

2017

ANNUAL REPORT



EXPERIENCE MATTERS

2 STRATEGY AND PERFORMANCE

- Donating time and sharing skills to tutor 130 young refugees as well as donating material to improve the school building.
- Establishing an 'Eco Free Market' to donate food and goods to the Orang Asli (Indigenous People) at Kuala Woh, Perak.

Europe

- Monaco-based employees joined local charity **Children and Future** for the **No Finish Line** (NFL) event, raising almost EUR 5,000.
- Participation in the Schiedam harbor area development project.

USA

- Hurricane Harvey volunteer/relief efforts: employees donated over 600 hours of Company paid time and SBM Offshore provided tax-free grants to affected employees.
- Office employees donated 300 articles of clothes to **Dress for Success**, a local charity to help people re-entering the workforce.
- A Company team participated in the MS150 charity bike ride for the **National Multiple Sclerosis Society**.

2.11.2 HUMAN RIGHTS

MANAGEMENT APPROACH

Society provides SBM Offshore with the social and physical infrastructure for entrepreneurship. Accordingly, the Company has the following responsibilities:

- respecting human rights as formulated in the Universal Declaration of Human Rights;
- taking all reasonable measures to avoid involvement or complicity in human rights violations;
- assessing the social, environmental and economic impact of intended operations prior to the commencement of operational activities, including the impact on local communities and human rights.

SBM Offshore has its business spread over six continents and the Company has embraced the challenges offered by different environments. SBM Offshore does not accept any discrimination on the basis of sex, age, race, religion, political or trade union affiliations, nationality or disability.

SBM Offshore is most exposed to human rights issues in developing countries where it either operates or constructs its units and depends on services provided

throughout its value chain. Operating a responsible supply chain, in which the Company combines long-term shared value creation with human rights standards among others, is continuously improved with consistent implementation of the Company's Supply Chain Charter throughout the supply chain.

As part of its Corporate Social Responsibility strategy, SBM Offshore adheres to international standards such as:

- the United Declaration of Human Rights,
- the OECD Guidelines for Multinational Enterprises,
- International Labour Organization¹⁹ (ILO) conventions
- the United Nations Global Compact.

The impact on SBM Offshore's reputation in case of breach of human rights standards is considered significant as the Company's clients, employees, NGOs and certain key suppliers consider human rights an essential part of performing business at the highest level of integrity as promoted by the Company.

The Company endeavours to match the highest level of employment standards for all its employees in line with the Group's Code of Conduct and Social Accountability Manual. These standards meet and most often exceed International Human Rights and ILO Guidelines.

2017 PERFORMANCE

Details can be found under sections 2.3.2 Fleet and 2.10 Supply Chain.

2.12 SUSTAINABLE BUSINESS

MANAGEMENT APPROACH

Sustainability is an important value driver for SBM Offshore's long-term business and operations with a focus on Environmental, Social and Governance issues. The Company aims to be the industry frontrunner on sustainability as reflected in the Company's vision. To achieve this ambition, SBM Offshore continuously strives to promote sustainability awareness, develop talent within the Company and incorporate ethics and integrity into all its activities. Embedding sustainability as a way of working in SBM Offshore is founded on continuous engagement with its employees.

SBM Offshore believes in doing business that adds value and benefits all stakeholders, with specific focus

¹⁹ The UN specialized agency which seeks the promotion of social justice and internationally recognized human and labour rights.

on clients, employees, shareholders, partners and society in general. SBM Offshore considers this to be fundamental to its activities. Reporting on successful

sustainable initiatives, charity projects and donations will improve awareness and further encourage engagement.



Hester Holtland – Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO)

Project Manager Sustainability and Responsible Investment

'SBM Offshore shows a mature approach towards integrated reporting. Under the pillars 'License to Grow' and 'License to Operate', SBM Offshore focuses on a competitive and commercial advantage by developing sustainable solutions. SBM Offshore also dedicates a chapter to Non-Financial Data, a step that VBDO applauds.'

Sustainability Framework

Under what is called 'License to Grow', the approach is to create a competitive and commercial advantage by developing sustainable solutions that go beyond current rules and regulations, which are the obligations under the Company's 'License to Operate'. Over time, these solutions are embedded in the Company's mainstream business development and operations.

'License to Operate' refers to the standards required to operate in accordance with the law and regulations on ethics, safety, health, quality, labor standards, environmental standards, governance and on meeting client requirements and specifications for their project development. SBM Offshore's sustainability strategy is founded on developing the core functions of the Company to meet these standards among others. SBM Offshore has a long history of managing and reporting its performance on a wide range of the 'License to Operate' aspects.

