

2017

ANNUAL REPORT



EXPERIENCE MATTERS

5 NON-FINANCIAL DATA

equivalent (CO₂e) of each GHG reported. In 2017 SBM Offshore implemented the GWP according to the Fourth Assessment Report (AR4) issued by the IPCC. In previous years SBM Offshore applied the GWP factors from the Second Assessment Report (SAR). Updating the SBM Offshore's GWP to the AR4 increased the reported GHG emissions in CO₂ equivalents. The 2016 figures have been restated to reflect the new GWP factor for sake of comparison.

GHG Global Warming Potential conversion factors and revised data

IPCC Report	SAR	AR 4
Carbon Dioxide (CO ₂)	1	1
Methane (CH ₄) in CO ₂ e	21	25
Nitrous Oxide (N ₂ O) in CO ₂ e	310	298
IPCC Report	SAR	AR 4
SBM Offshore emissions in CO ₂ e	2016	2016
Carbon Dioxide (CO ₂)	5,766,556	5,766,556
Methane (CH ₄) in CO ₂ e	385,371	458,775
Nitrous Oxide (N ₂ O) in CO ₂ e	95,790	92,082
Total GHG in CO₂e	6,247,717	6,317,413

5.1.7 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air).

A Process Safety Event (PSE) is defined as an LOPC from a process that meets the Tier 1, Tier 2 or Tier 3 definitions within API RP 754.

Loss of Primary Containment (LOPC) events are reported in the Company's Single Reporting System as highlighted in Section 5.1.5. All LOPC's are analysed to identify those considered to be PSE's as per API RP 754. Process Safety KPIs used by the Company include the number of Tier 1 and the number of Tier 2 PSE's.

REVISED DATA

The data for Process Safety Events (PSE's) reported in 2016 have been revised to include six additional Tier 2 PSE's which were previously classified as Tier 3 events (Total of 20 Tier 2). As reported in section 2.6.1, this is an additional outcome of the activity of the review of Tier 3 events performed at the beginning of 2017.

5.1.8 HUMAN RESOURCES REPORTING

The Company's Human Resources data cover the global workforce and are broken down into parts which are: operating units, employment type, gender and age. The performance indicators report the workforce status at year-end December 31, 2017. It includes all staff who were assigned on permanent and fixed-term contracts, employee hires and departures, total number of locally-employed staff from agencies and all crew working on board the offshore operations units.

Human Resources considers:

- 'Permanent' employees as a staff member, holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Permanent employees are recorded on the payroll, directly paid by one entity of the SBM Offshore Group.
- 'Contractors' as an individual performing work for or on behalf of SBM Offshore, but not recognized as an employee under national law or practice (not part of SBM Offshore companies payroll, they issue invoices for services rendered).
- 'Subcontractors' are not considered as staff in the HR headcount breakdown structure. This population is managed as temporary service and are not covered by HR processes policies.

For reporting purposes certain performance indicators report on Construction Yard employees separately. Construction Yard employees for Human Resources reporting purposes consist of employees for yards located in Brazil and Angola. Construction Yard employees constitute a non-traditional type of SBM Offshore workforce who work in construction yards, which SBM Offshore owns and/or operates via a joint venture and could be allocated to non-SBM Offshore projects. SBM Offshore includes the Brasa Yard in Brazil and the Paenal yard in Angola in its reporting scope based on partial ownership and operational control including human resource activities and social responsibility for the employees.

In principle, reporting on Headcount, Turnover, Training, and Collective Bargaining, covers all SBM Offshore entities, including Construction yards. For the reporting on Appraisals and Absenteeism, Construction Yards employees are not included, due to the limits on influence and impact that SBM Offshore has with JV partners in the Panael and Brasa yards.

Certain differences may potentially arise between the headcount numbers reported by Finance and HR. This is due to the difference in the reporting structure of the two Departments. Turnover has been calculated as such; number of employees who have left the Company in 2017 (between January 1 and the December 31, 2017) compared with the headcount at January 1, 2017 and the number of newcomers in 2017.

Absenteeism

SBM Offshore considers absenteeism as the number of work days lost due to unplanned absence. This does not include permitted absences such as maternity/paternity leave, national holidays, vacation or compassionate leave.

The absenteeism rate is calculated as follows: The total amount of sick days on Full Time Equivalent (FTE) basis divided by the total amount of scheduled work days on FTE basis.

Absenteeism has been monitored internally at a local level by SBM Offshore and in 2017 the Company started to report externally on a consolidated level. The Company started reports on the absenteeism rates per reporting entities. The scope for this indicator includes office-based permanent SBM Offshore employees employed throughout the entire year. The reporting for this metric is comprised of the Regional Centers, SBM Operation Headquarters and SBM Corporate. As part of its continuous improvements, the Company aims to align the criteria for recording absenteeism in order to be able to include offshore employees, onshore employees from all locations, construction yards, as well as employees employed part of the year, in the near future. The Company also plans to disclose absenteeism rates by male and female employees.

PERFORMANCE REVIEWS/SKILLS MANAGEMENT/ TRAINING

In order to ensure personal development and optimal management of performance within the Company, SBM Offshore conducts annual performance reviews for all employees. Globally, the Company uses a common system to grade and evaluate all permanent staff.

A Talent Management and Succession Planning program is in place to discuss the strengths, development needs and potential future career paths of SBM Offshore employees, taking into account certain criteria and identifies those who have the potential to take on greater leadership roles today and tomorrow.

SBM Offshore reports its Human Resources data in Operational Segments, which correspond to different regions and segments of the SBM Offshore population, which is a more relevant breakdown method for SBM Offshore's stakeholders. SBM Offshore has also chosen to disclose training information in the employee categories onshore/offshore as a relevant breakdown method for the Company's stakeholders, as these are two very different types of populations with different training needs. All employees receive regular performance and career development reviews, therefore breakdown per employee category and gender is not appropriate. For 2017, the indicator Onshore Performance Appraisals did not include the employees from SBM - Operations Angola. SBM Offshore reports its e-learning Ethics & Compliance training activity for permanent staff.

5.1.9 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies.

To define a significant fine the following thresholds are considered (subject to final assessment by Management Board on a case by case basis):

1. Operational fines of a regulatory and/or administrative nature which exceed US\$ 500,000.
2. Legal and compliance fines of a criminal nature which exceed US\$ 50,000.

Non-monetary sanctions are reported on the basis of significant regulatory incidents.