

RepRisk Company Report

# Petroleo Brasileiro

Sectors: Oil and Gas  
Headquarters: Brazil

October 06, 2016

# What is the RepRisk Company Report?

## The RepRisk Company Report

RepRisk Company Reports provide an in-depth look at the environmental, social, and governance (ESG) risk exposure of an individual company through a combination of quantitative data – our proprietary risk analytics and metrics – and qualitative research that covers ten years of history.

Company Reports are dynamically generated at the time of purchase to include the latest information from the RepRisk ESG Risk Platform - the world's most comprehensive database on ESG risks.

Each Company Report includes two main sections:

**1. Quantitative data section:** A summary of RepRisk analytics and metrics that capture and highlight the areas of ESG risk exposure of the company (e.g. key ESG Issues, Country ESG Risk), for both a two-year and a ten-year timeframe.

**2. Qualitative research section:** Details of all the individual ESG risk incidents (news) related to the company, for the last ten years.

RepRisk's assessment of the ESG risk exposure of a company is based on the company's activities as observed by media, stakeholder, and third-party sources, and excludes information provided by the company itself. For more information on RepRisk's methodology, please visit the RepRisk website.

## RepRisk's Research Scope

RepRisk's core research scope is comprised of 28 ESG Issues that are broad, comprehensive, and mutually-exclusive. The 28 Issues drive the entire research process, as every risk incident in RepRisk's ESG Risk Platform is linked to at least one of these Issues.

The Issues were selected and defined in accordance with the key international standards related to ESG themes, such as the Ten Principles of the UN Global Compact, the World Bank Group Environmental, Health, and Safety Guidelines, the IFC Performance Standards, the Equator Principles, the OECD Guidelines for Multinational Enterprises, and the ILO Conventions.

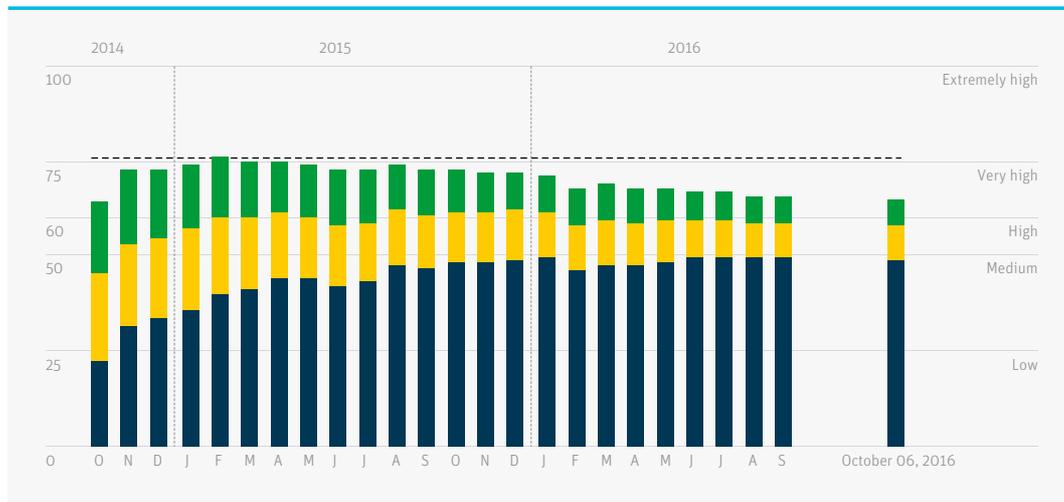
In addition, RepRisk has defined 45 Topic Tags, which represent specific and thematic ESG hot topics and provide a second and more granular level of analysis. All Topic Tags link to at least one of the ESG Issues. They are a dynamic concept, with the list expanding over time in response to emerging trends.

## Section 1: ESG Risk Analytics and Metrics

# The RepRisk Index

Company: Petroleo Brasileiro

### RepRisk Index Trend for the *last two years* (October 06, 2014 to October 06, 2016)



**Current RRI**  
As of October 06, 2016 **65**

**Peak RRI**  
In February 2015 **76**

**RRI Change**  
Last 30 days **-1**

● Environmental ● Social ● Governance

The RRI is a proprietary algorithm developed by RepRisk that dynamically captures and quantifies reputational risk exposure related to ESG issues. The RRI is not a measure of reputation, but is rather an indicator of ESG-related reputational risk of a company or other entity. It allows the comparison of a company's exposure with that of its peers and helps track the risk trend over time. In essence, the RRI facilitates an initial assessment of the ESG and reputational risks associated with financing, investing, or conducting business with a particular company.

The RRI ranges from zero (lowest) to 100 (highest): 0-24 means low risk exposure, 25-49 means medium risk exposure, 50-59 means high risk exposure, 60-74 means very high risk exposure, and 75-100 means extremely high risk exposure.

The RRI is made of an environmental, a social, and a governance component. The percentage of the environmental, social, and governance contribution to the total RRI of Petroleo Brasileiro is based on the number of risk incidents related to environmental, social, and governance issues.

