

Petrobras - Modern Slavery Statement 2019

This statement is published by Petrobras in compliance with the UK Modern Slavery Act

Introduction

Our operations show respect for human rights that internationally recognized by Brazil and the countries where we operate. We are committed to the principle of respecting, raising awareness, and promoting human rights in our activities, and to act in accordance with the precepts of the Federal Constitution and with the international treaties and conventions ratified by the government, such as the International Charter of Human Rights and Declaration of Fundamental Principles and Rights in the International Labor Organization-ILO, as well as the institutional commitments assumed by the company such as United Nations Global Compact, Women Empowerment Principles - UN Women, National Compact for the Eradication of Slave Labor, Enterprise Racial Equality Initiative, Open Charter Enterprises for Human Rights, Gender and Race Pro-Equity Program and Declaration of Corporate Commitment to Combat the Sexual Exploitation of Children and Adolescents.

We always adopt the criterion of full recognition of rights and compliance with laws, regulations, and internal procedures. The promotion of fair working relationships takes place both in terms of our employees and our supply chain. We encourage our suppliers to demand the same from their subcontractors and other links in the supply chain. We monitor risks, and if there are non-conformities, we apply a system of consequences. Our reporting mechanisms are available to receive complaints from company employees and employees of companies linked to the supply chain, while ensuring anonymity.

Our business and supply chains

We are a publicly traded company with operations in the oil, natural gas, and energy sector. We are recognized worldwide for our oil exploration technology in ultra-deep waters. However, our business goes beyond the reach of the field and oil and gas extraction. This means a long process where we transport oil and gas to our refineries and natural gas treatment units. We have a large proven reserve base and operate and produce most of Brazil's oil and gas.

Our business portfolio is defined annually during the preparations of the Strategic Plan for a five-year period. On July 29, 2019, we stated the material fact of the closing of the secondary public offering of common shares issued by Petrobras Distribuidora S.A and owned by Petrobras. With the completion of the transaction, Petrobras holdings were reduced to 37.50% of the subsidiary's capital.

Our main categories of contracted goods and services are chartering of production platforms, chartering of rigs, well services, Engineering, Procurement, Construction and Installation, underwater operations, flexible lines, valves, tubes, aerial chartering, chartering of ships and special vessels, chemicals and catalysts, geophysical services, Engineering, Procurement and Construction services, and equipment maintenance.

Our policies and Ethics Code

Our commitment to human rights is expressed through our values: “respect for people and the environment.” The internal regulations for ethical conduct establish that we respect human rights that are internationally recognized by Brazil and the countries where we operate.

Respect for life, people and the environment is a value that was reaffirmed in our strategic positioning, presented in September 2019. Our goal is to operate within the best global safety standards. One of our top metrics in 2019 is the Recordable Accident Rate per million man-hours below 1.0; a challenge also confirmed for the strategic plan for the 2020-2024 five-year period. In 2019, we reached the lowest historical level of Recordable Injury Frequency Rates (0.76), a 24.7% decrease in relation to 2018.

Our Health, Safety, and Environment (HSE) Policy guarantees safety and health at work, providing all the appropriate conditions and equipment. When purchasing goods and services, contractor health, safety, and environmental performance must be compatible with Petrobras standards.

Our Social Responsibility Policy has the following guidelines: (i) respect human rights, seeking to prevent and mitigate negative impacts from our direct activities, the supply chain, and partnerships, combating discrimination in all its forms; and (ii) identifying, analyzing, and addressing social risks arising from the interaction between our business, society, and the environment, and promoting socio-environmental management in the supply chain.

In our relationship with our employees, we are committed to the well-being and development of our employees, without any form of prejudice or discrimination, and with trust and solidarity in interpersonal relationships, plurality of thought, and fairness in labor relations.

When it comes to supplier relations, we require service providers to ensure that their employees respect the ethical principles and conduct commitments set out in our ethical conduct guidelines as long as they are contracting with Petrobras.

We are committed to combating degrading or slave-like work practices within our supply chain, as well as respecting the rights of children and adolescents, establishing punitive measures such as the imposition of fines and contract termination in case of violation.

Due Dilligence in the company’s business and supply chains

Our standard service agreement draft includes a clause that requires service providers to refrain from using child labor and slave-like labor or degrading working conditions. In addition, compliance with labor legislation is a requirement in all contracts we enter into. In 2019, agreement were signed by 12,162 suppliers, all of which contained clauses to abstain from child labor and slave-like labor.

We evaluate health, safety, and environment risks in service contracts and contracts for the supply of goods with related services. The analysis considers the health and safety risks for workers and neighboring communities, the risks to the environment of the contracted service, as well as the characteristics of the places where the service

will be performed. The evaluation categorizes contracts into four groups, each with specific contractual requirements. These requirements are monitored throughout the execution of the contract. The most critical contracts require the application of a check list in person and any non-conformities found are the basis for a mandatory action plan.

