

2017

ANNUAL REPORT



EXPERIENCE MATTERS

2.6.1 PROCESS SAFETY MANAGEMENT

MANAGEMENT APPROACH

SBM Offshore has adopted a Process Safety Management (PSM) framework and program based on an industry standard¹⁶, which when applied throughout the product lifecycle, has the potential to reduce the risk of Major Accidents.

The PSM framework consists of a set of risk-based priority activities and practices that are being embedded in the Company's GEMS and the Group Technical Standards (GTS) which have been aligned with the International Sustainability Rating System™ (ISRS) improvement activities.

All Loss of Primary Containment (LOPC) events occurring offshore are reported to the relevant parties within the organization and analyzed to identify appropriate treatment measures. SBM Offshore follows IOGP 456 and API 754 standards for LOPC classification. The annual statistics are compared to previous years and benchmarked against IOGP averages.

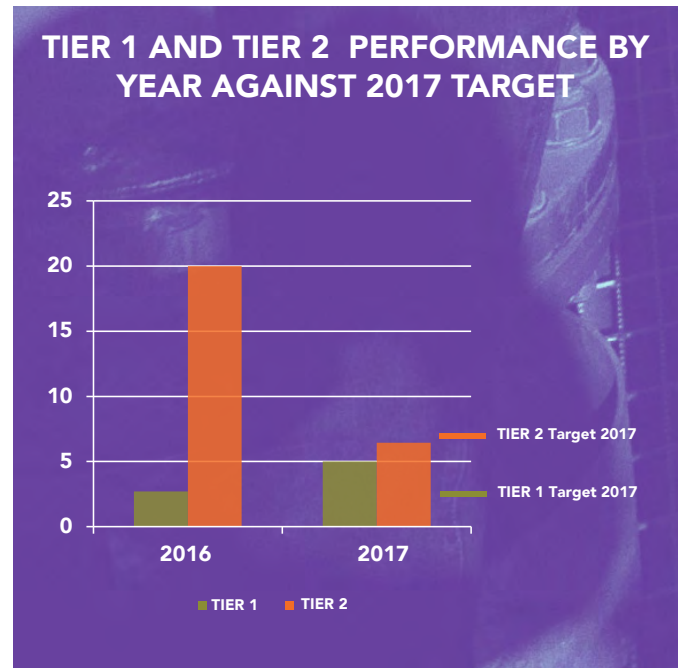
2017 PERFORMANCE

Key achievements

- Progress has been made on the implementation of PSM priorities, including process safety culture, risk analysis, process safety dossier¹⁷, management of change and incident investigation
- PSM Training Programs have been progressed in accordance with the plan

Key results

- As part of the continued drive to improve reporting of LOPC events, at the start of 2017 SBM Offshore performed a review of the Tier 3 events reported in 2016 to distinguish between events above or below 1kg/hr (very minor). An additional outcome of this review was that 6 Tier 3 events were reclassified as Tier 2.
- The number of Tier 2 events has seen a significant improvement from 20 events in 2016 to 7 in 2017.
- A total of 353 process related LOPC events were recorded, of which 227 were of API 754 classified materials.



FUTURE

The following objectives have been set for 2018:

- Targets are set to reduce the number of Tier 1 and 2 PSE compared to 2017 i.e Tier 1 PSE performance to be 2 or better, and Tier 2 PSE performance to be 6 or better.
- Deployment of 'Process Safety Fundamentals' (PSF's) in the fleet. PSF's are a set of 10 guidelines that reinforce best practices targeting causal factors related to PSE with the objective of reducing LOPC events.
- Continue implementation of the PSM framework, including increasing employee awareness with PSM campaigns.

2.6.2 INTERNATIONAL SUSTAINABILITY RATING SYSTEM™

SBM Offshore adopted DNV GL's International Sustainability Rating System™ (ISRS) system in 2014. The initial assessment took place in 2014 and the gaps identified at that time provided the foundation for the implementation plan. The adoption of ISRS best practices into the Company's ways of working will be progressed over several years.

¹⁶ 'Guidelines for Risk Based Process Safety' by the Centre for Chemical Process Safety (CCPS)

¹⁷ The Process Safety Dossier is the name used at SBM Offshore for a document which contains or refers to process safety critical information. This document is a required part of internal processes implemented in 2016.