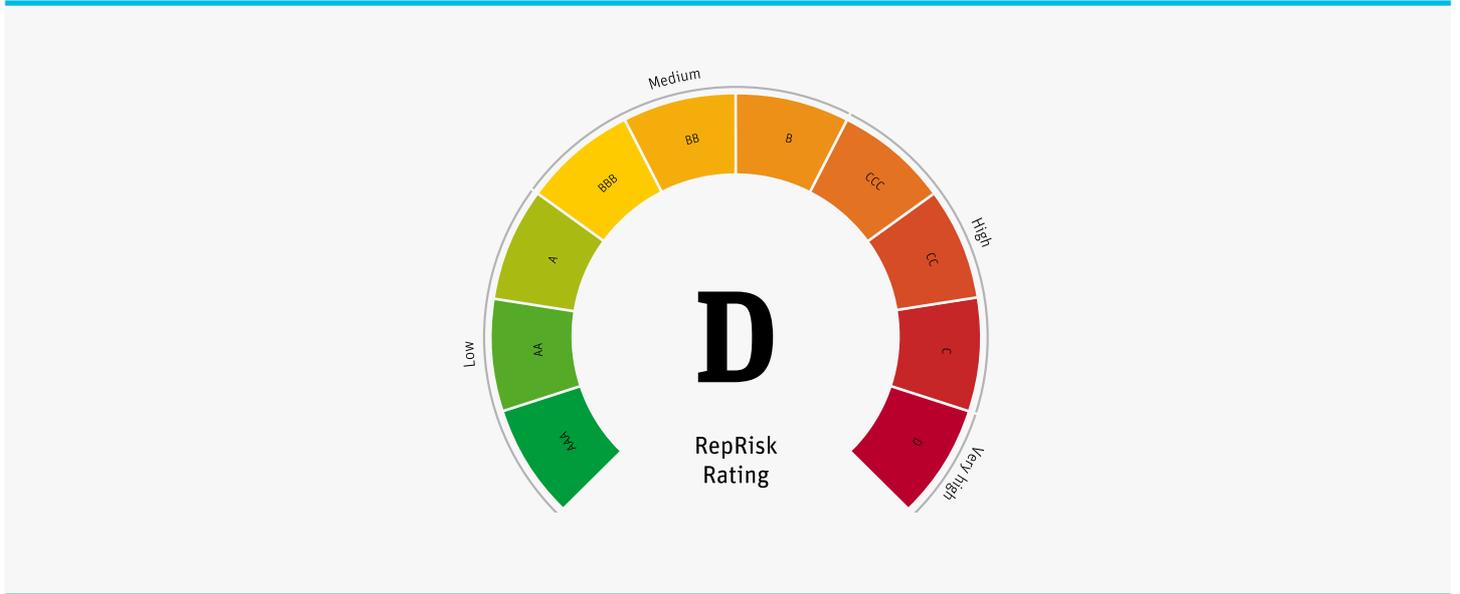
- The Current RRI denotes the current level of media and stakeholder coverage of a company related to ESG issues.
- The Peak RRI equals to the highest level of the RRI over the last two years – a proxy for overall ESG-related reputational risk exposure.
- The RRI Change shows the increase or decrease of the RRI within the past 30 days.

Section 1: ESG Risk Analytics and Metrics

# The RepRisk Rating

Company: Petroleo Brasileiro

RepRisk Rating as of October 6, 2016



The RepRisk Rating is a proprietary risk metric that captures and quantifies a company’s risk exposure related to ESG issues. It combines a company’s own ESG risk exposure (Peak RRI) with the ESG risk exposure of the countries and the sectors in which the company has been exposed to risks.

The RepRisk Rating ranges from AAA to D.



Based on RepRisk’s strict, rules-based methodology, the Rating is updated daily for all companies in the RepRisk ESG Risk Platform. It is the cornerstone of RepRisk’s corporate benchmarking report, the Director’s Brief, and facilitates corporate benchmarking and ESG integration. To learn more about the Director’s Brief, please visit: [www.reprisk.com/brief](http://www.reprisk.com/brief).

## Section 1: ESG Risk Analytics and Metrics

# ESG Issues

**Company:** Petroleo Brasileiro

The two heat maps below highlight the ESG Issues that have been mostly associated with Petroleo Brasileiro over the last two years and over the last ten years.

The Issues are highlighted in relation to both the number and severity of the risk incidents. The heat map displays all 28 ESG Issues that comprise the core of the RepRisk’s research scope (see page 2).

### ESG Issues heat map for the *last two years (Oct. 06, 2014 to Oct. 06, 2016)*

<b>Environmental</b> Environmental Footprint	<b>Social</b> Community Relations	Employee Relations	<b>Governance</b> Corporate Governance
Global pollution (incl. climate change and GHG emissions)	Human rights abuses, corporate complicity	Forced labor	Corruption, bribery, extortion, money laundering
Local pollution	Impacts on communities	Child labor	Executive compensation issues
Impacts on ecosystems and landscapes	Local participation issues	Freedom of association and collective bargaining	Misleading communication, e.g. “greenwashing”
Overuse and wasting of resources	Social discrimination	Discrimination in employment	Fraud
Waste issues		Occupational health and safety issues	Tax evasion
Animal mistreatment		Poor employment conditions	Tax optimization
			Anti-competitive practices

**Cross-cutting Issues:** always in combination with one of the ESG Issues above

Controversial products and services

Products (health and environmental issues)

Violation of international standards

Violation of national legislation

Supply chain issues

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 1: ESG Risk Analytics and Metrics

### ESG Issues

**Company:** Petroleo Brasileiro

**ESG Issues heat map for the last ten years (Oct. 06, 2006 to Oct. 06, 2016)**

<b>Environmental</b> Environmental Footprint	<b>Social</b> Community Relations	Employee Relations	<b>Governance</b> Corporate Governance
Global pollution (incl. climate change and GHG emissions)	Human rights abuses, corporate complicity	Forced labor	Corruption, bribery, extortion, money laundering
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Impacts on ecosystems and landscapes	Local participation issues	Freedom of association and collective bargaining	Misleading communication, e.g. "greenwashing"
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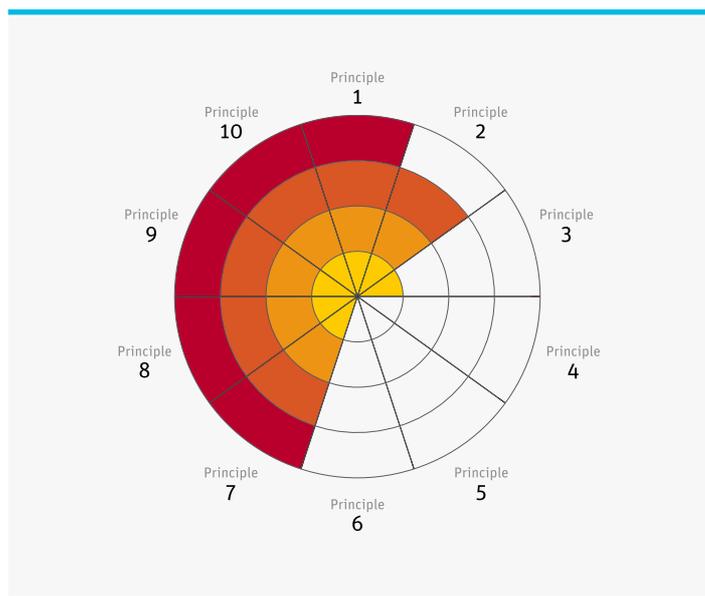
## Section 1: ESG Risk Analytics and Metrics

