

2017

ANNUAL REPORT



EXPERIENCE MATTERS

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Company representative (CR) – Turret Mooring System – Johan Castberg project

'SBM Offshore's competence and experience base as a leading supplier of Turret Mooring Systems have been important contributions in the work of maturing the Johan Castberg project towards the Final Investment Decision (FID) end of 2017. Through this work, Statoil has learned to know SBM Offshore as a professional actor, and established a solid basis for further cooperation in the upcoming project phases.'



FUTURE

The Company continues to invest in its capacity in the turnkey division in order to be ready for when the market picks up further. In the meantime, the Company aims to be the preferred contractor for FEEDs, an area that is active, while clients assess the viability of projects.

2.4 HEALTH, SAFETY & SECURITY

MANAGEMENT APPROACH

It is SBM Offshore's top priority to ensure the Health, Safety and Security (HSS) of its employees, subcontractors and assets. The Company fulfills its 'Duty of Care' regarding all HSS matters by adhering to industry best practices. SBM Offshore has continued its journey towards safety excellence, with a significant focus in 2017 on offshore operations.

The Company's overall objective is to offer an incident-free workplace and minimize the risks to the health and safety of all its personnel. Working in the oil and gas industry and operating in areas categorized as 'high risk' locations requires a clear strategy to manage exposure to health, safety and security hazards and risks. The HSSE (includes environment) policy, procedures and controls are designed to achieve this objective by providing an appropriate level of protection wherever the Company operates.

2017 PERFORMANCE

In 2017, the Company achieved an unprecedented safety performance, improving by approximately 40% its 2016 performance. In terms of recordable injuries the

Company performed 40% better than the target of 0.32 set for its objective of preventing harm to people. Overall the performance in 2017 led to a Total Recordable Injury Frequency Rate (TRIFR) of 0.19, which is mainly due to an outstanding performance from the fleet with a 48% decrease in TRIFR from 0.50 in 2016 to 0.26 in 2017. In addition, despite increased security risk levels around the world, SBM Offshore's security performance indicates that an appropriate level of controls was applied.

HSS performance is tracked and consolidated on a monthly basis, and disclosed annually. The results are compared to the previous years as well as benchmarked against the International Association of Oil and Gas Producers (IOGP) averages. The results are recorded and reported in accordance with the GRI Standards and IOGP guidelines. All incidents with an actual or a potential consequence for the health, safety or security of personnel are reported and communicated to the relevant parties within the organization and corrective measures are taken.

Key achievements

In 2017, the Company continued to expand its initiatives around HSS with a specific focus on the:

- Maintenance of all safety and security certifications on marine units and shorebases (OHSAS18001, ISPS and ISM)
- 2017 edition of the annual, Company-wide Life Day on the theme: *Going Beyond*
- Cascading of the Safety leadership 'Make the Difference' program to leadership teams offshore and on new projects. As part of the program, a Safety

2 STRATEGY AND PERFORMANCE

Culture Sensing Survey has been deployed on most units and shorebases and results were shared with staff. The aim of the survey was to assess and monitor the impact of the leadership program and see how this has strengthened the safety culture

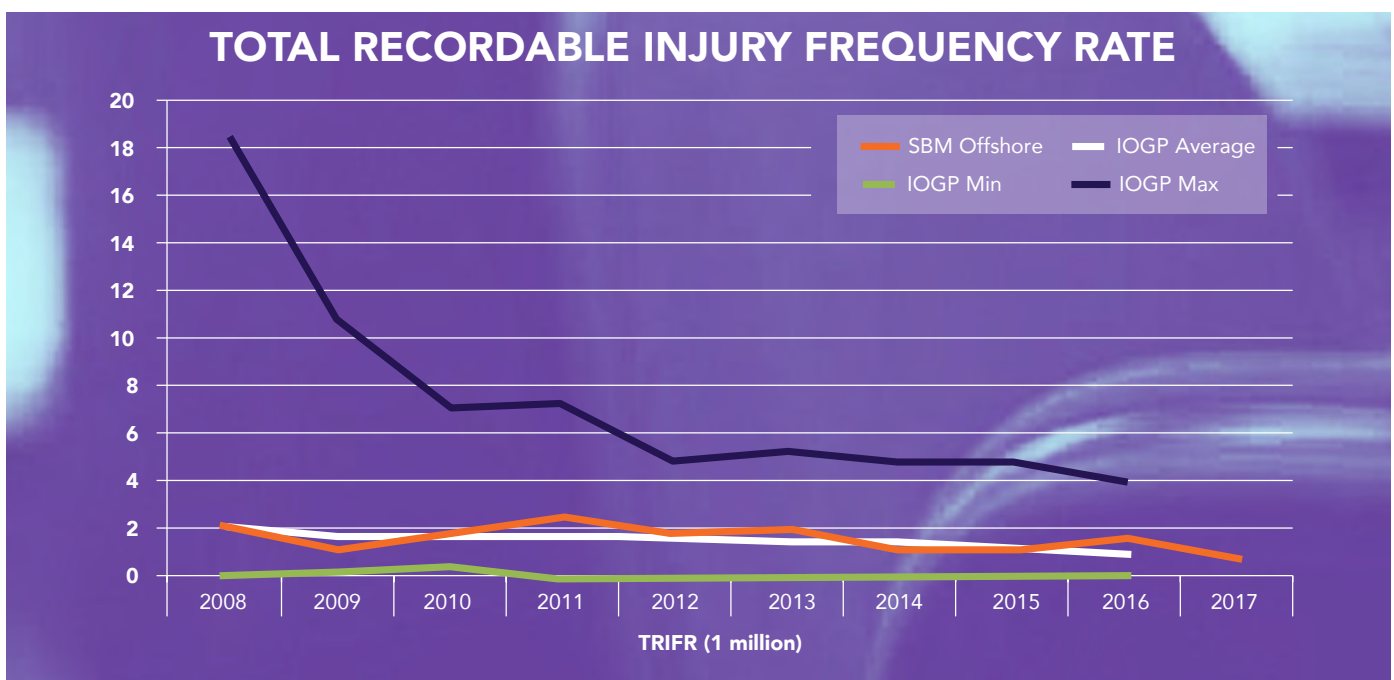
- Engagement with all staff through monthly campaigns
- Pilot of a new behavioural observation program on one vessel, also including process safety observations
- Safe execution and completion of high security risk operations offshore
- Global deployment of a travel tracker and pre-travel security advice for employees traveling in high risk areas

