



ANNUAL
REPORT
2016



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INTRODUCTION

ABOUT THIS REPORT

This document was developed following the guidelines of the Global Reporting Initiative (GRI), in the essential option of the GRI 2016 Standards. Odebrecht Oil & Gas publishes its results annually, and the last report, with information from 2015, was published in June 2016. The content here covers the period from January 1 to December 31, 2016 in the economic, social and environmental spheres, and includes the main aspects of the company's operations, as well as the risks and opportunities it has mapped and which are of interest to its shareholders and other stakeholders. [GRI 102-50, 102-51, 102-52, 102-54](#)

Odebrecht Oil & Gas follows International Financial Reporting Standards (IRFS) in the reporting of its financial indicators, which have been duly reviewed by the independent auditors. The social and environmental data undergo internal verification. The survey of the standard content as well as supplemental information was the responsibility of the Sustainability area.

The consolidated financial statements, the relationship with the entities included in them and the report of the independent auditors will be available for consultation by stakeholders (shareholders and investors)

on the company's corporate website: www.odebrechtoilgas.com, through the Investor Relations tab. [GRI 102-45, 102-56](#)

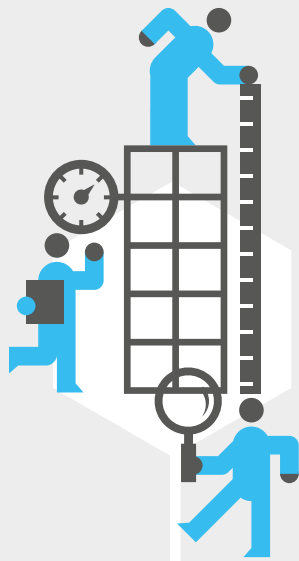
The full version of this Report is available for download on the institutional website. The document was also produced, in summary form, in the Portuguese, English and Spanish languages. Comments, suggestions, doubts or criticisms regarding its content, as well as the operations and initiatives of the company, can be sent through the following channel: faleconosco-oleoegas@odebrecht.com. [GRI 102-53](#)

Materiality [GRI 102-46](#)

In order to define the themes presented in this report, in October 2016 Odebrecht Oil & Gas conducted a materiality evaluation process to identify higher-relevance topics for sustainability management that should be covered by the document. With reference to the GRI guidelines and AA1000 (Accountability 1000), the work included consulting with key business leaders, including the Business Leader – the top position within the company – who formally reviews and approves the information reported in this document – and other board members. [GRI 102-32](#)

MATERIAL TOPICS AND LIMITS

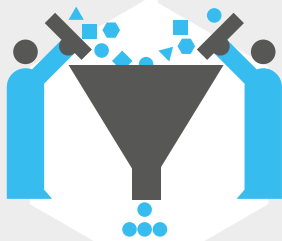
| Theme | GRI Theme GRI 102-47 | Internal limit GRI 103-1 | External limit GRI 103-1 | Related GRI content GRI rules |
|---|--|------------------------------|---|---|
| Ethics and transparency  | Anti-corruption | All operations | Shareholders, Clients, Government, Financiers, Suppliers, Communities | GRI 102-16, GRI 102-17, GRI 205-1, GRI 205-2, GRI 205-3 |
| | Compliance | | Shareholders, Suppliers | GRI 307-1, GRI 419-1 |
| | Unfair competition | All operations | Competitors | GRI 206-1 |
| | Public policies | All operations | Shareholders, Clients, Government, Suppliers, Communities | GRI 415-1 |
| Risk Management  | Risk management | All operations | Shareholders, Clients, Government, Suppliers, Communities | GRI 102-15 |
| | Emergency preparedness | All operations | Clients, Suppliers, Communities | GRI 102-15 |
| Commitment to People  | Workplace health and safety | All operations | Suppliers | GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4 |
| | Human Rights (discrimination, freedom of association, child labor, forced labor) | All operations | Clients, Suppliers, Communities | GRI 406-1, GRI 407-1, GRI 4081, GRI 409-1 |
| | Training and education | All operations | Suppliers | GRI 404-1, GRI 404-2, GRI 404-3 |
| | Diversity and equality of opportunities | All operations | Suppliers, Communities | GRI 405-1, 405-2 |
| Economic Performance  | Economic performance | All operations | Shareholders, Clients, Government, Financiers, Suppliers | GRI 201-1, GRI 201-2, GRI 201-3, GRI 201-4 |
| | Climate change | All operations | Suppliers, Communities | GRI 201-2 |
| | Innovation | All operations | Clients, Suppliers | - |
| Environment  | Waste/Spills | All operations | Suppliers | GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5 |
| | Effluents – water pollution | All operations | Suppliers | GRI 306-1 |
| | Emissions | All operations | Suppliers | GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 305-6, GRI 305-7 |
| | Water | All operations | Suppliers | GRI 303-1, GRI 303-2, GRI 303-3 |
| | Energy | All operations | Suppliers | GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 302-5 |
| Local development  | Purchase practices | All operations | Suppliers, Communities, Government | GRI 204-1 |
| | Social and environmental evaluation of suppliers | All operations | Suppliers, Communities, Government | GRI 308-1, GRI 308-2, GRI 414-1, GRI 414-2 |
| | Indirect economic impacts | All operations | Suppliers, Communities | GRI 203-1, GRI 203-2 |
| | Local communities | All operations | Suppliers, Communities | GRI 413-1, GRI 413-2 |



MATERIALITY PROCESS |GRI102-46|

STEP 1 Prior identification of material topics, based on:

- Odebrecht Oil & Gas' Strategy (growth/vision of the future)
- Topics considered relevant by the Odebrecht S.A. parent company
- Prioritized themes in the previous materiality process, carried out in 2013
- Topics considered material by the company's clients and presented in their sustainability reports
- Featured issues for the oil and gas industry in the GRI's Sustainability Topics - What the Stakeholders Want to Know survey
- Press stories about the industry and the company
- Correlation of themes with the Global Compact, an initiative of which Odebrecht Oil & Gas is a signatory
- Sustainability context (country and sector)



STEP 2 Selection of topics grouped in four dimensions:

- Governance/Ethics
- Economic
- Social
- Environmental



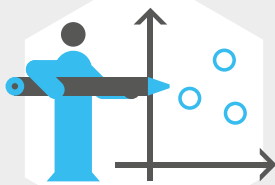
STEP 3 Consultation with the business leaders, who pointed out three aspects:

- Probability of occurrence of risks to value creation
- Economic impact on value creation
- Influence on the perception of stakeholders (topics on which they base their decision about their relationship with the company)



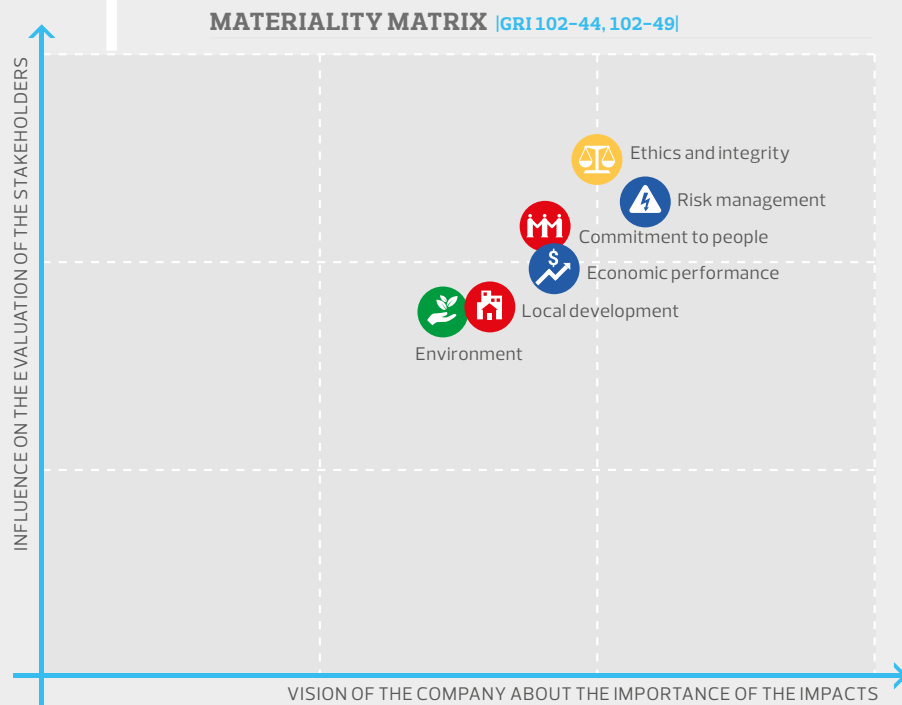
STEP 4 Prioritization in six major themes and 26 topics:
[GRI 102-49]

1. Ethics and transparency
2. Risk management
3. Commitment to people
4. Economic performance
5. Environment



STEP 5 Preparation of the materiality matrix

- Horizontal axis presents the company's vision, on the importance of the impacts
- Vertical axis portrays the influence on stakeholder assessment



● Social topics
 ● Environmental topics
 ● Economic topics
 ● Governance/ethical topics

MESSAGE FROM THE BUSINESS LEADER

|GRI102-14|

The world oil and gas sector experienced a year replete with challenges in 2016, with oil prices remaining well below profitability standards and the drilling segment hit hard by this situation. In Brazil, the scenario was further aggravated by the economic crisis and the problems faced by Petrobras, our main client.

We had to surpass ourselves in every way to keep moving forward in the midst of such adversity. And, here, we would like to highlight three fundamental aspects for the survival of our Business in 2016: remaining united, balance and focus. These points were essential to bolster us internally, helping to discern the issues of greatest urgency and seek efficient solutions for the moment, but without forgetting to keep an eye on the future.

Strategically, we reviewed targets and redefined our positions. The discontinuation of important projects, such as that of Sete Brasil, forced us to restructure and reduce the team. We pursued greater efficiencies and cost reductions in general.

We postponed our internationalization project, which we consider important for the company's growth strategy, but difficult to carry out within the current context. We are carefully re-evaluating the opportunities in each market. Some countries, where we have already been established, were hard hit by the global oil and gas crisis and our businesses there ceased to be economically attractive at this time. However, we continue to believe that this is one of the best ways to expand and diversify our customer base.

From a legal point of view, it is important to make clear Odebrecht Oil & Gas' exclusion from the Car Wash process, which investigates allegations of corruption involving our main client, Petrobras, and our parent company, Odebrecht S.A. Our independent investigation and the investigation conducted by the Ministry of Transparency did not identify evidence of illegal, irregular or improper practice by the company or by any of our members in our contracts. This leaves us optimistic about the future and the reestablishment of relations with Petrobras.



We are also developing initiatives with investors to review the company's capital structure, ensuring the bases for preserving the business' sustainability and the new growth cycle, with financial self-sufficiency and attractiveness of associates and partners.

From the point of view of financial performance, we recorded net revenue of R\$ 3.1 billion and EBITDA of R\$ 1.7 billion, down 14.0% and 8.1%, respectively, over the previous year, as a direct reflection of the adverse business environment.

Among the successes of operation is the FPSO Pioneiro de Libra, a vessel built in Singapore and christened last December. We also can highlight the good performance of our sustainability indicators: our operational safety results are the benchmark figures for the companies in the sector.

In the social area, the *Escola em Ação* (School in Action) program directly benefited more than 9,200 people in the communities where we operate.

We structured a new Compliance Area with the hiring of a Chief Compliance Officer (CCO) linked directly to the Board of Directors and in line with the best international Compliance practices. We reviewed our Code of Conduct, making it stronger, and we created a Compliance Policy, designed to orient, prevent, detect and remedy irregularities, fraud and corruption. These documents, allied to the new procedures, will bring greater transparency to our activities and clarity in communication with our stakeholders.

We also joined the Global Compact, an initiative of the United Nations, and we reinforced our pillars of sustainability so that we always will act in step with the ten principles it established for human rights, labor rights, environment and anti-corruption practices.

We are convinced that these improvement actions, combined with a united and committed team that is highly engaged with the business, and absolute faith in our ability to overcome adversities, will allow us to begin the upcoming three-year period on a path to growth. We also are equally certain that this is the way to restore our members' pride of belonging and the confidence of and a positive image with our clients, society and all other stakeholders.

A handwritten signature in black ink, appearing to read 'Roberto Simões', with a long, sweeping flourish extending to the right.

Roberto Lopes Pontes Simões
CEO of Odebrecht Oil & Gas



CORPORATE PROFILE

ODEBRECHT OIL & GAS

Founded in 2006, Odebrecht Oil & Gas offers integrated solutions for the oil and gas upstream industry in Brazil and overseas in the investment and operations phases of the Offshore Rig Chartering and Operation, Supply and Installation of Subsea Infrastructure, Chartering and Operation of Offshore Production and Maintenance Units and Offshore Services segments. A private, closed capital Brazilian company, 100% of its capital is owned by Odebrecht S.A. |GRI 102-1, 102-2, 102-4, 102-5, 102-6|

Upon completing ten years of activities in 2016, the company's vision is to be the number one choice of the clients. Toward this end, it bases its activities on operational excellence and added value for clients and shareholders, by investing in knowledgeable people, advanced technologies and sustainable business practices.

