



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

1.7 MATERIALITY AND VALUE CREATION

Sustainability of business is determined by the ability to create value for stakeholders over the long-term. SBM Offshore is dependent on continued and effective communication with stakeholders and understanding their needs in order to offer them the right value. Throughout the year, the Company has engaged with stakeholders to better understand risk and opportunities, driving a strategy that delivers stakeholder value – today and in the future.

SBM Offshore has identified financial and non-financial topics that have a material impact on the Company's ability to create value. Based on stakeholder engagement with different relevant groups of stakeholders, the Company maps topics of stakeholder interest with impact on the business and therefore the ability to sustain value over time. The results of this analysis are visualized in the Materiality Matrix hereafter.

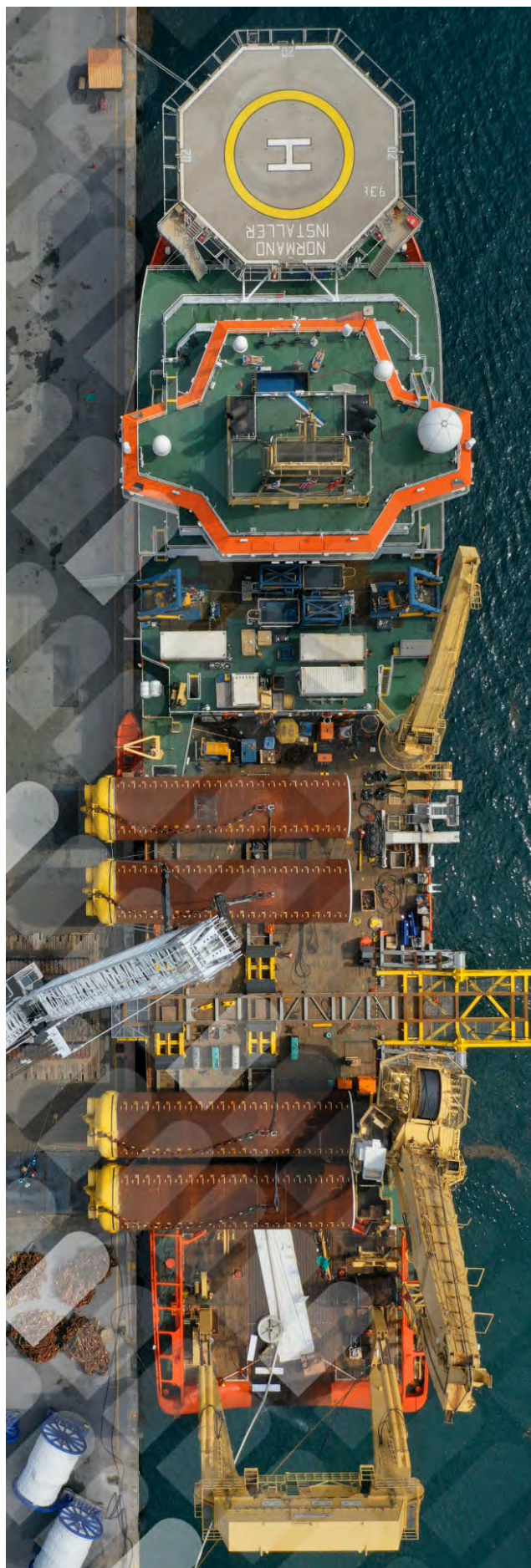
MATERIAL TOPICS FOR 2019

From this matrix, SBM Offshore's Management has determined the 17 most material topics for the Company. In 2019, SBM Offshore updated the previously established matrix by gathering additional feedback from two stakeholder groups: clients and vendors. Although this did not affect the list of topics considered material, the updates are reflected in the new matrix. These 17 material topics guide how the Company creates value for its stakeholders and reports on its annual performance. The Annual Report provides integral explanation on value delivered to our stakeholders. Section 5.4 provides for a mapping of material topics to the respective sections in the Annual Report.