The 'License to Grow' themes and objectives reflect the focus of SBM Offshore's Sustainability strategy to achieve value creation and is material for the Company. SBM Offshore believes that Sustainable Business will create a 'License to Grow', facilitating its future success. The Company focuses on long-term, shared, value creation for the four themes of 'Manage environmental impact', 'Shape innovative solutions with the client', 'Create a cost-effective supply chain' and 'Foster local development'.

2017 PERFORMANCE

The level of performance is measured by the successful implementation of objectives as defined over the four themes under the License to Grow. In total fourteen objectives were identified, of which eight have been further developed and have been embedded into the Company's License to Operate.

- Renewable technology has developed from conceptual design to the commercial stage. A new Product Line for Gas, Power and Renewable Energy was created.
- The objective to standardize the environmental footprint of FPSO operations was initiated with the CO₂ Challenge (see section 2.5.1 CO₂ Challenge) and is being further developed under the Digitalization project.
- A list of creative ideas to develop Eco-design options for FPSO operations was generated as part of the CO₂ Challenge (see section 2.5.1 CO₂ Challenge) and handed over to R&D for implementation in their process.
- Reducing the environmental impact in offices has been completed as part of the CO₂ 'Office' Challenge.
- The Responsible Supply Chain project has been kicked off with the main objective to integrate human rights aspects in the selection criteria for suppliers (see section 2.10 Supply Chain).



SUSTAINABILITY FRAMEWORK

Unrival
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solutions

LICENSE TO OPERATE



Health & Safety

Protect Health, Safety and Security and to ensure that these aspects will not be compromised in order to achieve any other business objectives



Environment

SBM Offshore is committed to protecting people, preventing pollution and safeguarding the environment



Human Capital

Ownership and accountability by all employees to actively deliver results drive our collective success and future as a company



Compliance

SBM Offshore is committed to conducting its business activities in an honest, ethical, respectful and professional manner

LICENSE TO GROW



Manage environmental impact

Optimize the environmental footprint of SBM Offshore's operations by embedding sustainability in the full product lifecycle



Create a cost effective supply chain

Create an integrated supply chain aimed at the development of sustainable products, services and business models



Shape innovative offshore solutions with the client

Engage with clients to enhance field recovery and develop sustainable offshore solutions through technology innovations



Foster local development

Enhance socio-economic impact in SBM Offshore's countries of operation through employee development and local community programs



- Business development teams continue to approach clients and/or partners to engage in dialogue to optimize field development and field economics for clients.
- All four units that have been or will be decommissioned since publication of SBM Offshore's Vessel Recycling Policy in 2014 are recycled in accordance with Hong Kong Convention for end-of-life solutions.

Sustainability reporting and benchmarking

- SBM Offshore commits to reporting its sustainability performance against the Global Reporting Initiative Standard in a transparent manner and reports on indicators for its sustainability policies, which reflect all the material topics (see section 5.1 Scope of Non-Financial Information).
- SBM Offshore has been included in the Dow Jones Sustainability Index World (DJSI) for the eighth consecutive year and received the Silver Class distinction based on its 2017 sustainability performance.
- Other external institutes like the Carbon Disclosure Project (CDP), De Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO) and the Transparantie Benchmark of the Ministry of Economic Affairs of the Netherlands, have also rated the Company providing it with useful feedback on its performance.

Ranking of SBM Offshore in Sustainability Benchmarks

	2017	2016	Maximum Score	Ranking
Carbon Disclosure Project (CDP)	C	C	A+	n/a
Dow Jones Sustainability Index	72	81	100	2
<i>Transparantie Benchmark</i> of the Ministry of Economic Affairs of the Netherlands	176	171	200	47

FUTURE

SBM Offshore recognizes the importance of having a sustainability strategy that is goal congruent with government ambitions and the industry at large. For SBM Offshore the Paris Climate Change Agreement and the United Nations Sustainable Development Goals (SDGs) are the most comprehensive frameworks, to which the Company adheres, addressing sustainability with clear objectives.

The SDGs consists of seventeen goals with the overall objectives:

- to end poverty
- to protect the planet
- to ensure prosperity for all

Each goal has specific targets to be achieved by 2030.

The Company has identified seven SDGs as highlighted below to focus on in the coming years by prioritizing the SDGs where SBM Offshore and its stakeholders can make a difference and where operational activities can have the most impact. SBM Offshore has taken the following steps to identify the SDGs to prioritize:

- sought the opinion of employees through workshops and a survey;
- performed desktop research analyzing stakeholder's focus areas;
- mapped the Company's core activities against their impact on the SDGs.

The Company is currently progressing on defining targets against its chosen seven goals. The Company will also continue to support any SDGs where it has an impact as a result of its core activity; providing floating production solutions to the offshore energy industry.

SBM OFFSHORE'S FOCUS ON SUSTAINABLE DEVELOPMENT GOALS