Its administrative headquarters are in the city of Rio de Janeiro (RJ) and it operates three Logistical Support Bases: two of them are in Macaé (RJ) and one in Itajaí (SC), in addition to an office in Austria. Its assets consist of six drill rigs, of which four are drill ships and two are semi-submersible platforms, as well as two Floating, Production, Storage and Offloading Vessels (FPSOs); and two Pipe Laying Support Vessels (PLSVs). |GRI 102-3, 102-7|

4,110

MEMBERS

R\$ 3.3 billion

GROSS REVENUE

R\$ 1.7 billion

IN EBITDA, WITH A 54.2% MARGIN

468,000

HOURS OF TRAINING

R\$ 4.2 million

INVESTED IN TRAINING

INTEGRATED SOLUTIONS FOR THE UPSTREAM OIL AND GAS INDUSTRY

The company operates through four Business Units

[GRI 102-2]



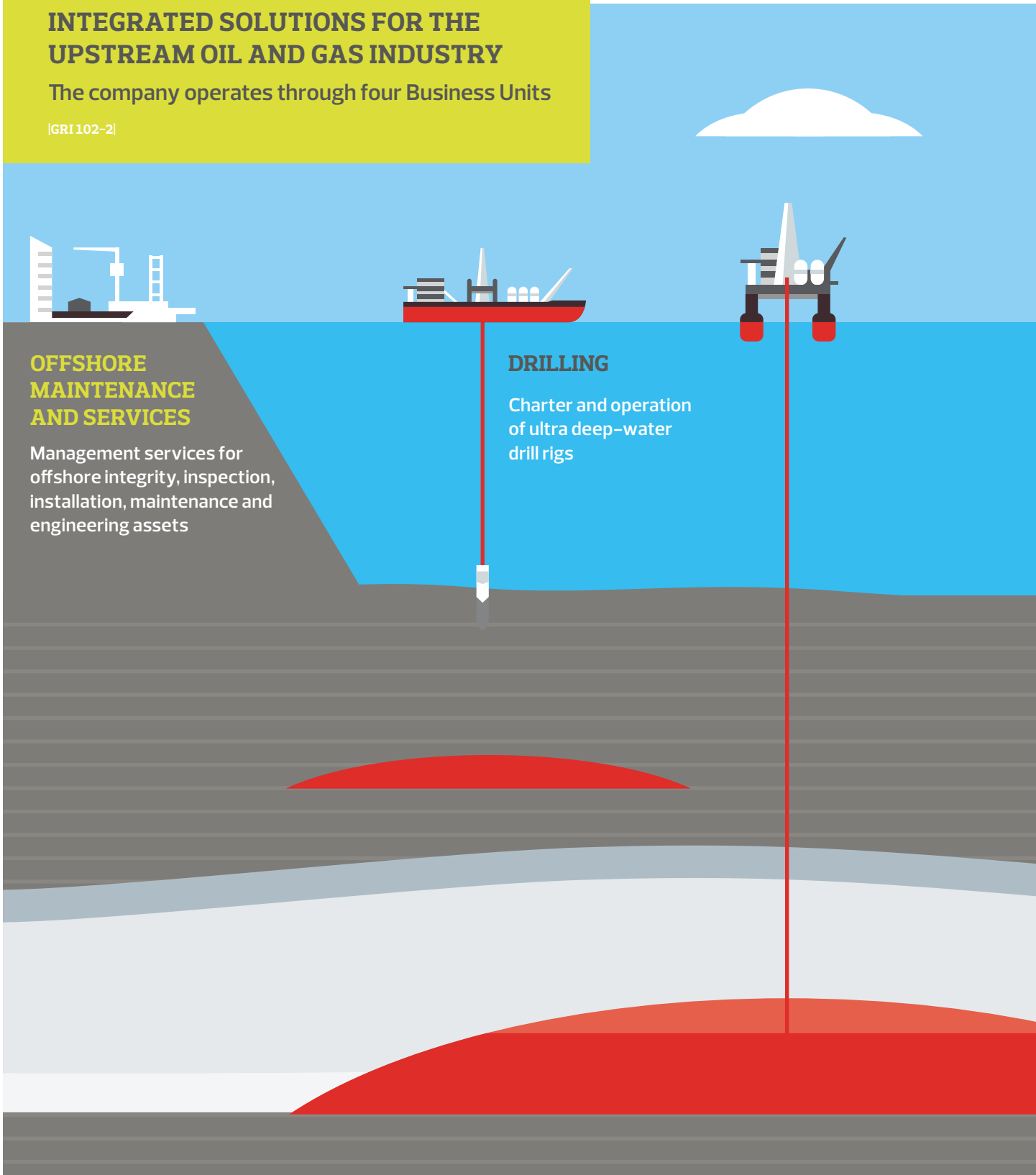
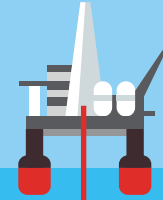
OFFSHORE MAINTENANCE AND SERVICES

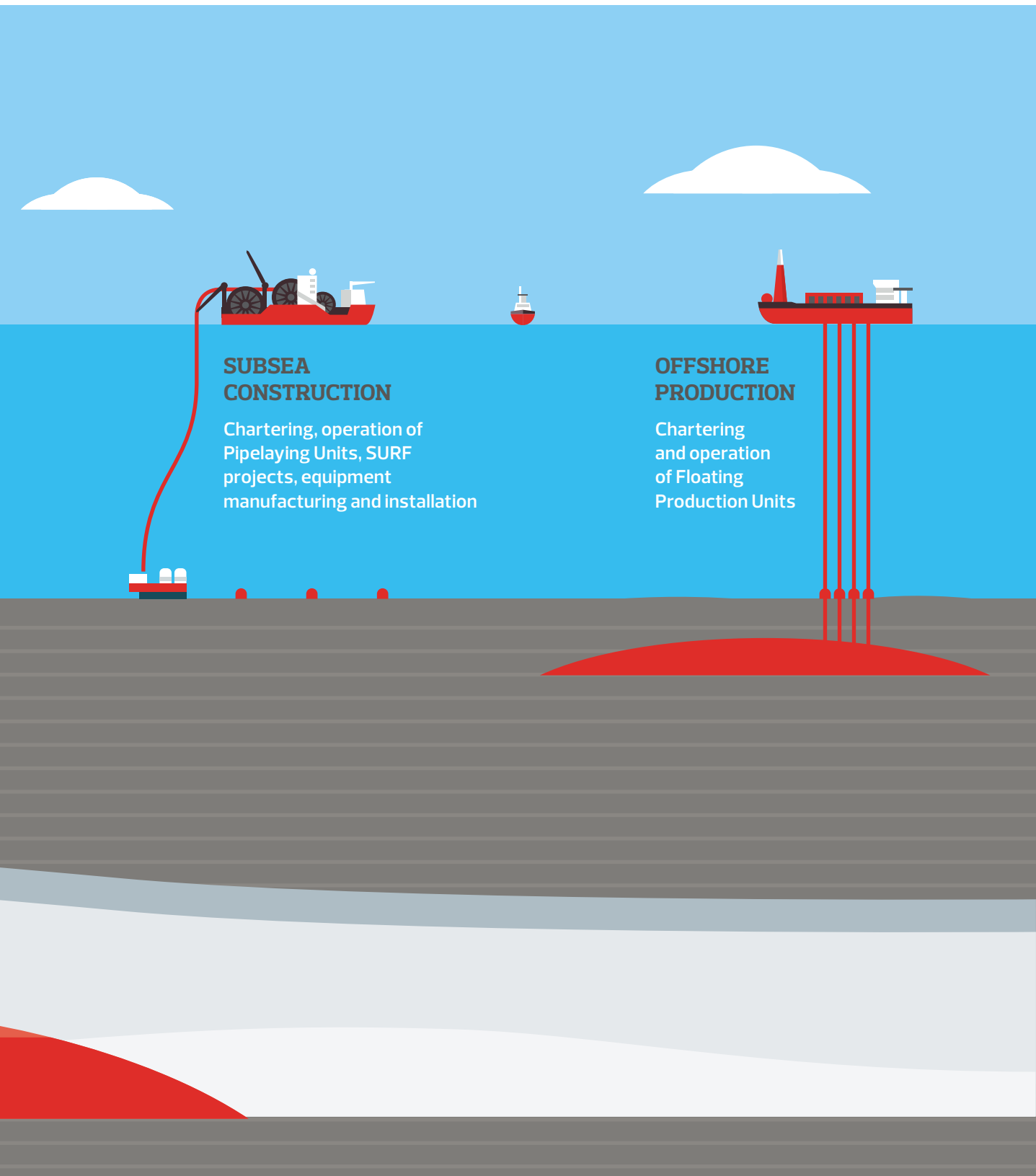
Management services for offshore integrity, inspection, installation, maintenance and engineering assets



DRILLING

Charter and operation of ultra deep-water drill rigs





YEAR'S HIGHLIGHTS

GOVERNANCE

- Structuring of the Compliance Area in line with the guidelines from international and domestic organisms.
- Creation of the Ethical, Integral and Transparent Compliance Policy with a set of measures designed to orient, prevent, detect and interrupt irregularities, fraud and corruption in a structured, continuous and sustainable manner, based on the best market practices.
- Update of the Code of Conduct, first published in 2014, envisaging the best market practices. The new document is now called the Odebrecht Oil & Gas' Commitment to Ethical, Integral and Transparent Actions.

FINANCIAL

- Restructuring of the bonds in progress, linked to the restructuring of corporate debts maintained with banks.

PEOPLE

- Health and Safety: reached the milestone of more 19 million man/hours without lost-time accidents on the FPSO Pioneiro de Libra.

SUPPLIERS

- Launch of the Suppliers Website by the Supplies Area of the Drilling Business Unit. It is a new tool for management and approval of registered suppliers.

OPERATIONAL

- Christening of the FPSO Pioneer de Libra, on December 2 in Singapore. The vessel is chartered and operated by the Odebrecht Oil & Gas and Teekay Offshore joint venture for long-term testing at the Libra Block for the consortium formed by Petrobras, Total, Shell, CNPC and CNOOC for a period of 12 years.
- In Drilling, economic uptime (operational availability of a rig relative to the daily rate), average of all rigs, was 95.9%.
- Use for the first time in the world of the Floating Mud Cap Drilling (FMCD) technique offshore in deep-water depth. The initiative, conducted by the Engineering Area, led ODN Delba III to its best historical evaluation by the client.
- In Offshore Production, the FPSO Cidade de Itajaí reached an accumulated mark of 76 million barrels of oil produced and an average production of 46,300 barrels of oil/day.
- The average economic uptime of the two PLSVs (TOP Coral do Atlântico and TOP Estrela do Mar) in 2016 was 94.6%.

SOCIETY

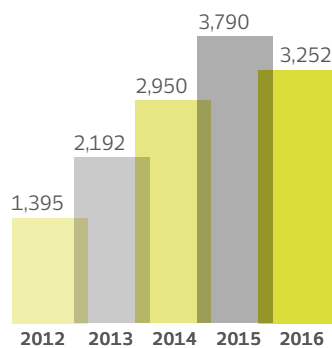
- Some 9,200 people in 27 communities benefited directly from social projects for basic education, culture, sports and leisure.

MAIN CONSOLIDATED INDICATORS

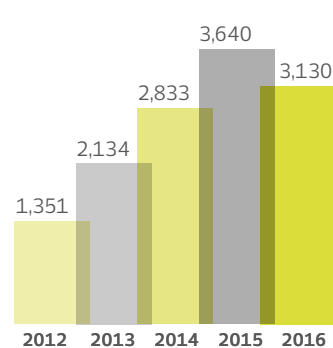
[GRI 102-7]

RESULTS

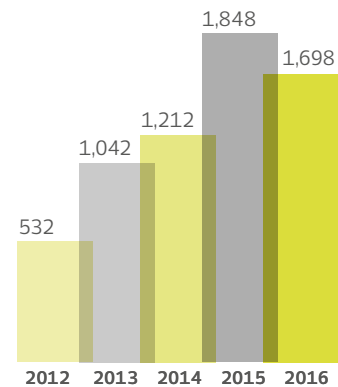
Gross Revenue (R\$ million)



Net Revenue (R\$ million)

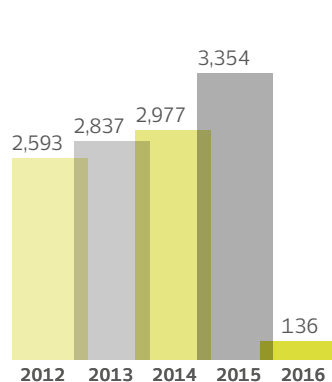


EBTIDA (R\$ million)

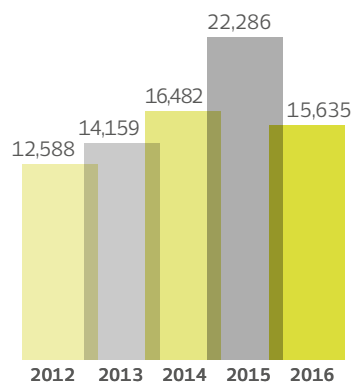


FINANCIAL

Total assets (R\$ million)

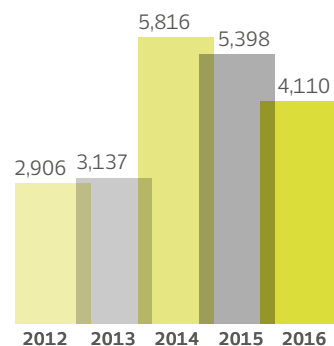


Shareholders' Equity (R\$ million)



PEOPLE

Members





CORPORATE GOVERNANCE



Odebrecht Óleo e Gás Participações S.A.'s corporate governance structure is based on accountability, clear definition of functions, independence of management and fair treatment of shareholders. In 2016, the company became 100% controlled by Odebrecht S.A., which acquired the shares belonging to the Temasek and Gávea investment funds, which previously corresponded to 13.57% and 5.0% of the share capital. [|GRI102-10|](#)

Composed of eight full members, with one independent member, all appointed by the controlling shareholder, the Board of Directors of Odebrecht Óleo e Gás Participações S.A. is the body responsible for directing and guiding the businesses, establishing the company's strategic guidelines. [|GRI102-18|](#)

Based on these guidelines, the Executive Officers work on policies and targets that are taken for the evaluation and eventual approval of the Board of Directors and its advisory committees. The BoD also is responsible for managing and guiding the company's businesses, in addition to monitoring and evaluating the performance of the Business Leader as the body responsible for the custody of the Shareholders' tangible and intangible assets. Its focus is on ensuring the permanent creation of value and return on investments.

