



TEEKAY PETROJARL

2014

SUSTAINABILITY REPORT



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PRESIDENT'S INTRODUCTION

BY PRESIDENT & CEO PETER LYTZEN

Welcome to Teekay Petrojarl's Sustainability report where we evaluate our sustainable performance, goals and actions of 2014. We believe that a successful company is one who cares and manages people and planet as well as profit. In this report we reflect on our performance, the successes and challenges that we experienced in 2014.

2014

was a challenging but very exciting year for Teekay Petrojarl. The high points of this year were the arrival of our new flagship Petrojarl Knarr at the Knarr field in the North Sea, the return to production of Petrojarl Banff after 2 years in yard and the new job in Brazil for our grand old lady, Petrojarl I. We are also particularly proud of starting a new project with our joint venture partner Odebrecht Oil & Gas. Together we are constructing the FPSO Pioneiro de Libra at the Jurong Shipyard in Singapore. The FPSO will operate for Petrobras on the Libra field for up to 12 years.

Not all of our operations met our high expectations in 2014. As a consequence our production regularity fell below our target of 97%. Some issues can be explained by factors beyond our control, but nevertheless, they have impacted our operations and revenue streams negatively. Petrojarl Knarr was safely moored to its location in October 2014, but we did not achieve first oil before the end of the year as originally planned. First oil was achieved in March 2015.

In 2014, Teekay Petrojarl logged 1.78 million man-hours divided among 800 offshore crew members. Our people are our most important asset, and concrete systems and measures are in place to ensure the continued safety of our men and women offshore. Unfortunately, we experienced four Lost Time Injuries to our crew in 2014, one of them serious. Our goal is zero harm to our people, equipment and the environment and we strive to minimize all risk. We want to see our

people arrive home safely, and we expect everyone to take personal ownership to achieve this goal.

In 2014 we completed a material assessment of our most relevant sustainability issues. The process involved members of the senior leadership team and ensures a balanced and focused approach to our most critical sustainability issues, and those of our key stakeholders.

For 2015 we will continue to deliver our core competence; operational excellence and strong HSE results. We shall also maintain our tradition of safe, timely and on-budget completions of projects. On the commercial and business development side, our focus is to ensure an acceptable commercial future for our two FPSOs Petrojarl Varg and Hummingbird Spirit, which are nearing the end of their respective contracts. We will also position ourselves for new contracts on the global market, ensuring the steady growth of our company.

Teekay Petrojarl will continue to be committed to improve our sustainable performance. I am certain that our efforts to maintain a responsible and ethical business conduct and taking good care of our employees, customers, and the environment will only strengthen our competitiveness in the years to come.



PETER LYTZEN
President & CEO

SUSTAINABILITY IN TEEKAY PETROJARL

Sustainability is about the continued growth and success of Teekay Petrojarl and encompasses all aspects of People, Planet and Profit. This means that sustainability must be at to the core of how we do business.

Sustainability is a widely used term in relation to the global challenges and opportunities we are facing today. Sustainable development has been defined as «Development that meets the needs of the present while safeguarding Earth’s life-support system, on which the welfare of current and future generations depends». For Teekay Petrojarl, sustainability translates to the long-term growth and success of our company by the responsible management of People, Planet and Profit. Teekay Petrojarl will promote ethical behavior, transparency and accountability in order to create trust and support a fair business environment. We will strive to operate with high energy efficiency and find new ways to improve our environmental footprint.

Our focus on People, Planet and Profit ensures the long-term health and success of our colleagues, our business and the surroundings we work in. It involves a commitment to responsible safety and environmental practices, as well as the development of projects.

This report covers Teekay Petrojarl’s activities in 2014, both onshore and offshore, not including the activities of FPSO Hummingbird Spirit, which is not operated by Teekay Petrojarl, and those of the joint venture. In this report you will find many examples on how the company works with sustainability as a guideline throughout the entire organization.

We hope, whether you are a current or future employee, existing or potential business partner, shareholder, regulator, or simply someone with a keen interest in what we do, that the stories can help to understand how Teekay Petrojarl considers People, Planet and Profit in all of our decisions and actions to ensure our long-term growth and profitability.

MATERIALITY AND SCOPE

This report focuses on the sustainability issues that significantly affect business performance and matter most to our key stakeholders.

In 2014 Teekay Petrojarl started the process of identifying sustainability issues material for our business success, and the success of our stakeholders. Teekay Petrojarl counts employees, shareholders and customers as our key stakeholders, followed by authorities and regulators, local communities and partners.

Relevant sustainability issues were identified through media analysis, interviews with stakeholder contacts, questionnaires and internal interviews. These issues were in turn prioritized according to importance to business success and impact on stakeholders. A closing workshop with the senior leadership team members secured participation and awareness at top level management. Our

