



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

1.1.3 OVERALL VIEW

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. We share our experience to make it happen. The challenge in producing safe, sustainable and affordable energy is well recognized, particularly by the Company's stakeholders, with whom SBM Offshore works

on areas important to them, called material topics, to address that challenge. These topics are the basis for the Company's objectives and strategy, and are the criteria against which it measures its performance. The table here below shows the connection between these elements, explained in the rest of the Annual Report.

CONNECTIVITY TABLE

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Business Context (section 1.2)	Strategy & Value Creation (section 1.3)		Performance Review & Impact (sections 2.1 & 2.2)		
Material Topics	Key Objectives	Key Strategy Element	Key Outputs	Key Outcomes	SDGs
1. Ethics & Compliance	<ul style="list-style-type: none"> Zero tolerance for bribery, corruption, fraud or any other form of misconduct. 2020 : >92% Trained on the Code of Conduct 	<p>Optimize : Target Excellence in business ownership & control of compliance risks;</p> <p>Transform : Digitilization to manage compliance risks</p>	<ul style="list-style-type: none"> 0 legal & compliance fines 95% Trained on the Code of Conduct (onshore) 	<ul style="list-style-type: none"> No negative impact to our licence to operate Credibility & reputation for trustworthiness 	8
2. Employee Health Safety & Security	<ul style="list-style-type: none"> No Harm, No Defects, No Leaks 2020 : Total Recordable Injuray Frequency Rate (TRIFR) <0.2 2020 : 90% vendor screening on Human Rights for key vendors 	<p>Optimize : HSSE and Process Safety Management approach, human rights governance; Life365; adopting industry best practices and guidance</p>	<ul style="list-style-type: none"> TRIFR : 0.10 100% vendor screening on Human Rights for key vendors 	<ul style="list-style-type: none"> Continuous improvement Respecting human rights Ability to manage during the pandemic 	3, 8
3. Operational Excellence & Quality	<ul style="list-style-type: none"> No Harm, No Defects, No Leaks Uptime at or above 99% Project schedule, cost, quality Certifications 	<p>Optimize : Target Excellence program, Right365 and Process Safety Management approach</p> <p>Transform : Digitalization, Fast4Ward®</p>	<ul style="list-style-type: none"> 99.0% Uptime Project Delivery Renewed ISO certification 1 significant operational fine 	<ul style="list-style-type: none"> Client value Compliance with regulations 	8
4. Retaining & Developing Employees	<ul style="list-style-type: none"> Hire, retain & develop a diverse workforce with a wide range of competencies 2020 : People Development Program 	<p>Optimize : HR learning and development</p>	<ul style="list-style-type: none"> 97% completion performance appraisals 13% employee turnover rate 	<ul style="list-style-type: none"> A diverse, learning & developing workforce able to deliver energy supply related projects and activities 	4, 8
5. Economic Performance	<ul style="list-style-type: none"> Ambition to grow free cash flow 2020 : Directional EBITDA around US\$900 million 	<p>Optimize : Backlog & cash preservation, global response</p> <p>Transform : Fast4Ward®, Digitalization, emissionZERO™</p> <p>Innovate : New Energies projects</p>	<ul style="list-style-type: none"> Underlying EBITDA US \$944 million 	<ul style="list-style-type: none"> Resilient returns in volatile times Long-term viability Investment capability for innovation 	8, 9
6. Emissions	<ul style="list-style-type: none"> emissionZERO™ 2020 : 25% flaring reduction SBM Offshore account 2020 : 0 oil spills 2020 : Air travel emissions target setting 	<p>Optimize : energy efficiency</p> <p>Transform : emissionZERO™</p> <p>Innovate : New Energies & Services development</p>	<ul style="list-style-type: none"> emissionZERO™ program launch 36% flaring reduction¹ 0 oil spills 20% reduction target set on air travel emissions 	<ul style="list-style-type: none"> Emission reduction trend Industry benchmark performance New business Lower climate change risk 	7, 9, 13, 14

1 SBM Offshore Account flaring Excl. Liza Destiny (FPSO)

1 BUSINESS ENVIRONMENT

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7. Digitalization	<ul style="list-style-type: none"> Leveraging data & digital technology to increase lifecycle value 2020 : Digitalization milestones 	Transform : Digital Transformation program	<ul style="list-style-type: none"> 'Integra' ERP kick-off Digital Twin on <i>Prosperity</i> (FPSO) 37% increase of data signals (cumulative) 	<ul style="list-style-type: none"> Business Continuity Improved efficiencies New business opportunities 	8, 9
8. Innovation	<ul style="list-style-type: none"> Time to market in line with 25% of revenue gas/ renewables by 2030 2020 : Technology Readiness Levels (TRL) 	Innovate : technology development, open innovation	<ul style="list-style-type: none"> 34 TRL qualifications, 4 innovations market ready 	<ul style="list-style-type: none"> Contribute to the energy transition Long-term viability 	7, 9, 13, 14
9. Energy Transition	<ul style="list-style-type: none"> 25% of revenue gas & renewables by 2030 2020 : 30% Non-carbon R&D 	Transform : emissionZERO™ Innovate : New Energies & Services development	<ul style="list-style-type: none"> Floating Offshore Wind project committed 52% Non-carbon R&D 	<ul style="list-style-type: none"> Decline of future carbon footprint New business Address climate change 	7, 9, 13
10. Market Positioning	<ul style="list-style-type: none"> 2+ FPSOs per year average between 2019-2030 2020 : Sustainability performance 	Optimize : Target excellence, Business continuity Transform : Fast4Ward®, Digitalization, emissionZERO™ Innovate : New Energies & Services development	<ul style="list-style-type: none"> 1 FPSO under negotiation 5 FPSO Projects under construction 15 assets in the fleet 93rd percentile Dow Jones Sustainability Index 	<ul style="list-style-type: none"> Industry leadership, being a reference for stakeholders with global & local impact 	3, 4, 7, 8, 9, 13, 14

Overall Impact

2020 has been a challenging year. Executing large scale projects, managing a global fleet in a time of lock downs required the stamina of our employees and stakeholders across the world. The Company has been managing stakeholder interest and subsequent dilemmas such as environmental footprint, risk of injuries and trade-offs with shorter schedules and lower costs, while keeping and improving on quality levels. SBM Offshore's values are key enablers in addressing such dilemmas and increasing our contribution to Sustainable Development Goals.

The Company has been able to balance business as usual with a global response to COVID-19 and its economic impact, at the same time making progress on **safe, sustainable and affordable energy for generations to come**.

SBM Offshore takes pride in being able to leverage our people's capabilities to deal with complexity, develop technologies for the energy transition, deliver projects in time and within budget and operate assets safely and sustainably. In other words: **sharing our experience to make it happen**.