and we can add to the experience of our managers and leaders.

During 2014, we brought more consistency and rigour to the way we handle these international moves. We established a 'community of practice' to develop in-house expertise in global mobility and enable HR teams to advise local business leaders, support assignees and improve related processes.

At the end of 2014, around 100 of our employees were covered by our global mobility programmes. Looking ahead, we anticipate an increase in the number of short-term and rotational assignments and expect assignees to be drawn from a wider range of countries.

An engaged workforce with a sense of ownership

We formally and regularly monitor employee engagement levels across the Group.

To this end, we will be conducting our fifth biennial employee survey, PetroVoices, during 2015.

Meanwhile, we actively encourage employee share ownership, believing that it builds commitment to the Company's goals and rewards our people for their contribution. In 2014, 31% of our employees participated in at least one of the Petrofac employee share schemes.



People: Graduate recruitment and development

We continue to be a popular career choice for today's graduates.

Across Europe, for example, our OPO business received over 3,000 graduate applications. In the UK, ECS received more than 2,000 applications. For the first time, Petrofac appeared in 'The Guardian UK 300' – which ranks employers by their popularity amongst students.

During 2014 we reviewed our approach to graduate recruitment, taking stock of the ways that our various business units select and develop graduates. This includes the work of The Petrofac Academy, located in our UAE offices, which focuses on graduate training, accelerates the acquisition of skills and helps young professionals achieve autonomy more quickly.

Going forward, our aspiration is to move towards a more co-ordinated global approach, whereby we operate a Group-wide recruitment, induction and training programme. This would mean that we plan strategically for each year's intake, target particular universities, introduce standardised selection processes, run a Group-wide induction and development programme, and ultimately establish a global cohort of closely networked, highly collaborative trainees.

We are proud that our graduates reflect the level of diversity we enjoy across the wider Group. For example, they represent almost 50 nationalities, and females make up more than 20% of the total. We also benefit from particularly high levels of retention.

About our graduate population

1,510 **74.2%**
recruited since 2004 retention rate since 2004

Corporate responsibility continued

Social performance

Understanding and managing our impact on local communities

As our business strategy takes us into new geographies and we embark on longer-term contracts, we are becoming ever more disciplined in understanding, planning and managing the impact we have on local communities.

Often, we are contractually required to run social performance programmes (particularly for our IES contracts). However, the related skills and disciplines can benefit our wider operations – helping us to manage risks, develop trust and build more productive relationships with customers, suppliers and local communities.

Implementing and enhancing our Social Performance Framework

Our Social Performance Framework incorporates our Ethical, Social and Regulatory Policy, our Social Performance Standard and a set of supporting guidance notes. It is fully consistent with international standards, such as the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability and the Equator Principles.

The Framework was established in 2012 and continues to be refined. In 2014, for example, we developed guidance on how to manage Cultural Heritage impacts. We also piloted an internal assurance process to monitor compliance with the Social Performance Standard. In 2015, we will conduct assurance processes on all relevant Petrofac assets, and update the Social Performance Framework as part of a three-yearly review.

The Framework is significant in three main ways:

1. For those contracts (primarily IES contracts) where we have direct accountability for managing social impacts, or a contractual requirement to do so, the Framework provides the necessary rigour. It sets out our minimum requirements, ensures that everyone is familiar with our commitments, and provides assurance that our obligations are being fulfilled.
2. For other contracts (such as EPC contracts) the Framework demonstrates to clients that we work responsibly. This can be particularly important during the construction phase of large projects – when heavy work commences, traffic and noise volumes increase, large numbers of workers are involved, and the potential for negative impacts can escalate.

A good example is our work for BP on the Khazzan Central Processing Facility in Oman. Here, as part of the contract, we have worked with our clients to develop a contractor grievance mechanism to ensure that any community-related concerns can be raised easily and addressed quickly.

3. The Framework can also provide additional reassurance to institutions that provide finance for any projects we work on (such as the International Finance Corporation, World Bank, European Bank for Reconstruction and Development, Export Credit Agencies and the wider banking community). Again, the Framework's existence demonstrates that we have the right credentials to work in sensitive locations, and are capable of fulfilling internationally recognised social performance requirements.