SUSTAINABILITY IN TEEKAY PETROJARL



PEOPLE

- Diversity
- Recruitment and growth
- Health and Safety
- CSR



PLANET

- Energy
- Discharge to sea
- Emissions to air
- Climate change



PROFIT

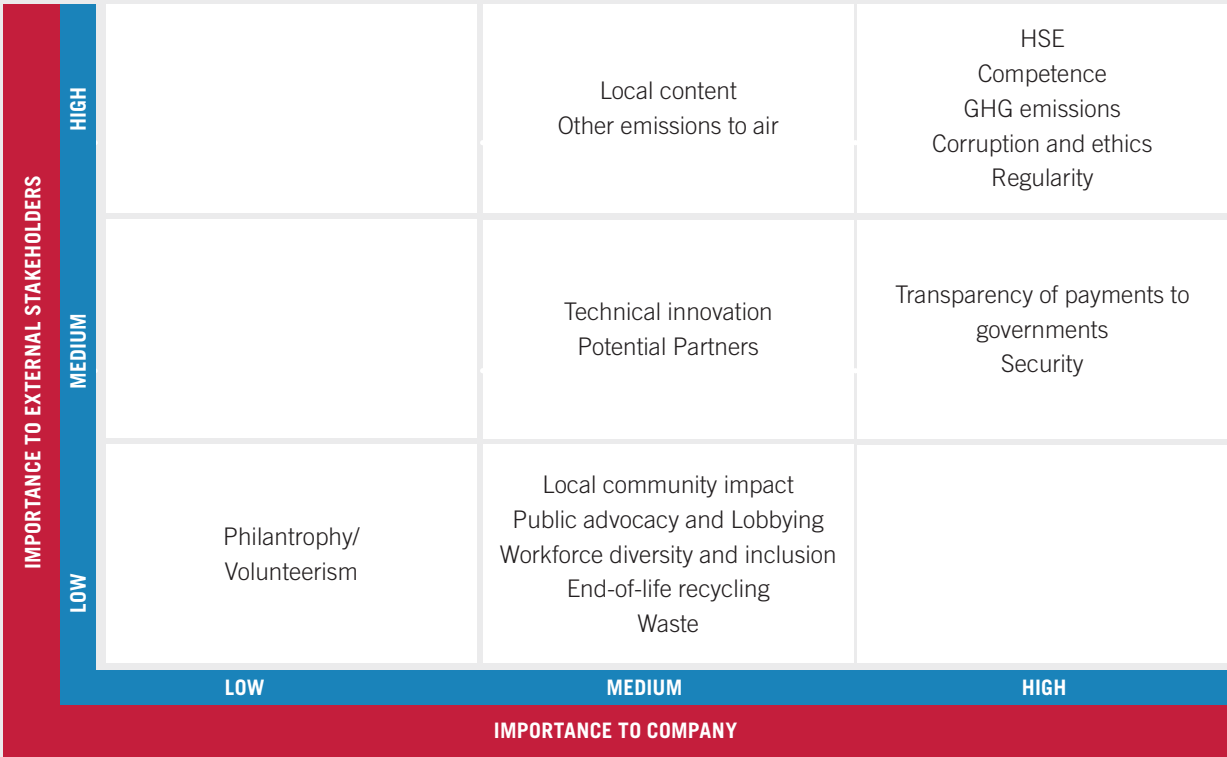
- Business and commercial development
- Operational excellence
- Supply chain
- Transparency and ethics
- Project management

prioritization of the topics reflects potential impact on people, planet, profit and reputation.

Teekay Petrojarl applies the results from this material sustainability assessment, both in this report and in the management of our company. Aspects identified as having very high materiality to both Teekay Petrojarl and our stakeholders are prioritized. This includes production regularity, HSE, competence, greenhouse gas emissions, workforce participation, supply chain management, transparency and with respect to corruption and ethics.

MATERIALITY MAP

The materiality map provides an overview of the sustainability issues identified in 2014, and their significance to Teekay Petrojarl and our key stakeholders. All identified issues on the materiality map are relevant to and managed by Teekay Petrojarl, however; the report focuses primarily on the material issues to the success of our company, our people and our key stakeholders



REPORTING BASIS

This report is prepared in accordance with the Global Reporting Initiative (GRI) G4 ‘Core’ guideline. The GRI guidelines are the most commonly used guidelines for sustainability reporting. The GRI G4 content index can be found online at teekay.com/sustainability

CONTACT US

We would appreciate your comments, feedback or queries on this report. Please get in touch at tkpj.sustainability@teekay.com. Remember to mark the email “Sustainability Report 2014”.

Visit our website at www.teekay.com

IN ACCORDANCE WITH

GRI G4
CORE

FACTS AND HISTORY



2014 HIGHLIGHTS

In this section we summarize our most notable highlights and successes of 2014.



Foto: Michael Allan Flores

PETROJARL KNARR, LEAVING THE SAMSUNG HEAVY INDUSTRIES' YARD IN SOUTH-KOREA

On July 11 our new flagship, Petrojarl Knarr left Samsung Heavy Industries' shipyard in Geoje, South-Korea, heading to Norway and the Knarr field. The 27 000 km tow was completed in only 66 days, a new world record for long

distance towing. After some final preparations in the AIBEL shipyard in Haugesund, Norway, Petrojarl Knarr was finally towed out and moored to its location where it will produce oil and gas for BG Norge.



PETROJARL I TO BRAZIL

After being deployed on 10 different fields in the North Sea over the course of 27 years, Petrojarl I is preparing for a new venture on the Atlanta field in the Santos Basin. The field is located 185km off the coast of Rio de Janeiro at a water depth of 1550 meters. Teekay Petrojarl is looking forward to working together with our new client, the Brazilian oil & gas operator QGEP, and we are happy to see our *Grand Old Lady* get some well-deserved years in sunny Brazilian waters. The work is performed by Damen, Rotterdam.

LIBRA PROJECT WITH ODEBRECHT ÓLEO E GÁS

In October 2014 the joint venture of Odebrecht Óleo e Gás and Teekay Petrojarl was awarded the contract to convert and operate FPSO Pioneiro de Libra for Petrobras on the Libra Field. The field is located in the Santos Basin approximately 200km off the coast of Rio de Janeiro, Brazil at a water depth of 2400m. The FPSO Pioneiro de Libra will be the first FPSO deployed on the field and will operate as an extended well test vessel for a period of up to 12 years. The FPSO will be a conversion of the Suezmax tanker Navion Norvegia, built in 1995 and previously owned by Teekay Shipping. Jurong Shipyard in Singapore is the EPC contractor, responsible for all work, from engineering through pre-commissioning.



PETROJARL BANFF BACK ON FIELD AND IN PRODUCTION

Following the incident in December 2011, where 5 mooring lines broke in extreme weather, our FPSO Petrojarl Banff was docked in the Blohm+Voss shipyard in Hamburg for repairs and maintenance. After more than two years off field, Petrojarl Banff finally got back to the UK continental shelf in march 2014 where she will continue to produce for CNRI.



Foto: Sandeep Singh



**HEALTH, SAFETY
AND ENVIRONMENT
IS ALWAYS OUR
TOP PRIORITY**

Foto: Ricardo Rubiao

PEOPLE

The people of Teekay Petrojarl are our most important asset. Their safety, good health, competence and motivation are crucial elements in the current and future success of our company. Health, Safety and Environment are always our top priority.

In this section of our report you can read more about how we work to ensure the well-being, safety and security of our employees, the integrity of our assets and how we give back to the communities in which we operate.

RECRUITMENT AND GROWTH

Teekay Petrojarl is growing! In spite of the drastic fall in the oil price in the last part of 2014, and the following budget constraints on the operator's side, Teekay Petrojarl still managed to grow in number, in both people and assets. This was mainly due to the reinstatement of the FPSO Petrojarl Banff which returned from dry-dock in April 2014 and manning the last positions on board our newest flagship, Petrojarl Knarr. Teekay Petrojarl is always looking for good people as our business continues to expand internationally.

TRAINING AND DEVELOPMENT

As well as being a company in growth, Teekay Petrojarl strives to be a flexible organization for our employees in order to support career development and transfer of experience. We offer attractive and meaningful job opportunities.

