



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

Throughout 2020, the impact of COVID-19 has been felt around the world. SBM Offshore's priority has been the health and safety of its staff, contractors and their families, along with ensuring safe operations across all the Company's activities. In order to coordinate our emergency response, the Company swiftly put in place a global task force to monitor the situation, on a daily basis, across all locations worldwide.

As the pandemic evolved, the Company adapted to the new reality. In office locations, most staff worked from home and were updated on a regular basis and given advice to help them achieve a healthy balance between their professional and personal lives.

OVERALL IMPACT

Looking at our performance on the Material Topics explained in section 2.1, the Company feels confident it was able to live up to stakeholder interest. Moreover, SBM Offshore has been able to balance 'business as usual' with a global response to COVID-19 and its economic impact.

For clients in particular, the Company was able to deliver operational excellence and quality and demonstrate economic performance – both in our projects and fleet, which also benefitted our JV partners. SBM Offshore is proud to have achieved a strong health, safety & security performance during the COVID-19 pandemic.

For employees, it has been a challenging year where the Company needed to manage an increased work load and a need to raise efficiency. SBM Offshore maintained an open communication line to employees during this challenging time, remaining focus on development of people as explained in section 2.1.4.

The Company has been able to finance projects while keeping an open dialogue on ESG performance with key lenders. An enhanced supplier-collaboration approach explained under 2.1.3 is benefiting SBM Offshore's vendors and yards. The integrated approach of the Company leads directly to shareholder value in 2020.

Beyond this, the Company has made significant steps forward in the Energy Transition, its approach to reduce emissions and further contribution to Sustainable Development Goals

In summary, 2020 has been a challenging year for the world, SBM Offshore no exception. COVID-19 posed risks and challenges to the business and made people deal with operational disruptions and wellbeing impacts. On top, the

Company is involved in multiple large scale ocean infrastructure projects with ambitions to succeed in the energy transition, achieving healthy financial returns at the same time. Balancing these various elements in a time of disruption has tested the organization and its stakeholders. In the end the Company has been able to maintain operations and solid performance against targets set at the beginning of the year. Overall, SBM Offshore could be considered as a company with solid market positioning, a robust backlog generating long-term cashflow, strong operational track record and the ability to leverage its experience and capabilities to play an active role in energy transition.

2.1 PERFORMANCE REVIEW

In this section an overview is given of the Company performance on the Material Topics as presented in section 1.2.2, following the order of Optimize, Transform and Innovate as visualized in section 1.3.2.

The execution of this work is delegated to the functions as mentioned in the relevant section 2.1, with the performance management supervised by the Management Board. For further details on Governance, reference is made to chapter 3.

2.1.1 ETHICS & COMPLIANCE

MANAGEMENT APPROACH

SBM Offshore is committed to complying with all applicable laws and regulations. SBM Offshore does not tolerate bribery, corruption, fraud, violations of trade sanctions, anti-money laundering or anti-competition laws, or any other illegal or unethical conduct in any form by anyone working for, or on behalf of, the Company. All employees and those working for, or on behalf of, SBM Offshore must embrace and act in accordance with the core Values of the Company (see section 1.3.1), the Code of Conduct and the Company's internal policies and procedures. SBM Offshore fosters a culture of trust and fairness, where dilemmas are openly addressed, enabling and stimulating employees and business partners to make the right decisions, with commitment to integrity at all levels.

The Group Risk & Compliance Function continues to cooperate with other functions to further embed the principles of responsible business conduct into the organization. For further details on the Company's management approach, its purpose and its assessment, reference is made to sections 1.4.1, 3.6 and 3.6.2.

2 PERFORMANCE REVIEW & IMPACT

NOTABLE DEVELOPMENTS AND ACHIEVEMENTS IN 2020

<p>Closure of obligations under the Deferred Prosecution Agreement: The Company has satisfactorily fulfilled all obligations towards the US Department of Justice under the Deferred Prosecution Agreement of November 29, 2017.</p>	<p>Fulfillment of reporting obligations: The Company has satisfactorily fulfilled and will continue to honor its obligations under the agreement with the CGU of July 26, 2018.</p>	<p>Implementation of a remote learning and communications strategy: Deployment of a new virtual training and communication program which follows a risk-based approach.</p>
<p>Group Risk & Compliance Function (GRCF): Following the departure of the Group Risk & Compliance Director (GRCD) in May, the Corporate Legal Director has also assumed the role of Group Compliance Director (GCD). The GRCF has remained at full strength.</p>	<p>Compliance Leadership Program: Annual Compliance Leadership Program (virtual); continuous leadership dialogues with senior management.</p>	<p>Third Party management: Execution of the 2020 third-party monitoring and audit plan; formalization of joint venture payment controls.</p>
<p>Compliance risk assessments: Continuous assessment of compliance risks in countries where SBM Offshore is operational. Dedicated supply chain fraud risk assessment.</p>	<p>Compliance Days: Dedicated compliance engagement with employees, strategic vendors and contractors.</p>	<p>Introduction and revision of policies: Update of policies relating to the Company's Integrity Line, interacting with public officials and third-party audits.</p>
<p>Enhancement of the digital SBM Offshore Compliance Platform: Enhancement of the digital third-party management process; roll out and monitoring of completion of compliance processes.</p>	<p>Further enhancement of the Compliance Microsite: Update of the Compliance Intranet site to cater for the Company's Portuguese-speaking population.</p>	<p>External engagement: SBM Offshore signed the Ethos Institute's 'Empresa Limpa' Pact for Integrity and Against Corruption (Brazil) and became a member of the Business Integrity Forum of Transparency International NL.</p>

2020 PERFORMANCE

How SBM Offshore measures performance

- As part of performance management processes, the Company sets, monitors and reports on compliance KPIs for its Business Pillars, Product Lines and Operations
- Compliance training hours and completion ratios by employee target group
- Employee feedback surveys after each face-to-face and virtual training
- Annual Code of Conduct certification by staff in leadership positions
- Automated continuous monitoring of third-parties within the SBM Offshore Compliance Platform
- Use of a Company-wide tool to approve, register and monitor giving and receiving of gifts, hospitality and entertainment
- Registration, review and monitoring of integrity reports through a Company-wide Compliance Case Management System
- Integrated quarterly Group Risk and Compliance reports to the Management Board and the Audit and Finance Committee of the Supervisory Board

Metrics

The number of Ethics and Compliance training courses completed by direct hires in 2020 is substantially higher than in 2019 (7,380 training courses in 2020 versus 4,877 in 2019). The Company has increased training effectiveness by targeting specific audiences with relevant Code of Conduct topics, instead of offering generic Code of Conduct training. For example, dedicated training courses were offered to (i) the Supply Chain Function on third-party

management and (ii) financial gatekeepers on fraud identification.

Annual Compliance Statements of designated staff	Designated Staff ¹
Number of employees in Designated Staff per year-end	1,083
Onshore Completion ratio	98%
Offshore Completion ratio	76%

¹ Designated Staff reflects all employees in Hay grade 11 or above

Trained on the Code of Conduct ¹	Designated Staff ²
Number of employees in Designated Staff per year-end	3,671
Onshore Completion ratio	95%
Offshore Completion ratio	80%

¹ Trained by face-to-face training in 2020 and/or by having completed mandatory Code of Conduct e-Learning/Anti-Bribery and Corruption e-Learning

² Designated Staff reflects all Onshore Staff and Offshore Leadership

Overall number of Compliance Trainings conducted in 2020 worldwide	Trainings	Training hours
Face-to-face trainings ¹	1,812	2,749
e-Learnings ²	5,568	4,113
Total	7,380	6,862

¹ An employee can have attended multiple face-to-face trainings

² An employee can have completed multiple Compliance e-Learning courses

Face-to-face training categories	Trainings	Training hours
Compliance Leadership Program ¹	147	239
Annual Code of Conduct training	263	395
Targeted Compliance topic training ²	1,367	1,975
Training of third parties ³	35	140
Total	1,812	2,749

1 Continuation of the existing program. Now extended to newly hired and next level senior management

2 Training on relevant Compliance topics for risk based target audiences

3 Mainly strategic vendors, contracted yards and manpower agencies

Integrity related reports	Total
Reports received under the Company's Integrity Reporting Policy	58

The Company is promoting a Speak Up Culture and has seen a slight increase in the number of Reports from 2019 (53). The nature of the Reports over 2020 was predominantly workplace and supply chain related.

No confirmed instances of corruption occurred during 2020. No significant legal and compliance fines of a criminal nature had to be paid in 2020.

FUTURE

The objectives for 2021 are to continuously strengthen compliance management and control, focusing on the importance of the right behavior and enhancing efficiencies in the management process through increased digitalization and continuous improvement of data analysis. The Company will continue to embed Compliance into the business by :

- Promoting a speak-up culture and responsible business conduct in all its business operations through risk-based targeted training and communications
- Enhancing controls and compliance processes through further development of digital tooling
- Increasing monitoring and reporting capabilities by progressing to data-driven compliance

Furthermore for 2021, the Company will expand the scope of its target from training to all mandatory compliance tasks distributed via the internal Compliance Platform. The 2021 target for the expanded scope is set at 95%.

2.1.2 EMPLOYEE HEALTH SAFETY AND SECURITY

MANAGEMENT APPROACH

SBM Offshore is committed to safeguarding the Health, Safety and Security (HSS) of its employees, subcontractors and assets, as well as to minimizing the impact of the Company's activities on local ecosystems and proactively protecting the environment. SBM Offshore applies controls and safeguards based on a lifecycle hazard management process and an integrated management system, the Global Enterprise Management System (GEMS), underpinned by the Company's Health, Safety, Security & Environment (HSSE) culture development program. In line with the Company's HSSE, Human Rights and Process Safety Policy statement endorsed by the Management Board, SBM Offshore defines its HSSE requirements relative to its hazard exposure in compliance with applicable legal requirements and ISO standards, as well as international oil and gas practices¹.

SBM Offshore continues the journey to Target Excellence (see section 2.1.3), with the objectives of No Harm, No Defects, No Leaks coordinated by the Group HSSE & Operational Excellence Director. For the No Harm goal, SBM Offshore sets the expectations for all employees and the companies to whom SBM Offshore outsources, to intervene on unsafe acts, unsafe situations and non-compliance with Life Saving Rules, to stop the work if they feel anything is unsafe and to report on interventions and any incidents. The Life365 program, as an integral part of the Target Excellence journey, frames the development of the HSSE leadership and culture development in the Company.

SBM Offshore :

- Follows the guidance of ISO17776 for hazard management.
- Follows the best practices outlined in Center for Chemical Process Safety (CCPS) and Energy Institute (EI) guidance documents.
- Investigates incidents and identifies the immediate and root causes to prevent re-occurrence.
- Values pro-active consultation and open communication with employees, encouraging participation in HSSE-related initiatives, campaigns and Life Day.
- Implements a health-control framework, which includes a fitness-to-work process, medical check-ups, health surveillance, and medical emergency arrangements.
- Provides HSSE training covering the full range of Company activities.

