Kristian Siem, Chairman

"We have a solid foundation of experience, expertise and Values. From this, we continue to develop and grow to meet the evolving needs of the offshore energy industry."

I would like to extend a special thanks to Jean Cahuzac, whose 11-year tenure at Subsea 7 included the merger of our legacy companies in 2011 followed by the most extended downturn our market has ever seen. Jean's leadership, drive and commitment have built a strong company founded on our Values and positioned us well to thrive into the future. He will remain on the Board as a Non-Executive Director. On behalf of the Board I would like to welcome John Evans to the position of CEO, effective 1 January 2020. John, previously Subsea 7's COO, has a passion and energy for delivery and results that will take us forward in achieving our strategy and vision. The succession of the CEO position and the reorganisation of senior management under John was planned for some time and is firmly in place.

To the shareholders of Subsea 7 S.A.

Subsea 7 performed satisfactorily in 2019 with solid financial results at operational level and good execution on projects in all three operational business units. The market environment continued gradually to improve and our strategy to engage early and offer innovative and integrated solutions to our clients affirmed our position as a leading partner for energy solutions worldwide.

Group revenue decreased 10% to $3.7 billion mostly due to reduced activities in the Renewables and Heavy Lifting business unit reflecting the timing of large project awards to the market. Oil and gas activity was broadly flat year-on-year. 2019 diluted earnings per share before the goodwill impairment was $0.05 compared to $0.56 in 2018 reflecting the lower levels of activity and low pricing on projects awarded in the downturn, partly offset by lower weighted average number of shares following the repurchase of 21 million shares for $250 million in the year.

Our priorities to invest in the business and keep an investment grade credit profile have resulted in a solid performance through the cycle and enabled us to adapt as the needs and expectations of our stakeholders have evolved. Our successful alliances, partnerships and technology, supported by our deeply embedded Values-led culture, have delivered market-leading solutions and created sustainable value, which position the Company well for the future.

Our vision for the future

Subsea 7's vision is to lead the way in the delivery of offshore projects and services for the energy industry, safely and efficiently. To achieve this, we are focusing on strategic priorities to develop our clients' Subsea Field of the Future and actively engage in energy transition by promoting lower carbon solutions and renewable energy sources.

The Group's Subsea Field of the Future ambition combines our full field lifecycle solutions and services and is enabled by our commitment to technology, engineering and relationships.

Clients are increasingly recognising the benefits of early engagement and 70% of our awards or tenders in the year included these services. We have strategically invested in our early engagement services with the acquisitions of Xodus Group and Green Light Environment and we have developed industry-leading partnerships and alliances. The integrated solutions designed and delivered by Subsea Integration Alliance, our SPS-SURF alliance with OneSubsea, a Schlumberger company, are often preferred by clients, particularly for greenfield developments where technology and early-stage engineering can optimise savings.

To be a leading partner for our clients we must have the right systems and processes that allow them to execute their development plans cost-effectively. Our technology and product development are enabling longer tie-backs and more efficient solutions with lower total expenditure over the life of the field. Our progress with digitalisation is unlocking additional efficiencies in the way we deliver our solutions and the acquisition of 4Subsea represents our first digital revenue stream.

We are committed to assisting our clients in all their offshore energy projects in oil, gas and renewable energy. Our adaptability and responsiveness have helped us to participate fully in society's drive towards lower carbon and renewable energy sources. To date, Subsea 7 has installed over 650 wind turbine

foundations and nearly 1,500 kilometres of array cables on wind farm projects, and we look forward with confidence to the role we will play in generating sustainable energy solutions for society.

Living our Values

Subsea 7's six Values guide our behaviour and encapsulate the qualities our stakeholders expect of us. This year we undertook a materiality assessment to guide the development of our sustainability strategy and its results correlated closely to the Values we already embrace. To create long-term value for our stakeholders we must keep all our people safe, treat them fairly and with respect, mitigate our impact on the environment, deliver superior performance, work collaboratively and innovate smarter solutions. By living these Values we aim to be the employer and partner of choice in our industry.

Our solid financial foundation

Subsea 7 has an established framework for disciplined capital management based on three priorities: investing in the business to grow and strengthen our services, maintaining an investment grade credit profile and returning cash to shareholders.

In 2019 we invested organically and by acquisition to grow our technology and early engineering capabilities, and enhanced our fleet. Our new-build reel-lay vessel will be operational in 2020 working on complex long-distance rigid pipelay projects, initially in the US Gulf of Mexico.

During the year we returned $304 million to shareholders by means of a NOK 1.50 per share special dividend and the repurchase of 21 million shares at a cost of $250 million. We announced a new $200 million share repurchase programme in June, which can be executed at our discretion until June 2021.

At 31 December 2019 the Group had cash and cash equivalents of $398 million and net debt, including $345 million of lease liabilities, of $181 million.

My thanks

Our performance is the result of the experience, expertise and efforts of our people and our business partners and I would like to thank them all for their hard work and achievements. I also thank our clients and shareholders for their confidence and support as we strive to achieve our vision and create sustainable value through our strategy of delivering the efficient offshore solutions the world needs.

Kristian Siem
Chairman

Our Values

Safety
Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.

Integrity
We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.

Sustainability
We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.

Performance
We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance in every project.

Collaboration
We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.

Innovation
We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.

John Evans, Chief Executive Officer

"Our track record of engineering creative solutions, delivered reliably, safely and collaboratively, positions us well for the increase in activity as our end markets recover and grow."

I am pleased to have been selected to lead Subsea 7 as its new CEO, following the retirement of Jean Cahuzac at the end of 2019. Succession planning is an important component of corporate development and we have been preparing for this change for some time. To support me in my new role we have strengthened the Executive Management Team (EMT) and I have full confidence that Subsea 7 will continue to lead the way in the delivery of offshore projects and services for the energy industry.

Our 2019 performance

In 2019 Subsea 7 reported revenue of $3.7 billion and Adjusted EBITDA of $631 million. This solid performance was achieved in a market that is gradually recovering from the longest downturn our industry has experienced and reflects our adaptable commercial approach and dedication to achieving the most cost-effective solutions for our clients.

