



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

DEFINED CONTRIBUTION PLAN

The contributions to defined contribution plans includes the Company participation in the Merchant Navy Officers Pension Fund (MNOF). The MNOF is a defined benefit multi-employer plan, which is closed to new members. The fund is managed by a corporate Trustee, MNOF Trustees Limited, and provides defined benefits for nearly 23,447 (2019: 25,688) Merchant Navy Officers and their dependents out of which approximately 29 (2019: 90) are SBM Offshore former employees.

The Trustee apportions its funding deficit between Participating Employers, based on the portions of the Fund's liabilities, which were originally accrued by members in service with each employer. When the Trustee determines that contributions are unlikely to be recovered from a Participating Employer, it can re-apportion the deficit contributions to other Participating Employers.

Entities participating in the MNOF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit those other entities default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.

DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

The employee benefits provisions recognized in accordance with accounting principles, relate to:

	<i>Note</i>	2020	2019
Pension plan		6	6
Lump sums on retirement		11	7
Defined benefit plans		17	13
Long-service awards		17	14
Other long-term benefits		17	14
Employee benefits provisions	<i>4.3.26</i>	34	28

The defined benefit plan provision is partially funded as follows:

Benefit asset/liability included in the statement of financial position

	31 December 2020			31 December 2019		
	Pension plans	Lump sums on retirement	Total	Pension plans	Lump sums on retirement	Total
Defined benefit obligation	39	11	50	38	7	45
Fair value of plan assets	(33)	-	(33)	(32)	-	(32)
Benefit (asset)/liability	6	11	17	6	7	13

The main assumptions used in determining employee benefit obligations for the Company's plans are shown below:

Main assumptions used in determining employee benefit obligations

<i>in %</i>	2020	2019
Discount rate	0.00-1.00	0.25 - 2.00
Inflation rate	1.75	1.00 - 1.75
Discount rate of return on plan assets during financial year	0.00	0.50
Future salary increases	1.00 - 3.00	1.00 - 3.00
Future pension increases	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.