**EXHIBIT XVIII – LOCAL CONTENT FOLLOW UP REPORT**

**\*\*\*\*\*\*\*\*\*\*\*\*Revision Control\*\*\*\*\*\*\*\*\*\*\*\*\***

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SUMMARY

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**NOTE**

This report has been conducted for [SELLER´S NAME] based on the work performed, aiming to present the PLANNED, COMMITTED and PROJECTED local content indexes, considering the national and imported costs related to goods, subsystems, systems and services incurred during the measurement period.

1. **OBJECTIVE**

Inform the PLANNED, COMMITTED, and PROJECTED local content percentages, regarding the contractual requirements defined for the FPSO P-XX.

1. **REFERENCE DOCUMENTS**
* FPSO P-XX supply Agreement signed between PETROBRAS and [SELLER´S NAME];
* Agreements signed between sub-suppliers and [SELLER´S NAME];
* Database of National and Imported Costs Budgeted by [SELLER’S NAME];
* Resolution ANP Nº 19, from 14/06/2013;
* Resolution ANP Nº 879, from 01/07/2022;
* Resolution ANP Nº 871, from 30/03/2022;
* Inform ANP/SCL 03/2019.
1. **DEFINITIONS**

Besides the constant definitions from the Local Content Booklet, reference document published by the Resolutions ANP 19/2013, 879/2022 and ANP (National Agency of Oil and Natural Gas) technical notes and informs, the following terminology must be considered:

* 1. **Local Content (LC) –** Refers to the portion of participation by the Brazilian national industry in supplying goods and services to a determined AGREEMENT;
		1. Local Content Required (LC Value) – Refers to the Local Content (LC) expressed in reais (R$);
		2. Percentage of Local Content (LC%) – Refers to the Local Content (LC) expressed as a percentage (%);
	2. **Commercialization Value -** Value of a transaction (sale, rent, lease, etc.) discounting taxes (ISS, IPI and ICMS);
		1. Goods Commercialization Value - Value of a product transaction discounting the IPI and ICMS taxes;
		2. Services Commercialization Value - Value of a service transaction discounting the ISS tax.
	3. **Imported values** - Refers to the non-local parcel of Goods, Materials or Components, including Software, incorporated into a Good, a Temporary Use Good, Material, Set, Manual Labor Service, System or Temporary Use System.
	4. National values - Refers to the local (Brazilian) parcel of Goods, Materials or Components, including Software, incorporated into a Good, a Temporary Use Good, Material, Set, Manual Labor Service, System or Temporary Use System.
	5. **Assessed Contractual Item –** Refers to a contractual item in which the proof of reaching the minimum local content indexes is presented, as established in the Agreement´s Clause 4.
	6. **LC% Required –** Refers to the minimum percentage of Local Content required in Agreement for each Contractual Item, as shown in item 4. MINIMUM LOCAL CONTENT REQUIRED, of this report.
	7. **Value of Required LC:** Reflects the value of minimum local content exhibited for each Assessed Contractual Item. Numerically, it is calculated using the following equation:

