



**OFFSHORE**

ENERGY. COMMITTED.



# ANNUAL REPORT 2019

### 3 GOVERNANCE

Trained on the Code of Conduct <sup>1</sup>	Designated Staff <sup>2</sup>
Number of employees in Designated Staff per year-end	3,687
Onshore Completion ratio	96%
Offshore Completion ratio	62%

- 1 Trained by face-to-face training in 2019 and/or by having completed mandatory Code of Conduct e-Learning
- 2 Designated staff reflects all Onshore Staff and Offshore Leadership (<5%)

Overall number of Compliance Trainings conducted in 2019 worldwide	Trainings	Training hours
Face-to-face trainings <sup>1</sup>	2,234	4,822
e-Learnings <sup>2</sup>	2,643	1,846
<b>Total</b>	<b>4,877</b>	<b>6,668</b>

- 1 An employee can have attended multiple face-to-face trainings
- 2 An employee can have completed multiple Compliance e-Learning courses

Face-to-face training categories	Trainings	Training hours
Compliance Leadership Program <sup>1</sup>	35	420
Annual Code of Conduct training	1,257	2,408
Targeted Compliance topic training <sup>2</sup>	842	1,573
Training of third parties <sup>3</sup>	100	421
<b>Total</b>	<b>2,234</b>	<b>4,822</b>

- 1 Continuation of 2018 program. Now extended to newly hired and next level senior management
- 2 Selection of Compliance topics for specific target audiences
- 3 Mainly strategic vendors and contracted yards

Integrity Reports	Total
Reports received under the Company's Integrity Reporting Policy <sup>1</sup>	53

The Company is promoting a Speak Up culture.

The nature of the Reports over 2019 was predominantly workplace related.

- 1 Reports received through the Integrity Line and by the Risk and Compliance Function

The objectives for 2020 are to continuously strengthen compliance management and control, focusing on the importance of the right behavior and enhancing efficiencies in the management process through increased digitalization and continuous improvement of data analysis.

### 3.9 COMPANY TAX POLICY

SBM Offshore's tax policy is summarized as follows:

- The Company aims to be a good corporate citizen in the countries where it operates by complying with the law and by contributing to the countries' progress and prosperity through employment, training and development, local spending, and through payment of the various taxes it is subject to, including wage tax, personal income tax, withholding tax, sales tax and other state and national taxes as appropriate.

- The Company aims to be tax efficient in order to be cost competitive, whilst fully complying with local and international tax laws.

The Company operates in a global context, with competitors, clients, suppliers and a workforce based around the world. A typical FPSO project sees a hull conversion in Asia, topsides construction in Asia, Africa or South America, engineering in Europe, Asia or the USA and large scale procurement from dozens of companies in many countries across the globe. In each of these countries, the Company complies with local regulations and pays direct and indirect taxes on local value added, labor and profits and in some cases pays a revenue based tax. To coordinate the international nature of its operations and its value flows and to consolidate its global activities, in 1969 the Company created Single Buoy Moorings Inc, which continues to perform this function today from its offices in Marly, Switzerland.

The Company:

- Complies with the OECD transfer pricing guidelines.
- Supports the OECD's commitment to enhance tax transparency and is committed to be in full compliance with applicable laws in countries where it operates. Consistent with this approach, the Company supports the initiatives on base erosion and profit shifting, including but not limited to the recent European Union Anti-Avoidance directives or European Union directives enhancing transparency, such as DAC 6. The Company is required to file detailed reports and transfer pricing documentation in accordance with Base Erosion and Profit Shifting's (BEPS) action 13 as is now implemented in Dutch tax law. The disclosures contained in the country-by-country reporting ('CbCR') have been prepared to meet the OECD requirements and have been filed with the Dutch tax authorities for the year 2018.
- 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 2019, the Company reported a current corporate income tax charge of US\$39.9 million under IFRS (compared to US\$19.9 million in 2018). 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.