# UN Global Compact Principles

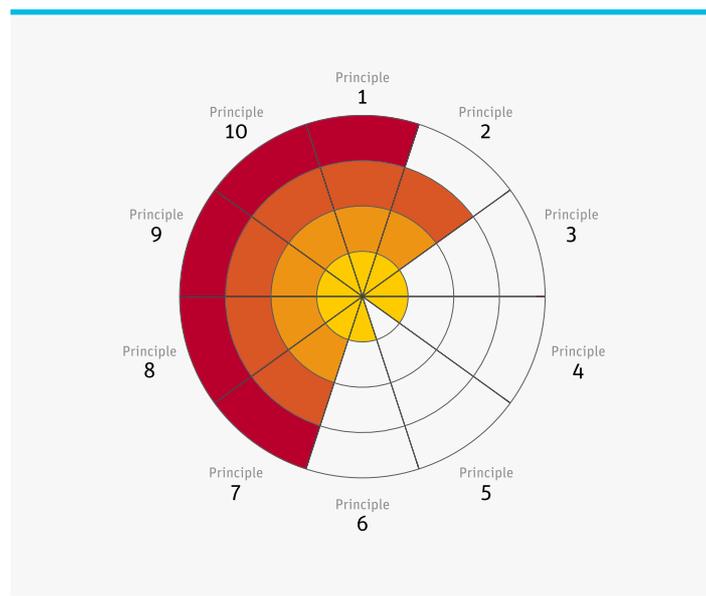
**Company:** Petroleo Brasileiro

The two spider charts below show the alleged breaches of the Ten Principles of the UN Global Compact (UNGC) by Petroleo Brasileiro over the last two years and over the last ten years. The calculation is based on both the number and severity of the risk incidents associated with each Principle.

**Alleged breaches of the UNGC Principles over the last two years (Oct. 06, 2014 to Oct. 06, 2016)**



**Alleged breaches of the UNGC Principles over the last ten years (Oct. 06, 2006 to Oct. 06, 2016)**



● Low risk ● Medium risk ● High risk ● Very high risk

### The Ten Principles of the UN Global Compact

#### Principle 1 – Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights.

#### Principle 2 – Human Rights

Businesses should make sure that they are not complicit in human rights abuses.

#### Principle 3 – Labour

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

#### Principle 4 – Labour

Businesses should uphold the elimination of all forms of forced and compulsory labour.

#### Principle 5 – Labour

Businesses should uphold the effective abolition of child labour.

#### Principle 6 – Labour

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

#### Principle 7 – Environment

Businesses should support a precautionary approach to environmental challenges.

#### Principle 8 – Environment

Businesses should undertake initiatives to promote greater environmental responsibility.

#### Principle 9 – Environment

Businesses should encourage the development and diffusion of environmentally friendly technologies.

#### Principle 10 – Anti-Corruption

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

## Section 1: ESG Risk Analytics and Metrics

# ESG Topic Tags

**Company:** Petroleo Brasileiro

The two heat maps below highlight the ESG Topic Tags that have been mostly associated with Petroleo Brasileiro over the last two years and over the last ten years.

The ESG Topic Tags are highlighted in relation to both the number and severity of the risk incidents. The heat map displays all 45 ESG Topic Tags, which are an extension of RepRisk's core research scope of 28 ESG Issues (see page 2).

### ESG Topic Tag heat map for the *last two years (Oct. 06, 2014 to Oct. 06, 2016)*

Abusive/Illegal fishing	Agricultural commodity speculation	Alcohol	Animal transportation
Arctic drilling	Asbestos	Automatic and semi-automatic weapons	Cluster munitions
Coal-fired power plants	Conflict minerals	Coral reef	Deep sea drilling
Depleted uranium munitions	Diamonds	Drones	Endangered species
Forest burning	Fracking	Gambling	Genetically modified organisms (GMOs)
Genocide/Ethnic cleansing	High conservation value forests	Human trafficking	Hydropower (dams)
Illegal logging	Indigenous people	Involuntary resettlement	Land grabbing
Land mines	Migrant labor	Monocultures	Mountaintop removal mining
Negligence	Nuclear power	Oil sands	Palm oil
Pornography	Predatory lending	Privacy violations	Protected areas
Rare earths	Sea-bed mining	Soy	Tobacco
Water scarcity			

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 1: ESG Risk Analytics and Metrics

### ESG Topic Tags

**Company:** Petroleo Brasileiro

**ESG Topic Tag heat map for the last ten years (Oct. 06, 2006 to Oct. 06, 2016)**

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## Section 1: ESG Risk Analytics and Metrics