Our Social Performance Standard is now being implemented across all relevant countries, particularly our IES operations in Mexico, Romania and Tunisia.

In each of these countries, we have conducted socio-economic baseline assessments. Wherever relevant, we have completed impact assessments and have mitigation measures in place. In addition, grievance mechanisms are now well established in Tunisia and are under development in Mexico and Romania.

During 2014, we continued to raise awareness of social performance issues across the Group and incorporate them into our wider business processes. For example, we regularly incorporate social performance considerations into:

- the Petrofac Enterprise Risk Management System (PERMS)
- the risk assessment phase of pre-bidding and bidding processes (in order, for example, to anticipate potential community relations considerations)
- our approach to security (to understand and address any situations where community relations could constitute a security risk)

For 2015, we will focus on continued improvement in the implementation of the Framework. As part of this, we will conduct social performance training and awareness-raising across a range of relevant areas of the Company.

Social investment programmes

For 2014, our spending on social investments reached US\$4.1 million, up from US\$1.9 million in 2013¹. The increase in spend year-on-year was primarily a result of a significant increase in activity levels in Mexico (see below).

Most of this investment went to community development initiatives in Mexico and Tunisia, where Petrofac operates long-term Production Sharing and Production Enhancement Contracts.

In Mexico, for example, we are contractually committed to spending 1% of our total annual expenditure on sustainable development initiatives. In 2014, this amounted to just over US\$3 million, and was primarily used to support education, health and public infrastructure needs in our four concession areas.

In line with our social performance objectives, our approach is to move towards more long-term, sustainable projects that support the livelihoods of local people and responds to issues identified in Social Impact Assessments and through stakeholder dialogue (both of which are covered by guidance notes). More specifically, we want to prevent local communities from being overly dependent on the oil and gas industry, and to support the diversification of local economies.

¹ From 2014, we are not including our investment in technical training centres. In addition, we are no longer reporting sponsorship activities as a social investment, which were previously reported in the 'other' category. The 2013 figure quoted above is therefore US\$2.8 million lower than reported in that year's Annual Report and Accounts. This enables us to report on a like for like comparison.

Corporate responsibility continued

Examples include:

- ♦ **supporting entrepreneurialism in Tunisia** – In 2014, we helped six entrepreneurs to set up new businesses on Kerkennah Island. This included modest grants to cover start-up costs, as well as technical assistance to prepare business development plans and secure financing from third parties. Examples include a boat construction and repair shop, a physiotherapy business and a plastic bottle recycling enterprise. Petrofac will continue to provide business mentoring for these and other start-ups, and we will monitor the longer-term impact on employment and the provision of local services.
- ♦ **supporting cocoa farming in Mexico** – We continued our three-year initiative to provide technical assistance and agricultural supplies to over 400 smallholders who farm more than 600 hectares, with a view to increasing cocoa yields and household income. During the year, we worked with Maxi Terra, a local expert agricultural organisation, to provide training to these smallholders and understand further the challenges they face. In 2015 we aim to set up a local school to provide group training. We will also conduct a preliminary assessment of the projects' impact on cocoa yields.

During 2014, we enhanced the governance of our social investment initiatives, to ensure that both Petrofac and our intended beneficiaries can enjoy a decent return on our spending. This entails:

- ♦ **rigorous community needs assessments** – to enable us to develop appropriate strategies and pursue relevant plans
- ♦ **consistent criteria and implementation procedures** – to give clarity to all local groups who request support from Petrofac

In 2014, 76% of our social investment was covered by a long-term strategic plan, mainly from our community development investments in Tunisia, Mexico and Romania. We aim for all of our social investments to be governed by such a plan to ensure that our spending leads to tangible benefits for those we support as well as for Petrofac. In 2015 we will establish long-term strategic corporate giving plans in key operating centres in order to bring a continual improvement to this figure. We will also continue the shift towards a smaller number of higher value social investment projects.

Looking towards long-term benefits

Our social investment spending continues to rise



Community development

Spending on initiatives that benefit neighbouring and/or impacted communities in our areas of operation. These initiatives are designed to create community benefits over and above those that would automatically come from our standard project and operational expenditure. They are generally based on rigorous needs assessments to help local communities meet their long-term priorities.

