



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 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 benchmark<sup>11</sup> for energy consumption<sup>12</sup> and oil

spills per production<sup>13</sup>; and 50% better than the 2019 IOGP industry benchmark<sup>14</sup> for oil in produced water<sup>15</sup>.

<sup>11</sup> IOGP data series environmental performance indicators - 2019 data, report number 2019e.

<sup>12</sup> 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

<sup>13</sup> 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

<sup>14</sup> IOGP data series environmental performance indicators - 2019 data, report number 2019e.

<sup>15</sup> 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 :

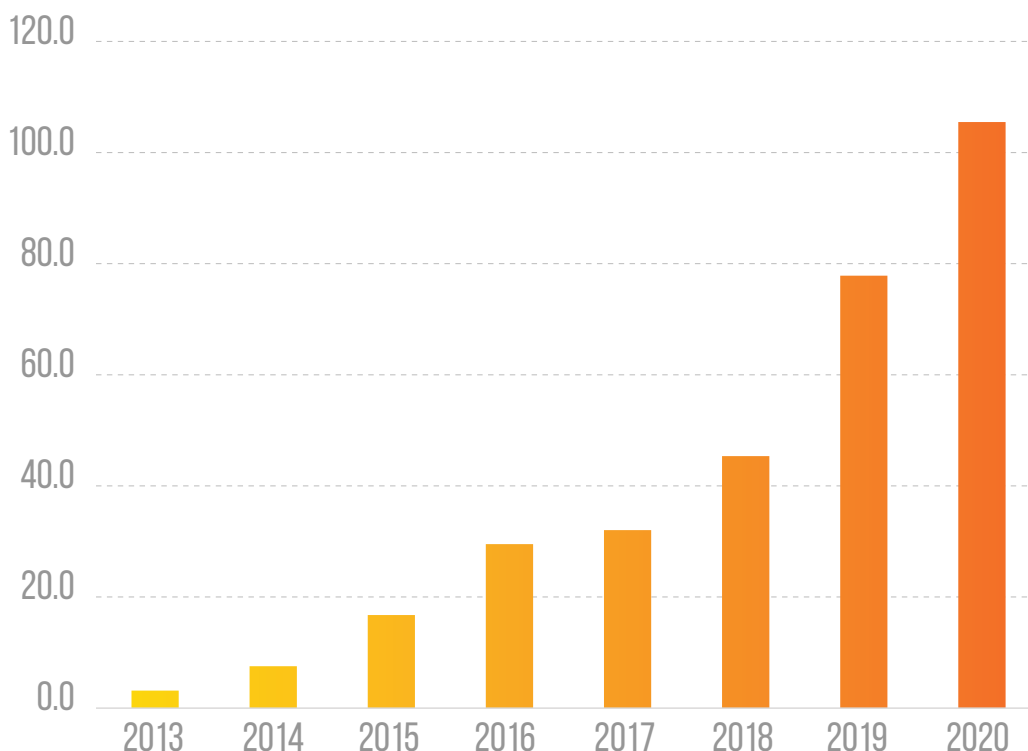
- Data Company** – during 2020, SBM Offshore began a project ('Integra') to upgrade various systems through the implementation of an integrated enterprise resource planning system to further increase lifecycle value from its projects and operations. This project will improve end-to-end data connection. 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