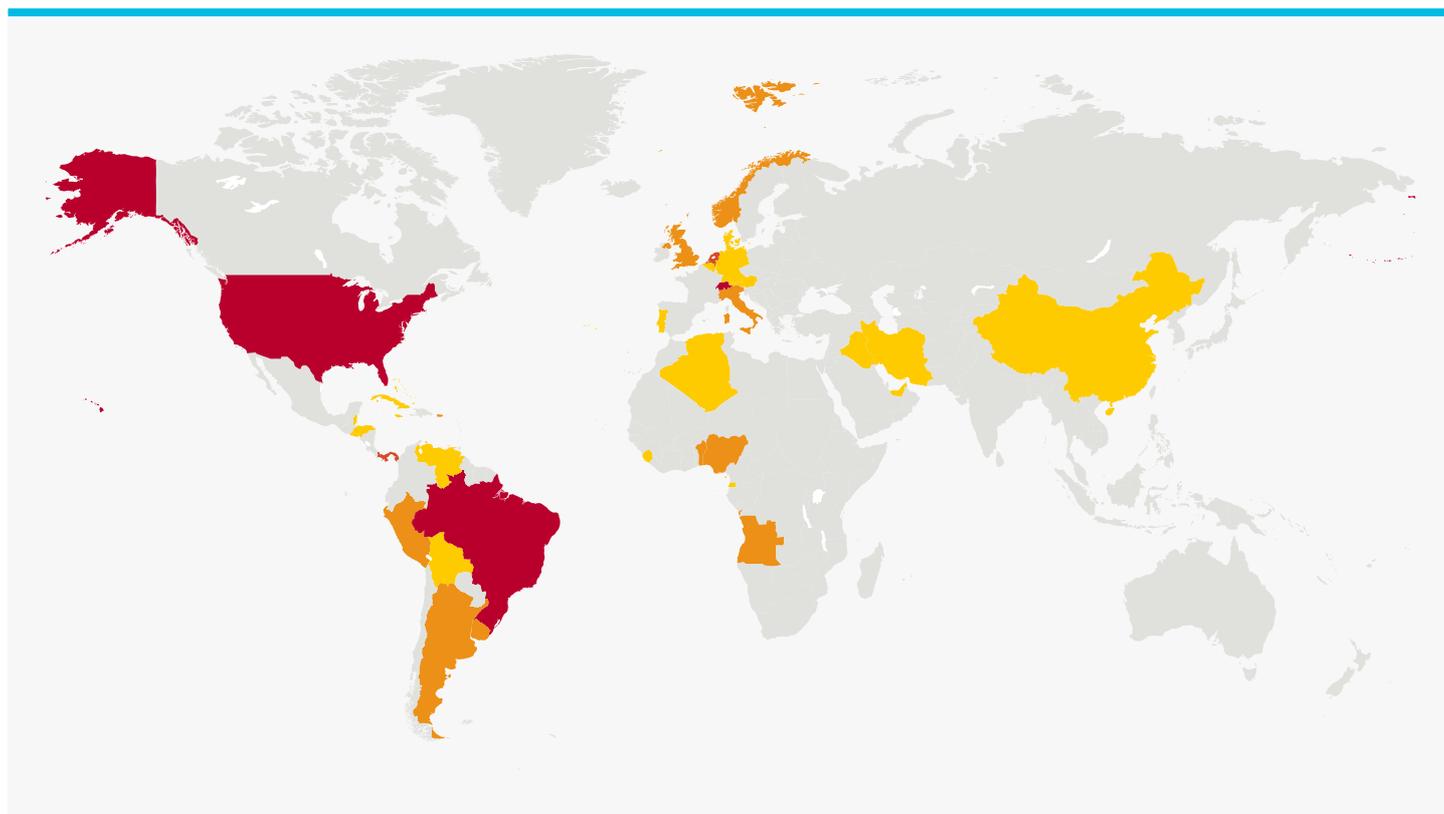
# Country ESG Risk Exposure

**Company:** Petroleo Brasileiro

The two maps below highlight the countries where ESG risk incidents have been detected for Petroleo Brasileiro over the last two years and over the last ten years. The countries are highlighted in relation to both the number and severity of the risk incidents.

In the last two years, ESG risk incidents for Petroleo Brasileiro have been detected in 39 countries, as shown in the map below.

### Country ESG risk exposure over the *last two years* (Oct. 06, 2014 to Oct. 06, 2016)



#### Country and ranking

1. Brazil	●	6. Netherlands	●
2. United States of America	●	7. Benin	●
3. Switzerland	●	8. Angola	●
4. Monaco	●	9. United Kingdom of Great Britain and Northern Ireland	●
5. Panama	●	10. Uruguay	●

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 1: ESG Risk Analytics and Metrics

