



**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

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

<sup>1</sup> SBM Offshore Account flaring Excl. *Liza Destiny* (FPSO)

# 1 BUSINESS ENVIRONMENT

CONNECTIVITY TABLE

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