¹ International Association of Oil and Gas Producers – IOGP, Center for Chemical Process Safety – CCPS, Energy Institute – EI

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2020 PERFORMANCE

SBM Offshore assesses Company HSSE performance through a set of indicators. The following table provides the **targets** set for 2020 and the performance achieved :

Indicator	Target	Performance	Details
Total Recordable Injury Frequency Rate (TRIFR)	<0.20	0.10	Section 4.10.1
High-consequence work-related injury Frequency Rate	na	0	Section 4.10.1
Tier 1 PSE	<1	3 ¹	Section 4.10.1
Tier 2 PSE	<3	4 ²	Section 4.10.1
Occupational Illness Frequency Rate (OIFR) ³	na	0.03	Section 4.10.1
Security incidents ⁴	na	9	na

¹ E.g. relating to marine systems releases with no impact to HSSE

² E.g. relating to gas compressors leading to flare emissions (see section 2.1.6).

³ For employees

⁴ None of these security incidents resulted in any actual injury or physical harm to SBM Offshore personnel

The Company continued to expand the HSSE initiatives in 2020, among other things, as follows :

- Progressed significantly in developing Hazards and Effects Management Process (HEMP).
- Developed standard barrier model to pilot the SBM Offshore live barrier project in 2021.
- Managed COVID-19 response worldwide, demonstrating adequacy of controls and resources to manage a pandemic.
- Engaged at project management level and at offshore unit level to strengthen the ownership of a safety culture among leaders and supervisors.

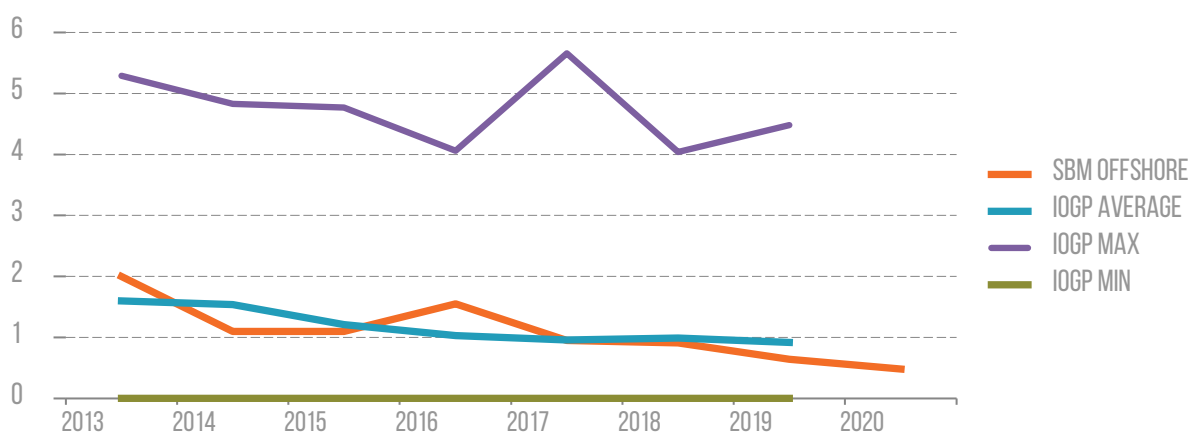
- Appointed country security specialists in all countries which rate as 'Medium risk'².
- Deployed the Company-wide Life Day and engagements with employees via multi-disciplinary monthly campaigns.

The following graph shows that SBM Offshore's Total Recordable Injury Frequency Rate has remained around the International Association of Oil and Gas Producers (IOGP) average since 2013³.

² According to internationally recognized intelligence parties

³ For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum)

TOTAL RECORDABLE INJURY FREQUENCY RATE (normalized per 1 million exposure hours)



FUTURE

SBM Offshore has defined the following 2021 targets :

- To achieve a TRIFR better than 0.18
- To have fewer than 3 Tier 1&2 PSE

SBM Offshore has planned the following key initiatives for 2021 :

- Further develop the company culture & leadership by embedding behavioral practices and human factors in

particular, revisiting notably our safety leadership skills program and deploying it.

- Further implement our HEMP into operate and execute scopes, including standardization as part of Fast4Ward®.
- Standardize safe working practices and improve assurance on their implementation.
- Maintain security controls on our activities, and preparation of new country entry.
- Increase health and welfare awareness and health-related program on specific topics.
- Maintain compliance with certification requirements on shorebases and offshore units, and a transition to ISO45001.

2.1.2.1 HUMAN RIGHTS

MANAGEMENT APPROACH

SBM Offshore's health and safety pledge to our employees and for the business extends to our respect for human rights. SBM Offshore's HSSE policy was updated to include a commitment to respect internationally recognized human rights wherever we operate in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), which sets out how companies should prevent, address and remedy human rights impacts, into business processes.

SBM Offshore has developed a long-term target aligned with SDG 8 : Decent Work and Economic Growth, to fully embed human rights and social performance within the Company to achieve no harm. This long-term ambitious target helps direct the Company's human rights program in the short-term and enabled the Company to set the short-term targets of improving our due diligence by increasing our human rights screening of our vendors and yards in 2021.

SBM Offshore's performance on human rights is monitored by the Human Rights Steering Committee. The Steering Committee is comprised of Management Board and Executive Committee members ensures that the right level of attention, engagement and access to remedy.

2020 PERFORMANCE

The Steering Committee met 7 times in 2020 and covered issues from engagement on worker welfare in China, treatment of migrant workers, to approval of SBM Offshore Human Rights Standards. Following items have been achieved :

- SBM Offshore Human Rights Standards – SBM Offshore's approach was further defined this year with the publication of the standards (available on our website). The standards are SBM Offshore's commitment regarding the Company's salient human right issues, which include treating people with dignity, no modern slavery or child labour, working and living conditions to be safe, healthy, clean and habitable, living wage, fair

and reasonable working hours among others. The Company is cascading these principles through our business, and this year updated its supplier contractual agreements to include reference to the standards as part of the general terms and conditions.

- *Completed human rights pilot* – SBM Offshore, in collaboration with a client and fabrication yard, participated in a pilot for a new way to identify potential negative impacts on workers' human rights related to supplier conduct. The pilot moved away from traditional audits to worker dialogue-focused reviews. The pilot which completed in 2020 confirmed that the efforts made by the yard had resulted in a decrease of critical issues, such as tighter control of working hours and a strengthened recruitment due diligence process which has improved payment of newly recruited workers. Compared to 2018 SBM Offshore has since adopted this same worker-focused approach with other yards.
- *Risk and Due Diligence* – SBM Offshore has completed several in-depth human rights assessments of its major subcontracting yards focusing on the worker's voice/ experience and in collaboration with the yard developed Human Rights Actions Plans. In 2020, SBM Offshore
 - completed two additional assessments
 - continued to close out Human Rights Action Plans at other fabrication yards
 - performed due diligence on the selection of the yards associated with the decommissioning work
 - enhanced Human Rights screening as part of the Vendor Qualification Processes; 100% of key vendors who underwent additional human rights screening (see also SDG 8 commitment in section 2.2)
 - 99.4% of vendors underwent the Vendor Qualification Process signed SBM Offshore Supply Chain Charters (see section 2.1.3.3)
 - updated its human rights risk assessment dating from 2019, with the findings from our human rights assessments implemented in 2020. SBM Offshore's salient human rights risks were logged in a company-wide tool for continuous risk management and with mitigation and prevention measures being assigned to the identified risks.
- *Integrity Line* – SBM Offshore's Integrity Reporting Policy forms the basis of an effective operational-level grievance mechanism. The 'Integrity Line' provides a procedure and confidential channel available to all employees or third parties who would like to communicate potential concerns regarding human rights or other topics addressed in the Company's Code of Conduct. In 2020, no incidents relating to human rights were reported via our Integrity Line.
- *Building Responsibly* – SBM Offshore is an active member of Building Responsibly, a group of leading engineering and construction companies working together to raise the bar in promoting the rights and

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welfare of workers across the industry. In 2020, as a member of Building Responsibility SBM Offshore contributed to the development of the guidance note 'Respecting Worker Welfare during COVID-19'.

FUTURE

SBM Offshore is on a journey to fully embed human rights and social performance within the Company to achieve no harm. The Company plans increase training and awareness on human rights and to continue due diligence with in our supply chain in 2021 as specified in a target explained in section 2.2.

2.1.3 OPERATIONAL EXCELLENCE AND QUALITY

SBM Offshore recognizes that in order to be a high-performance company, it must strive for excellence. As

explained in previous sections, key activities are the execution of projects, delivery of floating production systems together with vendors and supply chain partners and the operation of these systems to highest standards.

To support this approach, the Company maintains a dedicated Operational Excellence organization at Group level, incorporating resources with diverse expertise in operational, technical and process fields.

Key performance indicators for Operational Excellence & Quality include: uptime of the fleet, delivery of projects, performance of the supply chain, costs of non quality and certifications.



2.1.3.1 OPERATIONAL EXCELLENCE FUNCTION

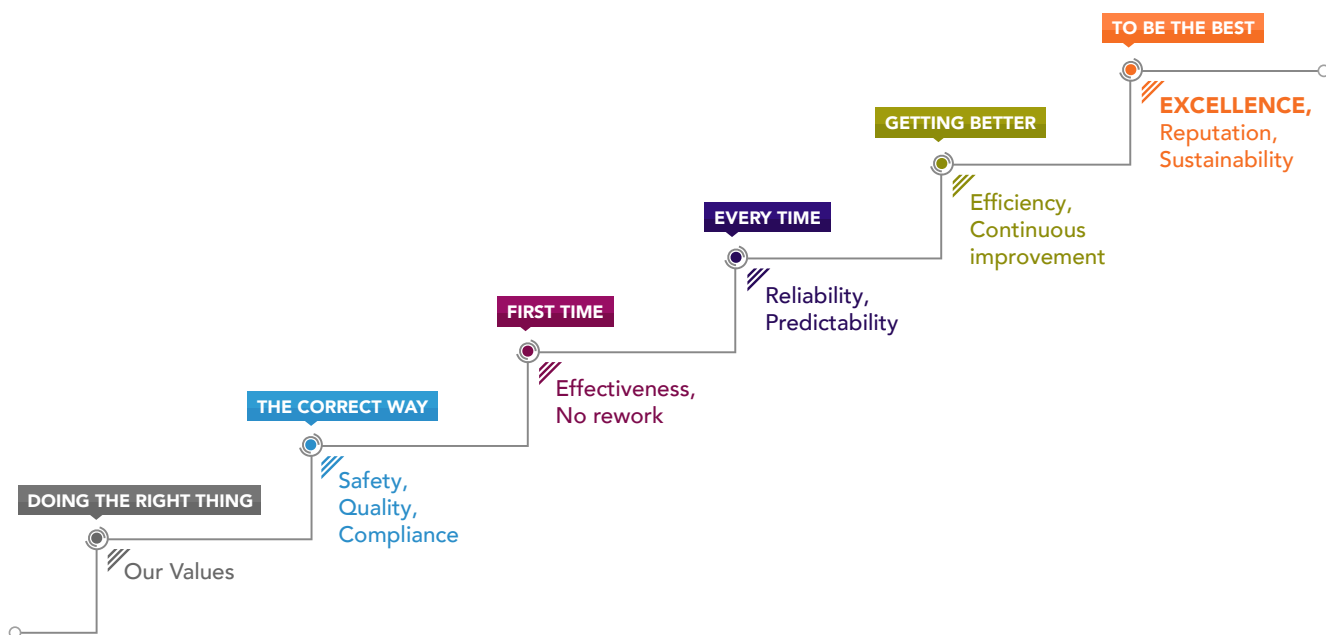
MANAGEMENT APPROACH

The scope of the Company's Operational Excellence Function is to continually oversee core business activities across their lifecycle (from 'Win' to 'Execute' to 'Operate') and drive the Company towards high performance, not only from an economic perspective (covered in section 2.1.5) but also through effective risk management, quality/compliance assurance and continuous improvement.