During the year we delivered 27 projects and services offshore in 11 countries. Our global presence and long-standing experience in oil, gas and renewable energy projects provide us with a solid foundation for recovery. Significant operational achievements in 2019 included the successful completion of the final offshore campaign for the West Nile Delta project, offshore Egypt and the fabrication and certification of our Electrically Heat Traced Flowline technology in readiness for installation on the Ærfugl and Manuel projects in 2020.

We booked $3.9 billion of new awards and escalations in 2019 and undertook 121 early engagement engineering studies. By working with our clients from the initial stages of planning and design we help them achieve better, more effective solutions with a reduced environmental impact. In particular, the last year has been successful for Subsea Integration Alliance, which won a number of large greenfield projects supported by superior early engagement and engineering. The Sangomar project, offshore Senegal, and the Scarborough project offshore Australia were awarded to Subsea Integration Alliance as front-end engineering and design contracts on a sole supplier basis. Sangomar has progressed to a full engineering, procurement, installation and commissioning (EPIC) contract, and Scarborough should follow when the client reaches its final investment decision. Being involved right from the start of the project allows Subsea Integration Alliance to optimise the design and minimise the total investment cost for the life of the field. This contractual model is becoming more prevalent in both integrated and standalone SURF projects.

Our Renewables and Heavy Lifting business has experienced a difficult year with low activity levels and competitive pricing conditions. Despite this we have been commercially successful in winning a number of cable-lay contracts and have established a solid market presence in the fast growing Taiwanese offshore wind farm market.

Delivering our strategic vision

Subsea 7 is differentiated by its collaborative working relationships and creative solutions. We are taking this to the next level with our ambition for the Subsea Field of the Future, which aims to improve the solutions we provide and the way we deliver them. We will achieve this by prioritising the areas where we have the most to gain from investment and development, such as technology, integration, early engagement and digitalisation.

We have embraced the integration of SPS and SURF solutions through our partnership with Aker BP and our alliance with OneSubsea, Subsea Integration Alliance. Approximately half of the greenfield projects being tendered in the market in 2019 were on an integrated basis and our strategic focus on this contracting structure has firmly positioned us as one of only two fully integrated suppliers with worldwide presence.

We have invested throughout the downturn to affirm Subsea 7's leading position as preferred supplier to our clients and preferred employer for our people. The market is increasingly differentiated by technology and engineering capability and the quality of the solutions we can provide. We have strengthened our technical expertise through the downturn, with the acquisition of

businesses that enhance our technology, engineering and environmental capability. We have also renewed and enhanced our vessels. Our new build reel-lay vessel, *Seven Vega,* is due to commence work in the first half of 2020. In the medium term, we anticipate lower levels of investment in the fleet, which is already the youngest and most capable in our industry.

Another key initiative that is gaining pace, is our programme to increase the use of digital solutions. Our digitalisation programme is focused both on the efficiency of our own deliverables and opportunities for revenue enhancement, enabling reduction of cost and creating potential for improved margins when projects are executed. Looking ahead, we will build on this solid start to capture strategic opportunities across the energy field lifecycle.

We continue to look at ways to increase our efficiency and to lower our environmental impact. This is one of the priorities for our sustainability strategy, which is discussed in more detail in our 2019 Sustainability Report. The upgrade of our life of field vessel, *Seven Viking*, to hybrid power has been successful, delivering savings in fuel and emissions of 19%. We have reached milestones in our in-house technology programmes with the launch of our first onshore control centres for ROV services that, in the future, are expected to reduce costs and vessel intensity for inspection maintenance and repair services.

Global energy demand continues to grow and society is looking for cleaner and more sustainable sources of energy to meet its needs. Subsea 7 is a focused offshore energy services provider and we believe we have a key role to play in facilitating the transition towards a lower carbon and renewable energy supply.

Continued gradual recovery

Looking ahead, we expect the gradual recovery of the oil and gas markets to continue in the coming years, as signalled by the growing number and size of new projects being tendered and awarded to market. We also anticipate a steady improvement in the commercial environment for offshore wind farm projects as the increased number of new developments starts to utilise the capacity in the foundation installation market. We have provided guidance to the market that our revenue and profitability is expected to improve from the low point reported for 2019. However, while we are executing projects won at lower prices during the downturn our percentage margin is expected to remain below mid-cycle levels.

John Evans
Chief Executive Officer

Our differentiators

We add value to our clients' businesses as we support them with cost-effective solutions enabled by technology

Culture

Global team with expertise, passion and commitment to deliver.

Our Values are strongly embedded and underpin the behaviours and ways of working of our teams. Our people take great pride in living our Values and applying them consistently across our global operations.

Creativity

Ability to innovate through technology, processes and partnerships.

We embrace new challenges, and apply our expertise and experience to generate technical, commercial and operational solutions, which benefit all our stakeholders.

Relationships

Working and learning together to achieve success for all.

We have built long-standing client and supplier relationships through consistent high-quality delivery, transparency and adaptability. We respond to what our clients need to support them in creating long-term value.

Reliability

Trusted partner in delivering projects.

We are proud of the execution track record that keeps our clients coming back, with over 1,000 projects successfully executed in all water depths worldwide. Our reliability is enhanced by our secure financial profile and liquidity position.

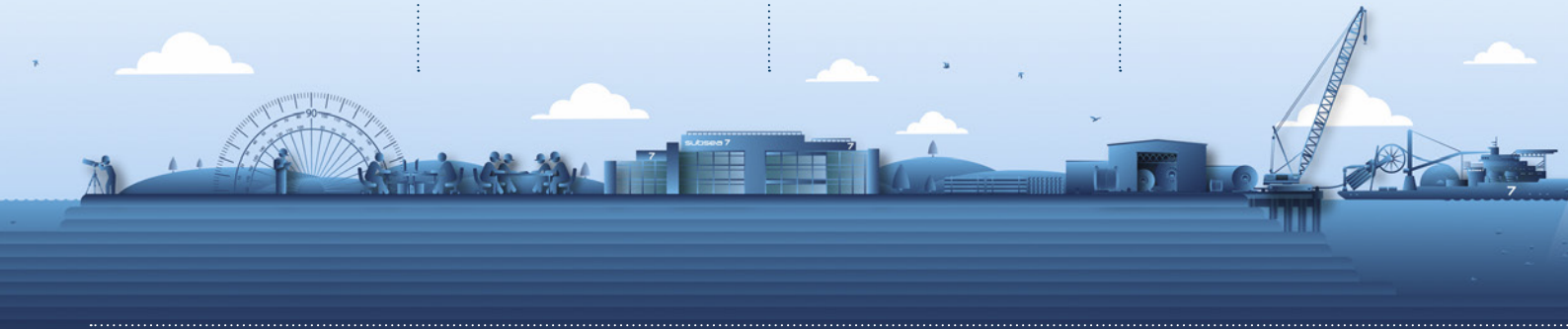
Solutions

Client-focused mindset to create the right solution.