The company maintains three Standing Committees, formed by Board members, that support and assist the Management Council in the decision-making process: the Financial Investment Committee, the People and Organization Committee and the Compliance Committee. No member is paid extra for this activity.

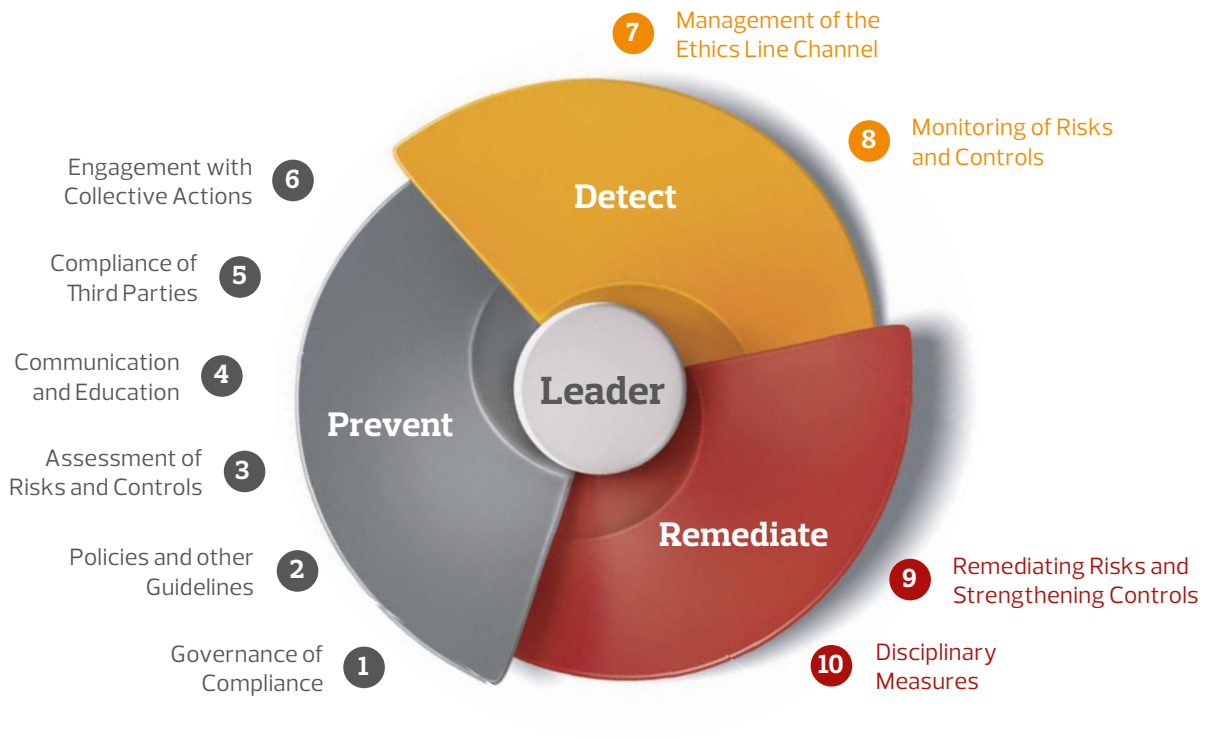
COMPLIANCE

[|GRI 103-1, 103-2, 103-3|](#)

In 2016, Odebrecht Oil & Gas restructured its Compliance area, reinforcing its commitment to ethical behavior in all its relations, with the aim of promoting transparency in its activities, while strengthening its values and organizational principles, considered essential for Survival, Growth and Business Perpetuity.

The new structure is headed up by the Compliance Officer, who reports directly to the Board of Directors' Compliance Committee, thus ensuring due independence to implement and manage the company's Compliance System. This consists of a set of measures designed to orient, prevent, detect and remedy irregularities, fraud and corruption, in a structured, continuous and sustainable manner, based on the best market practices.

To ensure that all measures are implemented effectively, the Compliance area has a multidisciplinary team distributed on two fronts: Integrity and Internal Audit. The former is responsible for the adoption of preventive controls and for the management of the Ethics Line Channel. The latter is for monitoring the effectiveness of the company's internal controls.



CREATION OF THE ETHICAL, INTEGRAL AND TRANSPARENT COMPLIANCE POLICY [|GRI 102-16, 103-2, 103-3|](#)

In December 2016, the Ethical, Integral and Transparent Compliance Policy was created. Based on best market practices and applicable laws, the document is aligned with the Organization's anti-corruption commitment and the principles of the Odebrecht Entrepreneurial Technology (TEO).

The Policy details the company's compliance system and lists the commitment to ethical, integral and transparent actions, replacing the Code of Conduct introduced in 2014 and in force until then.

The definitions described in the policy were designed to guide the behavior and the internal and external relations of the members, independent of their attributions and responsibilities, together and integrated with the company's other policies.

In 2016, anti-corruption and bribery training was conducted for all members of the company, including Board of Directors members, with content appropriate for different audiences and communication campaigns focused on the subject. [|GRI 205-2|](#)

More information:

www.odebrecht.oilgas.com/conformidade



ETHICS CHANNELS

|GRI102-17,103-1,103-2,103-3|

The company maintains internal and external communication and interaction mechanisms so that its various stakeholders can seek guidance and advice about ethical and legal behavior as well as issues related to organizational integrity, as well as reporting concerns and denunciations about unethical practices. The channels are:

- **Compliance area corporate e-mail**
(conformidadeoog@odebrecht.com)
- **Odebrecht Oil & Gas site** (intranet)
- **Institutional site**
(<http://www.odebrechtoilgas.com/pt-br/conformidade>)
- **Ethics Committee**, formed by four members of the Board of Executive Officers and coordinated by the Compliance Officer.
- **Ethics Line Channel**
(<http://www.linhadeeticaoog.com.br>)

Created in 2014, the Ethics Line channel was redesigned to conform with best market practices, and since March 2017 it has been operated by an independent and specialized company, ensuring absolute secrecy and non-retaliation.

Access to the channel is through the institutional site on the company's intranet, with direct access (www.linhadeeticaoog.com.br) or by telephone (Brazil: 0800 377 8020/ International: +55 11 2739-0985), available 24/7.



10. WORK AGAINST
Businesses should work against corruption in all its forms, including extortion and bribery.

All records are received and analyzed by the independent company and forwarded to the Compliance area, which independently and confidentially investigates the facts, preserving the identity of those involved. If there is evidence of an irregularity, disciplinary measures – which vary according to the impact and degree of involvement – are applied to those responsible.

In 2016, 96 reports were received, which led to 52 investigations, of which 11 were considered as justified (21.1%) and 38 as unjustified (73.1%), while three (5.8%) were still under analysis at the end of the year. No cases of corruption were evidenced. **|GRI 205-3|**

There is a Contact Us page on the institutional website, through which it is possible to enter into contact with Odebrecht Oil & Gas to send the company suggestions, questions, grievances or criticism.

THE ETHICAL, INTEGRAL AND TRANSPARENT COMPLIANCE POLICY GUIDES THE BEHAVIOR AND THE INTERNAL AND EXTERNAL RELATIONS OF ALL THE MEMBERS AND WAS COMMUNICATED TO THE COMPANY'S ENTIRE VALUE CHAIN.

EXTERNAL INITIATIVES

[GRI102-12]

To enhance its commitment to transparency and ethical action, Odebrecht Oil & Gas voluntary joined the United Nations Global Compact in 2016. The initiative aims to mobilize the international business community to adopt ten internationally accepted principles in human rights, labor relations, the environment and the fight against corruption areas in relation to its business practices.

Also in the same year, it became a signatory of the Ethos Institute's Integrity and Anti-Corruption Business Pact, which is designed to unite companies with the aim of promoting a fairer and more ethical market and eradicating bribery and corruption.

The company is likewise a signatory of the Open Letter to Brazil on Climate Change, an initiative coordinated by the Ethos Institute and Business Forum on Climate Change. It has made a commitment to speed up the transition to a low-carbon economy and to work across its value chain to reduce greenhouse gas emissions.

ADHERENCE TO EXTERNAL INITIATIVES, SUCH AS THE GLOBAL PACT, CORPORATE PACT FOR INTEGRITY AND ANTI-CORRUPTION AND THE OPEN LETTER ON CLIMATE CHANGE, REINFORCE ODEBRECHT OIL & GAS' COMMITMENT TO TRANSPARENCY AND ETHICAL ACTION



8. UNDERTAKE
initiatives to promote greater environmental responsibility.

RISK MANAGEMENT

[GRI 103-1, 103-2, 103-3]

Odebrecht Oil and Gas risk management is included in both its Corporate Policies as well as the Leadership Action Program (AP), which are directly responsible for the management and operationalization of its economic, social and environmental aspects. The theme, considered fundamental for the development of its business strategy, is submitted for periodic evaluation to the Board of Directors.

In addition to mapping the main risks and related opportunities in order to achieve the results expected in each of the operations and their permanence, risk management also seeks to evaluate future aspects, such as negative impacts on the activities or the company's reputation in markets in which operates and the relations with its strategic stakeholders.

All areas, including Compliance, participate in the Odebrecht Oil & Gas Business Risk Management synergistically, through planning, identification, evaluation, response and monitoring of the controls environment, striving to eliminate potential risks to the business.



STRATEGIC VISION

BUSINESS ORIENTATION

|GRI103-1,103-2,103-3|

Since the end of 2015, with the aggravation of the problems faced in Brazil with the main client, Petrobras, and the intensification of the energy crisis in the world, Odebrecht Oil & Gas has been completely focused on the diversification of its client portfolio and the pursuit of real opportunities to expand its services. These two aspects are considered fundamental to ensure the survival of the business and to build new foundations for its perpetuation.

More information:



www.odebrechtoilgas.com/empresa/quem-somos

In order to achieve its strategic objectives, Odebrecht Oil & Gas has sought to be a solid service provider, through financial soundness and adequate capital structure. Another focal point for the triennium is to regain members' pride of belonging, recuperating confidence and a positive image in the market (clients, associates, partners, suppliers and financial institutions) through quality of service delivery and best governance practices, compliance and sustainability.

These guidelines support the Business Leader's Action Program (AP), which sets out the goals and targets agreed for the 2017-2019 growth cycle.

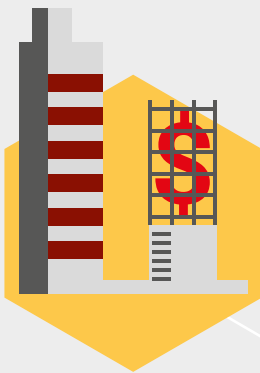
SUSTAINABILITY MANAGEMENT

|GRI103-2,103-3|

Odebrecht Oil & Gas manages sustainability based on the sector's priority themes and together with its main stakeholders: shareholders, clients, suppliers, members, local communities, financial agents, government and regulatory bodies. |GRI 102-40|

These stakeholders were prioritized on the basis of materiality, the Sustainability Policy and the evaluation of the impacts exerted by and on the company. It maintains transparent, clear and permanent dialogue with representatives of these groups, seeking the growth and sustainable development of the business in line with the material themes that have been defined. |GRI 102-42|

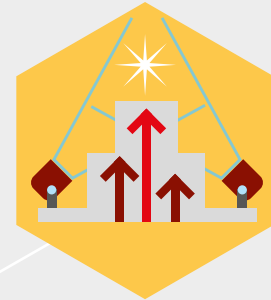
In order to work in harmony with its aspirations and expectations, the company participates in a number of forums and sectorial meetings, where topics important to the oil and gas sector in Brazil and the world are discussed and analyzed. |GRI102-43|



Make the capital structure viable, ensuring the bases for preserving the business' sustainability and the new growth cycle, obtaining financial self-sufficiency and attractiveness for Associates and Partners.