High quality training and development of our employees is key to ensure safe and reliable oil production, as well as keeping on top of ever-developing operational procedures, technical innovations and legal requirements, both onshore and offshore. Our goal is to have the most competent and motivated employees in the business.

We value the feedback of our employees, which is gathered through two main channels; the annual performance review and the bi-annual Teekay Global Employee survey. These two methods gives us valuable input on how we are seen as an employer, areas of improvement and career development aspirations of each employee.

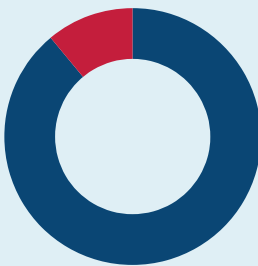
DIVERSITY

As an international company, Teekay Petrojarl has had great benefit of a diverse workforce. We strive towards a balanced gender distribution and its contribution to new ideas and fresh perspectives. In short, diversity is crucial for our successful and sustainable international growth. Teekay Petrojarl has zero tolerance for discrimination and harassment within the workplace, both onshore and offshore.

Teekay Petrojarl supports equal opportunity for all our employees, who are rewarded based on their performance, not on their nationality or gender. Equal emphasis is put on both achievements and behavior.

1171
EMPLOYEES

EMPLOYEES

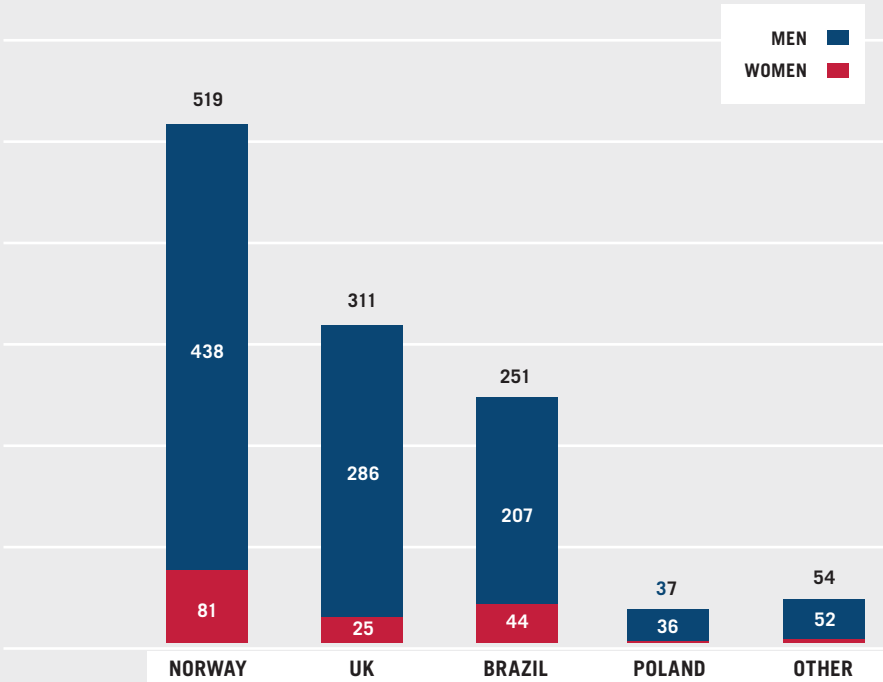


MEN 89%
WOMEN 11%

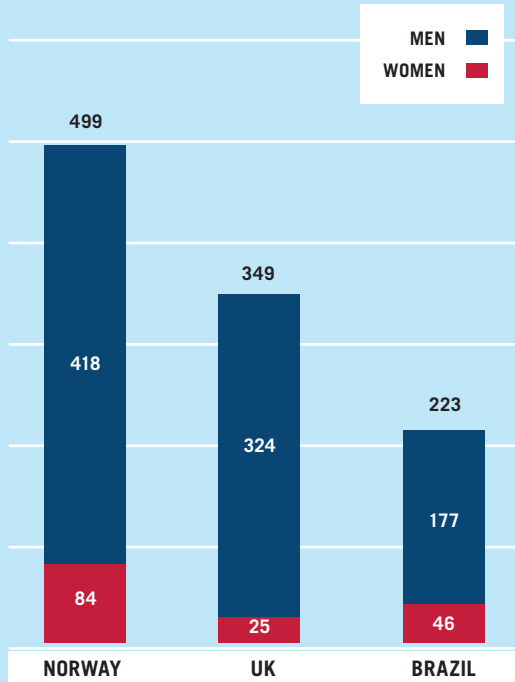


Foto: Alf H. Hansen

NUMBER OF EMPLOYEES BY NATIONALITY



NO. OF EMPLOYEES IN COUNTRY



HEALTH AND SAFETY

Safeguarding our people, their health, the environment and our assets is our most crucial license to operate. Teekay Petrojarl puts health and safety first, always. Health and safety focus and management are an integral part of our HSE management system and focuses on two key areas:

- HEALTH AND SAFETY IN OPERATIONS
- HEALTH AND SAFETY IN PROJECTS

In 2014, the safety focus was on the prevention and reduction of hydrocarbon releases in the Teekay Petrojarl fleet. This focus came as a part of the annual HSE goals where we assess potential and actual concerns of the industry and in Teekay Petrojarl and set our HSE focus accordingly.

In 2014 we reduced our sickleave by 20% compared to 2013, from 5.44% to 4.27%.

Teekay Petrojarl operates 7 FPSOs in challenging environments and in 2014 we recorded 1.78 million man-hours. Regrettably, despite our constant focus on safety, Teekay Petrojarl experienced 4 lost time injuries in 2014, where the most serious occurred during a challenging crane operation. We take all of our LTI's very serious and all incidents were investigated in order to clarify what happened and how we can avoid a similar incident happening in the future. As a response to the LTIs, Teekay Petrojarl has initiated several measures to improve the safety of our employees. We will continue our increased safety focus in 2015 to ensure the safety and health of our employees.

