



2017

ANNUAL REPORT



EXPERIENCE MATTERS

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):

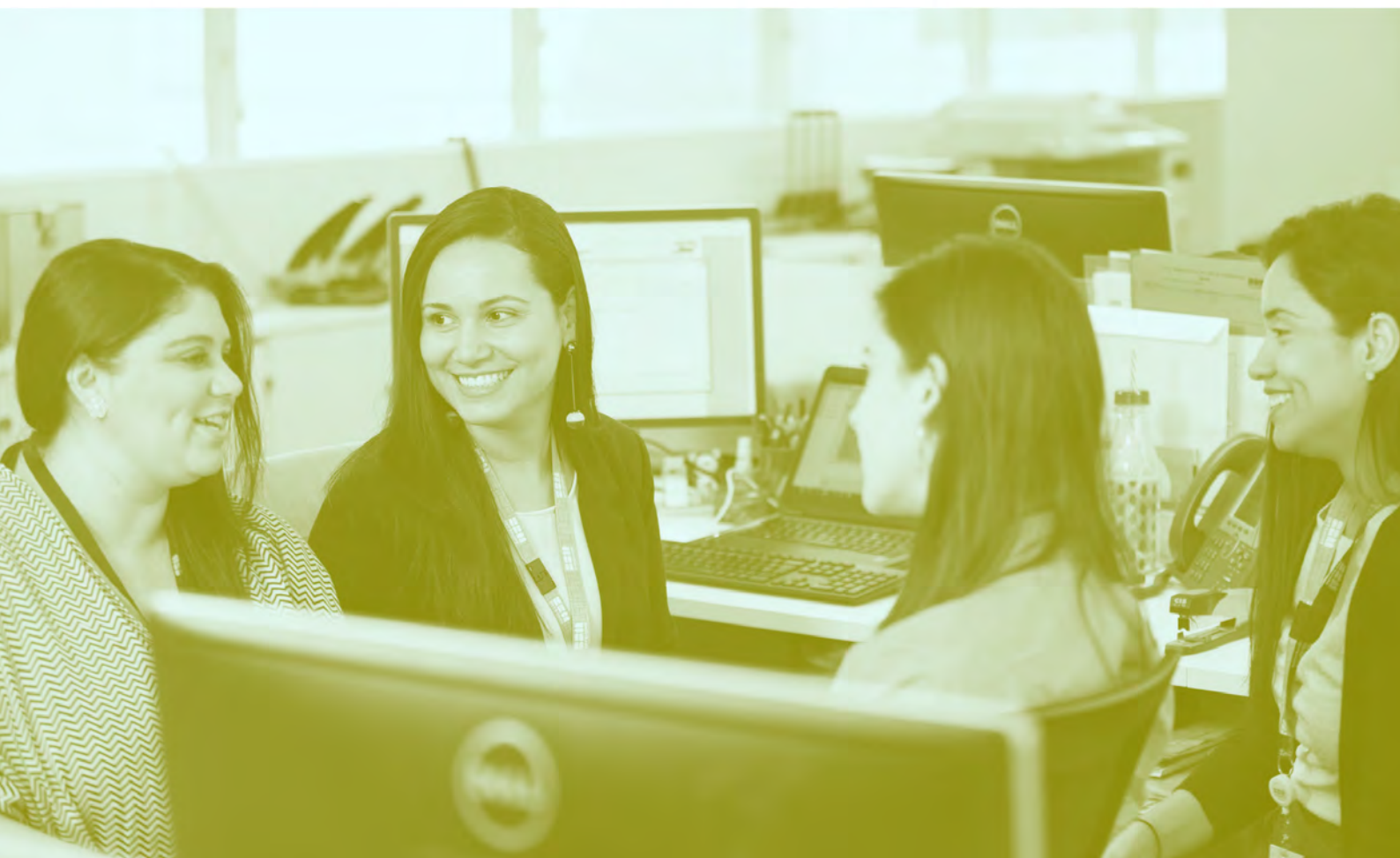
1. Operational fines of a regulatory and/or administrative nature which exceed US\$ 500,000.
2. Legal and compliance fines of a criminal nature which exceed US\$ 50,000.

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

'Though we are in uncertain times, this does not affect my performance and I do feel part of SBM Offshore. I sincerely want to be part of making SBM Offshore better in the future, whether through its boom and bust cycles as before, or more cautiously, as is currently being predicted. We need to be different than from what we have been in the past and want to be a part of that.'

SBM Offshore Pulse Survey

carried out from January 9 to February 8, 2017



5.2 NON-FINANCIAL INDICATORS

5.2.1 HEALTH, SAFETY & SECURITY

Health, Safety & Security

	Year to Year		2017 – By Operating Segment	
	2017	2016	Offshore	Onshore
Exposure Hours				
Employee ¹	12,640,875	13,117,798	8,375,826	4,265,049
Contractor ²	742,280	1,516,282	0	742,280
Total Exposure hours	13,383,155	14,634,080	8,375,826	5,007,329
Fatalities (work related)				
Employee	0	0	0	0
Contractor	0	0	0	0
Total Fatalities	0	0	0	0
Injuries				
Lost Time Injury Frequency Rate Employee	0.05	0.12	0.07	0.00
Lost Time Injury Frequency Rate Contractor	0.27	0.00	0.00	0.27
Lost Time Injury Frequency Rate (Total)³	0.06	0.11	0.07	0.04
Total Recordable Injury Frequency Rate Employee	0.17	0.34	0.26	0.00
Total Recordable Injury Frequency Rate Contractor	0.54	0.13	0.00	0.54
Total Recordable Injury Frequency Rate (Total)⁴	0.19	0.31	0.26	0.08
Occupational Illnesses				
Employee	1	7	1	0
Contractor	2	5	2	0
Total recordable Occupational Illness Frequency Rate (employees only)⁵	0.02	0.11	0.02	0.00
Security				
Work-related security incidents	11	9	9	2
Work-related security incident resulting in physical harm to employees (number)	0	0	0	0

1 Permanent employees, part-time employees, locally hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for the Company

2 Any person employed by a Contractor or Contractor's Sub-Contractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore

3 Lost time injuries per 200,000 exposure hours

4 Recordable injuries per 200,000 exposure hours

5 Occupational illnesses per 200,000 exposure hours

Process Safety

	Year to Year		2017 – Regional Breakdown			
	2017	2016	Brazil	Angola	North America & Equatorial Guinea	Asia
Loss of Containment - Process						
Total	353	297	256	30	34	33
API 754 Classified Materials	227	163	163	24	27	13
API 754 Classified Materials (by TIER)						
Tier 1 incidents (number)	5	3	2	1	1	1
Tier 2 incidents (number)	7	20	4	0	2	1
Tier 3 Incidents (above 1kg/hr)	91	82	61	16	11	3
Weeps and Seeps (below 1kg/hr)	124	58	96	7	13	8