Re-establish the relationship with the Petrobras client and expand the customer base through actions with National Oil Companies (NOCs), International Oil Companies (IOCs) and independents, in Brazil and abroad, ensuring the re-chartering of the assets.



Make Odebrecht Oil & Gas distinctive for operational excellence, focusing on: continuous improvement in compliance, performance/productivity; adequate management of Opex, Capex and administrative expenses; permanent evolution of performance in Health, Workplace Safety and the Environment (HSE); knowledge quality and management; and asset preservation and reliability.



Through the quality of its delivery of the commitments that have been taken on, best practices in Governance and Compliance, and reaching international standards of Sustainability, to transform clients, suppliers, financial institutions and society into allies in the recovery of Odebrecht Oil & Gas' image.



Eliminate the occurrence of serious incidents by reinforcing zero tolerance to risk situations for operations, people, the environment and assets, and ensuring improved efficiency in the use of natural resources.



Guarantee the continuity of the practice of the AP Cycle as a tool to strengthen the Culture, reinforcing the concept of Partnership and Sharing and continuing the actions of: development of the current Leaders and the new generation of Leaders, identifying substitutes for succession in the new cycle of growth; youth development; training of the operational and engineering teams; diversity agenda, promoting an inclusive, meritocratic and non-discriminatory work environment.

STRATEGIC VISION



OPERATIONAL SAFETY

[GRI103-1, 103-2, 103-3]

Odebrecht Oil & Gas is permanently focused on maintaining a safe work environment that is free of incidents, especially taking into account the high complexity of its operations. The company is committed to conducting its activities in an integrated manner and has planned for recognizing, anticipating and controlling risks. Its Sustainability Policy expressly presents the guidelines and principles that must be followed by all members.

A number of actions and tools are used to enhance the management and operation of the safety measures, along with workshops, lectures, emergency simulations and periodic team training sessions.

The company expects each member to be a multiplier agent of this concept, acting consciously and securely in the workplace environment while promoting an increasingly firm safety culture.

Ensuring operational safety is the non-delegable duty of each member. The commitment to safety as a value is pervasive in all levels of the company and is inherent to its business. This theme is included in each member's Action Plan, and their individual indicators are monitored and regularly evaluated.

Responsibility for the HSE practices and implementation of the programs and procedures for their management is accomplished through planned delegation and awareness-raising among all members.

In 2016, the company invested more than R\$ 34 million in HSE.





INNOVATION |GRI103-1, 103-2, 103-3|

Attentive to client needs and opportunities in the oil and gas sector in Brazil and the world, the company strives to always be on the leading edge, applying the most modern technology and continuously investing in the intellectual potential of its teams.

It maintains a department responsible for the management of projects in the development phase, while also offering constant support to the Business Units for the deployment and operationalization of these processes.

One of the major features in drilling operations is Managed Pressure Drilling (MPD), an important tool used by the company's maritime units that makes offshore activities safer, boosts reliability and reduces operating costs and environmental risks.

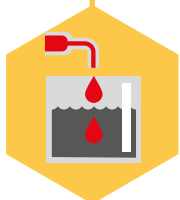
Currently, four drilling assets are equipped to operate the MPD system, with an important innovation in 2016: one of its assets was upgraded to incorporate Floating Mud Cap Drilling (FMCD) technology. Although there is a history of use of this technique in onshore wells, the FMCD technique had never been applied in deep-water offshore dynamic positioning rigs in Brazil. No additional investment was necessary, only the development of an engineering study of collapse pressure gradients, which was conducted by the drilling team itself.

The great advantage of this technique is to allow drilling in fields with high depletion level (levels of formation pressure less than the hydrostatic pressure of sea water). One of the company's units drilled the first well in the world using the FMCD technique, which let the client drill in previously abandoned fields.

OTHER PROJECTS IN 2017



The PLSVs TOP Coral do Atlântico and TOP Estrela do Mar are the only vessels in the Petrobras subsea interconnection fleet to install production lines with a silicone layer (high level of operational risk during the pipe laying operation).



The TOP engineering team (partnership between Odebrecht Oil & Gas and Technip for the PLSVs Coral do Atlântico and Estrela do Mar) developed a project for a new support collar for flexible line connections, with optimized dimensions, reducing the time of this operation by 80%: from 1 hour and 40 minutes to an average of 20 minutes.



Development of the project and installation of Gray Water Treatment Stations¹ on the NORBE VI and ODN DELBA III drill rigs, with a cost lower than that practiced by the sole supplier of the market.

¹ Gray Water: any waste water caused by domestic processes (i.e. non-industrial), such as washing dishes, laundry and bathing.

VISION FOR THE FUTURE

In its strategic plan for the 2017–2019 triennium, Odebrecht Oil & Gas outlined a series of priorities and goals:

- Ensure that financial restructuring guarantees continuity in operations, making feasible the generation of agreed upon results;
- To continually improve workplace Health, Safety and Environment (HSE) policies, surpass the historical performance of assets, and achieve excellence in the administration of contracts with clients and suppliers;
- Ensure that the Odebrecht Oil & Gas case is closed by the Ministry of Transparency, Supervision and Control, thus allowing Petrobras (following approval of the Odebrecht leniency agreement) to re-list the company on its supplier registry;
- Secure new service contracts (Subsea Construction and Maintenance, and Offshore Services);
- FPSO Pioneiro de Libra: Vessel arrival by the end of May 2017, with first oil extraction in July 2017 and operational results proceeding according to stipulated parameters;
- Mitigate risks impacting Odebrecht Oil & Gas in the Sete Brasil Project;
- Implement steps detailed in and make ongoing improvements to the Compliance System, which are in keeping with standards established by the world's best practices, are in accordance with applicable laws, and are in full alignment with the ten commitments the company assumed to enable its Ethics (Pró-Ética) certification in 2018;
- Apply the Reputational Management model within Odebrecht Oil & Gas, carrying out periodic measurements with key stakeholders.



FINANCIAL PERFORMANCE

OPERATING RESULTS

DRILLING

In 2016, six units were operating in the deep and ultra-deep waters in the Campos, Santos, and Espírito Santo Basins in the drilling, assessment, completion, or maintenance of Petrobras wells. Four of these are equipped with Managed Pressure Drilling (MPD) technology.

A highlight was the ODN Delba III unit, the first rig in the world to use the Floating Mud Cap Drilling (FMCD) technique in deep waters. As a result of its performance, the ODN I unit was recognized as the best rig in the Petrobras fleet for Process Safety, while NORBE VIII was ranked as best in the Petrobras fleet following an audit carried out by Brazil's National Petroleum Agency. The other units in operation during the year were the NORBE VI, NORBE IX, and ODN II.

During the year, the Drilling business unit implemented a Quality Program whose objective was to increase rig reliability and performance, promote continuous improvement in macro indicators, and ensure standardization of services provided throughout the fleet, as well as Management System effectiveness. The goal is to satisfy all of the requirements necessary to obtain ISO 9001:2015 certification.

With a focus on growth and strategic objectives, the company created the Quality Polygon, which represents a consolidated vision of the main managerial aspects of the business. Similarly, the Management Excellence Program (PEG) was implemented in all units, bringing together the principle indicators that supervisors must monitor.

In addition, the Rig Decision-making Support Center (CSD) was created to improve the Rig Performance Index (IDS). This indicator registered an increase of 10% in relation to 2015. The improvement was driven by awareness-raising and instruction provided to personnel through seminars, training, and follow-up reporting. Another advance included the implementation of the Electronic Document Management (GED) initiative, which offers an easy and efficient search system for Operational Management System (SIGOP) documents.

95.9%

AVERAGE ECONOMIC UPTIME OF ALL RIGS (I.E., OPERATING AVAILABILITY OF A RIG WITH REGARD TO THE DAILY RATE)

OFFSHORE MAINTENANCE AND SERVICES

In 2016, the Operations and Logistic Support Base (MSO) in Macaé, Rio de Janeiro registered 580 tons of materials manufactured, 350 tons of materials assembled on board, and 130,000 square meters painted on board.

The base maintains 31 units and develops engineering, manufacturing, maintenance, installation, modification, integrity management, and displaced asset inspection activities and projects.

OFFSHORE PRODUCTION

In 2016, the FPSO Pioneiro de Libra was christened. Built in Singapore, the vessel is chartered and operated by OOGTK. This FPSO has been designed for long-duration production tests. The charter and operations contract with Petrobras is for 12 years. The vessel is due to enter into operations in July 2017. It will be the first FPSO to operate in Libra, which is considered one of the largest pre-salt oil reserves in the world. The unit can operate in water depths of up to 2,400 meters and has the capacity to produce 50,000 barrels of oil per day, and compress 4 million m³ of gas/day, the unit can operate in water depths of up to 2.4 thousand meters.

Odebrecht Oil & Gas' first offshore production unit, the FPSO Cidade de Itajaí, operates in the Santos Basin, near the coast of the state of Santa Catarina. It has a production capacity of 80,000 barrels of oil per day and is operating in a water depth of 270 meters, although it can operate in waters as deep as 1,000 meters. Economic uptime in 2016 was 98.3%.

SUBSEA CONSTRUCTION

Odebrecht Oil & Gas operates in partnership with Technip, through a joint venture, TOP, which operates the TOP Estrela do Mar and TOP Coral Atlântico units along the Brazilian coast. The vessels, which can carry up to 550 tons of cargo, are capable of laying flexible pipelines in water depths of up to 2,500 meters. They are the only vessels in Petrobras' subsea interconnection fleet to successfully install silicone-coated production lines. In 2016, average economic uptime for the two vessels was 94.4%.



FINANCIAL RESULTS

REVENUES AND RESULTS

In 2016, Odebrecht Oil & Gas recorded gross revenues of R\$ 3.3 billion versus R\$ 3.8 billion in 2015. Cash generation, as expressed by recurring EBITDA, was R\$ 1.7 billion, compared to R\$ 1.8 billion in the previous year.

Gross value added, which represents the company's wealth generation capacity and the social effects produced by the distribution of these resources, totaled R\$ 2.5 billion, 15.7% lower than in 2015 (R\$ 3.0 billion). The total amount distributed was R\$ 797 million, against R\$ 1.7 billion in the previous result.

VALUE ADDED (R\$ '000)

[GRI 201-1]

| | 2015 | 2016 |
|--|------------------|----------------|
| Gross sales revenue | 3,640,092 | 3,130,209 |
| Direct economic value distributed | 1,733,303 | 797,177 |
| Wages and benefits | 929,927 | 802,447 |
| Capital providers | 567,957 | -129,139 |
| Government and society | 235,419 | 123,869 |

FINANCING

Odebrecht Oil & Gas conducted four international debt issues since 2010, involving more than US\$ 4 billion. The most recent of these occurred in June and July 2014, with the issuance of perpetual bonds (bearing no maturity dates) for a total of US\$ 550 million.

At the close of July 2015, the company signed a long-term financing agreement with an international pool of private banks, totaling US\$ 804 million. The funds were earmarked for the construction of the FPSO Pioneiro de Libra for the field of the same name in Santos Basin, which is being exploited by Petrobras (40%) in partnership with the French firm, Total (20%); the Anglo-Dutch company, Shell (20%); and Chinese oil firms, CNPC (10%) and CNOOC (10%).

Since the end of 2015, the company has engaged in constructive discussions with the holders of 2021 and 2022 bonds. Negotiations became necessary following Petrobras' September 2015 cancellation of the charter and operations contracts for the ODN Tay IV rig, which was to have run through 2020. Together with three other rigs, ODN Tay IV is one of the assets that guarantee the 2022 bonds.

As part of a broad debt restructuring plan, which is designed to reconcile its financial situation with future cash flows from operations, the company is also in process of restructuring its corporate debt, consisting of perpetual bonds and bank debt.



SOCIAL COMMITMENTS



INTERNAL STAKEHOLDERS

|GRI 103-1, 103-2, 103-3|

One of the core principles of Odebrecht Oil & Gas is to keep people committed and engaged in its business, to act responsibly and to promote sustainable growth. Its relationship with its personnel is based on an ongoing dialogue between team leaders and team members, education for the improvement of skills and on-the-job performance and its policies and codes, which address respect, ethics, and the cultivation of knowledge between parties.

The company seeks to create opportunities for its employees to develop professionally and personally through training, the sharing of ideas and experiences, as well as providing an inclusive and safe working environment for all.

In the same manner, it seeks to maintain a remuneration and benefits policy that is attractive and compatible with the reality of the sector.

RELATIONSHIPS ARE BASED ON AN ONGOING DIALOGUE BETWEEN TEAM LEADERS AND TEAM MEMBERS, EDUCATION FOR THE IMPROVEMENT OF SKILLS AND ON-THE-JOB PERFORMANCE, AS WELL AS RESPECT AND ETHICS

As a signatory to the U.N. Global Compact, Odebrecht Oil & Gas adopts fundamental values practices regarding human rights and labor relations, which contribute to a more inclusive and egalitarian global market. Through the company's Ethics Hotline, any employee or service provider can raise an alert as regards deviations of conduct or register a grievance in a strictly confidential manner. All contacts are analyzed independently and are forwarded along appropriately.