Our clients rely on us to develop fit for purpose solutions that reliably meet project requirements. We deliver these solutions whether for complex programmes or for small, standardised projects or services.

Full service across the field lifecycle

Subsea 7 provides project management, engineering and construction expertise across the full field lifecycle. These services are delivered within three operational business units: SURF and Conventional, Life of Field, and Renewables and Heavy Lifting.



CONCEPT	DESIGN	ENGINEER	PROCURE AND FABRICATE
Input at concept allows for optimisation of later cycle stages.	**Robust FEED ensuring minimal change and accurate forecasting during design.**	**Detailed engineering by experienced personnel to deliver the best solution.**	**Efficient procurement and high quality fabrication delivered on time.**
What we do			
Being involved at the earliest stage of the field development enables us to deliver maximum value. The concept stage is key to lowering costs in the later lifecycle stages	We deliver Front End Engineering Design (FEED) for our clients. These services are essential in selecting the right solution to fully optimise the development.	Engineering is at the core of what we do. Detailed engineering involves taking the initial solutions developed in the concept and FEED stage and refining these for field execution.	Our teams are able to execute the largest EPIC projects in the market, in all our business units and in all geographies. Our ability to procure and fabricate effectively on a large scale differentiates us.
How we add value			
We incorporate new technologies, fit for purpose solutions and standardisation into the concept design to lower the total cost of development.	We work with our alliance and client partners to optimise solutions, align schedules and accurately forecast full lifecycle costs.	Our global teams of experts have a track record for designing the best solutions and executing them. This stems from our ability to solve problems and engineer solutions.	We have a clear understanding of the risks and opportunities that exist when working with a large supply chain network.

Creating better outcomes for our stakeholders

Our clients

Our collaborative way of working helps us to develop the best solutions for our clients' needs. We are able to lower our clients' costs by utilising our technology, our assets and efficient work processes. Our culture ensures good performance without compromising safety.

125

clients worked with Subsea 7 in 2019

Our shareholders

We seek to create long-term value for our shareholders in all that we do. We have the right solutions to maintain a market-leading position. We have a disciplined approach to capital allocation and a commitment to good governance.

265

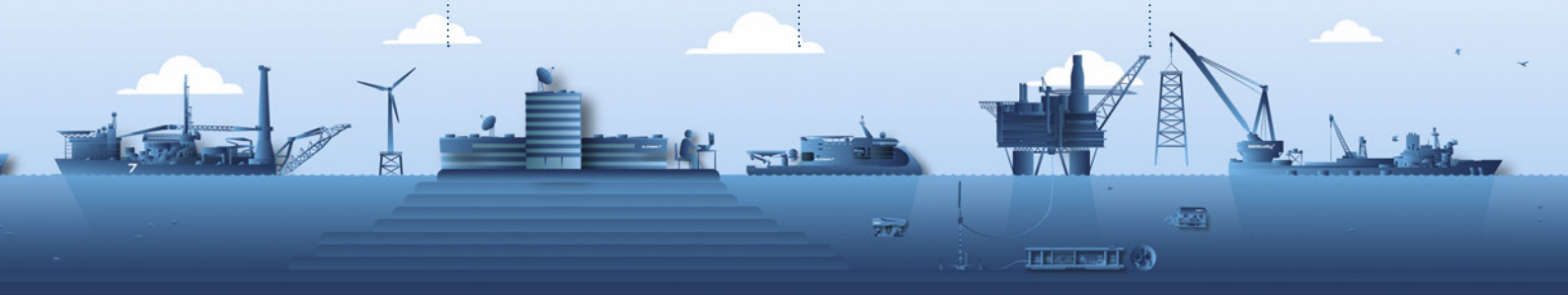
meetings between Subsea 7 and investors in 2019

INSTALL AND COMMISSION

MAINTAIN

EXTEND

DECOMMISSION



Safe, on-schedule and cost-efficient installations by world class vessels.

Effective and responsive maintenance reducing cost of ownership.

Maximise return on investment by utilising new technologies to extend the life of the field development.

Facilitate abandonment, decommissioning and re-use of infrastructure.

We install and commission subsea energy developments in all water depths across all energy hubs.

We specialise in maintaining offshore field developments though our services and expertise delivered through our Life of Field business unit.

We invest in technology that enables our clients to extend the life of their assets through enhancement of current production or additional production.

We have the capacity to undertake large-scale infrastructure abandonments.

Our fleet of high specification vessels allows us to install market-leading solutions. Our onshore and offshore experts have the experience to deliver these solutions safely and efficiently.

We incorporate our maintenance knowledge services into the design of the field, lowering the total cost of ownership for our clients.

Our technology portfolio offers a range of solutions for all field extension needs; we collaborate with partners across the supply chain to deliver these solutions.

We can manage all aspects of decommissioning projects including: regulation, technology, environment, planning, execution and costs.

Our people

Our people are the foundation of our business. Our experts, onshore and offshore, can deliver solutions around the world, leading the industry in know-how and the ability to innovate. We invest in our people, giving them opportunities to learn and grow.

73

engineering graduates completed development schemes in 2019

Society

We engage with the societies we work in. Through local partnerships we create and develop local content opportunities, and contribute to the communities in which we work. With Integrity as a Value we have a zero tolerance attitude toward non-compliant business practices.

65

community assistance events delivered in 2019

Understanding our operating environment

Subsea 7 is a global leader in the offshore energy industry, delivering engineering and project management services and projects for oil and gas and offshore wind farm developments.

