SBM
OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2020

4.8 SCOPE OF NON-FINANCIAL INFORMATION

4.8.1 REPORTING ABOUT NON-FINANCIAL INFORMATION

This Annual Report has been prepared in accordance with the GRI standards : Core option. The Company has used the GRI Standards to determine material aspects for this year's Annual Report .

4.8.2 MATERIALITY METHODOLOGY

SBM Offshore conducts materiality analysis according to the GRI Standards in order to include the topics in the Annual Report that can reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders.

For the Company it is critical to understand the interest our stakeholders take and the impact SBM Offshore has on them. This understanding is raised through continuous dialogue and through our Materiality Analysis. This process delivers insight into which topics are considered a) most important to our stakeholders and b) to have the highest impact on the business context. Insight is obtained through materiality interviews, which aim to validate the Company's strategy and derive an updated overview of topics with high stakeholder and business impact (Material Topics).

UPDATE MATERIAL TOPICS

SBM Offshore conducted the following steps to assess the material topics in order to ensure the Report contains the level of information required by stakeholders.
- Step 1: Stakeholder Map & Long Listing of Topics
- Step 2: Short Listing of Topics with SBM Offshore Stakeholder Group Owners
- Step 3: Stakeholder Interviews & Surveys
- Step 4: Analysis & Reporting
- Step 5: Action for Strategy & Planning

As part of Step 1 the Company considered frameworks like GRI and SASB and looked at peers, clients and best practice. Above includes Management Board approval process as part of Step 4.

2020 MATERIAL TOPICS

In 2020, SBM Offshore applied a forced ranking approach in order to ensure only the most important topics were labeled as 'material'. This method also allowed for deeper engagements on the material topics selected. Topics were selected from a long list based on industry standards, market assessments and external expert views. From a long list of 40 topics, 20 were selected by SBM Offshore's stakeholder group owners as being the most relevant. These 20 topics are considered as key to company long-term value creation. The 20 topics formed a basis for engagement with our stakeholders resulting in 10 Material Topics, which are explained in section 1.2.2 in the Materiality Matrix. These topics enjoy the highest stakeholder interest with impact on the business context and therefore the ability to create and sustain value over time. The other 10 topics can be considered as key topics.

Details on how the matrix corresponds to GRI and reporting boundaries can be found in section 4.11.

MATERIAL TOPICS DEFINITIONS

Digitalization	Develop secure digital applications to generate new business, improve operational excellence and reduce cost base through process redefinition, IT integration, IT infrastructure and development of digital services.
Economic performance	Economic value generated by considering total life cycle and operating costs in order to be able to distribute to stakeholders including employees, shareholders and capital providers.
Emissions	Manage scope 1, 2 and 3 emissions (GHG and Non-GHG emissions, like methane, NOx, SOx emissions, etc.) to reduce as much as possible.
Employee health, safety and security	Providing a safe, secure and reliable work environment for all employees, promoting good health, adequately protecting from infection diseases and providing a secure work environment.
Energy transition	Maintain leading market position throughout the energy transition through portfolio management, sustainable development and adaptation to external trends.
Ethics and compliance	Being a trustworthy organisation by complying to rules, regulations and our code of conduct, including anti-corruption policy, procedures and mechanisms.
Innovation	Development of new technologies, particularly low and non-carbon technologies to maintain a leading position and support the energy transition.
Market positioning	Our position in the market and global presence, engaging in emerging markets, adapt to present and future market developments and product differentiation.
Operational excellence and quality	Achieving operational excellence and deliver projects and operations safely, on time and of high quality in all areas of the Company's business and it's supply chain.
Retaining and developing employees	Providing a healthy work environment for employees, provide training and education, regular performance feedback and enable them to grow through the company with meaningful employment.

4.8.3 STAKEHOLDER ENGAGEMENT

The Company maintains open and active engagement with its external stakeholders through regular business interactions, including the Annual General Meeting, analyst and investor road shows/meetings, analyst webcast presentations, press releases, website updates, surveys and desktop research.