The company also respects and preserves rights to freedom of association and collective bargaining. These are ensured in its policies and codes, including its Suppliers Code of Conduct, which establishes an understanding that all related parties must share values and principles governing interpersonal relationships. During the past year, there were no recorded violations of these rights. Of its employees in 2016, 96.74%, or 3,976 individuals, had labor contracts administered in Brazil and were covered by collective bargaining agreements. |GRI 102-41, 407-1|



4. ELIMINATE
The elimination of all forms of forced and compulsory labour.



6. ELIMINATE
The elimination of discrimination in respect of employment and occupation.



EVALUATION

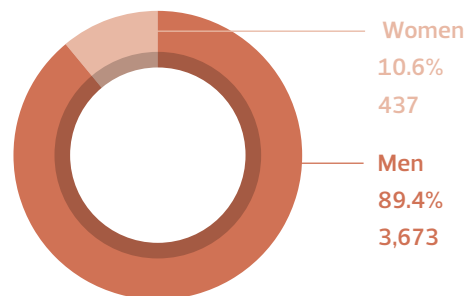
Employee performance evaluations are the responsibility of the company's People and Organization (P&O) division, which acts as a guidepost in providing an Action Program (AP) for each one. The follow-up process is carried out by team leaders, who evaluate results, guide their team members, and establish new development goals. The AP evaluation cycle is annual and also involves the P&O division, which enables the implementation of goals, tracks results obtained, and integrates knowledge gained from the process for future improvements. In 2016, the division received performance evaluations for 100% of company employees. [|GRI 103-2|](#)

The Productivity Program and the Profit Sharing Program are integral components of performance evaluations. The Productivity Program aims to ensure that all employees can perform their tasks and responsibilities in a quality manner within contractually established deadlines. The focus is on their development, increased productivity, and consequent participation in profits, where results in every corporate initiative and project, and the existence of the Profit Sharing Program itself are intended as a means of support for personnel in business units. [|GRI 404-3|](#)

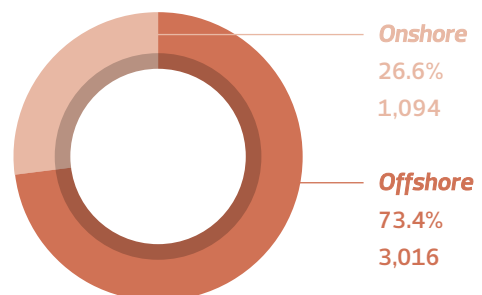
MEMBERS' PROFILE

As of December 31, 2016, Odebrecht Oil & Gas had 4,110 members (205 of whom were taking leaves of absence). All of these individuals had full-time employment contracts, where 3,673 (89.4%) were men and 437 (10.6%), women. Of this total, 1,094 (26.6%) were onshore professionals, while 3,016 (73.4%) worked offshore. Due to the economic downturn in Brazil and the specific situation of the oil and gas sector, during 2016 there was a 23.9% reduction in staff. [|GRI 102-8|](#)

MEMBERS BY GENDER [|GRI 102-8|](#)



MEMBERS BY EMPLOYMENT TYPE [|GRI 102-8|](#)



MEMBERS BY GENDER AND REGION |GRI 102-8|

| | | Women | | Men | | Total | |
|---------------|--------------------------|---------------|------------|--------------|--------------|--------------|--------------|
| | | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| | | Brasil | Southeast | 538 | 403 | 4,749 | 3,568 |
| | South | 17 | 25 | 66 | 77 | 83 | 101 |
| Abroad | Austria | 5 | 5 | 1 | 1 | 6 | 6 |
| | Singapore | 2 | 4 | 15 | 27 | 17 | 31 |
| | Mexico | 1 | 0 | 0 | 0 | 1 | 0 |
| | Angola | 0 | 0 | 4 | 0 | 4 | 0 |
| | Venezuela ¹ | 0 | 0 | 0 | 0 | 0 | 0 |
| | USA ¹ | 0 | 0 | 0 | 0 | 0 | 0 |
| | South Korea ² | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 563 | 437 | 4,835 | 3,673 | 5,398 | 4,110 |

¹ Since 2014, E&P's asset management operations (in Venezuela and the USA) have ceased to be part of the scope of the company's business and have been transferred to the Odebrecht Group.

² Construction management in Korea was terminated in 2014 following the delivery of two pipelay support vessels (PLSVs) in that year. Those employees returned to the company's base in Brazil's Southeast region.

MEMBERS BY NATURE OF EMPLOYMENT |GRI 102-8|

| | Women | | Men | | Total | |
|--|---------------------------|------------|--------------|--------------|--------------|--------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| | Dynamic Organization (OD) | 109 | 100 | 89 | 89 | 198 |
| Offshore Drilling | 123 | 116 | 1,115 | 1,079 | 1,238 | 1,170 |
| Consolidated MSO, UPO, and Subsea ¹ | 330 | 221 | 3,627 | 2,505 | 3,957 | 2,561 |
| New Business Development (Angola and Mexico) | 1 | 0 | 4 | 0 | 5 | 0 |
| Total | 563 | 437 | 4,835 | 3,673 | 5,398 | 4,110 |

¹ Offshore Maintenance and Services, Offshore Production, and Subsea Construction.

DISTRIBUTION BY CONTRACT TYPE |GRI 102-8|

| | Women | | Men | | Total | |
|----------------------|------------------------------|------|------|-------|-------|-------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| | Indefinite duration contract | 457 | 437 | 4,769 | 3,673 | 5,226 |
| Junior apprentices | 106 | 59 | 66 | 48 | 172 | 107 |
| Interns ¹ | 18 | 16 | 29 | 17 | 47 | 33 |

¹ Interns are not included in the full-time employee headcount.

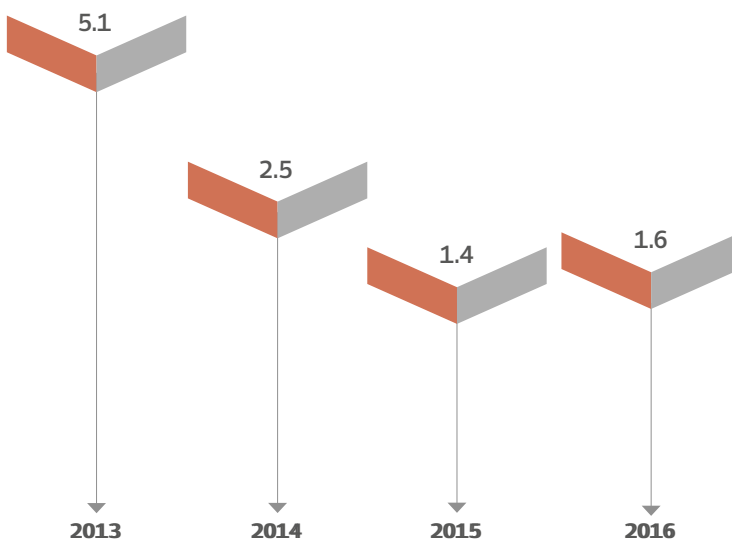
HEALTH AND SAFETY

|GRI103-1,103-2,103-3|

Odebrecht Oil & Gas understands that the fundamental values of Occupational Health, Safety and the Environment (HSE), and Social Responsibility are the individual, non-delegable role and responsibility of every employee.

The HSE goals are established and agreed upon in the Action Plans of each Business Leader and their respective team members, and are monitored during evaluation cycles. All incidents are investigated separately. Lessons learned from incidents, as well as actions taken to address root causes, are recorded and disseminated. This best practice is an inherent part of the process of steady improvement in HSE management and is a means of eliminating or minimizing exposure to and/or recurrence of similar incidents.

REGISTERED INCIDENTS FREQUENCY RATE (TFIR)¹ (accidents with and without time lost)



¹ 1,000,000 HHT

In every division, the company maintains an Internal Accident Prevention Committee (CIPA) to ensure 100% personnel compliance with regulations established by Brazil's Ministry of Labor and Employment. The committees play a leading role in the adoption of Occupational Health and Safety programs and measures, including behavioral audits, installation inspections, training, and the development of Workplace Health and Safety Leaders. |GRI 403-1|

In 2016, the HSE goals were for zero incidents resulting in time lost and a registered incidents frequency rate (TFIR) no higher than 1.6. During the year, there were five accidents resulting in time lost, which represented a 50% reduction in comparison to 2015 (ten accidents). The TFIR was 1.6, which fell within agreed upon goals for the year, although it did represent a 14% increase in relation to the result achieved in 2015 (1.4). Even with a 21% reduction in the number of accidents, there was an impact due to a 29% decrease in the number of hours/employee worked.

No deaths occurred during the year among company employees or outsourced workers, nor was there any occupation-related incidence or risk of disease. |GRI 403-3|



HEALTH AND SAFETY INDICATORS | GRI 403-2|

| | Employees ¹ | | | Outsourced Workers ² | Total |
|---------------------------------------|------------------------|--------|--------|---------------------------------|--------|
| | Men | Women | Total | | |
| Injury rate | | | | | |
| Injury rate - total ³ | 3.1 | 0.9 | 3.0 | 6.8 | 3.7 |
| Frequency rate with time lost - total | 0.5 | 0.9 | 0.5 | 0.0 | 0.4 |
| Severity rate - total | 24.9 | 42.7 | 26.8 | 0.0 | 22.0 |
| Days lost rate - total | 0.0183 | 0.0313 | 0.0197 | 0.0 | 0.0161 |
| Absenteeism rate - total ⁴ | 4.39 | 0.0036 | 4.4 | ND | ND |

¹ These figures refer only to employees in Brazil.

² Due to volume, turnover, and different periods of the year, data regarding outsourced workers is not differentiated by gender.

³ Includes accidents requiring simple outpatient care, with and without time lost. No deaths were recorded in 2016.

⁴ Outsourced workers are not represented in these figures.

Note: The company adheres to ILO (NBR 14.280).



DEDICATED TO GROWTH

“When I joined Odebrecht Oil & Gas, everything was new. I met several people and was beginning to realize the dream of working offshore. With new colleagues, I was able to start imagining what life would be like on board. I never forget the advice I got from one of them – on the platform, I would have to be professional and do my part.

“I confess that initially I may not have made a good impression because when I set my feet on board the flotel, I began to feel ill. It was my first time working offshore and...I began to experiencing dizziness due to the platform’s swaying. Perhaps that made some people even doubt my abilities. However, in time, my body began to get used to the swaying and I no longer felt that queasiness. After the first Daily Safety Dialogue (DDS), I was walking across the gangway with the person in charge and he explained everything about my responsibilities.

“I came on board with little experience, but the company gave me the opportunity to learn and acquire knowledge. Currently, I work in the painting warehouse and intend to continue dedicating myself to growing as a professional. My team leader and I have a good interpersonal relationship and we exchange a lot of information about my work. I always try to attend to all requests, rededicating myself every day to my assignments.”

Érica do Carmo dos Santos age 30, has been a company employee since 2014. Currently, she works under a UO-Rio II contract in the Offshore Maintenance and Services Unit

DIVERSITY

|GRI 405-1, 103-1, 103-2, 103-3|



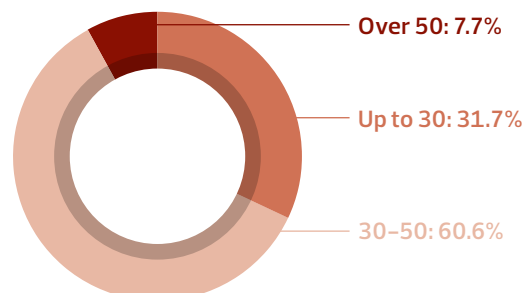
6. ELIMINATE
The elimination of discrimination in respect of employment and occupation.

Odebrecht Oil & Gas values the diversity of its personnel and opposes any type of discrimination or harassment, as it understands that this is fundamental to the creation and maintenance of a favorable work environment for business development. All contractors sign and receive a copy of the company's business policies and codes, which specify non-tolerance of human rights violations and the implications thereof in the event of such problems occurring.

In 2016, the majority of employees, 60.6%, were between 31 and 50 years of age; 150 were foreign nationals coming from 39 countries.

Women represent 11% of employees (men being in the majority reflects the operations/activity sector) and 38% of the Board of Directors. As regards gender equity, Odebrecht Oil & Gas offers the same opportunities to all employees as from the moment of their hiring. Whether they are being evaluated for their levels of competence and experience, or being offered pathways for career development within the company, all are treated on an equal basis.

MEMBERS BY AGE GROUP |GRI 405-1|



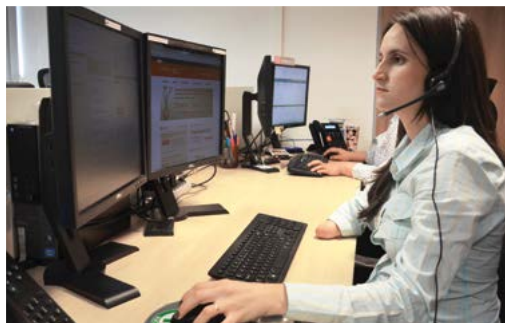
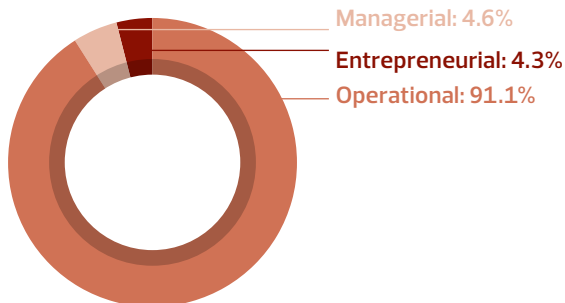
In 2016, the Ethics Hotline received communications regarding two cases of discrimination. Investigations were opened and the parties and their team leaders were interviewed. One of the cases was dismissed, while the other, considered to be in breach of the Code of Conduct, resulted in an employee dismissal. **[GRI 406-1]**

Persons with Disabilities

By the end of 2016, the company had 41 people with disabilities (PWDs) on its staff. All available positions are disclosed to those institutions and public entities that support this segment of the public, and posted to the Odebrecht Oil & Gas website. Those PWDs who are hired are trained to perform their functions in accordance with the areas within which they are intended to work and in harmony with the other employees.