- Security Awareness Training conducted in Malaysia, Angola and in Europe.

Key results

Pursuing its commitment to the objectives of 'No Harm, No Leaks and No Shortcuts', the Company set the target for 2017 for a TRIFR to be below 0.32. The graph hereafter shows that SBM Offshore's Total Recordable Injury Frequency Rate has remained around the IOGP average since 2008.⁶ The Company successfully reversed the deterioration of the safety performance as reported in 2016.

⁶ For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum)



The following HSS performance was recorded in 2017 :

- SBM Offshore's overall Total Recordable Injury Frequency Rate (TRIFR) improved from 0.31 in 2016 to 0.19 in 2017.
- Offshore operations achieved unprecedented safety performance with a Total Recordable Incident Frequency Rate of 0.26, 48% better than 2016.
- The Occupational Illness Frequency Rate (OIFR) for employees increased/decreased from 0.11 in 2016 to 0.02 in 2017 with only one minor case reported falling under this classification (dehydration).
- The frequency of incidents with high potential to harm people has decreased from 0.11 in 2016 to 0.09 in 2017.
- Eleven 'work-related' security incidents were reported. None of these incidents resulted in any

actual injury or physical harm to SBM Offshore personnel.

FUTURE

SBM Offshore has decided to set the 2018 target for a TRIFR better than 0.26. This represents approximately 20% improvement on the target set for 2017.

The following strategy for 2018 aims to meet the objectives of continuous improvement and to progress the goals of 'No Harm, No Leaks and No Shortcuts':

- Focus action and engagement at project and unit level to support the ownership of a safety culture among leaders
- Enhance the Safety Leadership program at supervisory levels, especially at shorebase and unit level

- Leverage the multi-disciplinary Life Day and Life 365 campaigns and ensure they meet target audience needs
- Continue early HSSE involvement when pursuing new country entries
- Strengthen line management competencies in HSSE through role-profiles to ensure key HSSE skills are part of the discipline portfolios
- Verify the implementation and application of the improvement actions identified during the International Sustainability Rating System (ISRS) maturity assessment

2.5 ENVIRONMENT

MANAGEMENT APPROACH

For SBM Offshore, managing environmental impact goes beyond compliance to environmental protection and refers also to environmentally friendly innovations in the operation of its FPSOs. Client expectations and requirements are directed by environmental considerations, therefore in parallel with maintaining good operating practices, SBM Offshore's anticipates these expectations and manages its footprint accordingly.

The Company endeavours to operate in an environmentally robust and sustainable manner, in order to minimize impact to local ecosystems as well as proactively protect the environment, paying attention to three key environmental aspects:

- Oil spills – by strictly following set procedures and ensuring measures are in place
- Unnecessary flaring or emissions into the air or discharges into sea – through prevention when possible
- Excessive use of energy and waste – by encouraging reduced consumption, recycling and re-use

Environmental data are tracked on a daily basis, evaluated on a monthly basis and consolidated/ disclosed annually. The results are compared with the previous years. In addition, SBM Offshore's environmental data are benchmarked against the IOGP averages. The results are recorded and reported in accordance with the GRI Standards and IOGP guidelines.



2017 PERFORMANCE

In 2017, the Company continued to expand its environmental initiatives by enhancing existing programs and the development of new ones including:

Key achievements

- Maintenance of all existing environmental certifications (ISO14001) on shore bases and marine units. One of the two new units in Brazil has been ISO14001 and OHSAS18001 certified in 2017, the last unit will undergo the certification process in 2018.
- Launch of the challenge 'Take Care of your Flare' on all Marine Units with the objective to reduce the volume of gas flared under the control of the units and promote local initiatives
- Several waste minimization initiatives in the accommodation areas of the Marine Unit
- Continuous improvement of GHG and CO₂ emissions reporting
- Creation of guidance for emissions calculations methodology
- Implementation of a new tool for Marine Units to perform Control of Substances Hazardous to Health Assessments