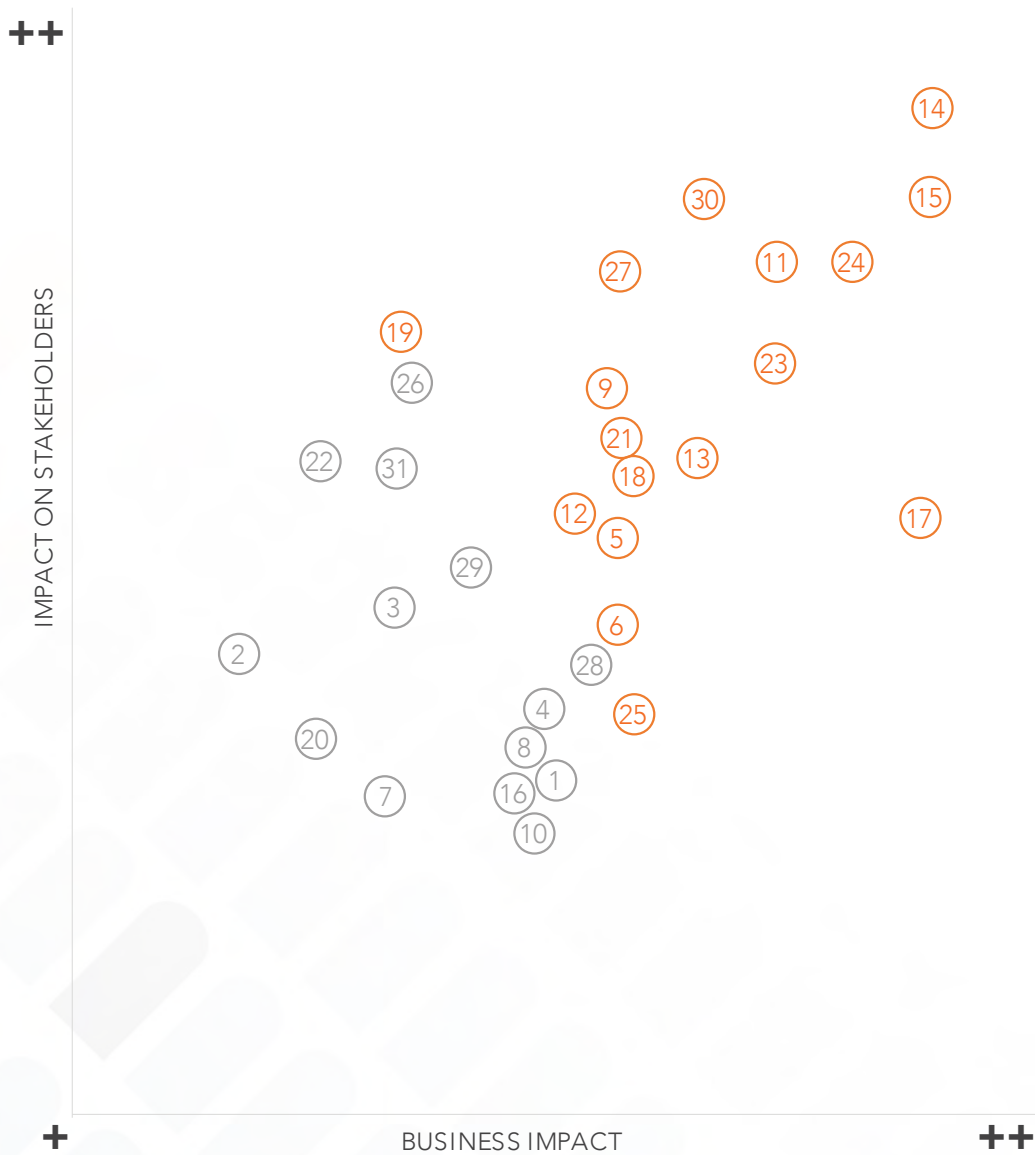
Value Creation

Understanding stakeholder interests and needs enables the Company to better drive long-term stakeholder value (for more detail on our stakeholders, see section 5.1.3 Stakeholder Engagement). SBM Offshore handles 1% of total world oil production (onshore and offshore). This puts the Company in a position of responsibility. In addition, SBM Offshore is aligned with, and committed to, the energy transition. Supplying safe, sustainable and affordable energy from the oceans is the basis for long-term stakeholder value.

In order to achieve this, SBM Offshore assigns resources to activities along the project lifecycle, providing valuable outputs to its stakeholders. This is represented by the value creation model below; it connects the Company's activities with inputs and outputs and the overall impact the Company has on the external environment.



SBM OFFSHORE MATERIALITY MATRIX



The materiality matrix presents the 31 topics considered, with the material topics highlighted in orange

NUMBER	TOPIC	NUMBER	TOPIC
1	Climate Change	17	Human Capital Development & Retention
2	Community and Society	18	Human Rights
3	Corporate Governance and Investor Relation	19	Innovation & Technology
4	Cost & Energy Efficiency	20	Local Content and Support Local Communities
5	Cost of Ownership	21	Operational Excellence / Quality
6	Digitalization & Standardization	22	Partnerships and Mergers & Acquisitions
7	Disruptions	23	Pollution to Air & Sea
8	Diversity	24	Process Safety
9	Economic Performance	25	Renewable Energy
10	Emissions Reduction	26	Risk Management
11	Employee Health and Safety	27	Security
12	Energy Transition	28	Supply Chain
13	Environmental Impact	29	Training and Development
14	Ethics & Compliance	30	Transparency, Trust, and Reputation
15	Fleet Management & Project Performance	31	Waste
16	Green Recycling of vessels		



VALUE CREATION MODEL

OUR VISION STATEMENT

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. We share our experience to make it happen.