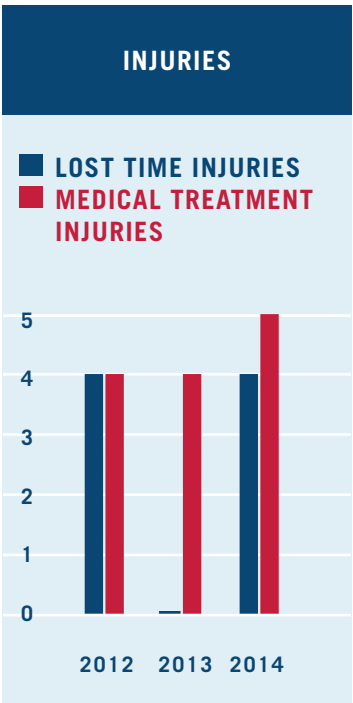
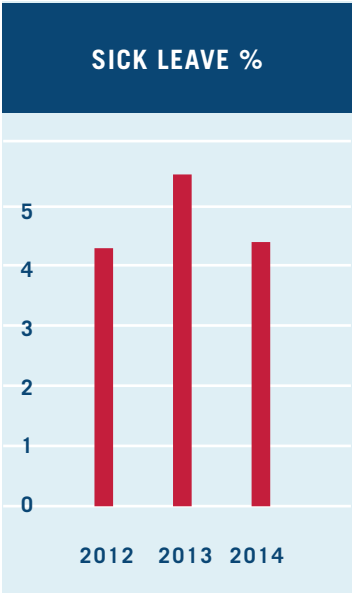
PROACTIVE APPROACH

Teekay Petrojarl takes a proactive approach, onshore and offshore, to to mitigating the risk of accidents. With regular inspections, both by internal and external parties, investigations of incidents and HSE reporting, we seek every potential for improvement. We encourage all our employees to report all hazardous conditions and incidents, as well as good ideas and suggestions for improvement. These are reported to management on safecards which can be found in our offices and on our vessels. The contributions are followed up and shared within the fleet.

OCCUPATIONAL HEALTH

Teekay Petrojarl operates in an industry with several health risks. We have identified exposure to chemicals, noise, and manual work as the most important hazards to the health of our people. Teekay Petrojarl recognizes the significant knowledge and risk assessments required to minimize the risk of these negative health aspects.

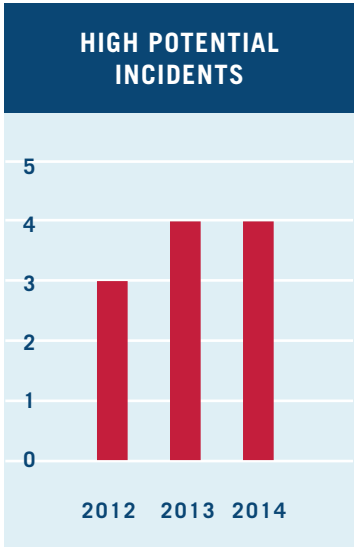
To manage these aspects, Teekay Petrojarl has an extensive set of HSE policies, manuals and procedures for occupational health specifically, and HSE in general. These documents describe the process and requirements for managing health risks. Our strategy for success is to involve the crew in all stages of the management process, and welcome their initiatives in improving and developing their own workplace.



MARCO AURÉLIO SCHELES SANTANA

SAFETY OFFICER,
PETROJARL CIDADE DE RIO DAS OSTRAS
2 YEARS IN TEEKAY PETROJARL

"We have a high HSE focus on all activities on Petrojarl Cidade de Rio das Ostras. By combining inspections and active monitoring with awareness campaigns and crew involvement we strive to minimize risk in all jobs. We also work closely together with our onshore colleagues in order share suggestions and best practice which we use to improve our safe work procedures and HSE management system. Ensuring that everyone gets home safely after every tour is our highest priority."



CORPORATE SOCIAL RESPONSIBILITY

Teekay Petrojarl does not exist in isolation. Our customers, employees, partners, the environment and local communities are all affected by our operations and activities. We believe that the hallmark of a truly sustainable company is the way it interacts with its stakeholders and the community in which it operates.

Contributing to a community gives options and possibilities to invest locally, in employees, in training, services and to actively support community programs. In 2014, Teekay Petrojarl donated more than 600 000NOK to various organizations, both locally and internationally. Of the total sum, 100 000NOK is donated to local organizations, sport teams or causes, chosen by our employees. Teekay Petrojarl's Social Footprints Committee donate the lion's share of the total amount, 540 000 NOK.

As always, Teekay Petrojarl employees in Trondheim participated in the national telethon which raised money and awareness for the work of the Norwegian Church Aid. The organization works to eradicate poverty and injustice and is part of the ACT alliance, one of the world's largest humanitarian alliances. Our operations in Brazil have a long tradition of giving back to the communities we operate in. In Aracaju segregated waste from our offshore installations is sent to a community cooperative which gives opportunities and work to poor and disabled people. We also support the Mother Center charity in Cidade de Ostras with funds and volunteers.