In order to mitigate and address the risks and impacts associated with our activities, when investment projects are submitted for phase transition approval, they are evaluated by a multidisciplinary review group that includes professionals in the areas of Social Responsibility, Health, Safety, and the Environment, and the business areas responsible for the projects. Investment projects worth more than USD 25 million must present a social responsibility report, with information on the social context of the area covered by the project, the social risks of the project, and a plan for dealing with the identified social risks. The evaluation for the project phase transition makes its decision based on this information.

In 2019, 30 social responsibility reports were prepared for investment projects and 18 of these projects were submitted to undergo social responsibility evaluation during the phase transfer, which means that 83% of the projects with an investment greater than USD 25 million were submitted to undergo social responsibility analysis in 2019.

Contracts for the construction and assembly of refining process units, and contracts for civil construction services, which are considered to be at greatest risk for human rights violations, there is a social responsibility clause in the contracts. According to this clause, contracted companies must declare and ensure that they respect internationally recognized human rights, as established in the International Charter of Human Rights, in the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, in the Guiding Principles on Business and UN Human Rights (“Guiding Principles”) and Decree No. 9,571, of November 21, 2018, which establishes the National Guidelines for Business and Human Rights.

In addition, the contractual clause statements must include the commitment of the contracted companies to the following items:

- Refrain from using child labor and slavery-like or degrading working conditions, and to include a specific clause to that effect in contracts signed with input suppliers and/or service providers;
- Provide a safe and healthy work environment that includes adequate food, lodging, and sanitary conditions;
- Respect the right of employees to form or associate with unions, as well as to negotiate collectively;
- Be committed to equal treatment and non-discrimination;
- Have a communication channel to receive, forward and respond to stakeholder statements, ensuring that all statements are answered and that there is no retaliation.

In 2019, there were 40 social responsibility assessments of service providers through a checklist, to see if social responsibility requirements in these contracts were being met. Among the contracts submitted for evaluation, no violations of human rights were identified. If any irregularity is found, the contracted company is immediately notified, and must enforce its contractual obligations.

Our Reporting Channel, managed by the Ombudsman's Office, is prepared to receive incident reports related to suppliers, such as those related to freedom of association and collective bargaining violations, among other labor practices and human rights issues. The reports are investigated and, depending on the results, our Goods and Services Supply area is alerted to mitigate risk in future contracts. Additionally, we carry out Integrity Due Diligence (DDI) on our counterparts, considering the risk factors associated with slave-like, degrading, and child labor.

Our channels do not replace the legitimate role of labor unions in addressing labor disputes, nor do they prevent access to judicial or other non-judicial complaints mechanisms. We also do not impose any access restrictions on competent authorities in the investigation of human rights violations, except to preserve the anonymity of whistleblowers.

We have internal guidelines that establish the parameters for supplier performance analysis. The use of child or slave-like labor can lead to the application of administrative sanctions, which may result in the suspension of bidding rights or blocking their ability to contract with us, in addition to suspension or blockage from the supplier registry for up to two years. Non-compliance with labor and pension obligations, as well as a fatal workplace accident, are also examples of conduct punishable by suspension. For the application of administrative sanctions to companies, an administrative investigation by the Commission for the Analysis of the Application of Sanctions (CAASE) is done, without prejudice to the adoption of other measures against companies in the civil and criminal spheres.

The social clauses are inspected in the same way as the technical and HSE clauses are. In terms of negative impacts on labor practices, seven companies were sanctioned in 2019 for events considered to be of high severity.

Training

We also develop ethics and integrity training for different groups. In 2019, we maintained our ongoing training efforts in employee compliance through distance and face-to-face training, addressing various compliance issues and reinforcing concepts provided for in our ethical conduct standards.

We made our guidelines on ethical procedures available on our external channels. In order to be able to participate in our bidding processes or sign contracts with us, suppliers must sign our internal regulations for ethical conduct and our Social Responsibility Policy. Therefore, our suppliers must be aware of and comply with our Social Responsibility Policy, safety, environment and health standards, and guidelines on corruption prevention policies and procedures.

For more information, please visit:

- Ethical conduct standards
<https://petrobras.com.br/en/about-us/profile/compliance-ethics-and-transparency/>
- Sustainability Report 2019
<https://petrobras.com.br/en/society-and-environment/sustainability-report/>
- Social Responsibility Policy
<https://petrobras.com.br/en/society-and-environment/society/social-responsibility-and-human-rights/>
- Safety Environment and Health Policies
<https://petrobras.com.br/en/society-and-environment/environment/safety-environment-and-health-policies/>
- Human Resources Policy
<https://petrobras.com.br/en/about-us/careers/labor-practices/>
- Strategic Plan 2020-2024
<https://www.investidorpetrobras.com.br/en/results-and-notice/company-presentations/>

Roberto Castello Branco
Petrobras CEO

This statement has been approved by our Executive Board on June 26th, 2020.