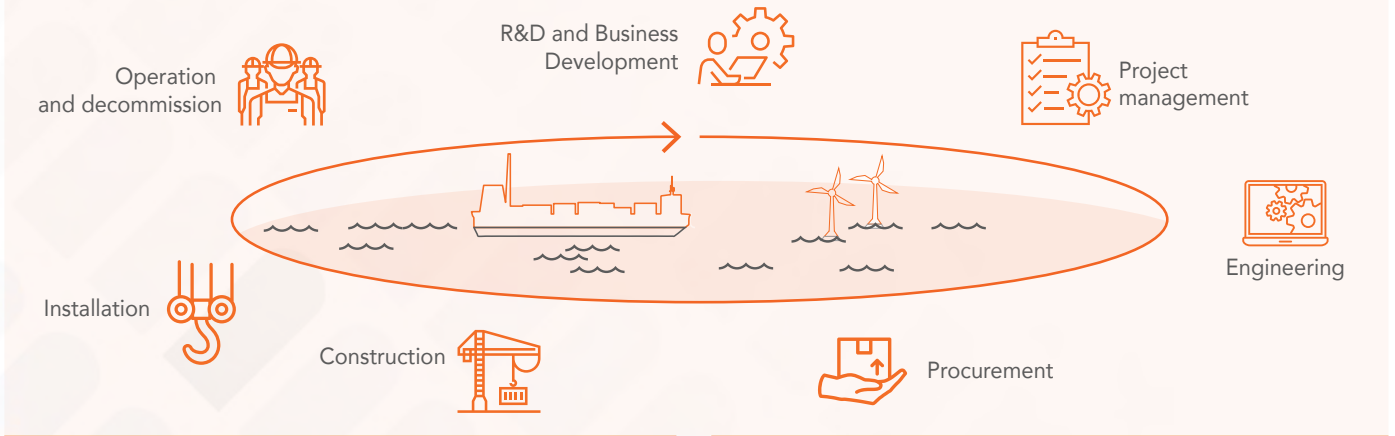
THE INPUTS ON WHICH WE FLOAT

Inputs: our main capitals

HUMAN CAPITAL	PRODUCED CAPITAL	FINANCIAL CAPITAL	INTELLECTUAL CAPITAL	SOCIAL CAPITAL	NATURAL CAPITAL
<ul style="list-style-type: none"> 5,530 diverse and highly skilled people 	<ul style="list-style-type: none"> 15 Units 5 Fast4Ward® hulls EPC in construction 	<ul style="list-style-type: none"> 40% backlog increase US\$1,140b funding for Liza Unity 	<ul style="list-style-type: none"> 154 patent families 29% of R&D budget going to low-carbon technology 	<ul style="list-style-type: none"> 985 qualified vendors 18 incorporated JVs 	<ul style="list-style-type: none"> 61,410,467 GJ of energy use

SBM OFFSHORE LIFECYCLE

Our business model to create Value



PERFORMANCE

Outputs: our annual results

SAFETY	UPTIME	SCHEDULE/ COST	BUSINESS DEVELOPMENT	ENVIRONMENT	SOCIAL IMPACT	ECONOMICS
<ul style="list-style-type: none"> TRIFR: 0.13 (per 200,000 exposure hours) 	<ul style="list-style-type: none"> 99.4% uptime 	<ul style="list-style-type: none"> FPSO <i>Liza Destiny</i> project completed - first oil achieved 	<ul style="list-style-type: none"> First Wave Energy Converter pilot project 	<ul style="list-style-type: none"> GHG emissions: 5,668,961 tonnes of CO₂ equivalents 	<ul style="list-style-type: none"> 99.1% of qualified vendors have signed the supply chain charter 	<ul style="list-style-type: none"> Underlying directional EBITDA: US\$832 million

OUR STAKEHOLDERS

Our ambition for stakeholder value creation

EMPLOYEES	CLIENTS	SHAREHOLDERS	INVESTORS	PARTNERS	SUPPLIERS
Maintain high safety standard & develop future talent	Sustain best-in-class performance, provide for Fast4Ward, Digitalization, Innovation	Deliver strong cash flow, dividend & invest for growth	Provide for projects with the right risk reward profile	Foster strong partnerships for current and future energy production solutions	Team for a sustainable supply chain where risk/rewards are shared

EXTERNAL IMPACT

Our impact

We believe SBM Offshore has a role to play in providing safe, sustainable and affordable energy for generations to come. The Company creates value by leveraging our operating experience, highly skilled workforce, and natural and social capital to develop innovative floating energy solutions. Being part of an industry that comes with inherent safety and environmental challenges, the Company addresses these issues to the best of its ability. We recognize and act on the associated challenges, as well as those for the energy transition. Throughout the value creation process, we aim to minimize any negative impacts on our operations and to undertake our activities in the most sustainable way.