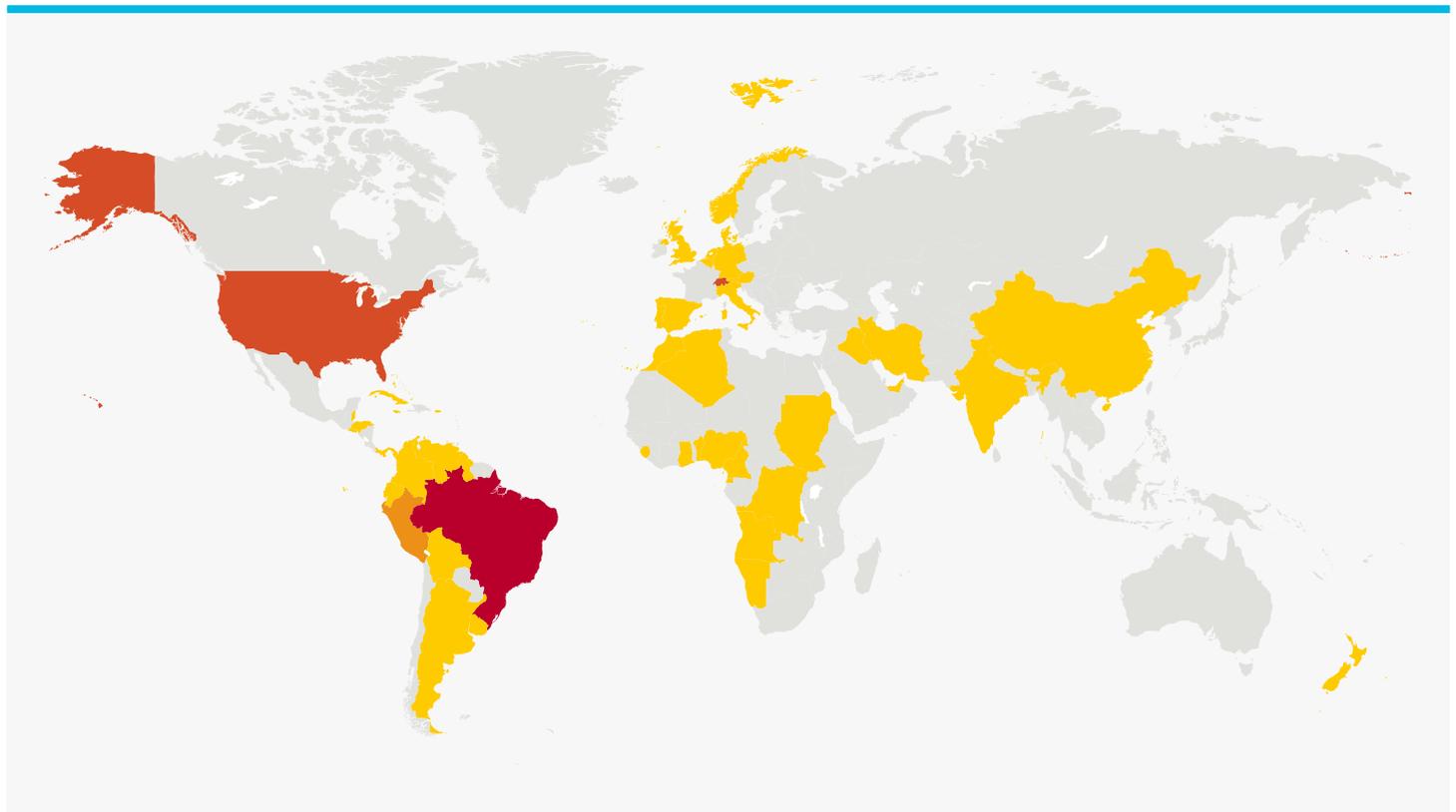
### Country ESG Risk Exposure

**Company:** Petroleo Brasileiro

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In the last ten years, ESG risk incidents for Petroleo Brasileiro have been detected in 39 countries, as shown in the map below.

#### Country ESG risk exposure over the *last ten years* (Oct. 06, 2006 to Oct. 06, 2016)



#### Country and ranking

1. Brazil	●	6. Monaco	●
2. United States of America	●	7. Netherlands	●
3. Switzerland	●	8. Panama	●
4. Peru	●	9. Bolivia	●
5. Argentina	●	10. Ecuador	●

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 1: ESG Risk Analytics and Metrics

# Projects

**Company:** Petroleo Brasileiro

RepRisk also captures risk incidents related to projects (e.g. mines, pipelines, dams, chemical plants, factory complexes, etc.), which in turn are related to companies.

The two tables below highlight the projects that have been mostly linked to Petroleo Brasileiro over the last two years and over the last ten years. The projects are highlighted in relation to both the number and severity of the risk incidents.

### Projects most associated with Petroleo Brasileiro over the *last two years* (Oct. 06, 2014 to Oct. 06, 2016)

Ranking	Project	Country
1.	Petrochemical Complex of Rio de Janeiro (Comperj)	Brazil
2.	Abreu e Lima Refinery (also known as Refinaria do Norte; Rnest)	Brazil
3.	Getulio Vargas Refinery (Repar)	Brazil
4.	Pasadena Oil Refinery (Pasadena Refining System Inc)	United States of America
5.	Cidade de Sao Mateus FPSO	Brazil

● Low risk ● Medium risk ● High risk ● Very high risk

### Projects most associated with Petroleo Brasileiro over the *last ten years* (Oct. 06, 2014 to Oct. 06, 2016)

Ranking	Project	Country
1.	Abreu e Lima Refinery (also known as Refinaria do Norte; Rnest)	Brazil
2.	Petrochemical Complex of Rio de Janeiro (Comperj)	Brazil
3.	Refinaria Duque de Caxias (Refinery Duque de Caxias, Reduc)	Brazil
4.	Pasadena Oil Refinery (Pasadena Refining System Inc)	United States of America
5.	Getulio Vargas Refinery (Repar)	Brazil

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 1: ESG Risk Analytics and Metrics

# Non-Governmental Organizations

Company: Petroleo Brasileiro

Non-Governmental Organizations (NGOs) refer to a wide variety of civil society organizations – research, conservation, and activist organizations, as well as labor unions, political parties, industry associations, think tanks, and resistance movements. They are an important source of risk information within RepRisk’s daily screening of media, stakeholder, and third-party sources.

The two tables below highlight the NGOs that have been mostly associated with Petroleo Brasileiro over the last two years and over the last ten years. The NGOs are highlighted in relation to both the number and severity of the risk incidents.

## NGOs most associated with Petroleo Brasileiro over the last two years (Oct. 06, 2014 to Oct. 06, 2016)

Ranking	NGO	Country
1.	Brazilian Workers' Party (Partido dos Trabalhadores; PT)	Brazil
2.	Democratic Movement Party (Partido do Movimento Democratico do Brasil; PMDB)	Brazil
3.	Progressive Party (Partido Progressista; PP; Brazil)	Brazil
4.	Social Democratic Party of Brazil (Partido da Social Democracia Brasileiro; PSDB)	Brazil
5.	Brazilian Labor Party (Partido Trabalhista Brasileiro; PTB)	Brazil

● Low risk ● Medium risk ● High risk ● Very high risk

## NGOs most associated with Petroleo Brasileiro over the last ten years (Oct. 06, 2014 to Oct. 06, 2016)

Ranking	NGO	Country
1.	Brazilian Workers' Party (Partido dos Trabalhadores; PT)	Brazil
2.	Democratic Movement Party (Partido do Movimento Democratico do Brasil; PMDB)	Brazil
3.	Associação dos Homens e Mulheres do Mar (Association of Fishermen; AHOMAR)	Brazil
4.	Federação Única dos Petroleiros (FUP) (United Oil Workers' Federation)	Brazil
5.	Progressive Party (Partido Progressista; PP; Brazil)	Brazil

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 2: ESG Risk Research

# Cases

**Company:** Petroleo Brasileiro

On a daily basis, RepRisk screens over 80,000 media, stakeholder, and third-party sources in 15 languages in order to identify, filter, analyze, and quantify ESG risk incidents related to companies.