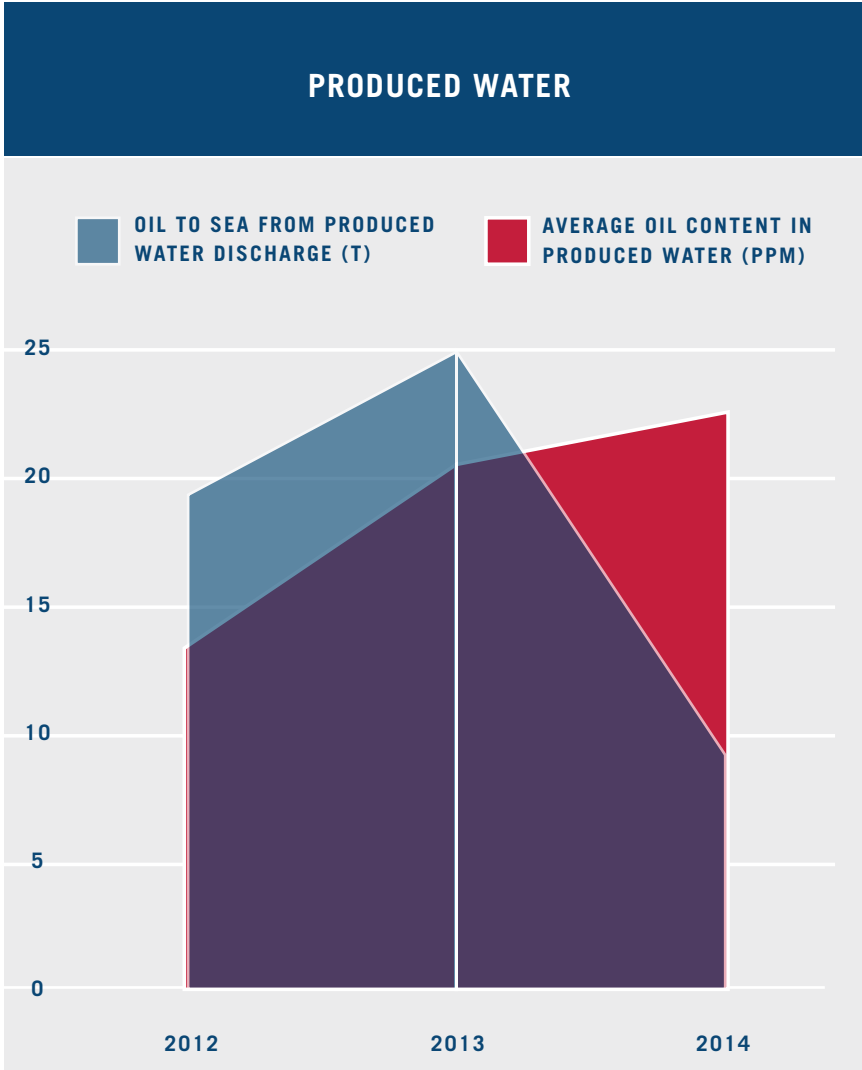
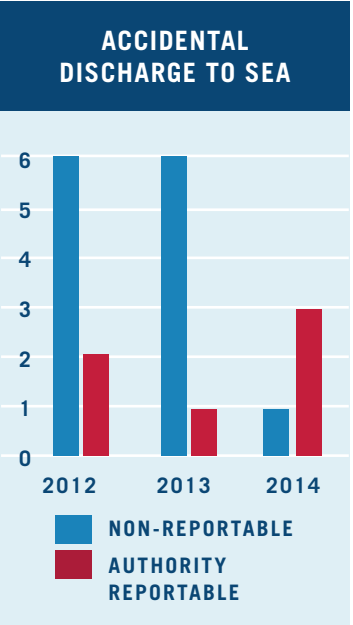
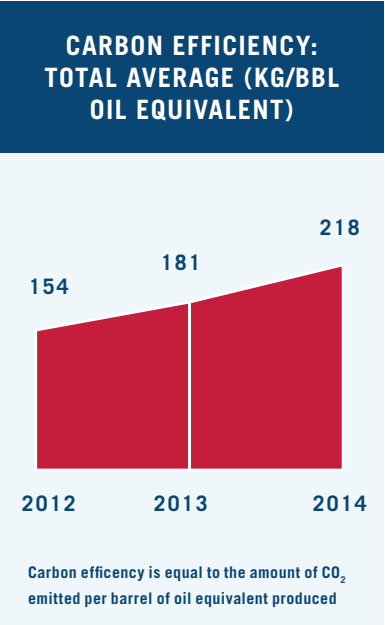
**COMMITMENT TO
ENVIRONMENTAL
RESPONSIBILITY IS
WELL INTEGRATED
INTO OUR
MANAGEMENT
SYSTEMS AND
OPERATIONAL
MINDSET**



PLANET

Teekay Petrojarl is committed to minimize our negative environmental impact in all stages of our operations. We protect the environment by reducing accidental discharges to sea and by optimizing energy performance.

Teekay Petrojarl is part of an industry with significant effects on the natural environment and we recognize our responsibility to minimize our negative effects on the environment. We have taken many initiatives to improve our environmental performance. In 1998, Teekay Petrojarl became the first FPSO operator in the world that certified its offices and vessels according to the ISO 14001 environmental management standard. Today, our commitment to environmental responsibility is well integrated into our management systems and operational mindset, with all of our vessels and offices ISO 14001 certified.



ENVIRONMENTAL IMPACT

Teekay Petrojarl has 25 years of experience operating in harsh and ultra-harsh seas. These areas are often home to a unique biodiversity which are sensitive to change and pollution. Through planning and monitoring our activities and mapping our environmental baselines Teekay Petrojarl seeks to minimize our impacts on the environment we operate in.

All vessels in Teekay Petrojarl have a designated Green Team. The main task of the Green Teams is to improve the environmental performance of their vessel and to be the contact point for the company environment and sustainability advisor.

Teekay Petrojarl experienced only 4 accidental spills to sea in 2014, in total 4 m3 chemicals and 7.4 liter oil. Teekay Petrojarl has introduced a program aimed at detecting, reporting and preventing potential spills to sea in 2015 as a proactive measure to reduce actual spills to sea.

We have also seen a drastic decrease in oil discharge to sea from produced water. This is mainly due to Petrojarl I being off field and increased water injection by Petrojarl Foinaven.

CLIMATE CHANGE

Teekay Petrojarl recognizes the man-made contribution to the increasing effects climate change has on our planet. The oil and gas industry contribute to climate change by supplying the world market with oil, but also by large carbon emissions from the extraction and production of oil and gas.

With a rising global energy demand and an increased focus on efficiency and emission reduction, Teekay Petrojarl must ensure our role in the sustainable energy mix of 2030 and beyond.

This can only be achieved through the monitoring of and minimization of our carbon emissions, and by increasing our energy efficiency.

Flaring is one of our major contributors to the offshore carbon emissions. In order to reduce the amount of flaring, Teekay Petrojarl has installed a cargo blanketing system on Voyageur Spirit and Petrojarl Knarr. This system eliminates flaring during normal operations, and significantly reduces the carbon emissions on those vessels. Teekay Petrojarl is also exploring measures to cut emissions from power generation in order to increase carbon efficiency.

ENERGY

Teekay Petrojarl is required to take action in order to meet the increased focus on carbon emissions and cost reduction in our industry. Ensuring a more energy efficient operation is a key element in meeting these challenges. Increased energy efficiency reduces costs and minimizes carbon emissions from power production.

In an effort to reduce energy consumption on our FPSOs, we launched an energy management training and self-assessment course. The energy management training has been given to all offshore crew and aims to help our people to find ways to run our operations more energy efficiently. In addition, the course will also collect ideas from the crew on how we can reduce energy consumption. The best ideas are collected and then shared in the fleet to ensure that each FPSO benefits from the initiatives.

Teekay Petrojarl also strives to implement the most energy efficient solutions in our new vessels. Petrojarl Knarr, our newest vessel, is fitted with a state-of-the-art waste heat recovery systems and our ambition is to construct all future vessels with the most cost and energy efficient technologies, for the benefit of ourselves, and our clients.