The feedback obtained during the Materiality Analysis explained in section 1.2 forms a key element of the backbone of the Company's stakeholder engagement program. The program is complemented by other interactions with stakeholders, in order to validate findings and the feedback received feeds into management's approach to Materiality and long-term value creation.

Would you like to participate in SBM Offshore's 2021 Stakeholder Engagement or provide feedback for the 2021 Stakeholder Engagement? Please write to us at sustainability@sbmoffshore.com.

4.8.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

MANAGEMENT APPROACH

Mitigating the impacts of climate change while meeting the needs of the future by facilitating the energy transition are key for SBM Offshore. The Climate Change Risk & Opportunity assessment is embedded in the portfolios of the CEO and CGCO. The Global Sustainability Manager (CEO) prepares Climate Change scenarios whereas the Group Risk Manager (CGCO) facilitates expert sessions to identify Risks & Opportunities for each scenario. This has been done with risk management professionals and the Company's Group Strategy team first, followed by validation with business owners and the Risk Assurance Committee.

Frameworks from the TCFD have been used to structure the assessment, more specifically the TCFD's Technical Supplement. The Company has applied the following steps:
1. Ensuring Governance to integrate Climate Change Scenario analysis into Strategic planning and Enterprise Risk Management (ERM)
2. Assessment of the Materiality of Climate Change related risks & opportunities with business- and functional experts
3. Identification and definition of range of Climate Change scenarios
4. Evaluation of business impact per scenario together with business owners
5. Identification of potential responses

6. Documentation in a Climate Action report and embedding in the Company's ERM system as well as Disclosure as per this Annual Report and internal presentations

The outcome is used to future proof the current strategy against Physical & Transitional Climate Change related Risks and Opportunities. Identified risks & opportunities are embedded in the Company's Risk Management approach explained in section 3.6 and the Company's Strategic Planning processes.

RISK MANAGEMENT
Climate change risks & opportunities are inherently identified and assessed against our strategy in our risk breakdown structure as deployed throughout the Company. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations which are part of the Company's portfolio. The Group Risk Manager facilitates the process of bottom-up Climate Change risk reporting into the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the review in the RAC results in heat-maps of risks which are presented in in a quarterly Risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board with the measurement SBM Offshore's Risk Appetite Statements and the latest Risk profile.

SCENARIO PLANNING
SBM Offshore defined two climate change scenarios to future proof current strategy and take subsequent action based on. IEA and IPCC data :
1. A **Steady** Climate Change Scenario based on IEA's Stated Policy Scenario (STEPS) and IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have positive impact on climate change, however to fall short of meeting Paris Agreement goals.
2. A **Bold** Climate Action Scenario based on IEA's Sustainable Development Scenario (SDS) and IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for strong commitment towards targets as per Paris Agreement.

4.9 REPORTING BOUNDARIES

SBM Offshore not only reports on impacts it causes, but also on impacts it contributes to, and impacts that are linked to its activities. In each of the following paragraphs we elaborate in detail on the boundaries of our material topics. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

4.9.1 HEALTH, SAFETY AND SECURITY REPORTING

The HSS performance indicators boundaries take into account :
- Employees, which include all direct hires, part-time employees, locally-hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for the Company
- Contractors which include any person employed by a contractor or contractor's subcontractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore

SBM Offshore implements consultation and participation in accordance with the applicable rules and regulations, and with the ISM onboard offshore units in the form of joint committee. The committee meets with the management team at an agreed frequency to address health and welfare and safety concerns of the employees.

All employees are provided HSSE trainings to familiarize themselves with the Company's health, safety, and security rules and regulations. As part of the training content, individuals attend internal classroom training, attend external training, practice on hands-on training or perform e-learning. The training topics are based on the hazards identified through the structured identification process as well as the regulatory requirements and includes Company standard training package such as security, Life Saving Rules, display screen equipment, site hazard awareness etc.

HSS incidents are reported and managed through the Company centralized incident management tool (SRS – Single Reporting System) which is a web-based reporting system that is used to collect data on all incidents occurring in all