RepRisk groups all risk incidents related to a major scandal, or to systematic issues for a company in a particular country, into a Case.

The two tables below provide the top Cases for Petroleo Brasileiro over the last two years and over the last ten years. The Cases are highlighted in relation to both the number and severity of risk incidents.

### Top Cases over the *last two years* (Oct. 06, 2014 to Oct. 06, 2016)

Ranking	Case	Latest risk incident	Number of risk incidents
1.	Arrests and investigations connected with corruption allegations in the construction industry	14.10.2016	292
2.	Corruption and overspending on Abreu e Lima Refinery and Premium I and II Refineries	14.10.2016	13
3.	Overpaying on purchase of Pasadena refinery	18.06.2016	9
4.	Social and environmental impacts of projects in the Guanabara Bay including the Reduc refinery	11.08.2016	9
5.	Deaths and injuries from explosion of Cidade de Sao Mateus Oil Vessel	24.06.2016	9

● Low risk ● Medium risk ● High risk ● Very high risk

### Top Cases over the *last ten years* (Oct. 06, 2006 to Oct. 06, 2016)

Ranking	Case	Latest risk incident	Number of risk incidents
1.	Arrests and investigations connected with corruption allegations in the construction industry	14.10.2016	292
2.	Social and environmental impacts of projects in the Guanabara Bay including the Reduc refinery	11.08.2016	23
3.	Environmental and safety risks associated with oil spills and deep-sea drilling	30.11.2015	24
4.	Corruption and overspending on Abreu e Lima Refinery and Premium I and II Refineries	14.10.2016	16
5.	Overpaying on purchase of Pasadena refinery	18.06.2016	15

● Low risk ● Medium risk ● High risk ● Very high risk

## Section 2: ESG Risk Research

# Risk incidents

**Company:** Petroleo Brasileiro

Risk incidents are analyzed according to the reach (influence) of the source, as well as the severity (harshness) and novelty (newness) of the issues addressed. Incidents are only entered once into the RepRisk ESG Risk Platform, unless the risk profile of the incident changes – i.e. the incident is escalated to a more influential source, appears again after six weeks, or additional issues emerge (escalation / re-occurrence).

RepRisk also distinguishes between sharp and unsharp criticism. Unsharp criticism refers to risk incidents where the company is mentioned but the exact nature of the criticism is not precisely defined. This might happen for example in the case of reports mentioning large amounts of companies for a large and distinct set of issues. In such cases, any relations are not counted for the company and the RRI receives a minimal effect.

The table below contains the severity breakdown of all the risk incidents of Petroleo Brasileiro for the last ten years, as identified in RepRisk's Platform. It also includes the number of unsharp criticism and recurring risk incidents.

### Risk incident breakdown over the *last ten years* (Oct. 06, 2006 to Oct. 06, 2016)

Total number of incidents	Very severe criticism	Severe criticism	Less severe criticism	Unsharp criticism	Thereof recurring
773	 5	 338	 380	 50	 335

The remainder of this report contains all of the individual risk incidents for Petroleo Brasileiro over the last ten years, as captured by RepRisk. If a risk incident is linked to one of the major Cases displayed in the two tables above, this will be marked accordingly.

## Section 2: ESG Risk Research

### Risk incidents

**Company:** Petroleo Brasileiro

20.10.2016  
Estadao Conteudo  
(online)



#### **BR Distribuidora accused of paying BRL 29 million in bribes to senator Collor de Melo between 2010 and 2014**

A claim filed by Brazil's Federal Public Ministry with the country's Supreme Court on August 18, 2015, accuses the Brazilian senator, Fernando Collor de Melo, of receiving BRL 29 million in bribes from Petrobras' subsidiary BR Distribuidora between 2010 and 2014. The document was recently unsealed as part of an ongoing investigation into the politician. The kickbacks reportedly relate to a contract for fuel stations signed by BR Distribuidora and Derivados do Brasil and a contract for the construction of fuel distribution stations signed by BR Distribuidora and UTC Engenharia in Brazil. The bribes were allegedly distributed within a criminal scheme that engaged in embezzlement of public funds and in corrupt activities with Brazil's Labor Party. The financial director of TV Gazeta de Alagoas has been named as a further defendant in the current investigation. The MPF has requested the accused to pay BRL 154.75 million in moral damages and has announced to seize their assets worth BRL 30.9 million. Moreover, the MPF has called for all politicians involved in the case to be banned from holding public office.

<http://www.leijaja.com/politica/2016/10/20/janot-acusa-collor-por-30-crimes-de-corrupcao/>

#### **Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering; Fraud

#### **Related Countries**

Brazil

#### **Case**

Corruption and cartel formation among oil companies and oil distributors

14.10.2016  
BBC (online)



#### **Former president of Brazil faces more criminal charges over bribery related to Odebrecht construction work in Angola**

This news covers less severe criticism and incidents from an English news source. Please refer to RepRisk Latest Updates for further information.