Among the various aspects of Operational Excellence within SBM Offshore, are the following main themes :

- Leadership and Culture: with the ambition to 'Target Excellence', the complementary Life365 and Right365 programs frame the development of the Company's leadership and culture, focusing on the combined objectives of 'No Harm, No Defects, No Leaks'

- Operational governance: as described in section 3.8
- Process Safety Management and Risk Management : described in sections 2.1.2 and 3.6.1 respectively
- Management Review: building on International Standards such as ISO 9001, SBM Offshore has established a set of internal processes ensuring a regular, structured review of its management and control framework against its latest strategy and actual performance
- Knowledge Management and Continuous Improvement: ensuring that lessons are effectively learned, also building on internal knowledge and experience as well as industry best practices
- New ways of working under Fast4Ward® and Digitalization – explained in sections Fast4Ward® and 2.1.7
- Quality and Regulatory Management described below



Quality & Regulatory Management

SBM Offshore is committed to performing its business in full compliance with all applicable laws and regulations and to delivering products and services meeting all related regulatory requirements, as well as any applicable specifications and requirements imposed by relevant stakeholders.

As part of the Operational Excellence organization, the combined Quality & Regulatory Management function is dedicated to ensuring that such objectives are consistently met in the Company's core business, notably through :

- Promoting a quality and compliance culture
- Maintaining SBM Offshore's certification to the ISO 9001:2015 Standard
- Providing systematic identification of applicable regulatory requirements and ensuring their implementation
- Ensuring that conformity, compliance and acceptance of the Company's products and services are effectively achieved and maintained
- Supporting continuous improvement of business processes and ways of working

Regarding Operational Excellence & Quality overall, the Company is focused on reducing and mitigating risks to its business activities, notably :

- Material risks related to project execution, process safety, human capital and changes in laws and regulations – as mentioned in section 1.4.
- Other operational risks such as loss of integrity of aging assets, loss of certificate of class and disruption to the supply chain.

2020 PERFORMANCE

The Company is proud to note the following key achievements :

- Active promotion of 'Target Excellence' principles through diverse communication campaigns
- Renewal of SBM Offshore's ISO 9001:2015 certification, including scope extension to the Shanghai and Bangalore offices
- Further development of an integrated Product and Regulatory Assurance approach, building notably on SBM Offshore's Quality Rules and a 'Cost of Non-Quality' management approach
- Strengthening of the Right365 program under the banner of 'Target Excellence', with a specific focus on 'Doing the Right Thing, Right First Time' as witnessed during SBM Offshore's first Right365 Day in November 2020
- Upgrade of GEMS, including the optimization of contents and a new user interface
- Furthering of the Fast4Ward® program for standardization and flawless execution during EPCI projects and subsequent Operations
- Lessons Learned Initiatives performed to improve our projects and operations
- Effective use of independent third parties for inspection, verification and assurance services related to Execute and Operate activities

Importantly, all Company offshore facilities were duly accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and kept valid. Offshore facilities have also remained in class at all times as required from both statutory and insurance perspectives. One significant

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operational fine – amounting to approximately US\$950k – was paid by an affiliated company related to technical non-conformities. These were identified during an audit in 2018 performed by the Angolan Ministry of Mineral Resources and Petroleum on the *N'Goma FPSO* in 2018. 50% of that amount is attributable to SBM Offshore. The findings have since been addressed.

FUTURE

For 2021, SBM Offshore will be focusing on the following subjects :

- Process Safety Management objectives as described in section 2.1.2
- Development of a Knowledge Management framework to grow in-house expertise and support continuous improvement
- Alignment of GEMS business processes with the upgraded Enterprise Resource Planning project ('Integra')
- Development and deployment of digital solutions supporting Operational Excellence
- Reduction of Cost-of-Non-Quality through systematic tracking, investigations and pilot initiatives to both prevent and mitigate future occurrences
- Maintenance of an effective regulatory watch and interface with regulators

As a permanent, overarching objective, all Company projects, facilities and sites are to be performed, delivered and maintained in full compliance with all applicable laws, regulations and requirements from relevant stakeholders.

2.1.3.2 PROJECTS

MANAGEMENT APPROACH

SBM Offshore continues to focus on the development of its portfolio of floating solutions to deliver the best projects aligned with customer needs, building on the Company's technology expertise and track record. Through this approach the Company manages performance of the Turnkey part of its business. The success of projects is determined by performance against a budgeted schedule, cost and quality within the HSSE and Target Excellence approaches mentioned in sections 2.1.2 and 2.1.3. KPIs are set accordingly and managed through the Company's Project Directorate and Project Dashboards.

The management strategy remains based on (i) an early engagement with customers; (ii) a strong push for standardization in product design and execution scenarios in order to improve competitiveness, quality and time to market; and (iii) an increasing focus on the energy transition, using SBM Offshore's core competencies to develop solutions in the LNG-to-power and renewable markets. Overall, the oil and gas industry environment is impacted by the duo challenges of the global pandemic

and low oil prices, resulting in projects being put on hold or cancelled. However, the energy transition has accelerated over the last couple of months, bringing new opportunities.

2020 PERFORMANCE

Throughout the year, SBM Offshore met the additional challenge of the COVID-19 pandemic, thriving to ensure business continuity in all projects. The project teams have succeeded in maintaining their focus on project delivery and safe operations, while working together virtually, across time zones, with customers, yards and suppliers with the aim of limiting delivery delays. The projects are now operating in a new environment where readiness and mitigations of the risks of the ongoing pandemic is factored into daily project execution. SBM Offshore is grateful to all the project stakeholders for making this happen.

FPSOs

- *Liza Unity* – the Company's first Fast4Ward® FPSO under construction for ExxonMobil and destined for Guyana – is advancing. The Keppel yard in Singapore re-opened during the second quarter after closing for a while owing to the COVID-19 pandemic. The mooring and riser structures integration was completed and the Fast4Ward® hull was moved from the dry-dock to the integration quayside where the topsides integration phase has started, with the lifting of the first topsides modules. SBM Offshore will deliver the vessel by 2022 and will lease and operate the vessel for two years before handing over to ExxonMobil.
- *Sepetiba* – The construction of the Fast4Ward® MPF hull and topsides has begun in China for this FPSO which Petrobras will lease for 22.5 years, under a contract signed in 2019. Engineering and procurement activities have largely progressed, with the focus now being on the construction phase. This year, SBM Offshore completed a US\$600 million bridge loan for the financing of the construction of the vessel, agreed with a consortium of four international banks. The project is progressing, with a completion planned for the end of 2022.
- *Prosperity* – SBM Offshore started to carry out the Front-End Engineering Design (FEED) phase for ExxonMobil last year, which was the first under the long-term FPSO supply agreement signed with ExxonMobil in 2019. This year, SBM Offshore was awarded a contract to complete engineering activities, procure, construct, install and then lease and operate the vessel for up to two years, after which ownership and operation will transfer to Esso Exploration and Production Guyana Limited (EEPGL), an affiliate of ExxonMobil Corporation. One of SBM Offshore's Fast4Ward® hulls was allocated to this project following the contract award and is now

completed. The project is progressing in line with the client's schedule, with a planned completion in 2024.

- Fast4Ward® MPF hulls – The construction of the fourth and fifth MPF hulls, as part of Fast4Ward® program, has started and is progressing at Chinese shipyards SWS and CMIH respectively, in line with SBM Offshore's execution plan. These two hulls are currently not allocated to projects and are supporting ongoing tendering activity.

As announced by Petrobras in the third quarter 2020, SBM Offshore has entered into negotiations with Petrobras for a charter contract for the FPSO *Almirante Tamandaré*, which will operate in the Buzios field, part of the Santos basin, offshore Brazil. The anticipated production capacity of the unit is 225,000 barrels of oil and 12 million m³ of gas per day.

Turret Mooring Systems

All the modules for the Turret Mooring System for Equinor's *Johan Castberg FPSO* in Singapore were completed and delivered for integration into the hull. The swivel units have also all been completed and are in transit to Norway, where the integration is planned upon the arrival of the hull in 2021.

Renewables

SBM Offshore has progressed on the engineering services for the Provence Grand Large project for EDF Renouvelables, and is now entering into the procurement and construction stage of the three 8.4MW floaters and the mooring systems that are planned to be installed offshore Marseille, France. Leveraging the experience gained from this pilot project will enable SBM Offshore to further fine-tune its technology and execution model and to scale up for future wind farm projects.

Installation

For offshore installation services, SBM Offshore is preparing for the sale of diving support and construction vessel (DSCV) SBM Installer. The Company was the long-term charterer of the vessel under a contract ending in 2026. The Company had 25% equity ownership in the entity owning the vessel, OS Installer Limited (OSI). The vessel operates in a non-core market for the Company. In order to gain the flexibility required to divest the vessel, the Company acquired the remaining 75% equity ownership in OSI.

The Company's strategy is to adapt its products and business model to an environment of shorter oil price cycles and increased volatility. Consequently, the Company reorganized the allocation of activities in its engineering centers in order to become more efficient. These measures will enable the Company to lower its break-even point and allow the Company to scale activities in line with market demand.

FUTURE

The Company will continue to standardize its products in line with the Fast4Ward® program, having recently expanded the principle to include the supply of oil terminals, with the Fast4Ward® Buoy. In addition, SBM Offshore will continue to fine-tune its product offering to offer competitive and industrialized solutions to the floating offshore wind and wave energy market. Development in the LNG-to-power market is also key to contributing to lower carbon intensity, with solutions to switch from coal to gas power generation. These developments contribute to SBM Offshore's Ambition 2030, to have 25% of revenues from gas and renewables by 2030.

2.1.3.3 SUPPLY CHAIN

MANAGEMENT APPROACH

The current business and health environment is driving major changes, with risk resilience and new market standards requiring that the Company has a new supply chain organization. To continue the drive to transform the industry by adopting our Fast4Ward® principles with the highest level of safety, performance and quality, the Supply Chain management is evolving into a strategic globalized product organization reporting into the Company's Global Resources & Services organization. Leveraging our long-term relationships with our key supply chain partners will also contribute to accelerating our time-to-market objective and our performance in the Win phase.