Oil and gas market overview

Weak economic growth in 2019 resulted in global oil demand growth of approximately 0.8 million barrels per day. The balance of supply and demand was sensitive to macroeconomic and geopolitical events and remained dependent on OPEC's self-imposed production constraints. During the year, the price of Brent oil was largely range-bound compared to prior years, trading between $60 and $70 per barrel for eight months of the year. In the first quarter the oil price steadily increased from a low point of $54 per barrel due to the implementation of OPEC's new Vienna Agreement. After peaking at $75 per barrel in April, concerns regarding the possible impact of US-China trade tensions and an unseasonal increase in US oil inventories resulted in a correction and the oil price reverted to its prior range. Global gas prices remained under pressure in 2019, as both liquefied natural gas (LNG) and piped gas supply continued to build in excess of demand growth. In Europe, this was exacerbated by unseasonably warm weather in the fourth quarter, curtailing winter demand and leading to high levels of gas in storage.

The demand for offshore oil and gas services continued to gradually recover throughout 2019, benefiting from increased investment in brownfield projects to compensate for the natural depletion of producing wells, as well as the sanctioning of some new greenfield developments.

Offshore oil award activity was driven by the increased sanctioning of greenfield deepwater projects offshore Brazil and West Africa as well as brownfield projects in the North Sea and the US Gulf of Mexico. Conventional shallow water developments also made good progress with strong growth in tenders and awards for projects offshore Saudi Arabia and an increase in activity in Nigeria.

Offshore gas award activity was primarily related to incremental infrastructure for existing fields, particularly offshore Australia, as producing fields suffered depletion. Despite current market dynamics, industry estimates suggest that more greenfield projects will be needed to meet demand beyond 2023 and this continues to drive awards. New greenfield developments offshore East Africa, Qatar and Australia are being tendered and awarded.

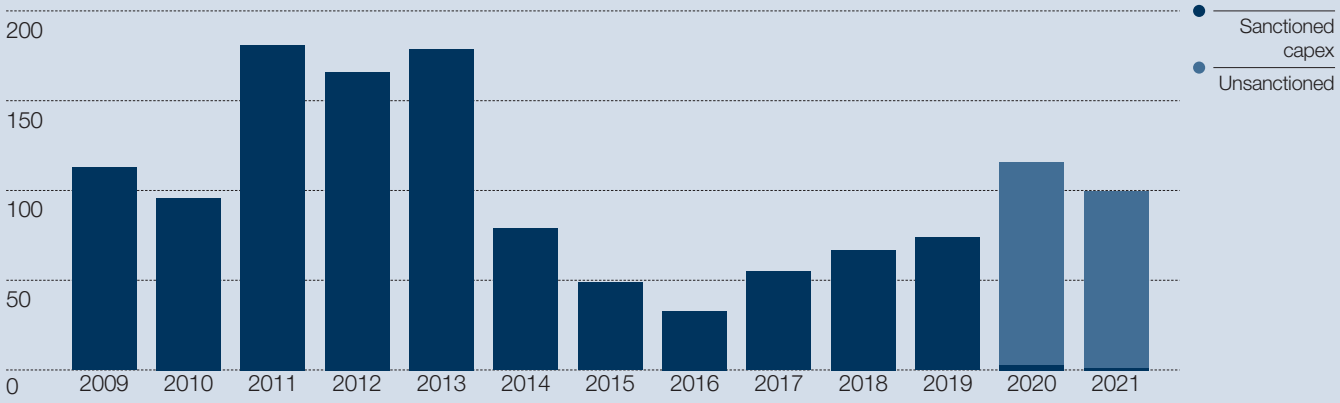
The trend towards early engagement engineering and integrated contracts for Subsea Production Systems (SPS) and Subsea Umbilicals, Risers and Flowlines (SURF) meant that large new greenfield projects achieved the necessary cost and risk reduction for the International and National Oil Companies to proceed with development. Early engagement by integrated and standalone SURF contractors enables optimised field design and leading technology solutions for total field lifecycle expenditure, providing the operator with the best long-term economic outcome. Approximately half of the greenfield contracts in 2019 were awarded on an integrated basis, with projects now underway in all the major offshore basins and for a wide range of operators.

The market remains competitive for offshore oil and gas engineering, procurement, installation and commissioning (EPIC) projects, with three providers in the top tier, including Subsea 7. There has been a reduction in the supply of services with several smaller regional competitors exiting during the downturn and some consolidation, mostly in the form of alliances and partnerships. While 2019 remained a competitive year, large orders to the market helped contribute to improved pricing compared to the prior year.

At the peak of the market between 2011 and 2013, approximately $180 billion of greenfield capex was committed each year. This fell sharply to a low of only $33 billion in 2016. Since then, the market has gradually recovered, with $74 billion committed in 2019 and projected commitments of approximately $125 billion per year in 2020 and 2021. These projections include several large greenfield projects that are already in the concept or early engineering phases in locations such as Brazil, Africa, Guyana and Australia. If these projects progress as anticipated, they would mostly be executed offshore in 2022 and 2023. This is expected to result in a tightening of the supply in our sector that should allow pricing and margin improvements.

Offshore greenfield capex by commitment year and FID status

USD billion



Source: Rystad Energy SeviceDemandCube.

The inspection, repair and maintenance (IRM) market showed signs of improvement in 2019, albeit still within a competitive environment, with more projects and long-term agreements signed in the year. The expectation is that as the oil and gas market recovers, the demand for life of field services will increase steadily. Technology is a key competitive differentiator in this market.

The decommissioning market has been affected by the development of new technologies that facilitate the extension of the life of mature fields, promoting long-distance tie-backs and re-utilisation of existing facilities. Nevertheless, the demand for decommissioning is set to increase, particularly in mature regions such as the North Sea and the US Gulf of Mexico.

Offshore wind market overview

The global demand for renewable energy continued to grow strongly in 2019, supported by increasing social and political pressure to limit greenhouse gas emissions. This trend has positively impacted the offshore wind farm market, with a growing number of countries increasing investment in the sector.