«TEEKAY PETROJARL AIMS TO IMPLEMENT THE MOST ENERGY AND COST EFFICIENT SOLUTIONS ON OUR NEW VESSELS»

ENERGY CONSUMPTION 2014:
6.45
MILLION GJ
EQUIVALENT TO THE ANNUAL ENERGY USE OF
88 493
HOUSEHOLDS

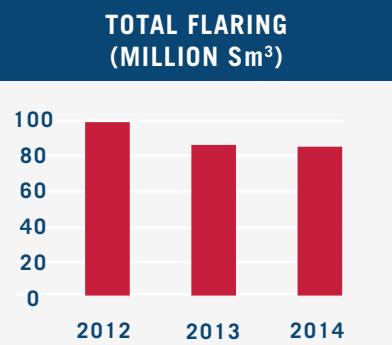
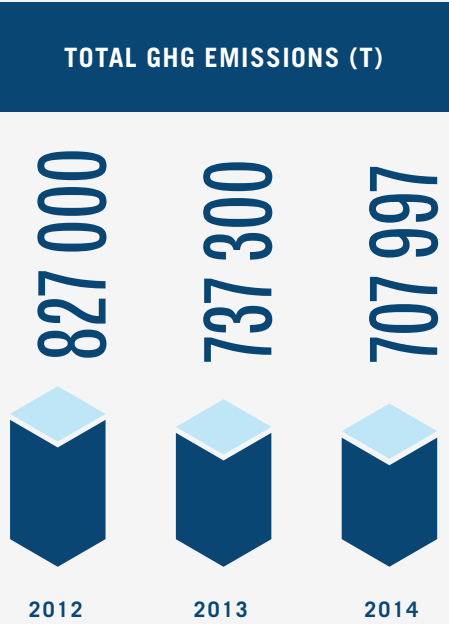
OFFSHORE
GREEN TEAMS

OLE PEDERSEN
LEAD PRODUCTION OPERATOR AND GREEN TEAM MEMBER
PETROJARL VARG
9 YEARS IN TEEKAY PETROJARL

“The Green Team is voluntary and consist of members with an interest in reducing the negative environmental impact of each vessel. On Petrojarl Varg we have managed to keep waste segregation rate close to 100% for several consecutive years. We also do regular inspection of the FPSO to uncover potential sources for spills. On initiative from the Green Team, Petrojarl Varg recently purchased a cardboard compactor which has significantly reduced our waste volume and reduced the number of supply vessel trips.”

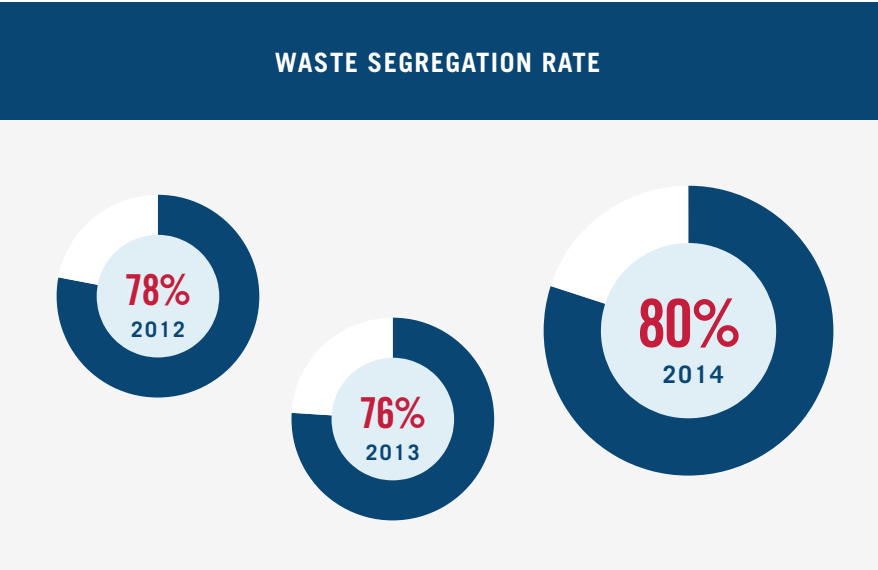
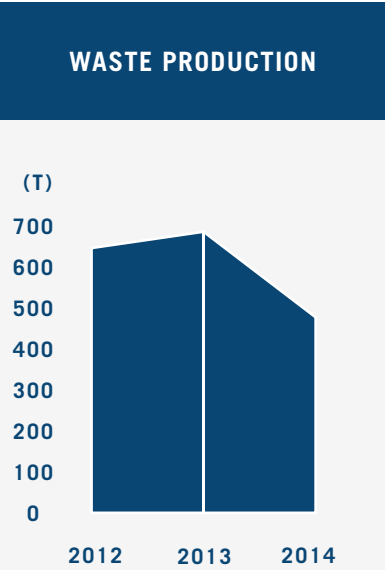
GREENHOUSE GAS EMISSIONS

We have seen a steady decrease in our carbon emissions since 2012. We emitted 707 thousand tons of CO2 equivalents in 2014. This is equal to the annual emission of 150.000 cars. Teekay Petrojarl strives to reduce our CO2 emissions mainly through reduction of flaring and smart energy management. These measures improve our environmental performance and also reduces costs for our clients and us.



