



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

- Makes use of the availability of international tax treaties to avoid double taxation.
- Does not use intellectual property as a means to shift profits, nor does it use digital sales. Furthermore, the Company does not apply aggressive intra-company financing structures such as hybrids. In 2020, the Company reported a current corporate income tax charge of US\$48 million under IFRS (compared to US\$39.9 million in 2019). Due to the large losses incurred on the legacy projects and the current industry downturn, some tax loss carry forward positions exist at the global contracting company, which are limiting the current tax payments in Switzerland and in jurisdictions of the Company's locations.

3.8 OPERATIONAL GOVERNANCE

Operational Governance of the Company is supported by an independent and dedicated team under Group HSSE and Operational Excellence, which encompasses key operational and assurance functions involved in SBM Offshore's core business activities and reports directly to SBM Offshore's Management Board.

Such functions have a key role in ensuring a coordinated, consistent and controlled approach to core business over the full lifecycle i.e. Win, Execute and Operate phases, and across the Company's locations, Fleet Operations and Product Lines through :

- Functional leadership within the corresponding communities (distributed across entities) and other functions
- Ownership and governance of internal systems and procedures, developed in response to known and anticipated risks in line with the strategic direction of the Company
- Maintenance of GEMS, as introduced in section 3.8.1
- Maintenance of GTS, as introduced in section 3.8.2
- Management of improvement initiatives
- Coordination and harmonization of Company's ways of working and internal standards
- Specific focus on the product lifecycle, notably based on a cross-functional gate process and internal arbitration if necessary
- A focused hazard and effects management process that builds on our experience in order to continuously improve the performance of our HSSE barriers such that the risk exposure is reduced to as low as reasonably practicable.
- An internal Incident Management Committee (connected in turn to the Risk Assurance Committee referred to in section 3.6.1) ensuring that lessons are effectively learned from incidents occurring during project execution and fleet operations

- Coordinated assurance activities focusing on risk management, compliance, effectiveness and business performance
- Coordinated assurance activities focusing on product conformity with applicable international and local regulations, rules, technical standards and other applicable requirements
- Involvement of independent third-parties as certification, verification or classification bodies

A detailed certification and classification table is provided in section 4.12, mapping compliance with international certification standards and classification rules.

Note : for complementary details on SBM Offshore's approach towards Operational Excellence, refer also to section 2.1.3.



3 GOVERNANCE

3.8.1 GLOBAL ENTERPRISE MANAGEMENT SYSTEM (GEMS)

A Management System is one of the key enablers for a company to perform its business activities in a consistent, reliable and sustainable manner, meeting client expectations, adapting to new challenges and continuously improving ways of working.

The Management System of SBM Offshore is called the Global Enterprise Management System (GEMS). It is based on several international standards and other practices. It is the core of a broader ecosystem including software solutions (e.g. LUCY, being SBM Offshore's Human Capital Management System) and other elements such as SharePoint microsites and Group Technical Standards (GTS) as introduced in section 3.8.2.

GEMS is structured around three main process domains known as executive processes, core processes and support processes, with the core processes further modelled into the Win, Execute and Operate phases and is represented as shown in the illustration.

Group values (section 1.3.1) and policies are embedded to support the correct governance of SBM Offshore's organization and business activities. These form the foundation of GEMS and its processes, which are consistently applied throughout all offices and fleet operations (in-country offices and vessels).

GEMS allows an integrated end-to-end approach to all the business activities of SBM Offshore and of the co-owned operating entities, with clear and formal ownership of key processes and clear identification of key controls. It provides a cohesive framework for quality and regulatory compliance, health and safety, security of personnel and assets, protection of the environment, as well as risk and opportunity management throughout the product lifecycle, ensuring the Company's sustainability.

GEMS is maintained and updated to ensure its continuing suitability, adequacy, effectiveness and alignment with the strategic direction of the company

GEMS can be accessed in its entirety via a single website which ensures easy access to all employees. On offshore vessels, the website is also accessible via a kiosk for personnel who do not have a computer assigned. In order to support the scope of our co-owned operating entities, a dedicated user profile has also been set up with access to applicable information from the central GEMS repository.

