



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

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.

2020 PERFORMANCE

In 2020, the Company built on previous years' efforts and committed itself to selected SDG targets. This performance program is linked to the Company's Short-Term Incentive

(STI) scheme. In 2020, SBM Offshore added company targets for SDGs 3, 9 and 13. The table below demonstrates how the Company has performed on these targets. The Company aims to achieve 100% completion of targets.

SUSTAINABLE DEVELOPMENT GOALS: COMPANY TARGETS FOR 2020

SDG	2020 COMPANY TARGETS	2020 ACTUAL
	Introduce a Health Check Program in accordance with SBM Offshore best practice in offices in five key countries	5
	Reduce mass of gas flared under SBM Offshore account by 25%*	36%
	60% of project offices to have a local sustainability certification	62.5%
	Total Recordable Injury Frequency Rate below 0.2	0.1
	Include Human Rights screening in the Vendor Qualification Process; 90% of Key Vendor sample responding	100%
	30% of the 2020 R&D budget allocated to non-carbon technologies	52%
	100% of FPSO EPC proposals contain recording carbon emissions planned over asset life	100%
	Introduce measurement system of CO ₂ related to air travel to enable setting of reduction target by end of Q3	Achieved
	Reduce plastic waste offshore by 10%	18%
	Zero hydrocarbon spills in accordance with industry reporting guidelines	0

* Excl. FPSO Liza Destiny

2 PERFORMANCE REVIEW & IMPACT

The Company takes pride in reporting on SDG-linked targets, and the results achieved during 2020 and in taking action for improvement. The fact that performance is explained in these terms, under previous sections, demonstrates the embedding of sustainability in the business. All of the ten targets set for this year have been met or exceeded, as explained below.

On SDG 3, Good Health and Wellbeing, the Company is pleased to see SBM Offshore Best Practice Health Check Programs now in place in the USA, the Netherlands, Monaco, Malaysia and Brazil. Extraordinary efforts were made to address SDG 3 as a result of the pandemic, through the Company's Global Response and a company-wide awareness campaign focusing on mental health and wellbeing in December.

Regarding SDG 7, Affordable and Clean Energy, an explanation of the flare emissions performance is given in detail under section 2.1.6. The Company is pleased with the 36% reduction of gas flared on the SBM Offshore account and learned lessons from challenges described in section 2.1.6. On office certification, the Company now has additional insight into the Sustainability Levels of 62.5% of its project offices. This has led the Company to define actions on how the Company can make offices even more sustainable and energy efficient.

On SDG 8, Decent Work and Economic Growth, performance is explained under section 2.1.2.1 Engagement with our supply chain in yards remains a critical element to ensure respect for human rights in areas where the Company is executing business.

For SDG 9, Industry, Innovation and Infrastructure, the Company has invested, well above the target set, in non-carbon technologies to facilitate energy transition and decarbonization. All FPSO tenders from SBM Offshore include emission projections for the operation phase, which have enabled the Company to engage with clients on the asset's carbon footprint as well as potential solutions to reduce GHG emissions in the future.

Regarding SDG 13, Climate Action, SBM Offshore achieved its target and has committed to an air-travel-related emissions reduction target for 2021 of 20%, compared with 2019.

With regard to SDG 14, Life Below Water, there were zero hydrocarbon spills exceeding one barrel in volume, while the industry benchmark¹⁶ is 0.5. Furthermore, the amount of plastic waste generated onboard vessels reduced by

approximately 18% from 174.1 tonnes in 2019, to 143.1 tonnes.

SBM Offshore has applied the lessons learned from performance on these targets for further improvement. The Company takes pride in its continuous improvement approach and will apply the knowledge gained from its performance in future target setting. This has led to positive ratings in sustainability benchmarks, as per the table below.