IN TOTAL
85 327 904 Sm³
GAS FLARED IN 2014

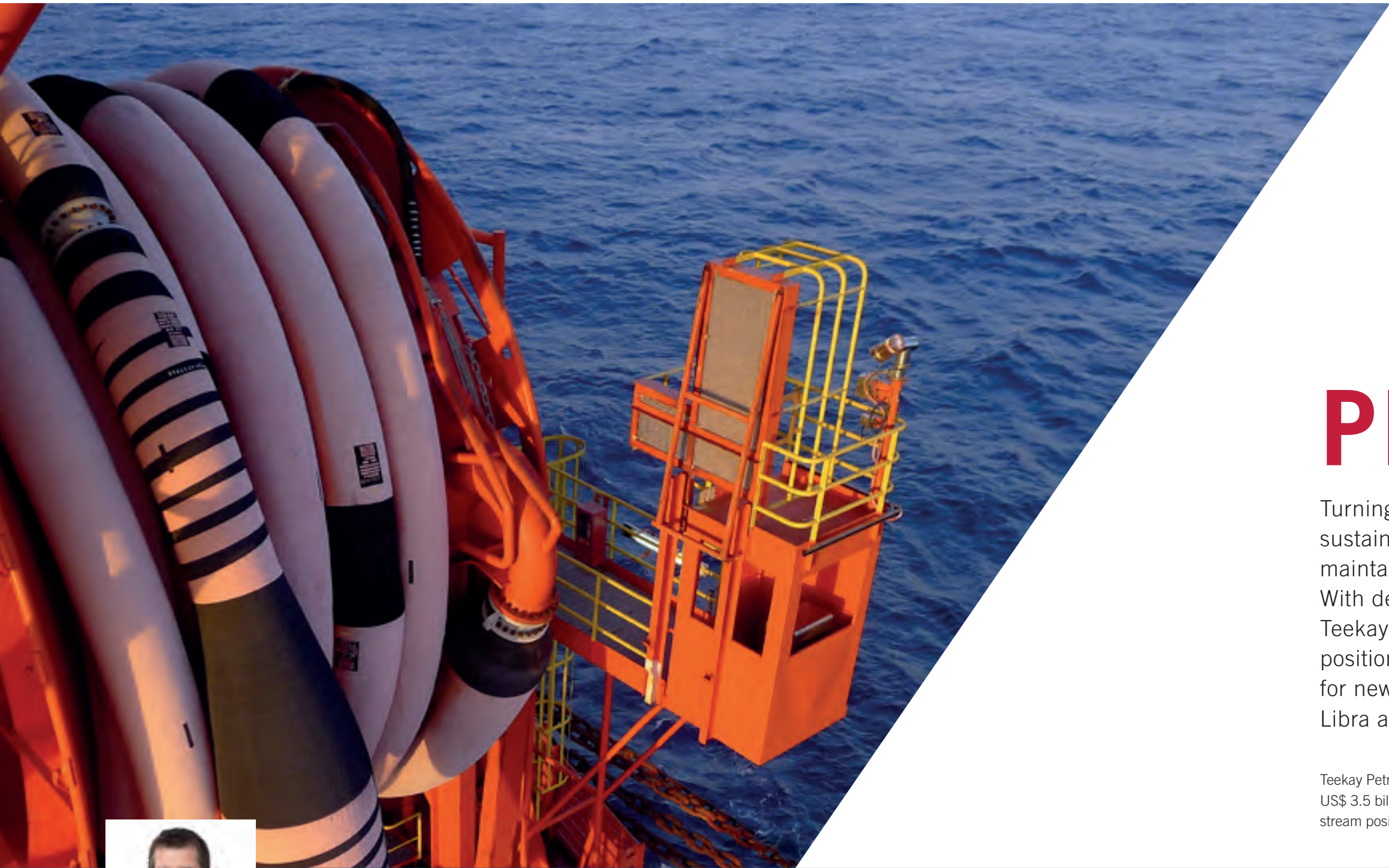
GHG EMISSIONS FROM FLARING:
314 864 T





Petrojarl Knarr arrives at Haugesund, Norway
Foto: John Mikal Torgersen

**A PROFITABLE
BUSINESS IS THE
MOST IMPORTANT
STEP TOWARDS
SUSTAINABILITY**



Clive Packman
Commercial Manager
Commercial and Business Development Department
3 years in Teekay Petrojarl

“In the Commercial and Business Development Department we look for new opportunities to maintain and grow our company, both for relocation of our existing fleet and for building new FPSOs. In addition we provide commercial support to the existing operations to ensure solid finances for each FPSO. Since we promote the performance of our entire company, it is vital that we live up to the highest performance standards to ensure future jobs for our colleagues, return on capital for our investors and at the same time maintain integrity in our society.”

Foto: Morten Mehli

PROFIT

Turning profit is the most important step towards sustainability, which is why Teekay Petrojarl maintains a strong focus on value creation. With declining oil prices and tough competition, Teekay Petrojarl has been able to maintain our position in the market and acquired contracts for new and existing FPSOs, such as Pioneiro de Libra and Petrojarl I.

Teekay Petrojarl continues to grow and the total value of our assets are close to US\$ 3.5 billion, compared to US\$2.7 in 2012. This in turn affects our revenue stream positively, which has increased compared to the last few years.



TOTAL OIL
PRODUCTION:
22.56
MILLION BARRELS



REVENUES:
614
MILLION \$US



ASSETS VALUE:
3.4
BILLION \$US

PROJECT MANAGEMENT

The focus in all of our projects is the completion of the work on time, within budget and at the high standard and quality expected by our clients. Our project teams recruit people with proven experience within offshore operation, project management, engineering or construction. Our people share the goal of completing FPSOs that can be operated safely, efficiently and at a maximum production uptime. Teekay Petrojarl has more than 30 years of operational experience and actively include offshore crew into the projects is key to construct the best FPSOs, and ensuring that the solutions presented on paper will work as intended when the unit is producing. For the next few years we will focus on the timely delivery of the Pioneiro de Libra FPSO, Atlanta and the many modifications projects on budget and without HSE incidents.

We also work strategically with selected vendors, contractors and shipyards to ensure the long-term success and quality of our projects.

You can read more about our latest new build project, the Petrojarl Knarr FPSO, on page 28.



Foto: Jørgen W. Thorsen

OPERATIONAL EXCELLENCE

Ensuring high regularity of production, excellent HSE results and streamlined cooperation with our customers are the hallmarks of how we do business, and crucial to maintain our standing in the market. It is vital that we secure and maintain the integrity of our assets in order to ensure safe and reliable operation, for people, planet and profit.

Equally, maintaining a high standard of business ethics and anti-corruption is expected throughout the organization. We acknowledge the detrimental effect corruption has on corporations and societies. Our business decisions and actions must be ethical and in full compliance with international and local legal requirements. The Standard of Business Conduct (SBC) reflects our continued commitment to ethical business practices and regulatory compliance. Acknowledgement of the SBC policy is required annually from all directors and up and for all new employees.

In addition, all Teekay Petrojarl employees can submit confidential concerns regarding accounting, fraud or financial auditing matters through the Business Conduct Reporting Tool, or by contacting an external operated toll-free hotline.



SUPPLY CHAIN

Teekay Petrojarl has a large number of suppliers of everything ranging from chemicals, to catering services to mechanical spare parts. Our suppliers are located all around the world, which in turn supply our operations and projects worldwide. These facts leave little doubt that Teekay Petrojarl can have large social and environmental impacts through our supply chain. In 2014 we purchased from more than 4800 suppliers for a total of 650 million US Dollars.

Of these, purchases from Norwegian suppliers accounted for approximately 194 MNOK (68% local content), UK for over 436 MNOK (62% local content) and Brazil for 21 (58% local content)

Our Purchase and Procurement Department in Trondheim is responsible for the management of all purchases in Teekay Petrojarl, including those performed by procurement staff on our operations and project. The Procurement Department ensures that all purchases are done according to procedure, and that they are aligned with our ethical conduct principles.