<http://www.bbc.com/news/world-latin-america-37651616>

#### **Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering

#### **Related Countries**

Brazil

#### **Case**

Arrests and investigations connected with corruption allegations in the construction industry

## Section 2: ESG Risk Research

## Risk incidents

Company: Petroleo Brasileiro

14.10.2016  
Globo (g1.globo.com;  
online)**Brazil's Attorney General of the Union files suit against Camargo Correa and others for administrative misconduct**

Brazil's Attorney General of the Union (AGU) has lodged a civil lawsuit against Camargo Correa, Sanko Sider, and five other companies in the Federal Court of Curitiba to recover financial damages amounting to BRL 5.1 billion that have allegedly resulted from the firms' administrative misconduct and involvement in the Petrobras corruption scandal. According to the indictment, the defendants have used kickbacks to rig tenders for lucrative Petrobras contracts. The litigation, which also targets seven company executives including three Petrobras directors, is not connected to the official Lava Jato investigation but particularly aims to recover losses to the public coffers. The AGU has claimed that the fines determined in leniency agreements with the accused firms are not enough to cover the actual losses caused to Petrobras. For instance, the AGU has considered the BRL 700 million fine imposed on Camargo Correa by the Federal Public Ministry for corrupt conduct as disproportional to the amount of the firm's illegally obtained funds.

<http://g1.globo.com/pr/parana/noticia/2016/10/agu-entra-com-processo-contra-camargo-correa-por-improbidade.html>

**Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering

**Related Countries**

Brazil

**Case**

Arrests and investigations connected with corruption allegations in the construction industry

14.10.2016  
Correio Braziliense  
(correio braziliense.com.br)**Camargo Correa accused of embezzlement linked to the Abreu Lima, Henrique Lage, and Getulio Vargas refineries**

As part of the Lava Jato corruption probe, in October 2016, Brazil's Attorney General of the Union (AGU) brought legal action in the 11th Federal Court in Curitiba against Camargo Correa and company's executives, accusing them of embezzling BRL 5 billion from public funds that had been allocated to the Abreu e Lima, Henrique Lage, and Getulio Vargas refineries in Brazil. As part of the same action, the AGU has indicted three former directors of Petrobras as well as six companies that joined the consortium for construction works at the three refineries, namely Sanko Sider, Sanko Servicos de Pesquisa e Mapeamento, Promon Engenharia, WorleyParsons Engenharia, and MPE Montagens e Projetos Especiais. The AGU has claimed the companies formed a cartel and has called for compensation for material damages. Previously, the AGU brought actions against Camargo Correa for a total amount of BRL 23 billion, of which BRL 5.6 related to the overcharging of Petrobras' public contracts. In the previous actions, Odebrecht, Queiroz Galvao, Mendes Junior, Andrade Gutierrez, UTC, and OAS were also indicted on corruption charges.

[http://www.correio braziliense.com.br/app/noticia/politica/2016/10/14/internas\\_polbraeco,553294/agu-ajuiza-acao-de-improbidade-administrativa-contra-camargo-correa.shtml](http://www.correio braziliense.com.br/app/noticia/politica/2016/10/14/internas_polbraeco,553294/agu-ajuiza-acao-de-improbidade-administrativa-contra-camargo-correa.shtml)

**Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering; Fraud; Anti-competitive practices

**Related Countries**

Brazil

**Case**

Corruption and overspending on Abreu e Lima Refinery and Premium I and II Refineries; Arrests and investigations connected with corruption allegations in the construction industry

## Section 2: ESG Risk Research

### Risk incidents

**Company:** Petroleo Brasileiro

13.10.2016  
Agencia Brasil  
(agenciabrasil.ebc.com.br)



#### **UTC Engenharia and OAS contractors sentenced to long jail terms for bribery of former senator in Brazil**

A federal judge in Brazil has sentenced two contractors employed with UTC Engenharia and one with OAS to jail terms ranging from eight years and two months to ten-and-a-half years for bribery. The judge also sentenced a former senator to 19 years in jail on charges of corruption, money laundering, and obstruction of official investigations related to Operation Car Wash. Brazil's Federal Prosecution Service had accused the senator of taking at least USD 2.3 million in bribes, apparently in exchange for not summoning contractors in 2014 to testify before the Congressional Committee of Inquiry's investigation into irregularities at Petrobras [Note of the RepRisk Analyst: refers to the Parliamentary Commission of Inquiry]. At the time, the former senator was vice-chairman of the committee.

<http://agenciabrasil.ebc.com.br/en/politica/noticia/2016-10/brazilian-justice-sentences-former-senator-corruption>

#### **Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering

#### **Related Countries**

Brazil

#### **Case**

Arrests and investigations connected with corruption allegations in the construction industry

11.10.2016  
Agencia Brasil  
(agenciabrasil.ebc.com.br)



#### **Labor inspection halts BR Distribuidora's aircraft fueling services at Antonio Carlos Jobim International Airport due to serious safety risks to airport staff**

This news covers less severe criticism and incidents from an English news source. Please refer to RepRisk Latest Updates for further information.

[http://www.jb.com.br/pais/noticias/2016/10/11/fiscalizacao-interdita-abastecimento-de-aeronaves-no-aeroporto-tom-jobim/?from\\_rss=economia](http://www.jb.com.br/pais/noticias/2016/10/11/fiscalizacao-interdita-abastecimento-de-aeronaves-no-aeroporto-tom-jobim/?from_rss=economia)

#### **Related ESG Issues**

Violation of national legislation; Occupational health and safety issues

#### **Related Countries**

Brazil

## Section 2: ESG Risk Research

### Risk incidents

**Company:** Petroleo Brasileiro

10.10.2016  
Veja (veja.abril.com.br)



#### **Brazil's former President Lula da Silva faces new investigation for corruption linked to Odebrecht**

As part of the "Janus" Operation into BNDES' suspicious business in Angola, Brazil' Public Prosecution (MPF) has accused Brazil's former President Lula da Silva of criminal conspiracy, passive corruption, and money laundering linked to Odebrecht's projects in Angola that were financed by BNDES. According to the MPF and the Federal Police, between 2008 and 2015, President Lula used his position to lobby for Odebrecht in Angola in exchange for BRL 7.6 million in kickbacks, which were paid to President Lula's company LILS, the Lula Institute, as well as his relatives and friends. The MPF has also accused Exergia Brasil, which was contracted by Odebrecht for one of the projects in Angola, of participating in the BRL multimillion corruption scheme and financing the 2012 political campaign of Luiz Marinho, a friend of President Lula. As part of the Lava Jato corruption probe surrounding Petrobras, President Lula is being prosecuted in other two different cases in Brazil's Federal Courts for receiving BRL 3.7 million in bribes from Construtora OAS as well as for obstruction of justice with the help of a senator to defend the interest of the Workers Party.