***Value of LC Required (R$) = LC% Required (%) x Commercialization Value (R$);***

* 1. **Conditions for the Allocation of Costs for Local Content –** For the monitoring of the achievement of minimum Local Content required in an Agreement, the national and imported costs of Goods, Subsystems or Services must be allocated according to the conditions expressed below:
		1. **Remaining Planned Condition –** This condition puts in evidence the remaining national and imported costs, that is, after the verification and proof of the costs in the Committed and Declared Conditions.
		2. **Committed** **Condition** - Refers to the national and imported costs of items measured progressively through the presentation of purchase orders issued by the subcontractors. Its calculation is elaborated through the reports issued by the [SELLER´S NAME]. At the end of the process, these costs will migrate to the Declared Local Content.
		3. **Declared Condition** - Refers to the national and imported costs of Goods, Subsystems or Services that have already been verified at their origin.
		4. **Projected Condition** - This condition reflects the national and imported costs expected at the end of the Agreement. Considering a composition of values established for the Remaining Planned, Committed and Declared Conditions.
		5. **%National** – Represents the percentage of Local Content estimated or ascertained for the given condition. Numerically, it is determined by the product of the %LC by the respective Financial Contribution Margin of the Condition of Cost Allocation for Local Content.
		6. **%Imported** - Represents the percentage of Imported Content estimated or ascertained for the given condition. Numerically, it is determined by the product of the factor (1 - LC%) by the respective Financial Contribution Margin of the Condition of Cost Allocation for LC.
		7. **Financial** **Contribution Margin** – Represents the financial weight which a determined Condition of Cost Allocation for Local Content represents in the Commercialization Value of the Assessed Contractual Item.
	2. **Planned LC Value -** Reflects the planned value of local content for each Assessed Contractual Item. Considers the information of national and imported costs foreseen in the budgetary phase, serving as a reference for evaluation of the indexes throughout the process. Must be utilized for the construction of the Agreement´s Baseline, while **remaining immutable**.
	3. **Planned LC% Accumulated -** Refers to the percentage of local content planned for each Assessed Contractual Item, accumulated for each period of calculation. Must be utilized in the construction of the Agreement´s Baseline, while remaining immutable. Numerically, it is calculated using the following equation:

***Planned LC % (%) = [Planned LC Value (R$) / Commercialization Value (R$)] x 100%***

* 1. **LC Committed Value –** Refers to the Local Content values of items with issued purchase orders, accumulated until the verification date of the report. Its verification must be realized for each Assessed Contractual Item, as written in 4. MINIMUM LOCAL CONTENT REQUIRED, of this Report, through the reports issued by the [SELLER’S NAME]. At the end of the process, they will migrate to the Declared Condition.
	2. **Committed LC% Accumulated –** Refers to the percentage of local content ascertained for each Assessed Contractual Item, accumulated for each period of calculation. Numerically, it is calculated using the following equation:

***COMMITTED LC% Accumulated (%) = COMMITTED LC Value (R$) / Commercialization Value (R$)] x 100%***

* 1. **Declared LC Value –** Refers to the value of local content realized in the Agreement and accumulated during the period of calculation.
	2. **Declared LC% Accumulated** – Refers to the percentage of declared local content, accumulated for each Assessed Contractual Item. Numerically, it is calculated using the following equation:

***Declared LC% Accumulated (%) = Declared LC Value (R$) / Commercialization Value (R$)] x 100%***

* 1. **Projected LC Value –** Reflects the value of local content estimated at the end of the Agreement, for each Assessed Contractual Item, starting at the date of an occurrence of a determined deviation in local content until the final day of the Agreement. Numerically, it is calculated using the following equation:

***Projected LC Value (R$) = Remaining Planned LC Value (R$) + Committed LC Value (R$) + Declared LC Value***

* 1. **Projected LC% -** Refers to the estimated percentage of local content at the end of the Agreement. Numerically, it is calculated using the following equation:

***Projected LC% (%) = Projected LC Value (R$) / Commercialization Value (R$)] x 100%***

* 1. **Remaining Planned LC Value –** Reflects the value of local content planned for each Assessed Contractual Item that has not had its purchase order issued. At the beginning of the Agreement, it is the same as the Planned LC Value. At the end of the process, with all the purchase orders issued, this value should be equal to zero.
	2. **Remaining LC% Planned –** Reflects the difference between the Planned percentage of Local Content and the sum of the Committed and Declared Local Content percentages, for each Assessed Contractual Item. Numerically, it is calculated using the following equation:

***Remaining Planned LC% (%) = Remaining Planned LC Value (R$) / Commercialization Value (R$)] x 100%***

1. **MINIMUM LOCAL CONTENT REQUIRED**

For the purposes of Local Content verification, results will be produced relative to the items shown in Table 1 – Local Content Planning:

|  |  |  |
| --- | --- | --- |
|  **Contractual Item** | **Commercialization Value of Item / Total Value of FPSO (%)** | **LC% Requested** |
| FPSO P-XX (Global) | 100 | 0 |