The offshore wind market has also benefited from the progression to larger turbines and bigger wind farm developments, both of which have contributed to a significant reduction in the levelised cost of electricity. More efficient wind farms have meant that lower government subsidies are required, and some developments in Europe have been sanctioned with no subsidies at all. The European market has the largest installed offshore wind farm capacity, but in 2019 the market in Asia accelerated with a number of projects underway offshore Taiwan. The US offshore wind market has begun to emerge but remains relatively small at the current time. Market projections estimate that the offshore wind market will increase five-fold by 2030 and by that time the installed capacity in Asia and the US will equal that of Europe.

As more countries look to develop offshore wind farms and as the shallow water areas for development are exhausted, the market is expected to move into deeper water and further offshore. Fixed wind turbine foundations are the most cost-effective solution in shallow water depths of up to approximately 65 metres. Beyond this depth a floating solution is required. Small floating wind farms have been trialled, but the economics are currently insufficient to enable a full size commercial floating wind farm to be developed. Unlocking this opportunity will accelerate the transition to renewable energy, particularly for countries with little or no suitable shallow water areas for development.

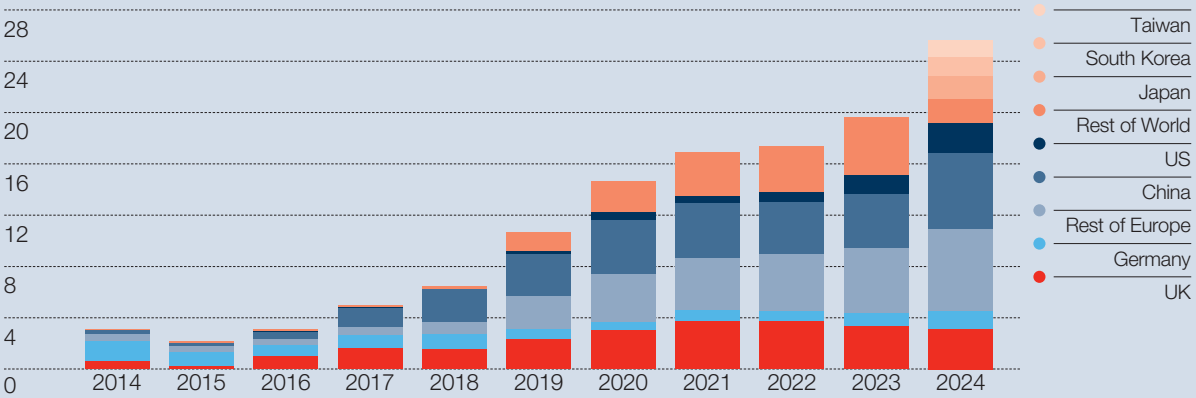
Over the past two years there has been a significant increase in competition in the wind turbine foundation installation market that is Subsea 7's primary focus. The entry of two major SURF contractors to a market that was already well supplied has resulted in lower pricing on new contracts. This oversupply is expected to be absorbed as the market grows but it may take a few years to rebalance.

Another focus area for Subsea 7 in the renewables market is the array cable-lay segment. It has not suffered from the same level of oversupply compared to the foundation installation market, translating into less competitive pressure and it has, therefore, benefited from the recent acceleration in offshore wind farm developments.

The transition to lower carbon or renewable energy sources is accelerating, but some energy sources are challenging to substitute. The storage and consistency of supply of wind and solar energy remain a challenge. The use of fossil fuel for transport, chemical and agriculture will take longer to evolve and market estimates predict oil and gas will continue to be dominant in the supply chain for the foreseeable future, with oil remaining relatively flat and gas continuing to grow.

Offshore renewables installation market by region

USD billion



Source: Rystad Energy research and analysis; 4C Offshore; US Department of Energy; Renewable UK; The Crown Estate; IRENA; EWEA; LORC.

Delivering optimum solutions to our clients

Subsea 7 provides project management, engineering and construction expertise across three operational business units.

SURF and Conventional

Subsea 7 is a global leader in offshore energy construction projects, operating in all water depths and conditions.

subsea 7

Life of Field

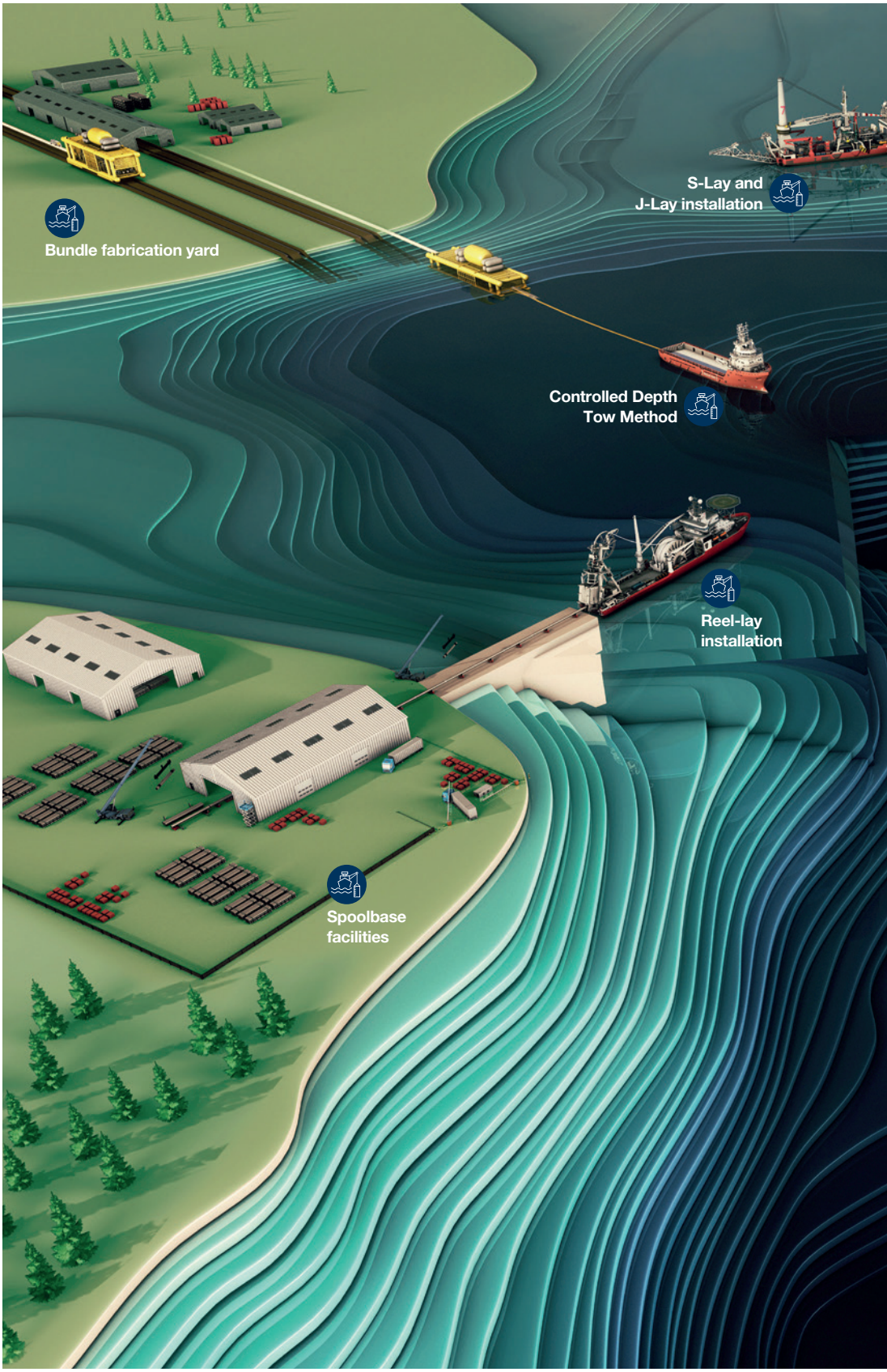
i-Tech 7 is a progressive and pioneering subsea life of field partner delivering inspection, repair and maintenance solutions to offshore energy developments.