Strategic corporate giving

Spending on philanthropic initiatives that have altruistic aims but nonetheless contribute to Petrofac's reputation. These initiatives are typically implemented at a national or regional level, and are managed by our local offices. Matched giving is also classified as part of our strategic corporate giving.

Note: from 2014, we are not including our investment in technical training centres. In addition, we are no longer reporting sponsorship activities as a social investment, which were previously reported in the 'other' category. The 2013 figure quoted above is therefore US\$2.8 million lower than reported in that year's Annual Report and Accounts. This enables us to report on a like for like comparison.

Strategic corporate giving

Petrofac has a formal corporate giving strategy, focusing on initiatives that:

- ♦ promote science, technology, engineering and mathematics (STEM) education
- ♦ improve access to education and employability for young people from marginalised groups

In the UK, we have a long-standing partnership with the Royal Academy of Engineering and, in 2014, our Group Chief Executive, Ayman Asfari was appointed a Fellow of the Academy. We support several of their initiatives, including:

- ♦ **extending our support of the Royal Academy of Engineering Fellowship Programme** – this programme provides funding for graduate engineers to pursue a one-year Masters programme in applied technical roles in the oil and gas industry. We have participated in this programme since 2009 and, in 2014, a further five Fellows were supported (bringing the cumulative total of engineers supported by the Company to 27)
- ♦ **extending our support of the STEM Teacher Connectors project** – this programme employs an expanding network of Teacher Co-ordinators, who provide local STEM teachers with free training, resources and networking opportunities. In 2014 a further two co-ordinators were supported by Petrofac, bringing the total number of coordinators supported by the Company to four
- ♦ **encouraging our employees to become STEMnet Ambassadors** – eight employees from our Woking offices completed a STEMnet training course, to become STEM Ambassadors. This means they can volunteer for local STEM initiatives such as careers talks and after-school clubs. We plan to train more STEMnet Ambassadors in 2015

We expect to continue with this partnership during 2015 and beyond.

Managing and monitoring our human rights performance

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. 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. However, in line with the GRI G4 reporting requirements, and in response to stakeholder expectations (see the materiality matrix on page 49) we recognise the need to:

- ♦ become more explicit in our reporting on human rights issues
- ♦ demonstrate that we conduct due diligence in relation to human rights issues
- ♦ ensure that all related risks are appropriately monitored and managed

During 2014, as a first step and with support from external advisors, we conducted a thorough review of all our existing policies to identify any gaps or vulnerabilities. We also engaged with a selection of internal stakeholders to assess their understanding of human rights issues – as well as any potential opportunities and challenges associated with the everyday, on-the-ground management and monitoring of our human rights performance.

This work concluded that the key human rights risks and vulnerabilities for Petrofac – in common with the oilfield services sector as a whole – relate to the management of large temporary workforces, particularly those working on projects that entail large numbers of contractors and subcontractors. Assessing, monitoring and mitigating the related risks is regarded as a key challenge for companies in our sector.

In 2015 we plan to prioritise how we address the central findings of this review, beginning with explicitly stating our policy on child labour, and reinforcing our social performance framework in this regard. We will also address the other human rights considerations across the Group, and agree how to address the most significant risks.

Corporate responsibility continued

Economic performance

Understanding and optimising our contribution to local economies

As a global business, Petrofac operates across many different countries – and we always seek to make a positive and tangible contribution to their respective economies.

Quantifying and maximising our in-country value

The concept of 'in-country value' seeks to quantify the net contribution that Petrofac makes to the economies in which we operate.

To date, this is most advanced in Oman, where the concept of in-country value has Government backing – and is defined by the national authorities as the total spend retained in-country that benefits development, contributes to human capability and stimulates productivity in the economy.

For all of our Omani projects, a formal In-Country Value Plan is therefore agreed with each client. This sets out detailed targets for the employment and training of local people, the use of local suppliers and the procurement of local goods. It may also have various sustainability and social performance targets, and will typically favour the use of local community contractors (that is, those established by villages or settlements) and smaller businesses.

We will then track our performance against the agreed targets and report back to clients on a monthly basis. The details of each plan remain confidential. However, in future years, we aim to become more consistent in the way that we set and monitor targets, and to share the lessons learned with projects.