With good execution of projects remaining essential, SBM Offshore supply chain management is continuing its efforts to support projects locally by development of capability hubs, for example in China and India.

The pandemic has demonstrated the value of 'framing global, acting local' and aligning supply chain strategy with the product life cycle. The supply Chain organization contributes to the Company's strategy as described in section 1.3.2.

2020 PERFORMANCE

The development of the supply chain organization has been developed further around five strategic pillars :

Competitiveness improvement

Strategic sourcing is leading supplier-collaboration initiatives, introducing a clearer governance structure for the overall supplier-collaboration program. Through this the Company is improving competitiveness, by encouraging full participation and ensuring parties pursue long-term win-win opportunities.

Local content strategic approach

The globalization of supply chain core competencies, across all SBM Offshore pillars, with a clear focus on

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business drivers, increases product ownership. Faster local support to projects has allowed the Company to capture value and gain more flexibility.

Vendor Performance

The vendor qualification work done over recent years has shown that closer relationships between buyers and suppliers create value and help the supply chain become more resilient. The logical next step is a cross-functional engagement to achieve strategic alignment in managing the performance of SBM Offshore vendors. In line with Company commitments to reach its sustainable development aspirations, the supply chain organization has developed a full human rights assessment as part of the vendor qualification program, thus improving social impact.

Time-to-market improvement

Supply chain is now responsible for the full procurement strategy across SBM Offshore's Win, Execute and Operate phases, allowing the Company to optimize the process, engage early and, as a result, reduce schedules.

Digital supply-chain transformation

Group Supply Chain is one of the main stakeholders involved in the design and implementation of SBM Offshore's global ERP system, to streamline the flow of

information and processes from project execution to operational activities.

Performance measurements :

- 9 Steering committee meetings organized with strategic vendors
- 1,599 vendors qualified under the revised qualification process since 2017, including more than 120 Chinese vendors
- 99.4% of vendors have signed the Supply Chain Charter
- 90 vendors have had their qualification renewed following satisfactory performance
- 65 vendors have responded to SBM Offshore supply chain organization's new human rights assessment (more detail in section 2.1.2)

FUTURE

Next year, Group Supply Chain will maintain recruitment efforts to support company development in all locations, with a key focus on strengthening our vendor performance management processes and tools to ensure seamless delivery at the framing stage of Operations activities. Group Supply Chain will ensure that the strategy defined at Win phase is properly implemented during the Execution phase.

SUPPLY CHAIN ORGANIZATION PRINCIPLES



Products Strategy

Developing the strategic sourcing approach, to provide complete solutions, plays an integral role in SBM Offshore supply chain while strengthening our Fast4Ward® principles.



Full Integration

Supply chain Operations are now fully integrated within SBM Offshore group supply chain, allowing for the alignment of SBM Offshore supply chain strategy with the product life cycle.



Quality First

The new environment requires not only high quality but also quality leadership. SBM Offshore supply chain management is setting new standards, injecting further quality into the core value proposition.



Regional Support

SBM Offshore supply chain is continuing efforts to support projects locally, by integrating multiple locations into a network of capability hubs. The China office have pioneering this strategy and the India office follows suit.



Vendor Performance

The in depth exercise performed on vendor qualification has allowed risks to be minimized and reliability to be increased. SBM Offshore is now taking supplier collaboration to the next level, through closer relationships and more detailed management of performance.



Talent Mobility

To support high quality project delivery SBM Offshore has increased resource flexibility, allowing top supply-chain talent to be managed and to ensure proper rotation of talent between the projects.

2.1.3.4 FLEET

MANAGEMENT APPROACH

The Fleet adheres to and applies the management approach of the wider SBM Offshore organization. Key to this are policies, commitments and mechanisms mentioned under sections 2.1.2 and 2.1.3. In addition, our Fleet also focuses on :

- Supporting SBM Offshore's Target Excellence program: the Fleet runs an 'Excellent Days' program which measures and rewards safe operational performance by offshore units and crew.
- Uptime: a key indicator for SBM Offshore measures the percentage of time the unit is available to produce. The Company aims to maintain its industry-leading levels of uptime, at or above 99%.
- Local content and knowledge transfer targets in our countries of operations: which are accompanied by social development initiatives, as mentioned in section 2.2.
- Development of a companywide Responsible Recycling Policy : for the sustainable end-of-life disposal of offshore units, applying the principles of the EU Ship Recycling Regulation 1257/2013 or equivalent.

SBM Offshore's assets are key value drivers for the Company and generate predictable and sustainable revenue and operating cash-flow for SBM Offshore through long-term Lease and Operate contracts. The expertise and experience of more than 2,650 offshore crew and onshore staff supporting the fleet ensures value creation through the safe, reliable and efficient operation of the Company's offshore fleet.

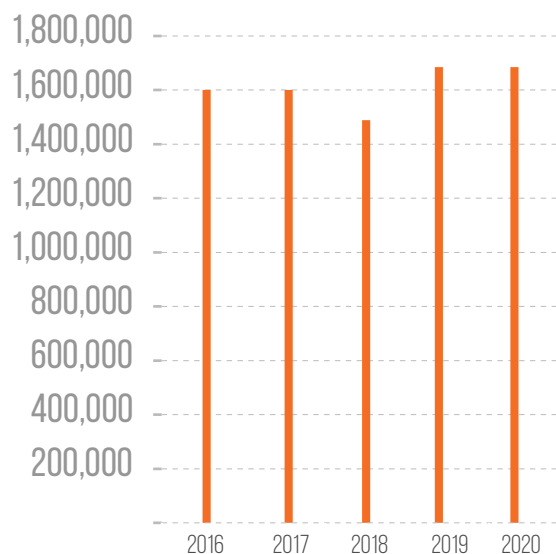
At the end of 2020, SBM Offshore was responsible for operating 15 units in the fleet across the globe, consisting of :

- 14 FPSOs
- 1 Semi-submersible unit

With the following historic performance :

- 6.3 billion barrels of production cumulated to date
- 9,246 oil offloads cumulated to date
- Almost 350 cumulative contract years of operational experience

FLEET OIL PRODUCTION CAPACITY (bopd)



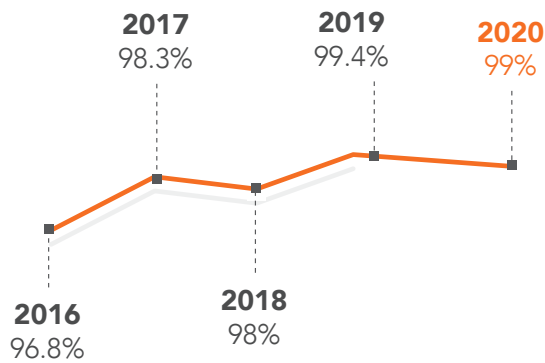
2020 PERFORMANCE

2020 represented a testing, yet ultimately successful, year for the Company's operations, with the challenges of the global COVID-19 pandemic impacting the operational focus particularly in the first part of the year, moving to a new managed normality and protocols in the second part. Strong strategic emergency response management of the pandemic and its impact on crew health and safety, logistics and travel ensured business continuity and good performance in offshore operations. Despite the pandemic, strong results were achieved in terms of occupational and process safety, while maintaining strong production uptime of 99%. There was slightly less vessel availability compared to 2019 essentially due to the ongoing commissioning of operations on *Liza Destiny* (FPSO), and the extension of a planned shutdown of *FPSO Capixaba*, at the client's request. The remainder of the Fleet turned in extremely high underlying production uptime of 99.4%.

In 2020, the following change occurred in the fleet operated by SBM Offshore: MOPU *Deep Panuke* PFC was safely disconnected and taken to shore in Nova Scotia, Canada for the recycling phase. This will be carried out in a local yard during 2021, and in full adherence to SBM Offshore's Responsible Recycling Policy.

2 PERFORMANCE REVIEW & IMPACT

FLEET UPTIME DATA FOR PERIOD 2016 – 2020



Despite 2020's pandemic challenges, various initiatives were undertaken and even accelerated this year to enhance operational safety, quality and efficiency through :

- Training and Competency focus on projecting and resourcing growth, supported by a mature Talent program and Personal and Leadership Development programs
- Health and Wellbeing, and Fatigue Management programs mitigating pandemic impact on offshore teams
- Improved planning capability and tools for greater efficiency in daily offshore operations and project execution
- Organizational development to enhance integrated regional support, Fleet Support services and Data Management
- Deployment of digital solutions and applications for enhanced offshore operations, asset monitoring and predictive capability
- Development of Guyana offshore operations and in-country infrastructure, with increased local footprint, growing human resources, positive social initiatives, and local content for strong operational performance

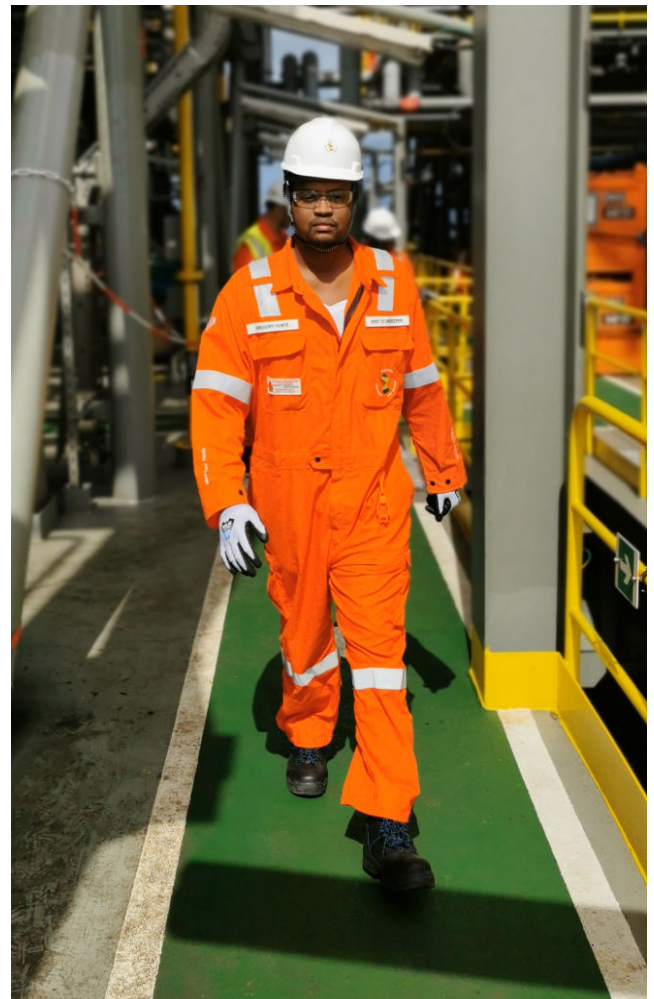
Within Asset Integrity, SBM Offshore's approach is to target asset preservation with optimal lifecycle costing. In 2020, progress was made on :

- Expansion of the digital environment, data connection and management under the control of global operations monitoring centers and the deployment of predictive maintenance applications for equipment and asset optimization (see section 2.1.7)
- Safety and Process Safety Management enhancements
- Deployment of technological solutions, such as digital imagery for remote work preparation and inspections, offshore mobility devices, drones, virtual reality, and equipment integrity (Ex.) program for ignition risk management.

