



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

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.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following thresholds are considered (subject to final assessment by Management Board on a case by case basis):

1. **Operational fines of a regulatory and/or administrative nature which exceed US\$500,000**

No significant operational fine had to be paid in 2019.

2. **Legal and compliance fines of a criminal nature which exceed US\$50,000:**

No significant legal and compliance fines of a criminal nature had to be paid in 2019.