



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

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