



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

and implement operating policies at the operation. This scoping update results in Kikeh being included in the offshore emissions reporting scope. In accordance with the GHG Protocols and to facilitate comparability of the data, we have revised the environmental data reported in 2018 to reflect the new scope.

Using this new scope, the 2018 figures would have been as follows:

Revised Data for 2018

	2018 Annual Report	Revised 2018 Annual Report
Number of offshore units (vessels)	13	14
SBM Offshore Production		
Hydrocarbon Production (tonnes)	52,207,616	53,883,020
Energy Consumption		
Total Energy Consumption¹	58,033,793	62,085,490
Emissions – Offshore		
GHG Scope 1		
Carbon dioxide (CO ₂) in tonnes	4,764,227	5,284,570
Methane (CH ₄) in tonnes	10,132	12,072
Nitrous oxide (N ₂ O) in tonnes	295	320
Emissions – Onshore		
GHG Scope 1 ²	194	194
GHG Scope 2 ²	3,880	3,880
GHG Scope 3 – Air travel	17,529	17,529
Flaring		
Total Gas Flared per production ³	9.81	11.45
Gas Flared on SBM Offshore account per production ³	3.70	3.98
Proportion of Gas Flared on SBM Offshore account	38%	35%
Other/Air Pollution – Non Greenhouse Gas Emissions		
Carbon monoxide (CO) in tonnes	6,491	7,390
Nitrogen oxides (NO _x)	7,184	7,824
Sulphur dioxides (SO ₂)	1,448	1,485
Volatile organic compounds (VOCs)	1,068	1,282
Emissions – (Offshore+Onshore)		
Total emissions	5,126,895	5,703,414
Discharges		
Quantity of oil in produced water discharges in tonnes per million tonnes of hydrocarbon production ⁴	3.50	5.33

1 GJ = gigajoule, energy from fuel gas and marine gas oil

2 tonnes of CO₂ equivalents

3 tonnes of gas flared per thousand tonnes of hydrocarbon production

4 tonnes of oil discharged to sea per million tonnes of hydrocarbon production

5.2.3 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air).

A Process Safety Event (PSE) is defined as a LOPC from a process that meets the Tier 1 or Tier 2 definitions within API RP 754.

LOPC events are reported in the Company's Single Reporting System as highlighted in section 5.2.1. This system includes a built-in calculation tool to assist the user in determining the release quantity of LOPC events. All LOPCs are analysed to identify those considered to be PSEs as per API RP 754. Process Safety KPIs used by the Company include the number of Tier 1 and the number of Tier 2 PSEs.

5 NON-FINANCIAL DATA

5.2.4 HUMAN RESOURCES REPORTING

The Company's Human Resources (HR) data covers the global workforce and is broken down by region (continents) and employment type. The performance indicators report on the workforce status at year-end December 31, 2019. They include all staff assigned on unlimited or fixed-term contracts, employee new hires and departures, total number of locally-employed staff from agencies, and all crew working on board the offshore operations units and shore bases.

HEADCOUNT, TURNOVER & NATIONALIZATION

Human Resources considers:

- 'Direct Hire' employees as a staff member holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Direct hires are recorded on the payroll, directly paid by one entity of the SBM Offshore Group.
- 'Contractors' as an individual performing work for or on behalf of SBM Offshore, but not recognized as an employee under national law or practice (not part of SBM Offshore companies payroll, they issue invoices for services rendered).
- 'Subcontractors' are not considered as staff in the HR headcount breakdown structure. This population is managed as temporary service and are not covered by HR processes policies.

SBM Offshore includes the BRASA Yard in Brazil and the PAENAL Yard in Angola in its reporting scope based on partial ownership and operational control including human resource activities and social responsibility for the employees.

In principle, reporting on headcount, turnover, training and collective bargaining covers all SBM Offshore, including construction yards. For the reporting on Appraisals, construction yard employees are not included, due to the limits on influence and impact that SBM Offshore has on JV partners in the PAENAL and BRASA yards.

SBM Offshore reports its HR data in all the regions (Africa, Asia, Europe, North America, South America, Other) it is located.

Certain differences may potentially arise between the headcount numbers reported by Finance, HSSE and HR. This is due to the difference in the reporting structure of the two departments. Turnover has been calculated as such; number of employees who have left the Company in 2019 (between January 1 and the December 31, 2019) compared with the headcount on January 1, 2019 and the number of newcomers in 2019.

For fleet operations, engagement and development of the local workforce is the main indicator for successful local content development. In this perspective, SBM Offshore monitors the percentage of local workforce – % of nationalization per regions – and invests in training to increase or maintain the targeted level. For example, specific programs in both below countries focus on education and training of nationals to facilitate them entering the workforce with the required level of qualifications and knowledge.

- 87% of Brazilian direct hire workforce consists of Brazilian nationals
- 81% of Angolan direct hire workforce consists of Angolan nationals

PERFORMANCE MANAGEMENT

In order to ensure personal development and optimal management of performance within the Company, SBM Offshore conducts annual performance reviews for all employees. Globally, the Company uses a common system to rate and evaluate all employees.

COLLECTIVE BARGAINING

Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers. Within SBM Offshore, it is considered as collective bargaining: all the employees of which the interests are commonly represented by external or internal representatives of a trade union to which the employees belong.

HUMAN RIGHTS

SBM Offshore considers all contracts with qualified vendors as significant investment agreements, therefore the Company included human rights clauses in the Supply Chain Charter signed by our vendors.

Changes in reporting

This year, SBM Offshore is reporting on fewer GRI indicators. We no longer report against GRI 404-1: Training and Education or our Own Indicator on People development, and GRI 401-1: Employment has been replaced by an Own indicator on Turnover. This is part of an effort to streamline the reporting and increase focus on the most material information.