COMMERCIAL AND BUSINESS DEVELOPMENT

The Commercial and Business Development plays a key role in the establishment of our corporate business strategy. The goal is to ensure sustainable growth of our operation by either acquiring new projects or securing new contracts for already existing units.

Teekay Petrojarl is involved in all activities related to new projects and relocations, from tenders, FEED work, contract negotiations and cooperation with clients and shipyards. In 2015 our ambition is to further grow the business to meet our 2020 vision.



A view of the Varg A well-head platform on the Varg field accompanied by the Maersk Giant drilling-rig.
Foto: Alf H. Hansen

PETROJARL KNARR FPSO

On July 11, 2014, after 3 years of construction, Petrojarl Knarr could finally set course for the North Sea. Knarr arrived in Norway only 66 days later and was safely moored offshore after a short stay in the Aibel Shipyard in Haugesund.

The FPSO is a state-of-the-art production vessel, specifically designed for the harsh weather in the North Sea. The main focus has been to design and build a safe and efficient FPSO, with the best solutions for the people on board, production regularity and the environment. Petrojarl Knarr operates for BG Norge on the Knarr field, 144km west of Florø. The field has inplace reserves estimated to 171 million barrels of oil with a 6-year production contract between BG Norge and Teekay Petrojarl.

A key success factor for the Petrojarl Knarr project was the integration of a mixed project team. The team had members with long operational experience from the North Sea, as well as members with proven experience with management, engineering and construction. This allowed us to build an FPSO based on practical

experience from our offshore crew with solutions which are not only theoretically sound, but also provides the most reliable, safe and efficient operation in the field.

The FPSO is turret moored, and the turret and swivel system is based on long proven Teekay Petrojarl technology which has been further developed by our partner, OneSubsea. Teekay has also implemented an energy efficient waste heat recovery system, minimizing power demand for heating purposes and produced water injection, eliminating discharge to sea during normal operations. These measures improve our environmental performance and reduce fuel consumption and related cost.

We are proud of our new FPSO, and we are looking forward to a long and successful operation in the years to come.

PETROJARL KNARR FPSO


- Measurements: 256 meters long, 48 meters wide
- No. of single cabins: 100
- Production: 63.000 bbls/day
- Storage: 800.000 barrels
- Gas handling: 47 mmdcfd
- Life expectancy: 20+ years
- Turret moored

COMPLETE KEY FIGURES


	2012	2013	2014
People			
<i>Health and safety</i>			
Total recordable injury frequency ¹	4.58	2.4	5.07
Lost time injuries	4	0	4
High potential incident frequency ²	1.72	2.40	2.25
Sick leave (%)	3.01	5.44	4.27
Fatalities	0	0	0
HSE ideas registered	2024	1095	2800
Synergi reports ³	10.756	7187	8842
<i>Human Resources</i> ⁴			
Union membership (per cent of workforce) ⁵	60	61	61
Proportion of female employees (%)	11.9	12.42	13.06
Turnover rate % (onshore / offshore)	5.1/3.96	7.8/9	2.6/4.18
Employee satisfaction % (onshore / offshore) ⁶	90/83	88/78	88/78
Planet			
Total GHG (Green House Gases) emissions (CO2 equivalents, thousand tons)	827	737	708
Flaring (MSm ³)	99.0	86.3	85.3
Accidental discharges (number of)	2	1	3
Oil discharged with produced water (tons)	38.3	32.5	17
Total amount of waste produced from Teekay Petrojarl FPSOs and tankers (tons)	650	692	480
Waste segregation (%)	69.7	53.11	72
Profit			
<i>Production</i>			
Combined oil production (million barrels)	22.00	20.67	21.56
Production utilization factor, PUF (volume % of oil production against production target)	95.4	>94.5	>94.5
Finance (numbers in thousand US dollars) ⁸			
<i>Revenues</i>	581.215	567,620	614.463
Income (loss) from vessel operations	46,411	(1,918)	31.022
Total assets of operating segments at year end	2.723.890	2.836.998	3.442.109

1: Lost time injuries plus medical treatment injuries per million man-hours worked
2: Reported high potential incidents per million man-hours worked
3: HSE ideas = all health, safety, environment and security ideas, including performance improvement ideas and positive observation reports
4: Synergi reports = total number of cases registered in our HSEQ reporting tool Synergi, including incidents, audits, meetings, reviews, ideas, non-conformities, reports of positive events etc.
5: Exact numbers not available. Estimate only
6: From Employee Survey.
7: Authority-reported oil and chemical spills
8: For further details see the segment reporting part of the financial statements from Teekay Corporation. These can be found on www.teekay.com.


ACTIONS AND RESULTS



TARGET ACHIEVED
AND PLANNED 2014
ACTIONS COMPLETE.



TARGET NOT ACHIEVED OR
PLANNED ACTIONS NOT
COMPLETE.



TARGET NOT ACHIEVED
AND PLANNED ACTIONS
NOT COMPLETE.









AREA	Planned Actions or Targets 2014	Results 2014		Planned Actions 2015
Climate and environment	Embed energy management in Teekay Petrojarl fleet	Energy management introduced into management review and masters review		Reduce potential spills to sea by focusing on preventive measures and proactive reporting
Discharges to sea	Maintain frequency of spills to <5.0	Spill frequency below 5.0 in 2014		Maintain frequency of spills below <5.0
Safety	Establish performance standards within Emergency Preparedness	Performance standards for all vessels established and approved.		Share best practices in Teekay Petrojarl fleet to align and verify performance standards
Safety	Total Recordable Injury Frequency(TRIF) rate of <3.5	TRIF rate at 5.07. Target not achieved		Total Recordable Injury Frequency(TRIF) rate of <3.5
Safety	HSE High Potential frequency rate < 3.5	HPFR at 2.25 in 2014		HSE High Potential frequency rate < 3.5
Technical Safety	Functional testing of Safety Critical Equipment and reporting to comply with Performance Standards	Action replaced with planned action for 2015.		Maintain high technical condition and integrity through Risk Based Inspection program
Human Resources	Chosen focus area of Employee Survey: Communication (including leadership and direction and change management)	Target achieved, initiatives to improve communication and change management initiated.		Chosen focus area of Employee Survey: Communication (including leadership and direction and change management)
Health	Reduce the number of work-related musculoskeletal disorders in the Teekay Petrojarl fleet	Awareness campaign and physiotherapist offshore. Follow up training of each crew member		Reduce sick leave with minimum 10% compared to last year

Foto: Alf H. Hansen

BRINGING ENERGY TO THE WORLD WITH TEEKAY SPIRIT



TEEKAY PETROJARL