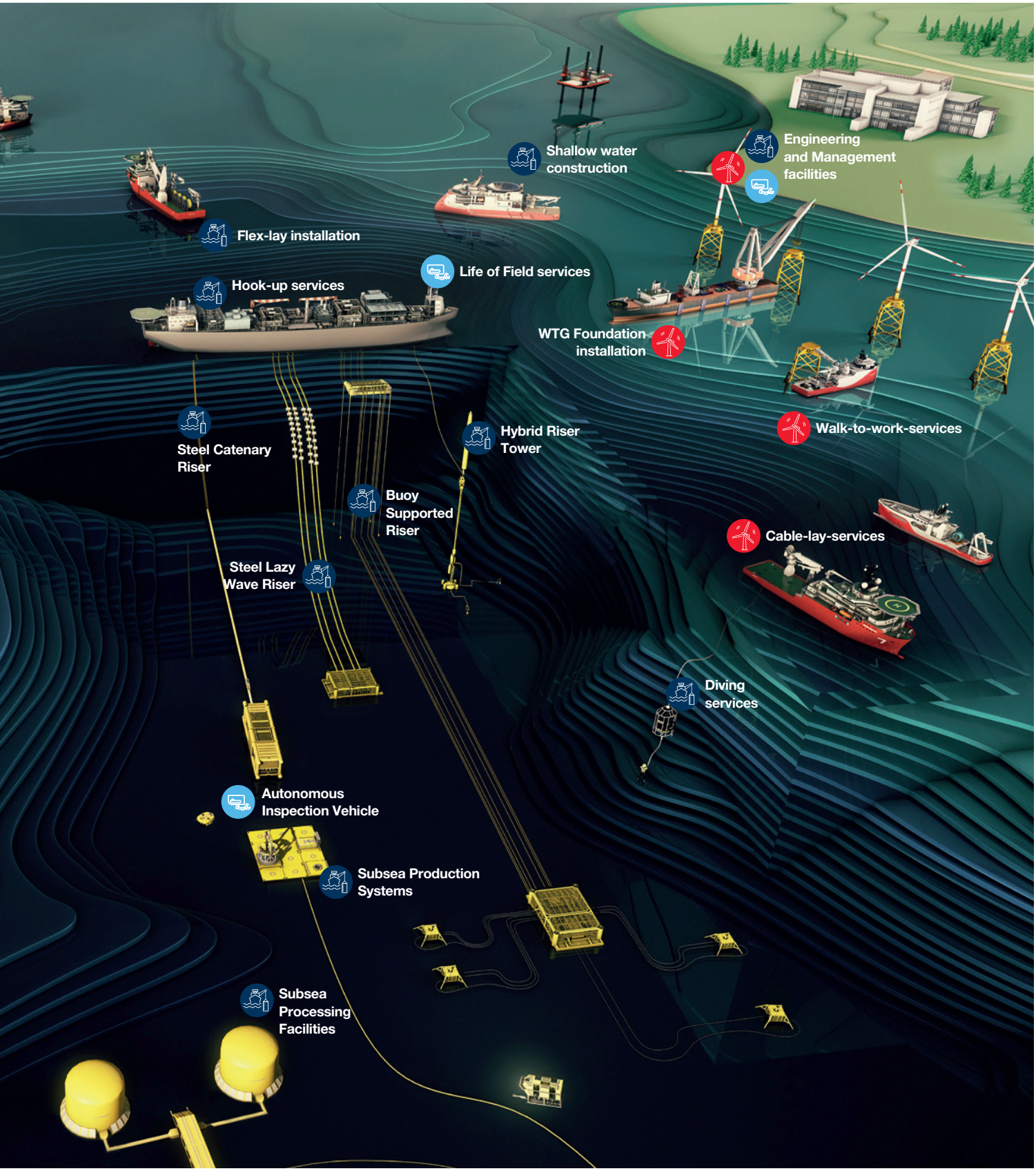
i-Tech 7

Renewables and Heavy Lifting

Seaway 7 is a highly capable and experienced partner for the delivery of offshore wind farm projects, specialist foundations and cable-lay services.

seaway 7




Shallow water construction
Engineering and Management facilities
Flex-lay installation
Life of Field services
Hook-up services
WTG Foundation installation
Steel Catenary Riser
Hybrid Riser Tower
Walk-to-work-services
Buoy Supported Riser
Cable-lay-services
Steel Lazy Wave Riser
Diving services
Autonomous Inspection Vehicle
Subsea Production Systems
Subsea Processing Facilities

Our Vision for the future

Delivering our strategic priorities with an emphasis on people and a focus on profitability.