In compliance with the Cooperation, Inclusion and Development Agreement with the Public Prosecutor's Office, via the Brazilian Association of Petroleum Service Companies (ABESPetro), the company is sponsoring students in the qualification and training program for persons with disabilities, which is being conducted by the Industry Federation of the State of Rio de Janeiro (FIRJAN).

MEMBERS BY FUNCTIONAL CATEGORY **[GRI 405-1]**



EQUAL TREATMENT

"I joined Odebrecht Oil & Gas in 2013, working in the People and Organization division. At first there was a bit of apprehension and fear on the part of my teammates because of my disability, perhaps because they did not know how to deal with the situation on a daily basis. I decided to speak openly about the problem, explaining how I lost my hand in a domestic accident at the age of 9 and how I could deal with my tasks normally.

"During this time, I participated in some training sessions where I was able to improve my knowledge about activities related to People and Individual Logistics. I also had the support of my colleagues to guide me when necessary. The relationship with my team leader is very good, open, and respectful. I do not receive a different Action Plan or adjusted deadlines to carry out my tasks on account of my disability. Goals are assigned and must be achieved without differentiation, in the same way they must be accomplished by colleagues in the area.

"I have performed different tasks within my division and hope to be able to continue developing and growing within the company."

Crislaine Ferreira has been working in the Macaé Base's Employee Logistics - Drilling area for 4 years

SOCIAL COMMITMENTS

DIVERSITY INDICATORS | GRI 405-1|

| | 2015 | | | | 2016 | | | |
|--|--------------|--------------|---------------|--------------|--------------|--------------|---------------|--------------|
| | Men | | Women | | Men | | Women | |
| By functional category | N° | % | N° | % | N° | % | N° | % |
| Board of Directors | 9 | 90.0% | 1 | 10.0% | 5 | 62.5% | 3 | 37.5% |
| Employees | 4,835 | 89.6% | 563 | 10.4% | 3,673 | 89.4% | 437 | 10.6% |
| Entrepreneurial Leaders | 1 | 100.0% | 0 | 0.0% | 1 | 100.0% | - | 0.0% |
| Entrepreneurial Group ¹ | 29 | 87.9% | 4 | 12.1% | 142 | 80.2% | 35 | 19.8% |
| Managerial Group ² | 285 | 69.5% | 125 | 30.5% | 108 | 57.1% | 81 | 42.9% |
| Operational Group ³ | 4,520 | 91.2% | 434 | 8.8% | 3,422 | 91.4% | 321 | 8.6% |
| ¹ Entrepreneurial Group: Business Leader; Support Leaders; Directors and Managers of Projects, Contracts, and Platforms; and strategically-positioned employees ² Managerial Group: Responsible for the Youth Partners and Young Technicians Program ³ Operational Group: Other employees | | | | | | | | |
| By age group – Directors | N° | | % | | N° | | % | |
| Up to 30 years | 0 | | 0.0% | | 0 | | 0.0% | |
| From 31–50 years | 3 | | 30.0% | | 6 | | 75.0% | |
| Over 51 years | 7 | | 70.0% | | 2 | | 25.0% | |
| Total | 10 | | 100.0% | | 8 | | 100.0% | |
| By age group – Members | N° | | % | | N° | | % | |
| Up to 30 years | 1,752 | | 32.5% | | 1,303 | | 31.7% | |
| From 31–50 years | 3,244 | | 60.1% | | 2,490 | | 60.6% | |
| Over 51 years | 402 | | 7.4% | | 317 | | 7.7% | |
| Total | 5,398 | | 100.0% | | 4,110 | | 100.0% | |
| Others | N° | | % | | N° | | % | |
| Persons with disabilities | 42 | | 0.8% | | 41 | | 1.0% | |
| Foreign nationals | 181 | | 3.4% | | 150 | | 3.6% | |

TRAINING AND DEVELOPMENT

|GRI 103-1, 103-2, 103-3|

With a high-performance culture focused on valuing and nurturing people and business security, Odebrecht Oil & Gas seeks to continuously develop talent. In 2016, training and professional development programs, internally and externally, totaled R\$ 4.5 million and 467,799 hours – an average of 120 hours per employee – with 22,706 participations (of which 92.2% were men and 7.8%, women).

Training is managed by the People and Organization division. Internal and external training and development programs offered to employees are divided into three groups – institutional for the Odebrecht Group, institutional for Odebrecht Oil & Gas, specific to the oil and gas sector. The financial participation of the company in these programs ranges between 50% and 100% of their total value.



6. ELIMINATE
The elimination of discrimination in respect of employment and occupation.

With the goal of developing the company's internal talent and sharing knowledge, Odebrecht Oil & Gas invested in a non-mandatory internal training program. In 2016, across 41 classes with 81 trainers, there were 1,156 participations in this initiative.

On the lookout for new leaders

The company believes that future production is rooted in today's training of tomorrow's business people through on-the-job education. Accordingly, the firm invests in young talent. Among the programs created to attract and retain these individuals, the following participations were registered in 2016:

Trainee Program

The company had 33 trainees, of whom 17 were men and 16, women.

Young Apprentices Program

107 young people participated in the program, of which 48 were men and 59, women.

University Relations Program

A total of 239 individuals participated in this program, which offered five technical visits and two lectures.

TOTAL HOURS OF TRAINING |GRI 404-1|

| Functional category | Total number of employees in this function ¹ | Number of participations in training ² | Total number of hours of training | Average hours per employee |
|-------------------------------------|---|---|-----------------------------------|----------------------------|
| Total number | 3,905 | 22,706 | 467,799 | 120 |
| Managerial Group³ | 363 | 820 | 16,892 | 90 |
| Men | 249 | 637 | 13,122 | 120 |
| Women | 114 | 183 | 3,770 | 48 |
| Operational Group | 3,542 | 21,886 | 450,907 | 127 |
| Men | 3,233 | 20,293 | 418,030 | 129 |
| Women | 309 | 1,593 | 32,877 | 106 |

¹ Does not include employees on leave during the year (205).

² These figures consider employee overlap.

³ The Managerial Group consolidates information from the Managerial and Business groups, which are considered strategic.

PENSION PLAN

|GRI 201-3, 103-2, 103-3|

Employees with employment contracts in Brazil have access to a private pension plan managed by Odeprev, a subsidiary of Odebrecht S.A. In 2016, there were 1,033 members, or 26% of company personnel, enrolled in the program, making total contributions of R\$ 8.8 million. The total amount collected was R\$ 12.3 million (when the company's participation in the program is included). This is a defined-contribution plan, without liability to the company.

The contribution amount of each member varies between 1% and 12% of their individual remuneration. Odebrecht Oil & Gas contributes up to 10% of the monthly contribution, plus other variables, such as percentages related to age, length of service, salary level, and corporate performance.

The company continues to maintain the International Pension Plan (IPP), which was created in 2014 for non-Brazilian and non-American expatriates and adheres to the same model as Odeprev.

1,033

**MEMBERS PARTICIPATED IN
THE PRIVATE PENSION PLAN**

CLIENTS

|GRI 103-1, 103-2, 103-3|

To develop products and services that satisfy client expectations, the company always seeks to be a leader, making investments in cutting-edge technologies and the performance of highly trained teams, which execute their functions with responsibility for assets and the environment.

In recent years, the company has adopted the strategy of expanding its geographical boundaries, seeking opportunities to diversify its portfolio of clients in Brazil and abroad. It also studies partnership opportunities with smaller companies in the industry for the operation of assets, as well as the execution of other services.

To promote continuous improvement in the offer of its services, the company calculates the level of satisfaction of its main client, Petrobras, through the Performance Assessment Bulletin (Portuguese acronym: BAD). The document, which monitors the scope of each contract, evaluates the following data – Equipment and Materials, Human Resources, and Facilities and Efficiency.

In 2016, the company received an average grade of 9.4 in the BAD assessment for Drilling; 9.6 for Offshore Production; 8.0 and 8.1, respectively, in the BAD for Subsea Construction of the pipelay support vessels (PLSVs) TOP Coral do Atlântico and TOP Estrela do Mar, as well as Integrated Services; and 8.6 for Maintenance and Offshore Services.



SUPPLIERS

|GRI 103-1, 103-2, 103-3|

Regardless of size, Odebrecht Oil & Gas seeks to engage all of its suppliers in the best socio-environmental practices, with responsible use of natural resources and respect for workers' rights. This position is reinforced by its commitment to the ten UN Global Compact principles, including those related to human rights.

In contracting, it requires its partners to comply with the ethical principles and commitments set forth in the Odebrecht Oil & Gas Suppliers Agreement, which includes acting with transparency and adhering to safety precepts. All suppliers must present advance documentation for evaluation that verifies technical capability and legal compliance, and may be audited.

The Supply Chain division manages procurement and contracting services, with a focus on process optimization. It is also responsible for the process of evaluating and qualifying suppliers. To speed up the approval process, in 2016, a page was created on the institutional website for supplier registrations, called Supplier Approval.

More information is available at:



<http://www.odebrechtoilgas.com/pt-br/quero-ser-um-fornecedor>

Developed by the Procurements division of the Drilling Business Unit (which is part of Odebrecht Oil & Gas' Systems Improvement Project), whose scope encompasses the company's other business units, the objective of the new tool is to improve supplier registration and monitoring processes through changes in those processes and the automation of these operations. In addition to receiving all required documentation, the system includes a due diligence questionnaire, which provides for self-assessment of management practices, socio-environmental performance controls, and compliance matters, such as corruption and money laundering.

The supplier registration page is also available on the English language version of the site.



580

SUPPLIERS FROM DIFFERENT PARTS OF THE WORLD

SUPPLY CHAIN

|GRI 103-2, 103-3|

The company's supply chain is comprised of equipment manufacturers, contractors, consultants, service providers, and maintenance companies, which are characterized by their high degree of specialization in the oil and gas industry. In all, it covers more than 580 suppliers located in various parts of the world. |GRI 102-9|

The contracting of suppliers located in Brazil is prioritized. In 2016, 65.6% of purchases were made regionally. |GRI 204-1|

To mitigate and prevent risks that may impact workplace health and safety, the environment, and corporate reputation, or relate to property damage, corruption, and other risks to shareholders, all contracted suppliers and service providers must adhere to sustainability requirements defined by the company in its codes and regulations.

All are required to submit documentation that verifies technical capability and legal compliance. They are then subject to prior evaluation and can be further audited. All contracts include clauses relating to workplace health and safety, as well as anti-corruption environmental, and labor issues, such as remuneration, hours and working conditions,



2. RESPECT
Make sure that they are not complicit in human right abuses.



4. ELIMINATE
The elimination of all forms of forced and compulsory labour.



5. EFFECTNELY
Businesses should uphold the effective abolition of child labour.



6. ELIMINATE
The elimination of discrimination in respect of employment and occupation.



8. UNDERTAKE
initiatives to promote greater environmental responsibility.

subcontracting, corporate culture, data protection and privacy. |GRI 308-1, 414-1|

In 2016, there were no occurrences of child labor, nor forced or slave-like labor in the company's operations or those of its suppliers. |GRI 408-1, 409-1|

The main risks and impacts include aspects such as:

- **Compliance:** corruption, money laundering, transparency.
- **Human rights:** workplace accidents, work in dangerous or degrading conditions, discrimination.
- **Environment:** oil and chemical spills, atmospheric emissions, improper waste disposal.
- **Labor practices:** late or non-payment of salaries and social contributions; freedom of association. |GRI 407-1|
- **Society:** overburdening public infrastructure and facilities, unemployment after completion of contracts, non-integration with communities, corruption.

SOCIETY

|GRI 103-1, 103-2, 103-3|

Promoting social inclusion through education and youth empowerment is one of the missions of Odebrecht Oil & Gas in its relationship with the communities where it operates. In this regard, in 100% of its own operations, it develops and supports specific activities to bring to these partners the values and corporate concepts of health and safety, education, quality of life, and respect for the environment.

The activities are concentrated in the city of Macaé, in the state of Rio de Janeiro, where two logistics support bases are installed. The programs are divided into four strands – stimulating local entrepreneurship and generating new job and income opportunities; valuing school as a fundamental agent in building a sustainable society; development of culture, art, and sport in highly vulnerable communities; and the conscious use of natural resources and recycling.

Through the *Fale Conosco* (Contact Us) channel, available on the corporate website, local communities can register grievances and complaints. All contacts are evaluated and are routed appropriately for resolution.