All in all, the contribution from Petrofac to the Omani economy is significant. At the start of 2015, we were working on three large projects with a combined value of more than US\$4.3 billion, and had agreed in-country value targets across every aspect of their delivery.

In partnership with Takatuf Oman, we are also establishing the country's largest technical training centre. With a planned capacity of 1,000 students a year, this will train the energy workforce to international standards.

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 2014, the total amount paid to governments in tax was US\$720¹ million, comprised of corporate income tax, employment taxes, other forms of tax and social security contributions.

Over and above the monies we pay to and collect on behalf of revenue authorities, Petrofac supports a significant number of jobs through our supply chain.

Bringing more transparency to our tax reporting

We are in favour of bringing more transparency and consistency to the way that companies report on their tax arrangements and payments.

For example:

- ♦ we support the Extractive Industries Transparency Initiative, which seeks to introduce country-by-country reporting, on payments made to governments in respect of companies' extractive activities and were actively involved in developing the related policies
- ♦ we contribute to research into the structure of business taxation and its economic impact by participating and contributing to the Organisation for Economic Co-operation and Development (OECD), including public consultations into tax transparency, the issues surrounding base erosion and profit shifting (BEPS) and other proposed legislative initiatives
- ♦ we are members of a number of industry groups that participate in the development of future tax policy

Our worldwide tax contribution – total taxes paid¹

2013		US\$912 million
2014		US\$720 million

Reflecting public interest in the issue, the level and type of information we provide with respect to our total tax contribution goes beyond the statutory requirements.

The total amount that we pay is not confined to the corporate income tax disclosed within the financial statements. The total tax collected includes payments made in respect of: corporate income taxes, 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 taxes collected shows the contribution made by Petrofac in payments to governments, so includes those taxes which are borne by Petrofac, as well as those collected by Petrofac but recoverable from tax authorities or customers and suppliers. VAT and sales taxes are shown on an accruals basis which is not expected to be materially different to a paid basis.

Tightening up on our supplier and contractor management

As discussed in several sections of this report, we are bringing greater consistency and rigour to our supplier and contractor management policies and procedures.

We continue to refine the way that we screen our third-party suppliers; suppliers and contractors have become a focus of our safety programmes; and the treatment of large, temporary workforces is at the heart of our plans to improve our reporting on human rights issues.

Over the course of the year, we had a number of issues with unions representing parts of the workforce on Total's Laggan-Tormore Shetland Gas Plant project. While some of the disputes resulted in industrial action, we reached agreement with the unions without any significant stoppages.

For 2014 we were not aware of any reported incidents of labour rights impacts anywhere in our global operations.

¹ Total taxes collected have not been subject to audit.



Wherever possible, Petrofac delivers locally – employing local people, working with local contractors, and developing local capabilities.

In-country value: INSTEP Oil & Gas Training Centre

A prime example is our work with PETRONAS, and the 2014 opening of a brand new training facility – which is part of the Integrated Oil & Gas Training Centre at INSTEP (or Institut Teknologi Petroleum PETRONAS) on the east coast of Malaysia.

Guided by Petrofac Training Services (PTS), the new facility was designed by Petrofac Engineering & Consulting Services, and built using local contractors with PETRONAS' project Management Team (PMT) overseeing the EPCC project.

It replicates a range of real-life upstream and downstream production facilities, including two full-scale offshore modules, a refinery and a control room, plus engineering workshops and classrooms.

Looking at the production facilities, you might assume they were the real thing. In fact, they are a cost-effective way to introduce aspiring oil and gas technicians to the realities of working onsite, and provide on-the-job training in a safe, controlled environment.

The facility also increases INSTEP's capacity to more than 1,500 trainees a year.

Having developed the training curriculum, PTS now provides expert trainers and will manage the upstream programme for an initial period of five years. As a result, we are helping PETRONAS and the wider Malaysian economy benefit from a steady stream of internationally-certified, locally-developed technical expertise.

Corporate responsibility continued

Environmental protection

We are committed to understanding and minimising the environmental impact of our business.

Petrofac is committed to operating its business in an environmentally responsible manner.