FUTURE

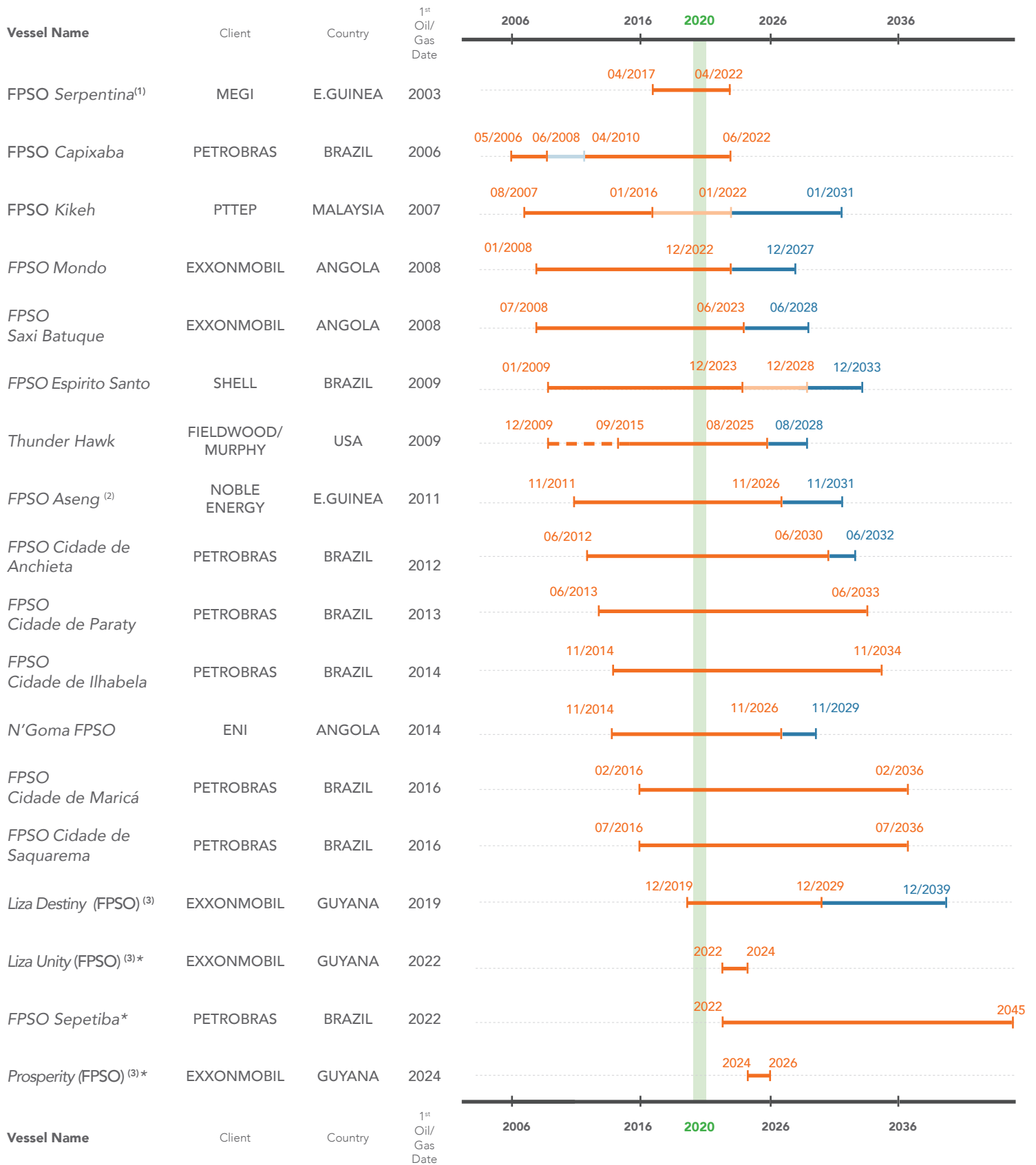
As a forward-looking operator, SBM Offshore leverages its unrivalled experience and industry-leading digital and technological solutions alongside our core values and approach to responsible business, to deliver sustainable, ethical operations with the highest standards of safety, reliability and efficiency. Under 'Smart Operations' in the Company's Digital Transformation, quality data, digital analytics and technology are accelerating the development and deployment of digital tools and initiatives across our fleet, providing internal value creation and optimized client service offerings.

In Guyana, SBM Offshore continues its operational ramp up, both offshore and onshore, in anticipation of *Liza Unity* (FPSO) arriving in 2021. SBM Offshore continues to expand and embed its presence in-country through the opening of new operational headquarters and investment in initiatives focusing on local content and knowledge transfer.



OPERATIONS FLEET

■ Initial Lease Period
 ■ Contractual Extension Option
 ■ Confirmed Extension
 ■ Conversion



(1) FPSO *Serpentina* is owned by the client and is operated by Gepsing – a subsidiary between SBM Offshore (60%) and GEPetrol (40%)

(2) Client change yet to be confirmed as Chevron/Noble Energy transitioning as part of takeover.

(3) Lease and Operate durations under discussion with the client

* Under construction.

2 PERFORMANCE REVIEW & IMPACT

2.1.4 RETAINING AND DEVELOPING EMPLOYEES

MANAGEMENT APPROACH

A key factor for continued success is the ability to hire, integrate and retain staff with a wide range of skills. The annual People Review Process provides visibility on the development potential of employees across the organization to fulfill future needs.

Human Resource Management is addressed mainly through the Global Resources and Services unit and the Group Human Resources department. Resource Capacity Planning and the People Development Cycle are key tools to ensure the Company has the right talent at the right place in the right time. The Company focuses its efforts on the continuous improvement of the HR system (LUCY), its Talent Management approach and, in 2020, the response to the COVID-19 pandemic. KPIs are set to target excellence – for example the completion of the Performance Management Cycle – across the HR department.

2020 PERFORMANCE

The Company is proud to report that despite the pandemic, it continued its operations in a safe manner and delivered projects and services as per client expectations. This is, by and large, due to the efforts made by our employees worldwide.

COVID-19 Response: Putting People First

Our global response included several measures to cope with this unpredictable crisis, including working from home, and introducing hygienic measures such as face masks, constant office sanitization, installing separation screens, free COVID-19 tests for employees, and equipping staff with the right tools and organization to perform at their best. Through these actions, SBM Offshore mitigated risk mentioned under Human Capital in section 1.4.2.

Teleworking – At project office locations, the Company ensured a seamless transition to working from home, by providing employees with IT equipment, secured internet connections, and digital solutions for improved collaborations and communication.

Engagement Surveys – The first groupwide survey using our employee experience software, Qualtrics, was one of the organization's responses to the COVID-19 pandemic. Office-based employees expressed satisfaction with working-from-home with positive impacts on their wellbeing, resulting in a corporate initiative to evaluate increasing flexitime in a post-pandemic climate. Offshore personnel aided in tailoring dedicated plans to ensure safe, continued operations. Line managers indicated that they did not perceive a downturn in team productivity.

Safe Mobilization of Offshore Personnel – During 2020, the main challenge was to guarantee safe and timely crew changes without disruption to operational activity or risk of exposure to the virus. By identifying and addressing COVID-19 cases early on, taking appropriate measures, the Company worked on getting a COVID-free FPSO environment for employees, avoiding a critical spread of the virus. In light of quarantine requirements, new rotation schemes were introduced to minimize travel and optimize time off. A total of six charters were organized from April to September in order to mobilize and repatriate crew members. Training activities were revised, favoring e-learning.

Retaining & Developing Employees

Transformation & Restructuring – Prompted by the pandemic and in-line with our increased focus on the Energy Transition, SBM Offshore streamlined its operating model. This was achieved by developing centers in Bangalore, China and Singapore and increasing efficiency in other locations, increasing standardization and making the organization more agile. In 2020, turnover at SBM Offshore was 13%, further explained in section 4.10.3.

Talent Development – At Group level, SBM Offshore established Development Centers to complement the People Review process, and ensure succession planning and leadership development. 33 Development Centers were organized for senior managers, which included Hogan Assessments for preferred leadership traits. In Brazil a Reward Retention campaign was launched, assessing 32 onshore and 140 offshore employees on factors such as promotions, retention packages and organizational equity. On Performance Management specifically, in 2020 SBM Offshore reviewed 97% of employees (4.10.3 and 4.10.4)

OUR PEOPLE KEY FIGURES



OFFSHORE

ENERGY. COMMITTED.



3,644
EMPLOYEES



1,883
EMPLOYEES

4,574 DIRECT
HIRES



15 LOCATIONS



13% NEW HIRES
IN 2020

72 NATIONALITIES



29,751
TOTAL TRAINING HOURS*



69,774
TOTAL TRAINING HOURS*

*Training hours cover direct hires only

2 PERFORMANCE REVIEW & IMPACT

Diversity & Inclusion (D&I)

SBM Offshore aspires to being recognized for its organizational diversity and inclusive culture. The Company provides equal opportunity employment and does not tolerate discrimination. Recruiting, hiring, employing and promoting individuals is based solely on qualifications and professional skills, reflecting the Company's view that diversity is an integral part of creating value. A dedicated interdisciplinary taskforce analyzed the current D&I activities of the Group and compared them to best practices in other companies. SBM Offshore will introduce a corporate program which will include training on unconscious bias for all managers in 2021, while continuing to support local initiatives. As the Company extends its action on D&I, this Annual Report includes the Gender Pay Gap indicator reporting at 0.96, which means that the salary for female workers on average is at 96% of male workers. The global distribution in the workforce between male and female workers is 80%/20%. Further detail can be found in sections 4.9.4 and 4.10.3.

Data Quality & People Analytics

OSCAR – The Human Resource Information System for Operations Management was made accessible to all offshore personnel becoming the main source of data for reporting requests during the COVID-19 pandemic. The system is being upgraded to manage offshore pass deployment.

LUCY – The system for Company employee data has been upgraded to include a Payroll Interface, a re-designed global Compensation process, a Time-Off module and the integration of the Reward Campaign (STI, LTI, Merit Increase, Promotion).

Qualtrics – The deployment of this solution offers a diagnostic, deep dive engagement platform with powerful analytics and intelligent action planning combined with automated employee surveys. It allows SBM Offshore to measure 'moments that matter' in the employee lifecycle (i.e. candidate experience, onboarding, professional development, performance reviews).