Subsea 7's Vision is to lead the way in the delivery of offshore projects and services for the energy industry. To achieve this we are concentrating on delivering the Subsea Field of the Future based on superior technical solutions delivered collaboratively in response to the needs of our clients. We are also preparing for the opportunities and risks related to the transition to lower carbon energy.

Subsea Field of the Future – delivering for our clients

Our ambition for the Subsea Field of the Future is based on four pillars:

Early engagement and partnership

Early engagement and partnership capabilities are key requirements for future competitive positioning in the market, and an opportunity for differentiation and delivery of improved profitability. By shaping project solutions to exploit differentiated proprietary products and technology and collaborative partnership agreements, Subsea 7 can deliver the best solutions with shared benefits.

Systems and products

Developing the best proprietary technology and seeking opportunities to standardise and modularise will differentiate Subsea 7's solutions and facilitate a shift toward a full field lifecycle cost approach thereby achieving the best long-term return on investment for our clients.

Integrated SPS-SURF solutions

Integrated SPS-SURF has become a critical element of greenfield oil and gas projects and latest market data suggest half of all greenfield contract awards in 2019 were on an integrated basis. The advantage of integration is better solutions for our clients and Subsea 7's Subsea Integration Alliance with OneSubsea cements our position in the top tier of the sector.

Digital delivery and services

The digital agenda extends across many areas of our project delivery and service offering, representing significant opportunity to increase the efficiency of our execution and develop new digital service offerings and solutions for our clients.

Energy transition to lower carbon solutions

Actively engaging in the transition to lower carbon energy enables us to more closely align with one of the key priorities of a significant, and likely increasing, portion of our client and shareholder base and be well positioned for longer-term opportunities.

Oil and gas markets

Through our early engagement and proprietary technology we are able to help our clients lower the carbon footprint of their oil and gas fields, reducing CO_2 emissions per unit of oil and gas produced. We are also seeking to lower our carbon footprint with initiatives to reduce fuel consumption and increase the efficiency of our operations.

Renewables

Subsea 7 has been providing services to the offshore wind farm market for over ten years and has developed a strong reputation for safe, reliable and cost-effective solutions. Our expertise in foundations and cable-lay services as well as project management, procurement and engineering have helped to lower the cost of wind farm developments.

Delivering our strategic Vision in 2019

In an evolving energy sector, we create sustainable value by being the industry's partner and employer of choice in delivering the efficient offshore solutions the world needs.

Subsea 7 has invested throughout the cycle in strategic opportunities, in order to accomplish its vision of leading the way in the delivery of offshore projects and services for the energy industry. Across our three operational business units we provide our clients with the best solutions at every stage of the lifecycle.

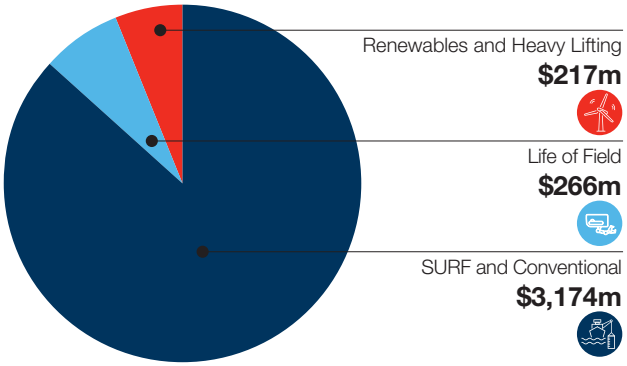
In 2019 our early engagement, integrated solutions and proprietary SURF technology helped to lower the cost of developments and secure greenfield project awards at the FEED and EPIC stages. In Renewables and Heavy Lifting, we developed our global expansion strategy by establishing our position in Taiwan and establishing a presence in the US. In Life of Field, our digitalisation programme progressed well with the launch of onshore control ROV centres in the UK and Norway.

Delivering across our segments

Subsea 7 structures itself around its diversified strengths, operating across three operational business units: SURF and Conventional, Life of Field and Renewables and Heavy Lifting.

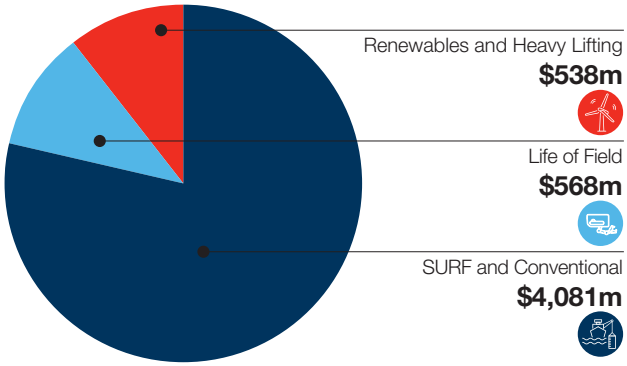
Group revenue

$3,657m (2018: $4,074m)



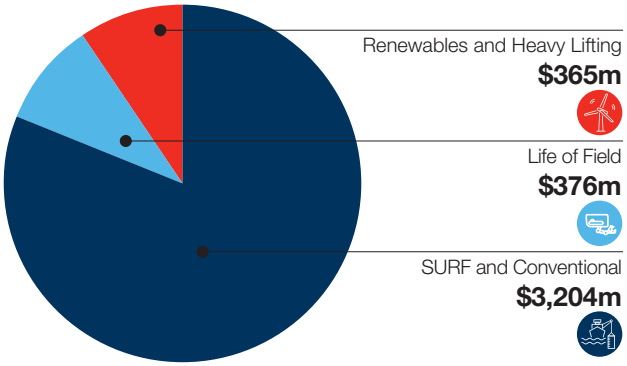
Backlog

$5,187m (2018: $4,907m)



Order intake

$3,945m (2018: $3,984m)



2019 strategic highlights

- Deepwater projects with lower breakeven oil and gas prices tendered and awarded in various geographies. $3.6 billion of new awards and escalations related to oil and gas developments in 2019.
- New, technology-enabled, brownfield developments with the first three projects to utilise EHTF technology now underway.
- Middle East presence consolidated with high volumes of tendering activity and over $900 million of new work awarded in the year.
- Confirmed as leading supplier of integrated solutions through Subsea Integration Alliance, with greenfield FEED and EPIC awards for projects in Africa, Brazil and Australia.
- Successful entry into the Asian wind farm market with two projects awarded offshore Taiwan.
- Targeted investment in early engagement and digitalisation with the acquisitions of Xodus and 4Subsea.