For 2014 our emphasis has been to enhance the consistency of our data collection and the quality of our reporting. Based on a clear understanding of our true environmental impact, we will be better positioned to benchmark our performance and bring about progressive reductions to the environmental footprint of our global operations.

Improving consistency across our operations

During 2014, we developed a new Group Environmental Framework.

This brings more rigour to our existing standards and ensures that, right across our global operations, we have a consistent way of understanding and managing environmental considerations.

To support the new Framework, we also developed a new Group Environmental Data Reporting Guide, which means that we now have an improved standardised way of measuring our environmental impact.

The content of this Guide is 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.

The Guide therefore provides us with a Group-wide standard for our data reporting scope and boundaries, and includes consistent definitions of our environmental performance indicators. It is also supported by a Data Reporting Tool, enabling us to minimise uncertainties and maintain consistency.

Moreover, the Guide enables us to monitor and compare the respective performance of our operations, and helps us to manage and reduce our environmental footprint. It will also allow us to report on our performance in accordance with the GRI G4 guidelines.

The Framework and the Guide will be implemented from the start of 2015.

Strengthening our spill-response measures

During 2014, we implemented a range of activities to improve the way we respond to any unplanned hydrocarbon releases. For example, we:

- ♦ reviewed and refined our existing spill-response procedures
- ♦ carried out detailed assessments of those sites that face the greatest risk of spills
- ♦ conducted onsite verification of compliance with our spill-response procedures

We also conducted 20 separate spill response exercises involving both our own employees and our subcontractors. These exercises will enable us to review our spill response procedures and develop a competent, trained team capable of effectively responding to unplanned releases of hydrocarbons. For 2015, we will continue with a programme of capability reviews of our oil spill contingency plans to demonstrate operational excellence.

Joint spill response exercise in Mexico

In September 2014, a joint spill response exercise was conducted at our Arenque operations in Mexico. Helicopters, marine vessels, spill containment booms, skimmers and other spill response equipment were deployed to simulate a true-to-life scenario.

The exercise enabled us to assess our current capabilities in responding to a major offshore emergency, and it involved the Emergency Response Teams of our partners at PEMEX and Semar, as well as our own people. The lessons learned will strengthen the emergency preparedness of all participants.

Our reporting principles and procedures

With regards to our emissions, Petrofac is fully compliant with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, which the Company complies with on a voluntary basis.

To assure and validate our data collection processes in 2014 we employed the services of Ricardo-AEA, a specialist consultancy to perform an independent review.

To provide an accurate and consistent estimate of our performance, we abide by 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
- ♦ 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 SANGA 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 are included in this report

As well as calculating our own emissions, we also monitor and report on air emission data to our clients for the facilities we manage on their behalf. In the case of our North Sea operations, our monitoring meets the stringent standards of the Oslo-Paris Convention. In accordance with the European Environmental Emissions Monitoring System, we measure:

- ♦ all discharges of hydrocarbons, heavy metal and radiation contamination
- ♦ all air emissions of sulphur dioxide, nitrogen oxides and volatile organic carbons

Our environmental data collection and analysis enables us to monitor and improve on our energy use and waste management, which helps to minimise our related environmental impact.

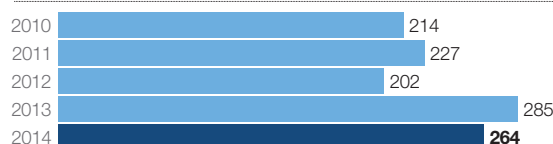
Our environmental performance data is also made available to various stakeholders to demonstrate that we comply with all related requirements, and show that Petrofac is fully committed to environmental protection.

In addition to greenhouse gas emissions data, we collect data on the waste that leaves our facilities, which is typically segregated, measured and reported by category. As standard practice, a waste management plan is developed for each of our projects, which takes full account of prevailing regulatory requirements. In 2014, our waste segregation and recycling achievements were recognised by the Emirates Environmental Group (EEG), a leading NGO operating in the UAE.

Emissions and spills performance

We have been monitoring and reporting our carbon emissions since 2008 and, in 2014, we saw a decrease in our emissions compared with 2013.