**1. SUPPORT
& RESPECT**
Businesses
should support
and respect the
protection of
internationally
proclaimed
human rights.

SOCIAL RESPONSIBILITY PROGRAM |GRI 413-1, 203-1|

The School in Action program, implemented in the city of Macaé, Rio de Janeiro in 2007, is the focus of the social responsibility activities maintained by the company. The initiative is maintained in partnership with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the municipal government. *Instituto Crescer* (Grow Institute) took over the program in 2009, with activities including community mobilization and coordination, strengthening of the volunteers group, and new partnerships.

The program is in line with the guidelines established by the Odebrecht Foundation, whose motto is Education for Life, Values, Work, and Limits. It is structured along three axes – Education: the #inovareaprender (innovate and learn) project; Sport: *Esporte em Ação* (Sport in Action) project; and *Inclusão Social – Jovem em Ação* (Social Inclusion: Youth in Action) project. Investments are made through a local partnership and do not include funds for infrastructure or services.

All activities are aimed at children and teenagers living in communities with high levels of social vulnerability, as identified by the Macaé Municipal Department of Education and Social Organization.

27

COMMUNITIES BENEFITED FROM THE SCHOOL IN ACTION PROGRAM

Program evaluations are carried out on a continuous basis and in a manner that is integrated with daily activities, with broad participation of the beneficiary public and local partners. To enhance community participation in the development of the activities, representatives of local strategic stakeholders are invited to attend meetings to discuss specific issues related to social responsibility initiatives.

In 2016, using its own resources, R\$ 480,000 was allocated to social projects of the School in Action program, directly benefiting more than 9,200 people in 27 communities.

Voluntarily, Odebrecht Oil & Gas employees participate in the *Tributo ao Futuro* (Tribute to the Future) program, an initiative of the Odebrecht Foundation that enables financial contributions to be made to the Municipal Funds for the Rights of Children and Teenagers (FMDCA). In 2016, the campaign secured 561 donations, raising approximately R\$ 245,000.

It is also worth noting that the Youth in Action program ensured professional education for 30 young people who were trained to become administrative assistants by Brazil's National Industrial Learning Service (SENAI), as well as the inclusion of 21 participants in the *Projeto Jovem Aprendiz* (Young Apprentice Project).

SCHOOL IN ACTION PROGRAM

| Area | Initiative | Odebrecht Oil & Gas investment (R\$) ¹ | Persons directly benefitted | Communities involved | Partner organizations | |
|---------------------------|--------------------------|---|-----------------------------|----------------------|-----------------------|-------------------------------------|
| | | | | | Number | Investments (R\$ '000) ² |
| Primary education | #inovareaprender project | 254,412 | 8,230 | 18 | 20 | 1,642,003 |
| Culture and Sport/Leisure | Sport in Action Project | 225,152 | 980 | 9 | 6 | 963,600 |
| Total | | 479,564 | 9,210 | 27 | 26 | 2,605,603 |

¹ Odebrecht Oil & Gas + FERPAN Recycling Center funds

² Investment through the provision of people, spaces for carrying out activities, as well as technical and instructional materials.



ENVIRONMENTAL COMMITMENTS

RESPONSIBLE MANAGEMENT

|GRI103-1,103-2,103-3|

A Odebln the conduct of its business, Odebrecht Oil & Gas adheres to and respects national and international environmental laws and regulations regarding its activity sector. It also strictly complies with all contractual clauses signed with clients on the subject. Its actions are based on the Sustainability Policy, a document that contains guidelines on controlling the impacts of its activities, such as environmental and occupational risks, and the efficient use of natural resources.

The company also seeks to develop awareness initiatives with the communities surrounding its operations on issues related to environmental education, as well as to participate in discussions on legal aspects with regulatory bodies.

The operational units have modern equipment and basic procedures in place, which are necessary to perform tasks more efficiently and safely. Odebrecht Oil & Gas works with a focus on prevention by adopting proactive tools that are part of its management system, such as studies, identification of and preliminary analyses of risks. In addition, it has a Basic Environmental Management Plan, with standards, recommendations, and guidelines for emergency situations.

The support division for Sustainability Management – of Workplace Health, Safety and Environment (HSE) – monitors environmental events and indicators. The HSE goals, which are established and agreed upon in the Action Plans for each Business Leader, are monitored and integrated into evaluation cycles.

The major environmental risks are related to well drilling and oil production activities. Among these, the main one is oil spills in the ocean, a situation that can also cause serious damage to local communities, the client, the business, and the company's image. In 2016, there were no significant spills – defined as oil spills greater than or equal to 100 barrels – or spills in sensitive areas. Likewise, there were no significant fines for non-compliance with environmental laws and regulations. |GRI306-3, 307-1, 413-2|

All environmental incidents are investigated and, for each, an action plan is drawn up for the purpose of correcting deviations and eliminating basic causes, avoiding the recurrence of the incident in the same or in other units where this may be pertinent. Audits are also carried out to assess compliance with environmental requirements. The main parameter evaluated is the Sea Spills Index (IVM). In 2016, the IVM result was 96%, higher than the 95% registered in 2015.

CONSCIOUS USE OF RESOURCES

WATER |GRI103-2,103-3|

The company's operations consumed 19.7% less water in 2016 than during the previous year, totaling a volume of 208,387 m³.

Most of the consumption (94.3%) occurred in the offshore units and came from rivers, captured by client tugs or produced on board by seawater desalination equipment. The figures cited come from water bills, flow meters (offshore units), and spot purchases from water delivery trucks.

Water consumed on board in offshore units is used for both human consumption and industrial use, except for the amount allocated for heat exchangers, which is not accounted for in the total used by the company, as it is an open cycle system.



7.SUPPORT
Businesses should support a precautionary approach to environmental challenges.



8. UNDERTAKE
initiatives to promote greater environmental responsibility.

The support bases use public water supplies, which are mainly destined for human consumption.

Most of the volume used is in offshore activities, by way of desalination units, where the sea is the main source impacted. As a result, water withdrawal does not significantly affect the water sources involved. There is no recycling or reuse of water in operations.

|GRI 303-2, 303-3|

TOTAL WATER WITHDRAWAL BY SOURCE (m³)¹ |GRI 303-1|

| Water source ¹ | 2015 | 2016 |
|--|----------------------|---------|
| Surface waters (rivers, lakes, and oceans) | 242,273 ² | 196,544 |
| Groundwater | 0 | 0 |
| Rainwater | 0 | 0 |
| Municipal or concessionaire supply | 17,147 | 11,843 |
| Total | | |
| 2015 | 259,420 | |
| 2016 | 208,387 | |

¹ The use of cooling water has not been considered. The water used in offshore units for the cooling of heat exchangers is subsequently released back into the ocean in equal volume and with the same properties.

² In 2015, the volume of water produced by the desalinators was recorded with the start of operations of the PLSVs TOP Coral do Atlântico and TOP Estrela do Mar.

ENERGY |GRI 103-2, 103-3|

In 2016, Odebrecht Oil & Gas operations recorded energy consumption totaling 59,057 GJ, which represented an 86.5% reduction over the previous year (438,790.90 GJ). This significant drop was mainly due to a large reduction in the consumption of marine diesel oil. The reduction is attributed to the better performance of drilling units, which have spent less time out of operation.



7. SUPPORT
Businesses should support a precautionary approach to environmental challenges.

ENERGY CONSUMED WITHIN THE COMPANY (GJ) |GRI 302-1|

| | 2015 | 2016 |
|------------------------------|----------------|---------------|
| Non-renewable sources | | |
| Gasoline | 26,680 | 2,470 |
| Diesel | 61,284 | 4,010 |
| Natural gas (LPG) | 41 | 40 |
| Aviation fuel (kerosene) | 886 | 40 |
| Marine diesel oil | 333,299 | 34,110 |
| Renewable sources | | |
| Electricity | 16,515 | 18,387 |
| Total | 438,705 | 59,057 |



8. UNDERTAKE
initiatives to promote greater environmental responsibility.

ENERGY CONSUMED OUTSIDE THE COMPANY (GJ) |GRI 302-2|

| | 2015 | 2016 |
|---|------------------|------------------|
| Supply chain before the operation of the company | | |
| Purchased goods and services | 34,892 | 52,705 |
| Activities related to the fuel and energy sector | 8,926 | 56,829 |
| Transportation and distribution | 410 | 5,475 |
| Waste generated in operations | 4 | 0 |
| Business travel | 8,602 | 45,417 |
| After the operation, including logistics providers, resellers, and clients | | |
| Leased assets (downstream) | 1,027,953 | 4,590,335 |
| Total | 1,080,796 | 4,750,839 |

ENVIRONMENTAL COMMITMENTS

WASTE AND EFFLUENTS |GRI103-1, 103-2, 103-3|

The management of waste from the activities of Odebrecht Oil & Gas' offshore units is the responsibility of the client. The company only monitors and controls the separation, storage, and transportation of hazardous and non-hazardous wastes from its operations, managing the risk that arises from the fact that these materials are potentially polluting. Their final disposal is defined according to the type of effluent and based on criteria set forth in the procedures of the Environmental Management System. The company does not import, export, or transport hazardous wastes internationally. |GRI306-4|

Offshore unit teams are trained in the Effluent and Waste Management Policy maintained by the client. Likewise, on



8. UNDERTAKE
initiatives to
promote greater
environmental
responsibility.

these units there are defined objectives for volume in the percentage of recycled waste in relation to total production.

In 2016, the total volume of discarded water was 176,183.96 m³. All parameters established by applicable legislation are complied with and monitored, in addition to those requirements stipulated by the client. The destination is defined according to its type and is based on criteria set forth in the procedures of the Environmental Management System. The treatment method used for discharge from the drilling and subsea construction rigs was the water and oil separator and, on the FPSO, the three-phase separator and flotation cells.

|GRI306-1|

WASTE DISPOSAL¹ |GRI306-2|

| Hazardous waste | Weight (t) | Disposal method |
|---|------------|---------------------|
| Disposable and rechargeable batteries ² | 16.4 | Recycling |
| Electronic equipment & fluorescent lamps ³ | 12.7 | Recycling |
| Healthcare waste (t) | 0.8 | Incinerator |
| Oils and greases | 876.6 | Recycling |
| Chemicals | 23.1 | Co-processing |
| Other hazardous wastes (contaminated material, treated sewage sludge, etc.) | 717.1 | Industrial landfill |
| Oily water | 1,341.8 | Reuse |
| Non-hazardous waste | Weight (t) | Disposal method |
| Waste paper/cardboard | 68.8 | Recycling |
| Mixed urban waste (common) | 381.8 | Landfill |
| Crushed organic waste | 45.1 | Ocean |
| Organic waste discarded onshore | 289.0 | Landfill |
| Metal | 217.4 | Recycling |
| Plastic | 24.2 | Recycling |
| Glass | 3.2 | Recycling |
| Wood | 238.2 | Incinerator |
| Other (Tetra Pak carton packaging, electric cables, glass wool, electrodes, etc.) | 156.9 | Recycling |
| Kitchen oil | 7.2 | Recycling |

¹ Waste from the Offshore Production and Logistics division is managed by the client.

² 1 disposable battery = 0.0001 t.

³ 1 bulb = 0.0002 t.

CLIMATE CHANGE

[GRI 103-1, 103-2, 103-3, GRI 201-2]

Odebrecht Oil & Gas monitors its emissions of greenhouse gases (GHGs) covering scopes 1 (direct, under the control of the organization), 2 (energy acquisition), and 3 (indirect, in the supply chain).

The company assesses its vulnerability to climate change throughout its value chain and adopts the precautionary principle in the management and operation of its activities. In 2016, there were no changes in the climate that could impact the development of offshore operations, suppliers, clients, or neighboring communities. Likewise, there was no regulatory change or prospect of regulatory change with the potential to impact the company's business.

Odebrecht Oil & Gas has no control over fuel use/energy efficiency of its facilities, as the fuel is supplied by the client, which establishes the related operating requirements.



7.SUPPORT
Businesses should support a precautionary approach to environmental challenges.

19%

REDUCTION IN GREENHOUSE GAS EMISSIONS IN 2016

EMISSIONS

In 2016, the company recorded total GHG emissions (scope 1 + scope 2 + scope 3) of 347,438 tCO₂, a 19% reduction compared to 428,980 tCO₂ recorded for 2015.

Most of the 2016 volume, 98.97% (343.876 tCO₂e), refers to scope 3 emissions.

