



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 4 CORPORATE STATEMENTS 2020

### CONTINGENT LIABILITY

#### Update on legacy

The Deferred Prosecution Agreement SBM Offshore signed with the United States Department of Justice on November 29, 2017 includes, among other things, an obligation to report on the status of the Company's compliance program. The Company confirms that this three-year period has now ended, without extension or other conditions.

In Switzerland, three of the Company's subsidiaries received a notification from the Bundesanwaltschaft (federal prosecutor's office) in Bern. It concerns a suspicion that from 2005 till 2012 these subsidiaries failed to take the necessary measures to prevent the execution of corrupt payments during said period. The notification refers to the legacy settlements the Company concluded in the Netherlands (2014) and Brazil (2018) as well as the Deferred Prosecution Agreement with the United States. The suspicion regarding the compliance controls shortcoming relate to payments covered by these agreements.

There are no provisions or accrued liabilities accounted for as of December 31, 2020 related to the notification received from the Bundesanwaltschaft (federal prosecutor's office) in Bern.

### 4.3.29 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

This note presents information about the Company's exposure to risk resulting from its use of financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

#### ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

#### Accounting classification and fair values

			31 December 2020		31 December 2019	
	Notes	Fair value level	Total book value	Total fair value	Total book value	Total fair value
Financial assets measured at amortized cost						
Finance lease receivables	4.3.15	3	6,488	7,223	6,694	7,137
Loans to joint ventures and associates	4.3.16	3	46	43	55	49
Total			6,534	7,265	6,749	7,186
Financial liabilities measured at amortized cost						
US\$ project finance facilities drawn	4.3.24	2	5,620	5,669	4,829	4,861
Revolving credit facility/Bilateral credit facilities	4.3.24	2	-	-	(0)	(0)
Lease liabilities		3	71	71	173	173
Other debt	4.3.24	2	1	1	1	1
Total			5,692	5,741	5,003	5,035

#### Additional information

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities for which the book value is different than fair value in a way that permits the information to be compared with the carrying amounts.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps and forward currency contracts which are classified at a Level 2 on the fair value hierarchy. Level 2 is based on inputs other than quoted

prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The carrying amount for these financial assets and liabilities approximates the fair value as at December 31, 2020.

- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is insignificant.
- Classes of financial instruments that are not used are not disclosed.
- No instruments were transferred between Level 1 and Level 2.
- No instruments were transferred between Level 2 and Level 3.
- None of the instruments of the Level 3 hierarchy are carried at fair value in the statement of financial position.
- No financial instruments were subject to offsetting as of December 31, 2020 and December 31, 2019.

The effects of the foreign currency related hedging instruments on the Company's financial position and performance including related information is included in the table below:

Effect of the foreign currency and interest swaps related hedging instruments

	2020	2019
<b><i>Foreign currency forwards</i></b>		
Carrying amount	77	(35)
Notional amount	(2,162)	(2,107)
Maturity date	4-9-2021	11-18-2020
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	112	(17)
Change in value hedged rate for the year (including forward points)	(112)	17
<b><i>Interest rate swaps</i></b>		
Carrying amount	(351)	(159)
Notional amount	5,649	5,481
Maturity date	13-6-2027	5-28-2028
Hedge ratio	93%	96%
Change in discounted spot value of outstanding hedging instruments since 1 January	(192)	(123)
Change in value hedged rate for the year (including forward points)	192	123