3.8.2 GROUP TECHNICAL STANDARDS (GTS)

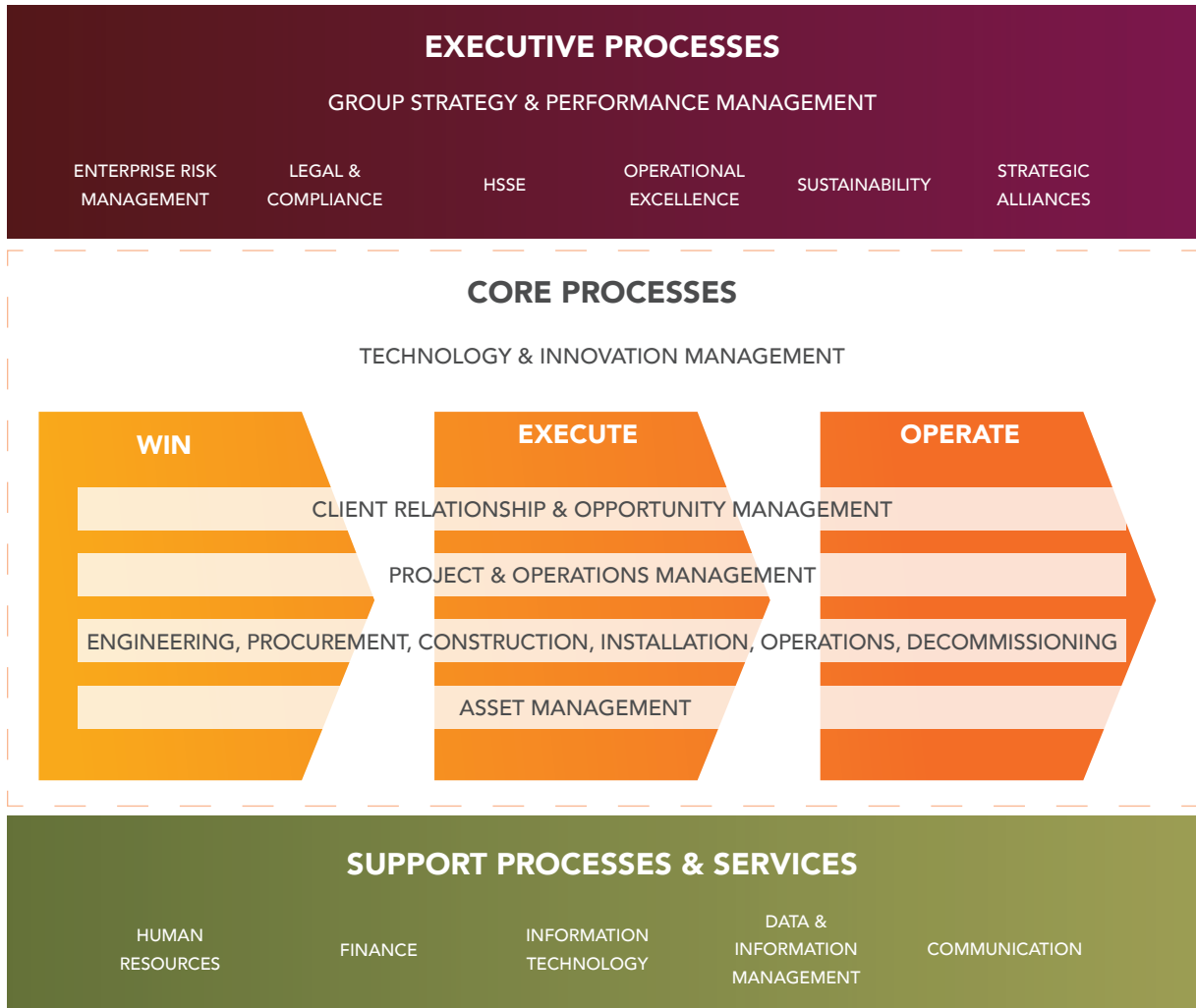
A key driver for the cost of new projects is the technical standards to be applied in addition to the local regulatory requirements. Typically, these standards can fall into three categories – client standards, contractor standards or a hybrid set of customized standards. In the current climate of severe cost pressure, there is a logical push in the industry towards wider acceptance of contractor standards. By leveraging its expertise – notably through its Fast4Ward® program –, SBM Offshore can minimize project customization and efficiently deliver more standard products with significant cost and schedule savings.

To support this approach, the Company has over the years established its own Group Technical Standards (GTS) by integrating key elements of its accumulated project execution and fleet operational experience. The GTS consist of a set of minimum technical requirements applicable to Company products provided to Clients on a Lease & Operate basis. They ensure a consistent design approach, optimized from a lifecycle cost perspective and integrating Company's policies and standards with respect to personnel safety, environmental protection and asset integrity. Additionally, all GTS documents are formally reviewed and approved by Classification Societies acting as independent third parties.

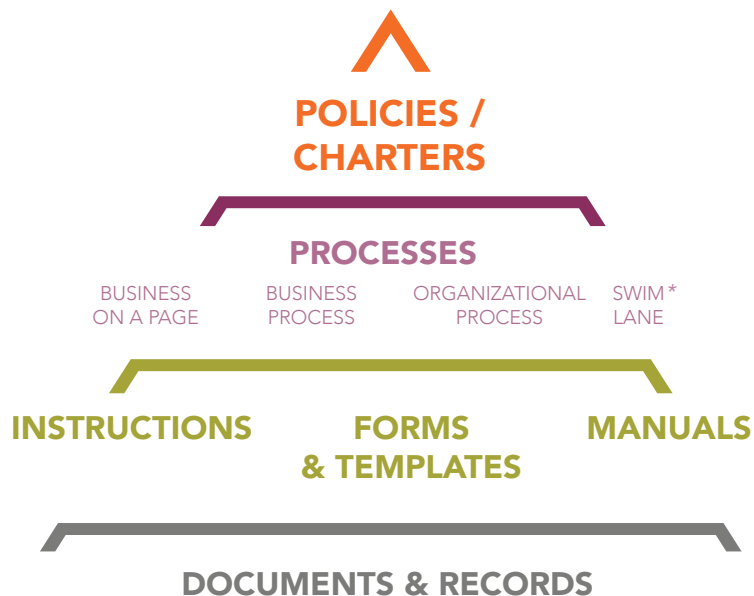
The GTS are maintained by a team of internal Technical Authorities and Experts covering all key technical aspects of Company products, providing assurance over GTS application during project execution and integrating operational feedback as part of GTS continuous improvement.

To date, the Company has executed over 20 major projects using its GTS as basis of design since they were established in 2003.

GEMS ON A PAGE



MANAGEMENT SYSTEM HIERARCHY



*A swimlane, also referred to as a Process Diagram, is a cross-functional diagram that displays all the steps included in an Organizational Process