GHG EMISSIONS INTENSITY

[GRI 305-4]

| | tCO ₂ e/active assets |
|---|--|
| Administrative Headquarters - Dynamic Organization | 42 |
| Offshore Production (Offshore Production Logistics Support Base + Offshore Unit) | 6 |
| Logistics Support Base for Offshore Maintenance and Services | 380 |
| Subsea Construction | 0 |
| Offshore Drilling (Logistic Support Base + Offshore Units) ¹ | 3,134 |
| Types of GHG emissions included in the intensity rate | Scopes 1 and 2 |
| Gases included in the calculation | CO ₂ , CH ₄ , COVNM, NO _x , HF ₆ , SF ₆ , R-22, MP, POP and HAP |

ENVIRONMENTAL COMMITMENTS



7. SUPPORT
Businesses should support a precautionary approach to environmental challenges.



8. UNDERTAKE
Initiatives to promote greater environmental responsibility.

DIRECT GHG EMISSIONS (tCO₂e) |GRI 305-1, 305-2, 305-3|

| | 2015 | 2016 | Variation 2016/2015 |
|--|---------------------|----------------|---------------------|
| Combustion – Fixed Sources | 24,066 ¹ | 2,675 | - 88.88% |
| Combustion – Mobile Sources | 442 | 413 | - 6.56% |
| Fugitives – Refrigeration | 16 | 20 | 25.00% |
| Fugitives – Fire Extinguishers | 0 | 0 | |
| Combustion – Cutting and Welding | 14 | 37 | 164.28% |
| Scope 1 Total | 24,538 | 3,145 | -87.18% |
| Electricity | 572 | 418 | -26.92% |
| Scope 2 Total | 572 | 418 | -26.92% |
| Purchased Products, Goods, and Services | 0 | 2,842 | - |
| Capital Goods | 11,659 | 10,330 | - 11.40% |
| Purchased Fuels | 3,227 | 512 | - 84.13% |
| Waste Transportation and Disposal Losses | 121 | 105 | - 13.22% |
| Waste Transportation | 11 | 7 | - 36.36% |
| Materials Transportation | 143 | 110 | - 23.08% |
| Wastes | 1 | 2 | 100.00% |
| Air Travel | 3,226 | 3,004 | - 6.88% |
| Employee Transportation | 0 | 5 | - |
| Operation of Assets | 11,659 | 326,959 | 2,704.35% |
| Scope 3 Total² | 403,870 | 343,876 | -14.85% |
| Total (1+2+3) | 428,980 | 347,438 | -19.01% |

¹ ODN TAY IV is no longer under contract and NORBE VI is out of operation.

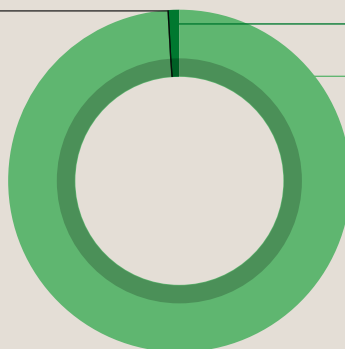
² Revised data for 2015, with improved inventory development and separation of emissions into two more categories (Purchased Products, Goods, and Services and Employee Transportation) |GRI 102-48|

GHG EMISSIONS (tCO₂e)

Scope 2 418

Scope 1 3,145

Scope 3 341,028



CORPORATE INFORMATION

ODEBRECHT OLEO E GÁS PARTICIPAÇÕES S.A. BOARD OF DIRECTORS

(Composition on April 12, 2017)

Luciano Guidolin – *Chairman*

Daniel Bezerra Vilar

André Amaro da Silveira

Ticiane Vaz Sampaio Marianetti

Marcela Aparecida Drehmer Andrade

Mauro Motta Figueira

Mônica Bahia Odebrecht

José Coutinho Barbosa

Roberto Prisco Paraíso Ramos

Nir Lander

Compliance Officer

EXECUTIVE BOARD

Roberto Lopes Pontes Simões *

CEO

Heitor Luiz Gioppo *

Superintendent Director of Offshore Drilling

Herculano de Almeida Horta Barbosa *

Director of Engineering & Technology

Jorge Luiz Uchoa Mitidieri *

Superintendent Director of Integrated Services

José Claudio Breviglieri Grossi *

Director of People and Organization, IT and Communication

Rogério Luis Murat Ibrahim *

CFO

Guilherme Pacheco Britto

Legal Affairs Officer

Marco Aurelio Costa Cruz Fonseca

Director of Sustainability

ADDRESSES

Head Office |GRI 102-3|

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CEP 20.220-710

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Fazenda São José Mutum

Imboassica – Macaé – RJ

CEP 27.925-290

**Logistics Support Base
(Offshore Drilling)**

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Granja dos Cavaleiros

Macaé – RJ

CEP 27.930-070

Vienna – Austria

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AREA RESPONSIBLE FOR THE REPORT

Sustainability

GRI CONSULTING AND TEXTS

Editora Contadino

GRAPHIC DESIGN AND LAYOUT

Multi Design

TRANSLATION

Dash Documentos Eletronicos Ltda.

* Statutory Officers

GRI CONTENT INDEX

In accordance with the Core option [GRI 102-55]



Materiality
Disclosures
Odebrecht Óleo e Gás

May 2017

Service

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|---|---|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | Organizational profile | | | | |
| | 102-1 Name of the organization | 11 | - | - | - |
| | 102-2 Activities, brands, products, and services | 11, 12 | - | - | - |
| | 102-3 Location of headquarters | 11, 55 | - | - | - |
| | 102-4 Location of operations | 11 | - | - | - |
| | 102-5 Ownership and legal form | 11 | - | - | - |
| | 102-6 Markets served | 11 | - | - | - |
| | 102-7 Scale of the organization | 11, 15 | - | - | - |
| | 102-8 Information on employees and other workers | 34 | - | - | - |
| | 102-9 Supply chain | 45 | - | - | - |
| | 102-10 Significant changes to the organization and its supply chain | 17 | - | - | - |
| | 102-11 Precautionary Principle or approach | The company maintains a series of measures, which are detailed throughout this document, to ensure, together with audits, certifications, and training, that the Precautionary Principle is followed in all of its operations | - | - | - |
| | 102-12 External initiatives | 20 | - | - | - |
| 102-13 Membership of associations | 24 | - | - | - | |

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|-------------------------------|--|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 102: General Disclosures 2016 | Strategy | | | | |
| | 102-14 | Statement from senior decision-maker | 8 | - | - |
| | Ethics and integrity | | | | |
| | 102-16 | Values, principles, standards, and norms of behavior | 18 | - | - |
| | 102-17 | Mechanisms for advice and concerns about ethics | 19 | - | - |
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| | Stakeholder engagement | | | | |
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| | 102-41 | Collective bargaining agreements | 33 | - | - |
| | 102-42 | Identifying and selecting stakeholders | 22 | - | - |
| | 102-43 | Approach to stakeholder engagement | 22, 24 | - | - |
| | 102-44 | Key topics and concerns raised | 7 | - | - |
| | Reporting practice | | | | |
| | 102-45 | Entities included in the consolidated financial statements | 4 | - | - |
| | 102-46 | Defining report content and topic Boundaries | 4, 6 | - | - |
| | 102-47 | List of material topics | 5 | - | - |
| | 102-48 | Restatements of information | 54 | - | - |
| | 102-49 | Changes in reporting | 7 | - | - |
| | 102-50 | Reporting period | 4 | - | - |
| | 102-51 | Date of most recent report | 4 | - | - |
| | 102-52 | Reporting cycle | 4 | - | - |
| | 102-53 | Contact point for questions regarding the report | 4 | - | - |
| | 102-54 | Claims of reporting in accordance with the GRI Standards | 4, 56 | - | - |
| | 102-55 | GRI content index | 56 | - | - |
| 102-56 | External assurance | Except for financial data, this report was not audited | - | - | |

GRI CONTENT INDEX

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|---|---------------------------------|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
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| | 103-3 Evaluation of the management approach | 22, 23, 42, 53 | - | - | - |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 31 | - | - | - |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 53 | - | - | - |
| | 201-3 Defined benefit plan obligations and other retirement plans | 42 | - | - | - |
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| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 46 | - | - | - |
| | 103-2 The management approach and its components | 46 | - | - | - |
| | 103-3 Evaluation of the management approach | 46 | - | - | - |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | 46 | - | - | - |
| Procurement Practices | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 45 | - | - | - |
| | 103-2 The management approach and its components | 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 45 | - | - | - |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 45 | - | - | - |
| Anti-corruption | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 18 | - | - | - |
| | 103-2 The management approach and its components | 18, 19 | - | - | - |
| | 103-3 Evaluation of the management approach | 18, 19 | - | - | - |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 18 | - | - | - |
| | 205-3 Confirmed incidents of corruption and actions taken | 19 | - | - | - |

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|---------------------------------|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Anti-competitive Behavior | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 18 | - | - | - |
| | 103-2 The management approach and its components | 18, 19 | - | - | - |
| | 103-3 Evaluation of the management approach | 18, 19 | - | - | - |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | They have not been registered. | - | - | - |
| GRI 300 Environmental Standards Series | | | | | |
| Energy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 49 | - | - | - |
| | 103-2 The management approach and its components | 49, 51 | - | - | - |
| | 103-3 Evaluation of the management approach | 49, 51 | - | - | - |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 51 | - | - | - |
| | 302-2 Energy consumption outside of the organization | 51 | - | - | - |
| Water | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 50 | - | - | - |
| | 103-2 The management approach and its components | 49, 50 | - | - | - |
| | 103-3 Evaluation of the management approach | 49, 50 | - | - | - |
| GRI 303: Water 2016 | 303-1 Water withdrawal by source | 50 | - | - | - |
| | 303-2 Water sources significantly affected by withdrawal of water | 50 | - | - | - |
| | 303-3 Water recycled and reused | 50 | - | - | - |
| Emissions | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 40 | - | - | - |
| | 103-2 The management approach and its components | 49, 53 | - | - | - |
| | 103-3 Evaluation of the management approach | 49, 53 | - | - | - |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 54 | - | - | - |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 54 | - | - | - |
| | 305-3 Other indirect (Scope 3) GHG emissions | 54 | - | - | - |
| | 305-4 GHG emissions intensity | 53 | - | - | - |

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| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|--|---------------------------------|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Effluents and Waste | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 52 | - | - | - |
| | 103-2 The management approach and its components | 52 | - | - | - |
| | 103-3 Evaluation of the management approach | 52 | - | - | - |
| GRI 306: Effluents and Waste 2016 | 306-1 Water discharge by quality and destination | 52 | - | - | - |
| | 306-2 Waste by type and disposal method | 52 | - | - | - |
| | 306-3 Significant spills | 49 | - | - | - |
| | 306-4 Transport of hazardous waste | 52 | - | - | - |
| Environmental Compliance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 18, 49 | - | - | - |
| | 103-2 The management approach and its components | 49 | - | - | - |
| | 103-3 Evaluation of the management approach | 49 | - | - | - |
| GRI 307: Environmental Compliance 2016 | 307-1 Non-compliance with environmental laws and regulations | 49 | - | - | - |
| Supplier Environmental Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 44 | - | - | - |
| | 103-2 The management approach and its components | 44, 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 44, 45 | - | - | - |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | 45 | - | - | - |
| GRI 400 Social Standards Series | | | | | |
| Occupational Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 25, 36 | - | - | - |
| | 103-2 The management approach and its components | 25, 36 | - | - | - |
| | 103-3 Evaluation of the management approach | 25, 36 | - | - | - |
| GRI 403: Occupational Health and Safety 2016 | 403-1 Workers representation in formal joint management-worker health and safety committees | 36 | - | - | - |
| | 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | 37 | - | - | - |
| | 403-3 Workers with high incidence or high risk of diseases related to their occupation | 36 | - | - | - |

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|---|---------------------------------|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Training and Education | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 33, 43 | - | - | - |
| | 103-2 The management approach and its components | 33, 34, 41 | - | - | - |
| | 103-3 Evaluation of the management approach | 33, 41 | - | - | - |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 41 | - | - | - |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 34 | - | - | - |
| Diversity and Equal Opportunity | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 38 | - | - | - |
| | 103-2 The management approach and its components | 38 | - | - | - |
| | 103-3 Evaluation of the management approach | 38 | - | - | - |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 38, 39, 40 | - | - | - |
| Non-discrimination | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 38 | - | - | - |
| | 103-2 The management approach and its components | 38 | - | - | - |
| | 103-3 Evaluation of the management approach | 38 | - | - | - |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 39 | - | - | - |
| Freedom of Association and Collective Bargaining | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 33, 45 | - | - | - |
| | 103-2 The management approach and its components | 33, 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 33, 45 | - | - | - |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 33, 45 | - | - | - |
| Child Labor | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 44, 45 | - | - | - |
| | 103-2 The management approach and its components | 44, 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 44, 45 | - | - | - |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | 45 | - | - | - |

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| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|---|--|--------------|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Forced or Compulsory Labor | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 44, 45 | - | - | - |
| | 103-2 The management approach and its components | 44, 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 44, 44 | - | - | - |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 45 | - | - | - |
| Local Communities | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5,46 | - | - | - |
| | 103-2 The management approach and its components | 46 | - | - | - |
| | 103-3 Evaluation of the management approach | 46 | - | - | - |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 46 | - | - | - |
| Supplier Social Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 44, 45 | - | - | - |
| | 103-2 The management approach and its components | 44, 45 | - | - | - |
| | 103-3 Evaluation of the management approach | 44, 45 | - | - | - |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 45 | - | - | - |
| Public Policy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 18 | - | - | - |
| | 103-2 The management approach and its components | 18 | - | - | - |
| | 103-3 Evaluation of the management approach | 18 | - | - | - |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | None were made. | - | - | - |
| Socioeconomic Compliance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 5, 18 | - | - | - |
| | 103-2 The management approach and its components | 18 | - | - | - |
| | 103-3 Evaluation of the management approach | 18 | - | - | - |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | There was none recorded during the year. | - | - | - |