**Table 1 – Local Content Planning**

Table 2 below lists the Items and Subitems that shall be detailed, according to ANP resolution Nº 871/2022 and inform ANP/SCL Nº 3/2019.

|  |  |  |
| --- | --- | --- |
| **Contractual Item Assessed** | **Commercialization of Item / Total Value of FPSO (%)** | **LC% Projected** |
| Basic Engineering |  |  |
| Detail Engineering |  |  |
| Management, Construction and Assembly |  |  |
| Hull |  |  |
| Naval Systems |  |  |
| Spread Mooring Systems |  |  |
| Single Point Mooring Systems |  |  |
| Modules Installation and Integration |  |  |
| Pre-Installation and Hook-up of Mooring Lines |  |  |
| Plants – Basic Engineering |  |  |
| Plants – Detail Engineering |  |  |
| Plants – Services Management |  |  |
| Plants – Construction and Assembly |  |  |
|  Process Plant Goods |  |  |
|  Pressure Vessels |  |  |
|  Ovens |  |  |
|  Tanks |  |  |
|  Process Towers |  |  |
|  Cooling Towers |  |  |
|  Heat Exchangers |  |  |
|  Pumps |  |  |
|  Steam Turbines |  |  |
|  Screw Compressors |  |  |
|  Reciprocating Compressors |  |  |
|  Diesel Engines (up to 600hp) |  |  |
|  Valves (up to 24”) |  |  |
|  Filters |  |  |
|  Burners |  |  |
|  Cathodic Protecion  |  |  |
|  Electric System |  |  |
|  Automation System |  |  |
|  Telecomunication System |  |  |
|  Fiscal Measurement System |  |  |
|  Field Instrumentation |  |  |
| Others |  |  |
| **TOTAL FPSO P-XX** | **100** |  |
|  |  |  |

**Table 2 – Local Content Planning Detail by Item/Subitem**

The line “Others” shall be used only to include the information of items not described in the other items of the reference table. SELLER shall inform which equipment, materials and services were included in this line.

It shall be remarked that the percentage of Local Content mandatory for Seller is the informed on Table 1. Information shown in Table 2 is only for informative and historical purposes.

1. **MEASUREMENT PERIOD**

This report comprises the period from [XX/XX/XXXX] to [XX/XX/XXXX].

1. **ACTIVITIES EXECUTED DURING THE PERIOD**

*[Describe the relevant activities performed during the measurement period].*

1. **RESULTS**

The Local Content Indexes calculated in accordance with the costs presented by SELLER from its suppliers, are shown on Table 3 – Measured and Consolidated Results. In addition to Contractual Item (described on Table 1), SELLER shall present the Table 2 – Local Content Planning Detail by Item/Subitem.

* 1. **SUMMARY TABLE**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Contractual Assessed Item** | **Required CL** | **Planned LC Accumulated** | **Commited LC Accumulated** | **Declared LC Accumulated** | **Projected LC Value** | **Remaining Planned LC Value** |
| **Weight** | **%** | **Weight** | **%** | **Weight** | **%** | **Weight** | **%** | **Weight** | **%** | **Weight** | **%** |
| **(1)** | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **(8)** | **(9)** | **(10)** | **(11)** | **(12)** | **(13)** |