FUTURE

Alongside the management of individual development plans, the Company will continue to conduct assessments and run Development Centers. In 2021, there will be a special focus on our Technical Experts with professional growth options. The Company will also ensure that younger potentials are known at Group level and leverage the HR community to develop their talents.

Numerous initiatives are in progress to optimize, transform, and innovate SBM Offshore's ways of working, with the people aspect of change being pivotal to successful

deployment. The change management organization will support all transformation programs.

SBM Offshore continues to evolve its talent management programs, investing in and developing its people, in line with changes in the Company and a transforming industry. The Company believes that satisfied and engaged employees will lead to increased productivity, as well as the desired entrepreneurial and ownership behaviors that the Company relies on.

2.1.5 ECONOMIC PERFORMANCE

MANAGEMENT APPROACH

The Company's primary business segments are: Lease and Operate and Turnkey. Although financial results are presented per segment, activities between business segments are closely related. In addition to reporting under International Financial Reporting Standards (IFRS) guidelines, the Company's Directional reporting methodology was introduced to reflect Management's view of the Company and how it monitors and assesses financial performance. This chapter of the Annual Report presents numbers based on Directional reporting.

The Company provides Directional Revenue and EBITDA guidance, which is updated in the event of material change, if any. Economic performance is a result of all Company activities, governed as per sections 3.1 and 3.2 and executed as per Management Approach sections in chapter 2.

2020 PERFORMANCE

Economic performance is measured through profitability, cashflow, backlog and the financial position of the Company.

Profitability

Full-year 2020 Directional revenue was US\$2,291 million, an increase of 6% compared with 2019. This increase is mainly driven by the Lease and Operate activity with (i) *Liza Destiny* (FPSO) joining the fleet after achieving first oil at the end of 2019 and (ii) the Company's additional percentage of ownership in the Lease and Operate entities related to the five Brazilian FPSO's in which the Company purchased additional shares in the second half year of 2019. Directional Turnkey revenue decreased to US\$669 million in 2020 compared with US\$856 million in 2019. Despite a general ramp-up of Turnkey activities with three FPSO's under construction in 2020, the decrease is mostly attributable to the reduced level of activity on Turret EPC projects.

Adjusted for non-recurring items, Underlying Directional EBITDA increased to US\$944 million in 2020 compared with US\$832 million in 2019. This resulted from an increase of

the Underlying Lease and Operate EBITDA by US\$112 million supported by the same drivers as the increase in the Lease and Operate revenue. At the same time, the incremental costs from the implementation of additional safety measures linked to COVID-19 have been partially recharged to clients under reimbursable contracts. Underlying Directional Turnkey EBITDA decreased from US\$53 million in the year-ago period to US\$(9) million in the current year. While the reduced level of activity on Turret EPC projects and small product lines (Offshore Services/Terminals) was nearly offset by ramp-up on *FPSO Sepetiba*, the Turnkey EBITDA was impacted by US\$(40) million of restructuring costs during the current year. It should be noted that the ongoing construction works on *Liza Unity* (FPSO) and *Prosperity* (FPSO) did not contribute to Directional net income over the period. This is because the contracts are 100% owned by the Company and are classified as operating leases as per Directional accounting principles.

2020 Underlying Directional net income attributable to shareholders stood at US\$125 million, a decrease of US\$46 million compared with the previous year, mainly driven by restructuring costs expensed in 2020 to adapt the Company's business model to an environment of shorter oil price cycles and increased volatility.

The above Underlying figures exclude several non-recurring items described in 4.1.3. These items had a positive impact on the 2020 Directional Revenue and EBITDA for an amount of US\$77 million, and a negative impact on net profit attributable to shareholders for US\$(87) million. Including these items, total reported 2020 Directional EBITDA was US\$1,021 million and net profit attributable to shareholders was US\$38 million.

Cash Flow/Liquidities

Thanks to the strong contribution of the fleet, the Company generated US\$696 million of net cash flows from operating activities over 2020, while cash and undrawn committed credit facilities amount to US\$1,681 million at December 31, 2020.

Backlog

The Directional backlog, which is presented on a pro-forma basis in note 4.1.3, grew to a total of US\$21.6 billion at

December 31, 2020, compared with US\$20.7 billion at year-end 2018.

This significant year-on-year growth was mainly the result of (i) the awarded contracts for the next phase of the Payara development for the *Prosperity* (FPSO) project; (ii) the change in *Liza Destiny* (FPSO) assumptions to reflect the basic contractual term of 10 years of lease and operate and (iii) the five years' extension for the lease and operate contracts of the *FPSO Espirito Santo*. The Company's backlog provides cash flow visibility of 25 years, up to 2045.

Statement of Financial Position

The Company's financial position has remained strong as a result of the cash flow generated by the fleet and the successful adaptation of the Turnkey segment to a more competitive and unpredictable market.

Directional shareholders equity decreased from US\$1,179 million to US\$858 million. This was primarily due to the completion of the EUR150 million share repurchase program and the dividend distribution to the shareholders for an amount of US\$150 million, while the net income of the year was reduced due to the restructuring costs and several non-recurring impairments described in 4.1.3.

Directional net debt increased by US\$633 million to US\$4,093 million at year-end 2020. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew under its existing credit facilities to fund continued investment in growth (three FPSOs under construction at December 31, 2020).

The majority of the Company's debt as of December 31, 2020 consisted of non-recourse project financing (US\$3.1 billion) in special purpose investees. The remainder (US\$1.3 billion) comprised of borrowings to support the construction of FPSO *Liza Unity* and *FPSO Sepetiba* and the loan related to the DSCV SBM Installer. The Company Revolving Credit Facility (RCF) was undrawn at year end and the net cash balance stood at US\$383 million (December 31, 2019: US\$458 million).

For a total overview of the Company's financials, please see section 4.2 of the Annual Report.

2 PERFORMANCE REVIEW & IMPACT

FAST4WARD®



Fast4Ward® is SBM Offshore's program to transform the business by reducing cycle time to energy delivery, de-risking projects and improving quality and safety.



2.1.6 EMISSIONS

MANAGEMENT APPROACH

The topic of emissions is dealt with in various parts of the organization, most notably under the HSSE and Environmental Reporting approaches as described in sections 2.1.3, 4.9.1 and 4.9.2. The Company is reporting to CDP (formerly the Carbon Disclosure Project) and considering IOGP statistics to ensure the right benchmarking.

SBM Offshore sets targets and actions within regulatory frameworks. In support of the Energy Transition the Company reduces emissions throughout the lifecycle of its products. For the long-term, the emissionZERO™ program has been introduced to align the Company's activities with our stakeholders' net zero ambitions. In 2020, SBM Offshore set targets to reduce flare emissions on its activities, to have zero oil spills and to set a company-wide target to reduce air-travel-related emissions.

Furthermore the Company strives to outperform industry benchmarks on the following indicators :

- GHG emissions⁴, gas flare⁵, energy consumption⁶

⁴ Target of 149 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2018 IOGP benchmark, Report 2018ee, p.2

- Oil in produced water⁷, oil spill per production⁸

The efforts in emissions management build upon years of action taken to bring emissions down structurally. For example, between 2016 and 2020, GHG-intensity in operations has declined by over 40% with flaring intensity reducing by almost 50%. Through this approach, the Company is mitigating risks in the light of climate change and social license to operate, as mentioned in section 1.4.2.

Although the focus is on GHG emissions, and carbon emissions in particular. SBM Offshore is also addressing other emissions – such as emissions to water and non-GHG emissions. Further information can be found in sections 2.2 and 4.10.2.

2020 PERFORMANCE

During 2020 a total of 5.67 million tonnes of GHG emissions are reported, divided over Scope 1, 2 and 3 emissions .

⁵ Target of 10.5 tonnes of gas flared per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2018 IOGP benchmark, Report 2018ee, p.2

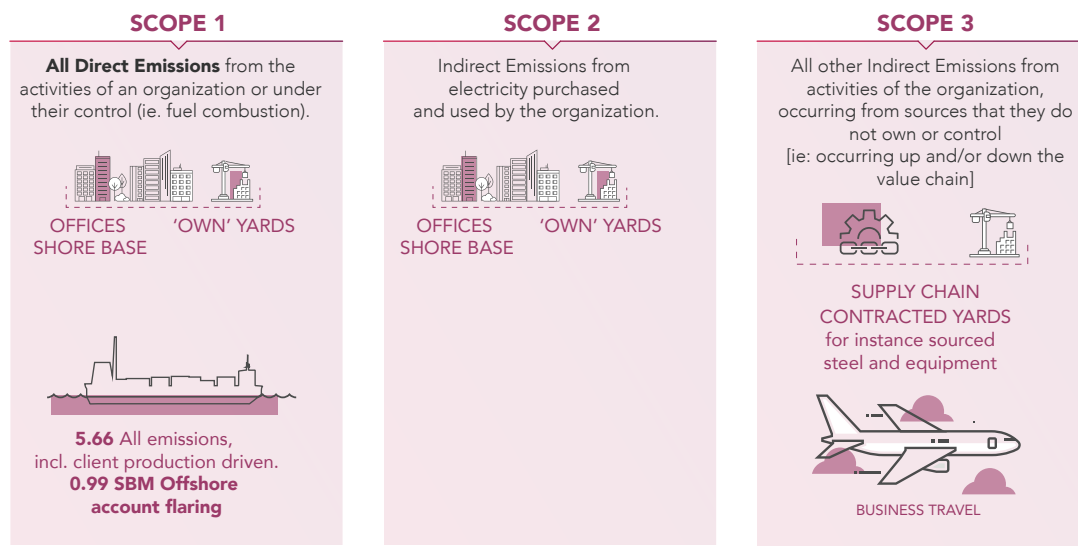
⁶ Target of 1.5 gigajoules of energy for every tonne of hydrocarbon produced as reported by companies participating in the 2018 IOGP benchmark, Report 2018ee, p.2

⁷ Target of 12.3 tonnes of oil discharged to sea per million tonnes of hydrocarbon produced as reported by companies participating in the 2018 IOGP benchmark, Report 2018ee, p.3

⁸ Target of 0.5 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2018 IOGP benchmark, Report 2018ee, p.3



GHG EMISSIONS (MILLION TONNES CO₂ EQUIVALENT)



SBM OFFSHORE TOTAL EMISSIONS

5.67

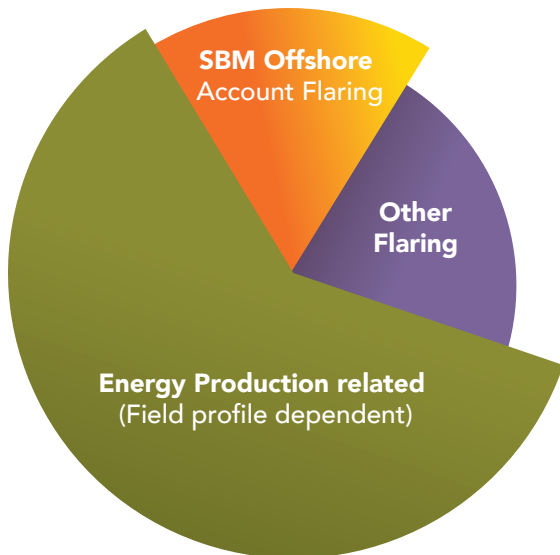
2 PERFORMANCE REVIEW & IMPACT

Scope 1 emissions

Emissions from fleet operations account for the majority of the carbon footprint reported by the Company, around 99% of total emissions giving 5.66 million tonnes of GHG were emitted under Scope 1 in fleet operations (Operational Control view) or 3.86 million tonnes (Equity Share view). This equates to 120.5 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced, which is 19% better than the industry benchmark⁹.

