

2017

ANNUAL REPORT



EXPERIENCE MATTERS

2.8 TALENTED PEOPLE

MANAGEMENT APPROACH

SBM Offshore's people are a key value driver for the Company and vital to its success.

Management recognizes that people are at the heart of the Company and essential to its license to grow, while ultimately giving it a competitive edge. Investment in its talent base is seen as a key part of SBM Offshore's strategy to maintain its expertise in order to deliver quality work that meets clients' expectations.

Management believes that optimizing its talent pool and integrating it with the Company's market-led business goals will ensure success.

The Company wants to motivate its employees by supporting their professional development and by ensuring that all employees are treated equally on the basis of their skills. In addition, employees are assured that safe and healthy working conditions are optimized. The Company's ultimate ambition is to generate higher performance and greater employee engagement – notably with regard to employment, recruitment, talent. This is achieved by using world-class people practices, implemented via common processes and policies – in areas including identification, mobility, training, remuneration, health and safety.

In 2017 SBM Offshore started reporting on the absenteeism rates (breakdown per region is explained in section 5.1.8). SBM Offshore believes this enables the Company to better visualize the vitality of its employees and communicate on it to its stakeholders. The reporting for this indicator covers employees based in Regional Centers, SBM Operations headquarters and SBM Corporate.

The Company's strategy is shaped by reality 'on-the-ground' and a bottom-up approach is increasingly used to ensure that employees' 'voices' are heard. For example at the beginning of the year, a Pulse Survey was launched to all employees worldwide.

The qualitative data and the analysis of the results – compared to external benchmarks – allowed the Company to highlight several areas for improvement. For example, it was decided to review the consistency and transparency of its processes as well as its reward strategy. Concretely, it will lead to a re-shaping of the Performance Appraisal System.

In addition, the analysis of the results – compared to internal benchmarks – allowed each location to compare its position against others. Following the results, the launch of focus groups gave the opportunity to define and implement tailored action plans, targeting the main concerns and ensuring consistency across the Company.

Talent Management

Integration of talent and business activities in 2017 continued, with new and improved tools used for the assessment and development of the Company's talent pool. The yearly Talent Management process begins with the identification of the key succession roles and the potential successors among employees at the mid-management level. To assess all employees in a consistent manner, the same KPIs are used globally: performance ability, engagement and learning agility. Clear responsibilities and plans for talent development are set for the selected employees. While follow-up actions and engagement keep the talent agenda live throughout the year.

2017 PERFORMANCE

Achievements

- Training (e-learning/other training – e.g. mentoring): employees continue to use e-learning (25%). Favorite topics are Process Safety Management, Life-Saving Rules and Performance Management. Mentoring for all locations was completed, driving internal learning both for employees and managers.
- Other initiatives: engagement of employees through a series of development actions (including professional qualifications and development plans) and increased communications (including Town Halls, Webcasts Life Day).
- The Company believes that caring for its employees influences the absenteeism rate, which was 1.90%¹⁸ in 2017.

FUTURE

- Implementation of a Human Capital Management System (HCMS): to be deployed globally in order to standardize HR processes and data across all Regional Centers. The objectives will be to improve the Productivity and Service level of the Company, whilst providing transparency for employees.
- Pulse Survey 2018: a before/after measure of employees' results to be taken between the 2017 and 2018 Pulse Surveys to identify areas of improvement

¹⁸ Absenteeism rate covers part of total employees and does not represent the entire Company's performance. For details see section 5.1.8.

2 STRATEGY AND PERFORMANCE

or tension and critical topics. This will be used to re-orient the HR Strategy both globally and on a regional level.

- Implementation of a new Reward Strategy: What is valued within SBM Offshore has been restated and in line with this, how it should be rewarded will change. Based on renewed insights the Company continues to increase the alignment of its daily reward policies and practices.
- Reshape Performance Appraisal process: The Performance Appraisal process is being simplified and made more transparent and fair. One new element is the introduction of 360-degree feedback. There will also be more emphasis on team goals. The aim is to support the focus on talent and drive engagement.
- Replace Job Descriptions with Role Profiles from first quarter 2018 with the main objective to enable a company-wide overview of current and future resources, as well as efficiency in HR processes. Each profile will describe the purpose of the role, what should be achieved and the required behavioral and functional competencies.

In conclusion, SBM Offshore continues to invest in and develop its people and to evolve its talent management

programs in line with changes in the Company and a transforming industry. SBM Offshore continues to pursue its high standards in vital areas of consistency, equity and transparency across the Company. Management believes that satisfied and engaged employees will lead to increased productivity, as well as the desired entrepreneurial and ownership behaviors and ultimately to the achievement of the Company's goals and delivery of the desired results for its clients.

2.9 Technology

MANAGEMENT APPROACH

To develop its technology strategy, SBM Offshore first engages externally with its clients and internally with Product Line divisions to identify and analyze the key technical and business trends in the offshore industry. Armed with this market-based information, the Company predicts future technology gaps and strives to find innovative, safe, reliable and cost-effective solutions to meet these challenges. SBM Offshore's technology team actively works towards this goal by transforming and innovating to ensure that the Company is well positioned for future projects as clients' needs evolve.

Wael Sawan – Shell

Executive Vice President – Deepwater

'SBM Offshore's technology capability enabled the Stones *Turritella* (FPSO) to meet the Gulf of Mexico's requirement for a detachable turret with Steel Lazywave Risers (SLR) in ~2,900m water depth, which was a first for Shell, SBM Offshore and the industry. SBM Offshore was able to deliver this new technology in parallel with executing the project.'



In 2017 the Company continued to transition its focus from FPSO and mooring technology, where it is already recognized as a world leader, to increasingly diversify its efforts into emerging technologies associated with Gas, Power and Renewable Energies.

The Company operates a robust technology development process, which ensures that continued

investment in each new development project or innovation is justified against a business case. Moreover, SBM Offshore develops its new technology through a structured stage-gate process – in place since 2012 – to ensure that it is fully mature before being offered for sale or introduced into projects. This Technology Readiness Level (TRL) process includes full scale prototype testing of new proprietary components and