Ranking of SBM Offshore in Sustainability Benchmarks

Benchmark	2020	2019	Comment
CDP	B	C	'Taking climate action'
Dow Jones Sustainability Index (DJSI), percentile	93	92	#2 in industry
Sustainalytics, percentile	91	88	#1 among peers

LOCAL IMPACT

During the COVID-19 pandemic, SBM Offshore reached out to local communities beyond its Global Response, in light of SDG 3, Global Health and Wellbeing. In **Brazil**, SBM Offshore launched the 'Solidarity Quarantine' program, with donations of basic supplies, medicine and PPE for non-government institutions located in cities where SBM Offshore is located. SBM Offshore took part in Trilha Emprededora (The Entrepreneur's Trail), an initiative by IBP, the State Education Secretariat of Rio de Janeiro and the NGO, Junior Achievement. The program seeks to keep children in school through a series of educational programs.

In **Guyana**, the Company enabled the delivery of 30,000 pieces of protective equipment to front-line workers. With SBM Offshore's presence in the country ramping up, the Company has given support to Plympton Farms, an innovative agricultural project that is turning barren earth into lucrative farmland, creating stable jobs for residents in more remote areas of the country.

SBM Offshore in **China** donated protective equipment, masks, thermometers, and overalls to the Disease Control Office of Changing District in Shanghai through the Shanghai Charity Foundation. The Company also donated equipment to the Assistance Ambulance Menton, **France** to collect and distribute donations of medical equipment among clinics, doctors and nurses in the region.

In **Malaysia**, SBM Offshore supported the Food Aid Project for families facing challenges in securing basic goods because of the pandemic. In addition to this, SBM Offshore sponsored a Social Textiles Project, which mobilized workers from underserved communities to produce PPE for medical facilities.

¹⁶ Companies participating in the 2018 IOGP benchmark reported 0.5 oil spills greater than one barrel per million tonnes of hydrocarbon produced, Report 2018ee, p.3

In the **US**, face masks were donated to two Houston Medical organizations for distribution to local hospitals. Furthermore, employees took ownership after ramp down of the Houston office by donating office equipment and supplies to a local Houston school district for community and school programs.

FUTURE

The Company takes pride in the fact that it can follow up on commitments made in previous years. In the long-term the Company will build on existing targets and SDG roadmaps and address the following topics :

1. Define an ambition for industry leadership on Employee Health & Wellbeing (SDG 3)
2. Strong growth in number of local offshore crew in Guyana (SDG 4)
3. Propose offers to clients and joint venture partners to address emissions in the existing fleet (SDG 7)

4. Strive for green energy in global offices (SDG 7)
5. Fully embed human rights and social performance within the Company to achieve no harm (SDG 8)
6. Be one of the industry top performers in terms of both TRIFR and Process Safety Events (SDG 8)
7. Achieve a growing share of renewable energy revenues – in line with Ambition 2030 (SDG 9)
8. Offer the market floating production systems with near zero emissions as per emissionZERO™ (SDG 9)
9. Further embed Climate Change Impact as per TCFD Framework (SDG 13)
10. Significantly Reduce Oil in Water Discharges (SDG 14)

During 2021, the Company will continue to assess SDGs, to see where additional action can be taken in the future.

SUSTAINABLE DEVELOPMENT GOALS: COMPANY TARGETS FOR 2021

SDG	Target Area	2021 Company Target
3 GOOD HEALTH AND WELL-BEING	Employee Health and Well-being	70% of targeted employees participating in health checks
4 QUALITY EDUCATION	Local community training & education	Establish an Offshore Energy & Industry Training Centre in Guyana
7 AFFORDABLE AND CLEAN ENERGY	GHG Emissions	Mass of gas flared under SBM Account (1.6 MMscft/day) Average per unit
7 AFFORDABLE AND CLEAN ENERGY	Energy Efficiency	100% completed action from 2020 sustainability reports*
8 DECENT WORK AND ECONOMIC GROWTH	Human Rights	90% of identified high risk vendors responding to Human Rights screening
8 DECENT WORK AND ECONOMIC GROWTH	Recordable Injuries	Total Recordable Injury Frequency Rate 0.18 or below
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Energy Transition & Decarbonization	Min. 50 % of the 2021 R&D budget allocated to non-carbon technologies 4 low carbon modules developed for Fast4Ward® catalogue
13 CLIMATE ACTION	Air Travel Emissions	20% reduction of air travel related CO ₂ emissions versus 2019
14 LIFE BELOW WATER	Water discharge	Manage oil in water discharge to 50% below IOGP average

* Internal action list