Scope 1 emissions from fleet operations mainly relate to the required production profile of the oil field and the subsequent energy production, e.g. from gas turbines. (61.1% of Scope 1 emissions from operations). Other key emission categories are from flaring attributable to the SBM Offshore account (17.5%) and other flaring (21.4%).

Scope 1 emissions from fleet operations reported



The Company instituted a performance program measuring flare emissions on SBM Offshore account since the launch of the internal CO₂ Challenge in 2015. For 2020, SBM Offshore set a target to reduce the absolute mass of gas flared in its fleet by 25% compared with 2019. The Company takes pride that it exceeded the target achieving a 36% reduction.

In 2020, SBM Offshore ramped up production in Guyana through *Liza Destiny* (FPSO). Start-up is a transition phase with inherently higher flaring emissions. This project was analyzed in detail to improve our emission performance during this critical phase for future projects. A key factor is the offshore commissioning of gas management systems, in particular in the gas treatment plant, main gas compression

and flash gas compression. In addition to holding an in-depth lessons-learned review on the matter, the Company introduced a reduction factor for flare emission performance contribution to its short-term incentive calculations. This operation was not part of the 25% target mentioned above, as the project did not have a full year operation in 2019.

In order to address future Scope 1 emissions, SBM Offshore has targets for Innovation, Technology and Infrastructure, in line with SDG 9. In 2020, the Company spent 52% of its technology development budget on non-carbon technology, well above the 30% target set. Also, the Company provided Scope 1 emission outlooks for 100% of its FPSO tenders, which enables client engagement on emission reduction solutions in early project stages.

To further reduce emissions from the power generation aspect of existing assets, SBM Offshore is dependent on investments by clients and JV partners. SBM Offshore is ready to lead, co-develop and deliver on such investments.

Scope 2 & 3 Emissions

To address Scope 2 emissions, SBM Offshore was proud to have achieved green certifications for 91% of its offices in 2019. In 2020, it expanded the scope of this initiative to project offices, with 62.5% of them now being assessed for sustainability certifications.

As part of climate action (SDG 13), SBM Offshore is committed to setting an air-travel-related CO₂ emissions target for the future. In 2021, the Company will commit to 20% lower air-travel-related CO₂ emissions compared with 2019. Remote working and less travel and consumption during 2020 will provide lessons in structurally lowering emissions from business travel. The target takes into account the fact that a portion of our business travel relates to offshore operations, e.g. crew changes, where volumes are difficult to reduce significantly in short time-frames.

SBM Offshore is proud to have improved to a B-score in CDP, meaning the Company is 'taking coordinated action on climate issues'. Further explanation is given in section 1.4.3.

Relating to other emissions :

- The Company's energy intensity is 11% better than the industry benchmark¹⁰. Energy consumption volumes can be found in section 4.10.2.
- The quantity of oil discharged to sea per hydrocarbon production was 5.09 tonnes per million tonnes of hydrocarbon produced, well below IOGP.

⁹ Companies participating in the 2018 IOGP benchmark reported 149 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced, Report 2018ee, p.2

¹⁰ Companies participating in the 2018 IOGP benchmark consumed 1.5 gigajoules of energy for every tonne of hydrocarbon produced, Report 2018ee, p.2

EMISSIONZERO™

Early in 2020, SBM Offshore announced the emissionZERO™ concept, which has evolved over the year into a program targeting near zero emissions from Operations. This ambition has also been made part of the sustainability policy.

EmissionZERO™ brings to market floating energy production solutions with near zero emissions. The Company sets targets in line with the net-zero ambitions of key stakeholders, and calls for their active engagement. EmissionZERO™ is a program for continuous product development, providing a platform for stakeholder engagement at the same time.

Key commitments :

- the Company works towards near zero emissions from operations (scope 1 emissions)
- the Company sources green electricity to run its business (scope 2 emissions)
- the Company executes projects and procures with continued emission reductions in mind (scope 3 emissions)

Activities comprise new product development, embedding emissionZERO™ in SBM Offshore's ways of working and running a platform for engagement.

Key achievements on emissionZERO™ have been :

- The launch of the concept and brand in Q1 2020
- The engagement with strategic and key client accounts and suppliers during the year
- The enrichment of our Fast4Ward® product catalogue with lower carbon solutions
- The qualification of new technology, in particular carbon capture and energy storage
- The establishment of a portfolio of ideas and projects to further reduce the carbon footprint of our activities

Development of an emissionZERO™ based FPSO is a key element of the program and is planned in three phases: Phase 1 will accelerate existing technology into upcoming tenders; Phase 2 focuses on alternative forms of power generation – for instance importing renewable energy from shore or floating renewable energy solutions, as well as carbon capture and storage; and Phase 3 will look at emission reduction effects of remote operations and renewable energy storage.

The success of the program is highly dependent on market acceptance. SBM Offshore therefore is open for business on emissionZERO™ and welcomes engagement with its value chain.

EMISSIONZERO™ - THE PATH



Our ambition is that emissionZERO™ brings to market floating energy production solutions with near zero emissions

- New product & technology development
- Embed emissionZERO™ in SBM Offshore's ways of working
- A platform for engagement

FUTURE

The Company is committed to the ramp-up of emissionZERO™ in the coming years and to keep setting targets to reduce emissions, as explained in section 2.2.

Furthermore, the Company continues to expand the work under TCFD, begun in 2019 (see section 1.4.3).

2 PERFORMANCE REVIEW & IMPACT

To reduce flaring in 2021, the Company has set a target for reduction in SBM Offshore's account as explained in section 2.2. This target reflects the lessons learned from the achievements and challenges in 2020.

Furthermore, SBM Offshore remains committed to achieve better environmental performance than the 2019 IOGP industry benchmark¹¹ for energy consumption¹² and oil

spills per production¹³; and 50% better than the 2019 IOGP industry benchmark¹⁴ for oil in produced water¹⁵.

¹¹ IOGP data series environmental performance indicators - 2019 data, report number 2019e.

¹² Target of 1.5 gigajoules of energy for every tonne of hydrocarbon produced as reported by companies participating in the 2019 IOGP benchmark, Report 2019e, p.23

¹³ Target of 0.5 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP benchmark, Report 2019e, p.36

¹⁴ IOGP data series environmental performance indicators - 2019 data, report number 2019e.

¹⁵ Target of 13 tonnes of oil discharged to sea per million tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP benchmark, Report 2019e, p.30



2.1.7 DIGITALIZATION

MANAGEMENT APPROACH

The Company aims to increase lifecycle value through better use of data and digital technology hence its Digital Transformation program is a key enabler for increasing Company value. SBM Offshore sets short-term targets in this area, for example, to increase efficiency, to increase the connected data set and to bring new services to market.

The Transformation program is aimed at upgrading the main data systems, enabling more automation, improving efficiency, and gaining insight, ultimately leading to safer and more sustainable operations. Digital Transformation is also enabling the creation of new business opportunities, both within product development and digital services, to secure new revenue streams for the Company. The Digital

Transformation program is under the responsibility of the Chief Strategy Officer and sponsored by the CEO. Digital solutions are brought to market through the *Services* function described in section 1.3.3.

The Digital Transformation program plays a key role in achieving efficiencies defined in the Fast4Ward® program. The program covers five areas :

1. Data Company – focused on streamlining the data and information model of the Company
2. Smart Execution – focused on further digitalization of the EPC stage of SBM Offshore's projects
3. Smart Operations – focused on the transformation of asset operations
4. Smart Services – focused on developing new business from data and digital technologies

- Employee Experience – focused on increased employee engagement through the use of digital platforms and tools

A key item in the transformation is the Management of Change approach to address the risk as mentioned in

section 1.4.2. Furthermore, the IT architecture is subject to 24/7 monitoring, independent testing and audits, contributing to the mitigation of risks mentioned in section 1.4.2.

DIGITAL TRANSFORMATION AT SBM OFFSHORE



2020 PERFORMANCE

Creating value by leveraging data and digital technologies across the product and project lifecycle is the key driver in the Digital Transformation program. In 2020, this was achieved through the following program contributions :

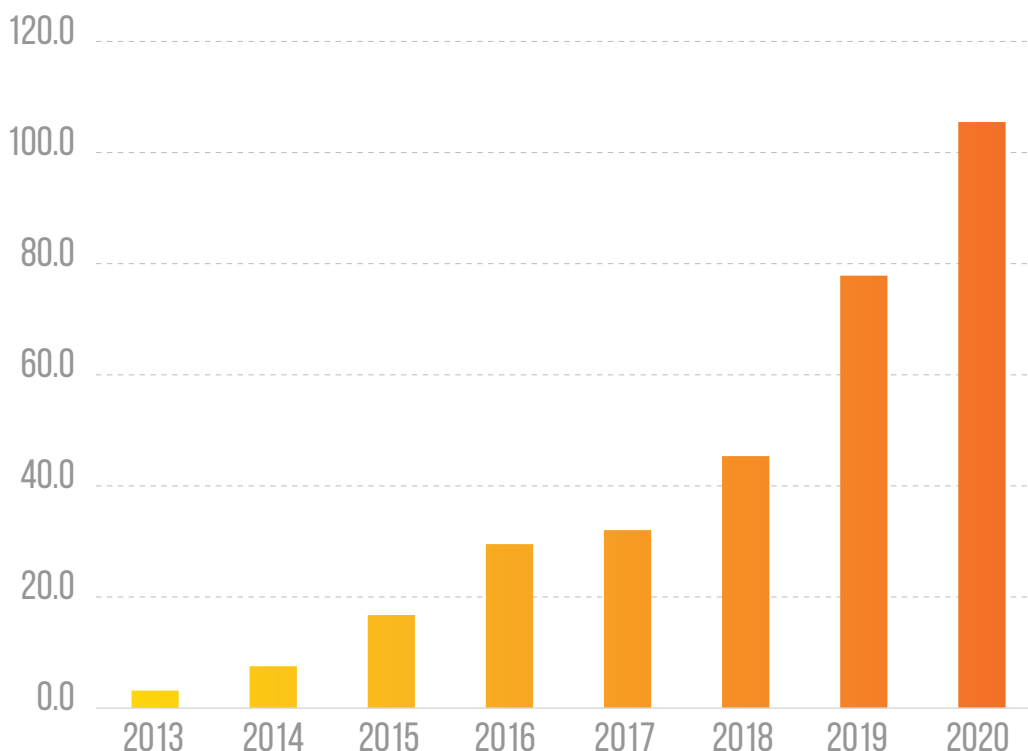
- Data Company** – during 2020, SBM Offshore began a project ('Integra') to upgrade various systems through the implementation of an integrated enterprise resource planning system to further increase lifecycle value from its projects and operations. This project will improve end-to-end data connection. It facilitates simplification and standardization and improves the quality and structure of data across the Company, enabling enhanced business intelligence and insight.
- Smart Execution** – the Company has progressed on the development of the digital-twin solution. Furthermore, SBM Offshore performed remote inspections in many locations across the world, by using digital tools, thus continuing work while travel was restricted.
- Smart Operations** – the Operational Intelligence & Performance Optimization Center (OIPOC) and launch of smart tools are the key enablers for safer, more reliable and more efficient operations. The following achievements were key :
 - 37% increase in the cumulative number of operational signals, compared to 2019, to above 100k. This includes key process indicators like pressures,

temperatures etc – stored and leveraged for remote monitoring of rotating equipment and process systems, troubleshooting and machine learning (see below graph).