Tonnes of carbon emissions generated 000 tCO₂e



As a condition of the mandatory reporting requirement of the Companies Act 2006, Petrofac must report its emissions in its annual report against an intensity metric that is representative of its business activities. The intensity ratio for 2014 is 42.22 tCO₂e per million US\$ revenue. We have chosen to use "tonnes/ million US\$ revenue" as this metric is the most representative across the entire business.

We continue to participate in the Carbon Disclosure Project (CDP), which provides a global disclosure system for companies to report their environmental impacts and strategies in respect of greenhouse gas emissions. For 2014 we received an improved CDP score, achieving a rate of 83 for disclosure (compared with 77 in 2013) and band B for performance. Given that more than half of reporting companies are rated in band C or lower, it is clear that Petrofac is outperforming many of our peers.

In 2014 we again participated in the UK Government's CRC Energy Efficiency Scheme. We are registered for Phase 2 of this scheme, and our UK-based assets complied with all of the related criteria.

During the year, we experienced a slight rise in the number of reported oil spills associated with our operations. Most of these spills involved less than one barrel of oil, and had a negligible environmental impact. Regrettably, we experienced 19 spills involving more than one barrel. One of these took place in the UAE, with all of the others occurring in Mexico and Romania. In each case, the appropriate spill-response measures were implemented and a full investigation was conducted.

Continuing improvements in our energy efficiency

Across our operations and projects, we have an on-going focus on how to improve our energy efficiency.

At Petrofac Training Services, for example, a programme of initiatives resulted in an 8% reduction of overall energy consumption in 2014. To achieve further savings, the Montrose training facility, supported by external consultants, conducted energy modelling assessments and subsequently implemented a plan which is set to reduce consumption by more than 25% by 2020.

Energy efficiency is also a key consideration for many of our projects. For example, our design team generally works beyond customer requirements to optimise energy efficiency during the life cycle of facilities.

In one such case, we modified and re-engineered a standard air-cooled heat exchange unit, which delivered an annual energy saving of 3,896 MWh – equivalent to 2,627 tonnes of CO₂.

In another such case, our design team proposed an innovative way to insulate pipework. By reducing the amount of power needed for heat tracing, this resulted in an annual energy saving of more than 1,085 MWh.

In 2015, we will participate in the UK Energy Saving Opportunity Scheme (ESOS), and carry out studies on energy consumption to identify opportunities for further improvements.

Raising awareness and encouraging action

To raise awareness of environmental issues among our employees, partners and local communities, we hold an annual Petrofac environmental month, and encourage our local operations to implement environmental initiatives. In 2014, there were many initiatives across the Group, which ranged from conserving marine biodiversity to improving waste management. A few of the examples from 2014 include:

Reducing our carbon footprint

Petrofac Emirates and its subcontractors instigated a wide-scale environmental campaign across the sites of the Bab-Habshan-1 project and the Bab Gas Compression project in Abu Dhabi.

To minimise carbon emissions, a 368kw solar park and solar powered street lighting system was installed at the site offices. Meanwhile a tree-planting programme has brought 1,575 square metres of greenery to the site, helping to minimise soil erosion, provide sand screening and improve living conditions for the workforce. A month-long campaign on water conservation helped the site to re-use 95% of its wastewater.

Promoting biodiversity conservation

Petrofac partnered with the UAE Ministry of the Environment and the Al Jazeera Diving and Swimming Centre to create an artificial reef six kilometres off the coast of the UAE.

The reef, which was constructed from 20 large 350kg concrete pyramids, will encourage the growth and development of many marine organisms and, in turn, provide food, shelter and protection for fish. As well as sponsoring the project, Petrofac staff participated in the installation of the pyramids.

Meanwhile, in Mexico, Petrofac partnered with the National Forestry Commission, local authorities and communities on a 600-hectare mangrove conservation project.

Involving younger generations in environmental protection

We understand that younger generations can play an important role in the conservation of our environment, and in the UAE we encouraged children in our local communities to participate in initiatives such as tree planting, quizzes, art competitions, awareness sessions and litter reduction drives. In 2014 more than 500 children participated in such activities.



☞ In designing our new deepwater installation vessel, the Petrofac JSD6000, we wanted to be sure it would exceed the most exacting environmental standards – whether existing, planned or potential.

