



OFFSHORE

ENERGY. COMMITTED.



ANNUAL REPORT 2019

5 NON-FINANCIAL DATA

5.1 SCOPE OF NON-FINANCIAL INFORMATION

5.1.1 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. For SBM Offshore, 'transparency, trust and reputation' are material topics and therefore we have assurance on non-financial as well as financial information. To obtain assurance on the reliability of information presented to its stakeholders, SBM Offshore has asked our auditors PwC to provide limited assurance on our non-financial information.

5.1.2 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.

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: Update the list of potential material topics
- Step 2: Stakeholder engagement survey
- Step 3: Analysis of operating environment
- Step 4: Validation in Management Board meeting

In 2019, SBM Offshore reached out to specific stakeholder groups to assess the validity of the 2018 materiality assessment. The input provided by the stakeholder groups reaffirmed the 2018 assessment; there are no new material topics in 2019.

2019 MATERIAL TOPICS

The results of the materiality assessment can be found in the materiality matrix, which can be found in section 1.7 Materiality and Value Creation. SBM Offshore has a large number of material topics, however many are managed by the same department and in a similar way. Therefore, in order to avoid redundant information, the Company has merged the Disclosures on Management Approach (DMA's) for some topics. The material topics that were merged are: Economic Performance, Cost of Ownership and Fleet Management & Project Performance; Ethics & Compliance and Transparency, trust and reputation; Pollution to air and sea and Environmental Impact; Employee Health and Safety and Security; Innovation & Technology and Energy Transition and Renewable energy; Operational Excellence

and Quality and Digitalization & Standardization. The remaining material topics did not overlap and therefore are not merged.

The merged topics are also covered by the same indicators, as the GRI requirements entail multiple reporting requirements. Details on how the matrix corresponds to GRI and reporting boundaries can be found in section 5.2 Reporting Boundaries. General standard disclosure and aspects of lower priority are included in the GRI Content Index.

5.1.3 STAKEHOLDER ENGAGEMENT

IDENTIFYING AND SELECTING OF STAKEHOLDERS

To shape stakeholder engagement, SBM Offshore identified key stakeholders by mapping the level of influence on and level of interest in the Company. The main stakeholders are the Company's employees, shareholders, the investor community, clients, business partners and suppliers. Other important stakeholders are lenders, export credit agencies, governments in operating areas, non-governmental organizations (NGOs), oil and gas industry associations, universities, researchers and potential investors. Throughout the year, board members, investor relations and the sustainability team engage with these stakeholders as part of regular operations to capture their feedback. Stakeholder feedback is utilized in developing significant processes and frameworks for the Company such as the determination of material topics and SDG target setting.

Internally, SBM Offshore organizes regular Town Hall meetings where senior management share business updates and establish a dialogue with staff, including participation in worldwide Company events such as Life Day. SBM Offshore also regularly shares information and updates on strategies, projects and people with its employees through the Company's intranet site and via its internal monthly newsletter.

The Company maintains open and active engagement with its external stakeholders through regular business interactions, including the annual shareholders meeting, analyst and investor road shows/meetings, a Capital Markets Day for financial analysts, analyst webcast presentations, press releases, website updates, surveys and desktop research.

The feedback obtained forms 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.

SBM OFFSHORE VALUES YOUR OPINION

SBM Offshore would like to know more about which economic, social and environmental issues are important to its stakeholders.

Would you like to participate in SBM Offshore's 2020 Stakeholder Engagement or provide feedback for the 2020 Stakeholder Engagement? Please write to us at sustainability@sbmoffshore.com.

5.1.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

GOVERNANCE

Mitigating the impacts of climate change and meeting the needs of the future are a key priority for SBM Offshore. Sustainability is managed by the Global Sustainability Manager and supervised by the Chief Strategy Officer, whom reports directly to the CEO. The integration of sustainability into the strategy department enables sustainability to be fully implemented in many aspects and levels of the Company's activities. Furthermore, the HSSE department at SBM Offshore has the responsibility to manage Health, Safety, Security & Environmental impact, therefore this department works closely with the sustainability team.

STRATEGY

As disclosed in section 2.1 Group Strategy, SBM Offshore is committed to preparing and contributing to a fast-paced Energy Transition. The Company routinely assess the risks it faces and adapts its strategy in response.

SBM Offshore's Group Strategy team analyses the macro trends and specific market sectors to identify new opportunities in the short-, medium-, and long-term³³. This is done in close collaboration with Sustainability, Technology and Business Development departments, which are all part of the Chief Strategy Officer's portfolio. Once the opportunity has been initially assessed, a strategic plan is developed in conjunction with the business areas (i.e. Product Lines). This process ensures alignment with the business from the ideation phase up to the adoption of the new technology as a product for the Company's clients.

The potential impacts from climate change, the risks/opportunities they pose, and the strategy to address them

1 Market impact

With its main business segment being within oil and gas, the Company could be impacted in case of an earlier than expected transition of demand away from hydrocarbons and towards alternative energy sources.

³³ Short term: 1-5 year cycle // Medium-term: 5-10 years // Long-term: +10 years

Opportunity

The primary business opportunity areas identified by SBM Offshore within the Renewable Energy sector are in Wind and Wave energy. In addition, SBM Offshore is also developing solutions for Liquefied Natural Gas (LNG).

Strategy

As part of the product development process, SBM Offshore assesses both Technology- and Business Readiness Levels. This aims to certify the maturity of the product prior to the commercial phase. An important step of this process is the development of prototypes and pilots, which can also be done as co-development projects with partners and/or clients.

2 Policy Change Impact

Company proving unable to contribute to the Paris Agreement targets, as well as exposure to carbon tax.

Opportunity

Reduction of overall emissions/carbon intensity in the Company's products and operations.

Strategy

Following the SDGs framework, the Company has set targets for seven of the SDGs, which have been identified as the ones most relevant to our business, as well as the ones where the Company can have the largest impact. Under the governance of the Group Sustainability team, the business leaderships developed roadmaps covering short-, medium-, and long-term³³ actions for each of these SDGs, including action to better manage and reduce SBM Offshore's greenhouse gas emissions.

3 Physical Impact

More extreme weather events and changes in climate patterns.

Risk

Disruption of operations.

Strategy

This year, the Risk and Sustainability teams assessed the operational impact climate change risks could have on the Company. The primary physical risk identified for the Company is a disruption of onshore operations due to extreme weather events and climate patterns, either in its offices or at yard locations. These are less likely to impact offshore operations, as the units are equipped to withstand and/or avoid extreme weather events. The Company mitigates these risks via specific emergency response plans tailored to specific scenarios in each location.

RISK MANAGEMENT

Climate change risks are inherently identified and assessed against our strategy in our risk management approach as