- Opening of an OIPOC satellite in the Santos shore base, Brazil.
- Improved usage of remote-monitoring applications aimed at abnormal-behavior detection and technologies, such as use of drones for remote unmanned tank inspections.
- Offshore testing and deployment of intelligent agents, advancing the Company's machine learning capabilities.
- Smart Services** – through the above, the Company has been able to mitigate COVID-19 impacts and reduced operating costs at the same time, adapting the business to a new normal. At the same time, the Company was able to improve client service, for example, with a digital twin on the *Prosperity* (FPSO) project and an electronic yard completion app.
- Employee experience** – the COVID-19 pandemic has accelerated SBM Offshore's deployment of workplace technologies, through the additional use of collaborative tools, improved video-conferencing technologies and development of a new social media-based intranet. SBM Offshore has invested in a new solution called Qualtrics, focused on employee engagement.

2 PERFORMANCE REVIEW & IMPACT

NUMBER OF DATA SIGNALS (CUMULATIVE – '000)



FUTURE

SBM Offshore will build on the successful application of digital technologies for the execution of projects and a road map has been created for this purpose. For offshore operations, SBM Offshore will create value from – among others – reduction of major repairs, optimized maintenance and inspection programs and redefining specific services with key vendors for greater efficiency. New business models and revenue streams will be a key focus area.

2.1.8 INNOVATION

MANAGEMENT APPROACH

The key objective of innovation at SBM Offshore is to bring to market solutions that are in line with the Company's strategy, in particular those related to the Energy Transition. All parts of the organization are encouraged to contribute to innovations in their field of expertise. The development of new technology, related to core products specifically, is managed by the Group Technology Department. Technology development and innovation programs are aligned with the long-term strategies of the Product Lines and with key programs such as emissionZERO™ and Fast4Ward®. Development roadmaps are kept up to date with technical and market developments through regular reviews.

SBM Offshore brings new technology to market through a structured stage-gate process to ensure that the technology is properly validated before being offered for sale or introduced into projects. This Technology Readiness Level (TRL) process is based on American Petroleum Institute standards (API RP17N) and includes prototype testing and full FEED level definition of new systems as part of the qualification requirements.

The Company manages its IP portfolio by registering patents and trademarks, as well as through securing trade secrets and know how. To ensure IP integrity, the Company manages the classification of documents and non disclosure agreements with partners and ensures restricted access to technology-sensitive documents. Freedom-to-operate checks are conducted to ensure respect for third-party rights. Through this approach, risks associated with Technological Developments are mitigated (see section 1.4.2).

2020 PERFORMANCE

In 2020, the Company continued the trend of increasingly diversifying its development efforts in emerging technologies associated with gas, power and renewable energies, exceeding the target of allocating 30% of the technology budget to non-carbon technology

developments. Some of the main development projects undertaken in 2020 include :

- The continued development of the Company's unique Floating Offshore Wind TLP concept for an increased range of water depths, more severe environmental conditions and large turbines. The concept has been adopted by the PGL floating wind farm development project and has entered the EPC phase.
- The completion of the design and fabrication of the first sections of the innovative S3® Wave Energy Converter (WEC) project at SBM Offshore's R&D Laboratory. The project is on track to deliver a prototype in the water in 2022.
- The design and technology qualification of a topside module to capture CO₂ from FPSO gas turbine exhaust.
- The visual inspection of void tanks on an FPSO using a remotely operated drone, witnessed by a surveyor from the Classification Society.
- The development of a concept for a new Floating Power Generation Unit based on a converted LNG carrier.
- The development of a floating renewable hydrogen production concept based on the Company's Floating Offshore Wind TLP design.

During 2020, a total of 34 TRL steps on various technology development projects were passed and the Company filed 8 new patent applications to strengthen its existing portfolio of 158 patent families; in particular in the area of renewables and digital applications. Over the course of 2020, four innovation projects reached market-ready status.

FUTURE

The Company continues to focus its technology development activities on the energy transition by allocating more than 50% of its technology development budgets to non-carbon technologies. These include investments in topside technologies to deliver the ambitions of the Company's emissionZERO™ FPSO program. The Company will also continue to invest in research and development for its innovative S3® Wave Energy Converter and Floating Offshore Wind solutions.

2.1.9 ENERGY TRANSITION

MANAGEMENT APPROACH

Key elements that enable the Company's success in the energy transition area are :

- Product Development for Floating Offshore Wind and Wave Energy
- Technology Development supporting these product developments (see more detail in section 2.1.8)
- The emissionZERO™ program explained in section 2.1.6
- SDGs the Company is committed to, as explained in section 2.2

Product development for energy transition is addressed through the Company's New Energies & Services business unit, in collaboration with the Technology Department. SBM Offshore continues to evaluate its renewables and gas performance growth through measurement against full company revenues, in line with its 2030 ambition. The Company monitors its commercial pipeline that will allow the Company to achieve its envisioned growth goals.

By addressing the energy transition in this manner, SBM Offshore is addressing material risks of oil price dependency, portfolio risks and Climate Change described in section 1.4.2.

2020 PERFORMANCE

In line with our strategy to innovate and our ambition to have 25% of the Company's revenues from renewables and gas by 2030, SBM Offshore has made significant achievements in 2020 :

- SBM Offshore has been contracted by EDF Renewables for the engineering, procurement, construction and installation of three floating units and their mooring systems for offshore wind turbines, with a total capacity of 25.2 MW. The units will be deployed offshore Marseille for the project Provence Grand Large. The Company has made progress on the design and the turnkey phase is ongoing, with expected installation in 2022.
- Progress has been made in the innovative S3® Wave Energy Converter pilot project, with expected installation offshore Monaco in 2022.
- Research and Development investments in renewable energy products, with 52% of the total 2020 R&D budget applied to non-carbon technologies. This includes further development of Floating Offshore Wind and Wave Energy Converter products, as well as studies within energy storage, desalination, hydrogen and ammonia for offshore applications.
- Strengthening of the Company's position in the Gas and LNG markets, focusing on LNG-to-Power and LNG Terminals.
- SBM Offshore is working on projects that address emissions reduction along the lifecycle of its business, as part of its emissionZERO™ portfolio.
- In December, the Company launched the New Energies & Services business entity, placing it prominently in the organization, reporting to the CEO.

FUTURE

SBM Offshore will build upon these achievements and is looking at developing from renewable energy pilots to commercial energy infrastructure as well as increasing its role in the supply chain with the aim of creating more value.

2 PERFORMANCE REVIEW & IMPACT

2.1.10 MARKET POSITIONING

MANAGEMENT APPROACH

Market positioning is about global presence and engaging in emerging markets in order to adapt to market developments. Size of business, new business development and sustainability benchmarks are seen as strong indicators of a successful management approach. Examples of metrics are the performance of the fleet, the number of projects won and the Company's ESG index performance. The Company's strategy to Optimize, Transform and Innovate combined with addressing material topics leads to a market positioning for future success. Through market positioning, SBM Offshore addresses the risks under Competitiveness

mentioned in section 1.4.2. As such Market Positioning is the outcome of several activities with subsequent responsibilities, described in previous sections.

SBM Offshore aims to position itself for an order intake of 2+ FPSO's per year. Annual sustainability targets are managed and The Company is actively engaging with and learning from various ESG ratings.

2020 PERFORMANCE

Performance is detailed in subsections of 2.1. The below table provides the key items of SBM Offshore's market positioning.

Market positioning – SBM Offshore performance

	Optimize	Transform	Innovate
SBM Offshore performance	<ul style="list-style-type: none"> ▪ Fleet size of 15 ▪ Backlog of 21.6US\$ Bn ▪ 5 FPSO projects under construction ▪ Nearly 350 years of cumulative operating experience 	<ul style="list-style-type: none"> ▪ 1 Fast4Ward® project under negotiation, 2 Fast4Ward® MPF under construction ▪ Industry leader in sustainability ranking ▪ emissionZERO™ launch 	<ul style="list-style-type: none"> ▪ 2 projects developed in the energy transition ▪ 52% R&D spend into non-carbon technology
Benchmarking	<ul style="list-style-type: none"> ▪ A leader in its market ▪ A leader on occupational safety ▪ 1st among peers to launch branded platform for emissions reduction ▪ 1st among peers with EPC floating offshore wind ▪ Industry first with a S3® type Wave Energy converter ▪ 1st among peers in sustainability ▪ 93rd Percentile Dow Jones Sustainability Index 		

FUTURE

SBM Offshore is committed to safe, sustainable and affordable energy for generations to come. The Company aspires to industry leadership, by understanding stakeholder interests and increasing the size and value of the business. In 2021, the Company's focus remains the safe and reliable execution of its ongoing projects and operation of its fleet. SBM Offshore also continues to engage early with clients to further grow its backlog in its traditional and new markets. There will be further development of the transformation projects, emissionZERO™, Fast4Ward® and Digitalization and the Company will continue innovating along the energy transition. Finally, sustainability performance is key to long-term market positioning. See section 2.2. for future developments in that area.

non-financial performance, as well as on indicators for its material topics.

The Company has a Sustainability Policy which includes commitments and guiding principles for the Company and its stakeholders. SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). Furthermore, to provide context for SBM Offshore's targets and performance, SBM Offshore leverages the UN SDG framework. The Company has identified seven SDGs that are most material to its business. In line with these SDGs, SBM Offshore has developed long-term targets and development roadmaps. These targets and roadmaps are built with inputs and commitments from different business entities as part of business plans and budgets.

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

SBM Offshore is committed to sustainability, which contributes to the Company's Vision of providing Safe, Sustainable and Affordable Energy. SBM Offshore follows the Global Reporting Initiative (GRI) standards to report on

Sustainability is supervised by the Chief Strategy Officer, who reports to the CEO. In addition to a sustainability department, the Company has Sustainability Ambassadors in various business and functional divisions to drive the implementation of the sustainability strategy and embed it within the ways of working.