Table 3 - Measured and Consolidated Results

1. *Fill according to item* ***3.5. Assessed Contractual Item*** *and Table 1. For the additional table requested on item 7, fill according to items/subitems detailed on Table 2;*
2. *Fill according to item 3.7 Value of Required LC, divided by Total Commercialization Value of FPSO, expressed as a percentage. It shall comply with the required on item 4 of the agreement and remain immutable until the end of the agreement. For the two additional tables, fill with proportional values of items/subitems, removing the word “Required” of the column title;*
3. *Fill according to item* ***3.6. LC% Required****. It shall comply with the required on item 4 of the agreement and remain immutable until the end of the agreement. For the two additional tables, fill with proportional values of items/subitems, removing the word “Required” of the column title;*
4. *Fill according to item 3.9 Planned LC Value, divided by Total Commercialization Value of FPSO, expressed as a percentage;*
5. *Fill according to item* ***3.10. Planned LC% Accummulated****;*
6. *Fill according to item* ***3.11 LC Committed Value****, divided by Total Commercialization Value of FPSO, expressed as a percentage;*
7. *Fill according to item* ***3.12. Committed LC% Accummulated****;*
8. *Fill according to item* ***3.13 Declared LC Value****, divided by Total Commercialization Value of FPSO, expressed as a percentage;*
9. *Fill according to item* ***3.14. Declared LC% Accummulated****;*
10. *Fill according to item* ***3.15 Projected LC Value****, divided by Total Commercialization Value of FPSO, expressed as a percentage;*
11. *Fill according to item* ***3.16. Projected******LC%****;*
12. *Fill according to item* ***3.17 Remaining Planned LC Value****, divided by Total Commercialization Value of FPSO, expressed as a percentage;*
13. *Fill according to item* ***3.18. Remaining LC% Planned****.*

* 1. **BAR CHART**

Presented below are the results in the form of Bar Chart indicating the national and imported percentages for the Remaining Planned, Committed and Declared conditions, for either FPSO / items and subitems or defined in the item 4. MINIMUM LOCAL CONTENT REQUESTED.

Figure 01 – Bar Chart [Assessed Contractual Item]

*The following conditions shall be observed for the elaboration of the Bar Charts:*

1. *The Contribution Margins of the Cost Allocation for Planned, Remaining, Committed and Declared Local Content shall totalize 100% of the Sales Value of the Assessed Contractual Item. This way, there shall be a migration of the values among the mentioned conditions with LC allocation along the agreement object execution;*
2. *The Financial Contribution Margin of the Remaining Planned Condition* *is given by the relation between the Remaining Planned LC Value and the Remaining Planned LC%;*
3. *The Financial Contribution Margin of the Committed Condition is given by the relation between the Committed LC Value and Committed LC%;*
4. *The Financial Contribution Margin of the Declared Condition is given by the relation between the Declared LC Value and the Declared LC%.*

*Each Cost Allocation condition for Local Content shall be split into the %National and %Imported, that shall totalize 100% of the value of the respective margin.*

1. **CONCLUSION**

Based on the information received by [SELLER´S NAME] and described in this LOCAL CONTENT REPORT,[SELLER´S NAME] estimates the following Local Content Indexes for the Contractual Items of the FPSO P-XX:

|  |  |
| --- | --- |
| **Contractual Assessed Item** | **LC% Projected** |
| [According to Table 1 of item 4. MINIMUM LOCAL CONTENT REQUIRED] |  |

**Table 4 – Projected Local Content**



Table 5 –Projected Local Content Indexes for Itens and Subitens and further explanations.

The further explanations related to each Item and/or Subitem shall be presented:

* For all the Itens and Subitens in which the Projected Local Content Indexes are lower than the Contractual Local Content Indexes;
* For all the Itens and Subitens in which the Projected Local Content Indexes are higher than the Contractual Local Content Indexes and if there is a variation, considering growth or reduction, beyond 5% comparing with the Projected Local Content Indexes presented in the last Local Content Report.

In addition, the following points of attention were identified that can affect the Agreement´s Local Content Indexes:

*There shall be described situations that may impact the compliance with the Required Local Content index such as delay of documentation, goods or materials, Local Content targets that were not reached by sub-suppliers, etc. Besides identification of the point of attention, actions shall be presented to correct possible deviations.*

\_\_\_\_\_\_[LOCAL and DATE]\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_[Signature]\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SELLER´S REPRESENTATIVE