<http://veja.abril.com.br/politica/lula-e-denunciado-pelo-mpf/>

#### **Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering

#### **Related Countries**

Brazil

#### **Case**

Arrests and investigations connected with corruption allegations in the construction industry

10.10.2016  
Folhapress (FP)



#### **Petrobras accused of abandoning ships off the Brazilian coasts and failing to pay ship crews for months**

Brazil's National Confederation of Workers in Water and Air Transportation, Fishery, and Ports (CONTTMAF) has filed a complaint with Brazil's Court of Audit and National Agency for Water Transportation (ANTAQ) against Petrobras, accusing the company of abandoning ships off the Brazilian coast and failing to pay salaries to ship crews for months, leaving them without food provisions. Reportedly, the ships, which were hired from companies of countries with poor labor standards, were abandoned following the Petrobras' financial crisis due to the Lava Jato probe [Note of the RepRisk Analyst: refers to an investigation into a multi-million fraud and corruption scheme surrounding Petrobras]. In similar allegations, the Circuit Labor Court of Macae previously ordered Petrobras to pay delayed salaries to 12 sailors of a Turkish ship contractor, and to repatriate them. Moreover, CONTTMAF has claimed the Petrobras' practice of contracting foreign companies that subject workers to poor and unhealthy working conditions and pay salaries worth 50 percent less than Brazilian ones, is anti-competitive and affects Brazilian state coffers. Finally, CONTTMAF has claimed ANTAQ failed to carry out inspections into the foreign companies contracted by Petrobras.

[http://www.jornaldepiracicaba.com.br/economia\\_negocios/2016/10/condedera\\_o\\_de\\_trabalhadores\\_denuncia\\_petrobras\\_por\\_condi\\_es\\_de\\_marinheiros?px=960](http://www.jornaldepiracicaba.com.br/economia_negocios/2016/10/condedera_o_de_trabalhadores_denuncia_petrobras_por_condi_es_de_marinheiros?px=960)

#### **Related ESG Issues**

Violation of national legislation; Supply chain issues; Occupational health and safety issues; Poor employment conditions; Anti-competitive practices

#### **Related Countries**

Brazil

## Section 2: ESG Risk Research

### Risk incidents

**Company:** Petroleo Brasileiro

05.10.2016  
Wall Street Journal; The  
(wsj.com)



**Former Brazilian president to face new corruption charges for facilitating illegal acquisition of contracts in favor of Odebrecht and Exergia in Angola**

This news covers less severe criticism and incidents from an English news source. Please refer to RepRisk Latest Updates for further information.

<http://www.wsj.com/articles/brazil-police-recommend-ex-presidents-indictment-on-new-corruption-charges-1475702978>

**Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering; Fraud; Anti-competitive practices

**Related Countries**

Brazil

03.10.2016  
noticias.pgr.mpf.mp.br  
(Procuradoria Geral da Republica)



**Queiroz Galvao, Oas, and Camargo Correa accused of paying BRL 41.5 million in bribes to Senator Bezerra**

Brazil's Federal Ministry of Public Prosecution (PGR) has filed a complaint with the Supreme Federal Court against Senator Fernando Bezerra Coelho, alleging that between 2010 and 2011, he received over BRL 41.5 million in bribes from Queiroz Galvao, Oas, and Camargo Correa in exchange for granting construction contracts for the Abreu e Lima Refinery in Brazil. Reportedly, the companies, which were contracted by Petrobras, paid the bribes with the help of Companhia Pernambucana de Gas and aided Mr. Bezerra to launder money 77 times. Allegedly, most of the kickbacks were aimed to finance the 2010 political campaign of Eduardo Campos, who was running for the state presidential re-election in Pernambuco and who appointed Mr. Bezerra as Pernambuco's Secretary of the Economic Development and President of the Suape Port and Industrial Complex at the time of the corruption case. The prosecution has also accused Camara & Vasconcelos Locacao e Terraplenagem and Construtora Master of participating in the corruption scheme by overcharging and falsifying invoices related to public contracts, helping public officials launder money. In the complaint, the PGR has called for BRL 41.5 million in compensation to

<http://www.mpf.mp.br/pgr/noticias-pgr/lava-jato-pgr-denuncia-fernando-bezerra-e-mais-fois-por-recebimento-de-propina>

**Related ESG Issues**

Violation of national legislation; Corruption, bribery, extortion and money laundering; Supply chain issues

**Related Countries**

Brazil

**Case**

Arrests and investigations connected with corruption allegations in the construction industry; Corruption and overspending on Abreu e Lima Refinery and Premium I and II Refineries

## About RepRisk

RepRisk is a leading business intelligence provider, specializing in environmental, social, and governance (ESG) risk analytics and metrics.

Harnessing a proprietary, systematic framework that leverages cutting-edge technology and hands-on human intelligence in 15 languages, RepRisk curates and delivers dynamic risk information for an unlimited universe of companies.

Since 2006, RepRisk has built and continues to grow the most comprehensive ESG risk database that serves as a due diligence, research, and monitoring tool in risk management, compliance, investment management, corporate benchmarking, and supplier risk. The RepRisk ESG Platform currently includes risk profiles for over 76,000 listed and non-listed companies, 19,000 projects, as well as for every sector and country in the world.

Headquartered in Zurich, Switzerland, RepRisk serves clients worldwide including global banks, insurance providers, investment managers, and corporates, helping them to manage ESG and reputational risks in day-to-day business.

RepRisk provides the transparency needed to enable better, more informed decisions. For more information, please visit [www.reprisk.com](http://www.reprisk.com).

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