



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2018

conditions, benefits, and other aspects of workers' compensation and rights for workers. Within SBM Offshore, it is considered as collective bargaining: all the employees of which the interests are commonly represented by external or internal representatives of a trade union to which the employees belong.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following thresholds are considered (subject to final assessment by Management Board on a case by case basis):

1. Operational fines of a regulatory and/or administrative nature which exceed US\$ 500,000

No significant operational fine had to be paid in 2018.

2. Legal and compliance fines of a criminal nature which exceed US\$ 50,000:

During 2018, two cases brought through Brazilian dispute resolution mechanisms led to significant fines to be paid by the Company:

1. On July 26, 2018, the Company signed a Leniency Agreement with Brazilian Ministry of Transparency and Comptroller's General Office (Ministerio da Transparencia e Controladoria-Geral da Uniao – 'CGU'), the Attorney General's Office (Advocacia Geral da Uniao – 'AGU') and Petrobras. The Leniency Agreement provides for:
 - a. cash payment BRL 549 million (**approximately US\$ 146 million**), which consists of:
 - i. BRL 264 million (approximately US\$ 70 million) civil fine;
 - ii. BRL 285 million (approximately US\$ 76 million) compensation for alleged damages; and
 - b. a 95% reduction in future performance bonus payments related to FPSOs Lease and Operate contracts; representing approximately US\$ 180 million, as compensation for alleged damages to be paid by the Company; and

2. On September 1, 2018, the Company reached resolution with the Brazilian Federal Prosecutor's Office (Ministerio Publico Federal – 'MPF'), by means of an agreement that provides for a fine of BRL 200 million (**approximately \$48 million as per December 31, 2018**) to be paid by the Company to Petrobras. As with all such agreements signed by the MPF, this agreement is subject to approval by the Fifth Chamber of the MPF.

The legal fines and compensations for alleged damages amount to **US\$ 374 million**. With the signing of the agreements mentioned above, the Company is allowed to resume normal business activities with Petrobras.



5 NON-FINANCIAL DATA

5.3 NON-FINANCIAL INDICATORS

5.3.1 HEALTH, SAFETY & SECURITY

Health, Safety & Security

	Year to Year		2018 – By Operating Segment	
	2018	2017	Offshore	Onshore
Exposure Hours				
Employee ¹	12,038,253	12,640,875	8,040,307	3,997,946
Contractor ²	15,282,127	742,280		15,282,127
Total Exposure hours	27,320,380	13,383,155	8,040,307	19,280,073
Fatalities (work related)				
Employee	0	0	0	0
Contractor	1	0	0	1
Total Fatalities	1	0	0	1
Injuries				
Lost Time Injury Frequency Rate Employee	0.10	0.05	0.15	0.00
Lost Time Injury Frequency Rate Contractor	0.10	0.27	0.00	0.10
Lost Time Injury Frequency Rate (Total)³	0.10	0.06	0.32	0.01
Total Recordable Injury Frequency Rate Employee	0.23	0.17	0.32	0.05
Total Recordable Injury Frequency Rate Contractor	0.14	0.54	0.00	0.14
Total Recordable Injury Frequency Rate (Total)⁴	0.18	0.19	0.32	0.12
Occupational Illnesses				
Employee	20	1	20	0
Contractor	0	2	0	0
Total recordable Occupational Illness Frequency Rate (employees only)⁵	0.33	0.02	0.50	0.00
Security				
Work-related security incidents	7	11	5	2
Work-related security incident resulting in physical harm to employees (number)	0	0	0	0

1 Direct hires, part-time employees, locally hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for the Company

2 Any person employed by a contractor or contractor's sub-contractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore

3 Lost time injuries per 200,000 exposure hours

4 Recordable injuries per 200,000 exposure hours

5 Occupational illnesses per 200,000 exposure hours

Process Safety

	Year to Year		2018 – Regional Breakdown			
	2018	2017	Brazil	Angola	Africa / North America	Asia
Loss of Containment - Process						
Total	344	353	227	39	30	48
API 754 Classified Materials	181	227	115	28	15	23
API 754 Classified Materials (by TIER)						
Tier 1 incidents (number)	4	5	3	1	0	0
Tier 2 incidents (number)	5	7	0	3	2	0