Environmental protection: Petrofac JSD6000

We took, as our baseline, the ECO Rules of Lloyd's Register, which set standards for design, construction and operation, and went well beyond all statutory requirements.

Environmental considerations therefore loom large in every facet of this remarkable vessel – from energy consumption, to operational performance, to waste management, to living quarters and working conditions.

So, for example, this is the first vessel in the offshore industry to deploy a fuel recovery separator system, which separates re-usable fuel from waste fuel oil. It also uses highly efficient selective catalytic reduction systems, which reduce NOx emissions by up to 90%. It is powered by the latest generation of highly efficient "common rail" engines.

Innovative air conditioning techniques are also used (such as enthalpy recovery, absorption chillers, and mechanical ventilation), and low-energy LED lighting is fitted throughout.

Also, with such an array of on-board equipment and facilities, the Petrofac JSD6000 can operate autonomously. With no need for a flotilla of support vessels, costs are cut and environmental performance is lifted yet further.

Due to set sail in 2017, we are confident that the Petrofac JSD6000 will be considered the offshore industry's environmental benchmark for 30 years at least.



Design



Build



Manage and maintain



Train

Corporate responsibility continued

Ethics

'Ethical' is one of the six Petrofac values. Our Code of Conduct (the Code) sets out the standards we insist upon. Everyone who works for and with Petrofac is obliged to uphold the Code – and Speak Up if they suspect any breaches.

It is vital for Petrofac to be and to be seen as an ethical Company.

To achieve our business ambitions, we must be regarded as a trusted partner by clients, regulators across the world and NGOs. Accordingly, we are bringing ever more rigour to our internal communication and employee education activities, as well as our related certification and compliance programme.

Giving clear guidance to employees and business partners

The Code, founded on the six Petrofac values, provides guidance to our employees and business partners.

The Code is clearly explained using easy-to-follow language. Following the most recent review in 2013, printed copies were distributed to all employees and representatives, as well as to a large number of third parties. The Code is now routinely provided to all new employees and newly contracted suppliers.

Embedding the Code throughout our business

The emphasis for 2014 was to raise awareness of the Code and its requirements.

We launched a new e-learning course that brings the Code to life through a range of everyday examples. All employees and contractors are expected to complete this programme. To make it widely accessible and monitor levels of participation, we utilised our new web-based compliance portal. The course was launched in June 2014 and, by the year-end, close to 14,000 of our employees had registered and completed the training.

A disciplined certification process

Upholding the Code and looking out for suspected breaches is a key accountability of all Petrofac managers from first-level supervisors right through to our executive leadership team. In 2014 we continued to conduct the Annual Code of Conduct Certification process. In addition to the mandate to our managers to certify to their own compliance to our Code and alert us of possible breaches, this year the process was modified to include questions on conflict of interest and on the recording of gifts and entertainment.

More than 3,000 managers were required to confirm online that they had read and understood the Code and observed its requirements in all of their business dealings.

Speaking Up about any breaches of the Code

We continue to draw attention to Speak Up – our telephone, email and web-based service enabling any employee or third party to report suspected breaches of the Code.

Anyone can raise, in confidence, a possible breach of the Code from 19 locations in one of eight languages. During the year, 46 suspected breaches were reported, each of which was investigated, and all violations reported to the Board Risk Committee. Individuals found to be in serious breach of the Code have had their employment terminated.

During the year, we also reviewed and refined our Investigation Guidelines, which govern the way that we investigate any suspected breaches of the Code. During 2015, we will ensure that these are understood and followed by all relevant departments (such as the HR and Internal Audit teams).

Screening third-party suppliers and business partners

We continue to refine the way that we screen our third-party suppliers – in order to assess their level of technical, financial and reputational strength, and ensure their ethical standards are consistent with our own.

In 2014, an area of emphasis was to work with our largest clients to ensure that our screening procedures meet their respective standards. This will continue throughout 2015.

During the year, we also conducted a thorough review of all our agent relationships. We subjected each of them to due diligence and updated their respective contracts. Any relationships that were deemed to be no longer appropriate or relevant were terminated.

Our aspiration for 2015 and beyond is to conduct a similar exercise among our service providers (including freight forwarders and customs agents).