



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

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



3,644
EMPLOYEES



1,883
EMPLOYEES

4,574 DIRECT
HIRES



15 LOCATIONS



13% NEW HIRES
IN 2020

72 NATIONALITIES



TRAINING HOURS
PER EMPLOYEE*

29,751
TOTAL TRAINING HOURS*



TRAINING HOURS
PER EMPLOYEE*

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 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