SURF and Conventional

subsea 7

Our SURF and Conventional business unit is a world leader in delivering complex offshore projects to the constantly evolving energy industry.

Subsea 7 offers full lifecycle solutions for Subsea Umbilicals, Risers and Flowlines (SURF) projects in all water depths and subsea environments. It also has a portfolio of conventional projects that includes fabrication, installation, extension and refurbishment of energy infrastructure in shallow water locations.

Our aim is to deliver the right solution to maximise our clients' returns, improving the field development economics. This is achieved through our extensive expertise in design, engineering, fabrication and installation of offshore projects. By engaging with our clients in the early stage of the field development process, this expertise is used to select the optimal solution to unlock the full economic potential of the field. Xodus, recently acquired by the Group, together with Subsea 7's Field Development Group, increase our strength in early engagement capabilities by providing leading expertise in Front End Engineering Design (FEED).

Early engagement reaches its full potential when combined with the integrated delivery model. Subsea Integration Alliance (SIA), an alliance between Subsea 7 and OneSubsea, offers fully integrated solutions that aggregate SURF services provided by Subsea 7 with Subsea Production Systems (SPS) offered by OneSubsea. SIA was established in 2015 and its goal is to provide total field lifecycle solutions from concept definition through the life of the field, by applying complementary technology and expertise.

We have seen a rapid increase in awards using the integrated model, with 57% of greenfield projects awarded to market in 2019 being integrated. Subsea 7, with Subsea Integration Alliance, is well positioned to take a healthy share of this market. With 12 projects awarded to date, SIA has been particularly successful in winning large greenfield projects that can benefit from our combined early engagement capabilities and technology portfolio. Mad Dog Phase 2, Sangomar, Julimar, Scarborough and, most recently Bacalhau, the first ever integrated project in Brazil, are all good examples of this success.

Technology is one of the key enablers in the gradually recovering oil and gas market and we have been at the forefront of this initiative by expanding the technological boundaries of subsea engineering to find new and more efficient ways to develop fields. This can be seen in our proprietary technology, the Electrically Heat Traced Flowline (EHTF), that was developed to improve the economics of marginal fields and enable long distance tie-backs which would not previously have been possible. EHTF technology has been instrumental in winning work such as the Ærfugl Phase 1 and Phase 2 projects for Aker BP in Norway and the Manuel project for BP in the US Gulf of Mexico. All three projects progressed well in 2019 with trials and qualification resulting in the commencement of onshore fabrication by the end of the year, in preparation for the first EHTF offshore campaign in 2020.

Another example of new technology applied in the SURF and Conventional business unit is LinerBridge®, the world's first all-polymer lining connector that increases the cost-effectiveness and lowers the complexity of polymer lining systems for water injection lines, enabling a step change in the mitigation of internal corrosion suffered by pipelines and risers. The connector is an alternative to conventional CRA connectors and creates a robust and fully integrated polymer barrier within the pipeline. This technology has been successfully installed on four projects in 2019, namely, Snorre for Equinor, Nova for Wintershall, Oda for Spirit Energy and Cook for Ithaca, and is planned to be used in more developments in the coming years.

In 2019 we completed the Giza-Fayoum and Raven project, the second phase of the West Nile Delta development executed for BP offshore Egypt. The project commenced in 2016 and included the EPCI of more than 270 km of rigid pipelines, 65 km of flexible lines and 148 km of umbilicals, delivered with the involvement of multiple Subsea 7 offices and using five world class vessels. West Nile Delta is responsible for more than 20% of the entire gas supply in Egypt and we are proud to have supported our client in this achievement,

SURF and Conventional strategy

Market opportunities

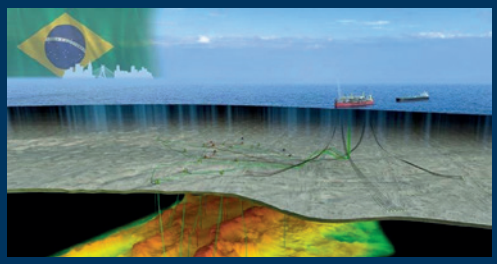
- Continue to build sustainable EPCI businesses in regions such as the Middle East, Brazil, Central America, and the new energy producing countries in Africa such as Senegal and Mozambique. Maintain our leading positions in Gulf of Mexico, North Sea and Australia.
- Utilise our early phase engineering expertise, delivered through our Field Development Group and SIA, and strengthened by the acquisition of Xodus and 4Subsea, to enable early engagement, optimisation of project life cycle costs and the ability to maximise stakeholders' returns.

Strategic objectives

- Use new technologies, standardisation and digitalisation to deliver cost improvements and maximise returns for clients and Subsea 7.
- Increase the market share of SIA.
- Successfully develop and deliver a portfolio of Electrically Heat Traced Flowline projects.

Success for SIA in Brazil

The Bacalhau award was a significant endorsement of SIA's strong position within the integrated market, a long-established presence in Brazil and a commitment to support Equinor's strategy of long-term growth in the region.



demonstrating Subsea 7's ability to adapt to a new market dynamic and entering in a new province to deliver a major, complex project.

In Brazil, Subsea 7 has four long-term day-rate contracts to provide Pipe Lay Support Vessels (PLSVs) to Petrobras. PLSV activity is included in our SURF and Conventional business unit and the contracts extend up to 2022. In 2020, Petrobras is expected to launch an invitation to tender for their renewal. In addition to the PLSVs, Brazil remains a promising region for Subsea 7. With the recent entrance of new major operators in the market, a number of large greenfield developments were awarded to market in 2019 and the expectation is that this momentum will continue in 2020.

Offshore Nigeria and the Middle East are our two main areas of focus for conventional work. In 2019 our presence in the Middle East was consolidated through a number of awards such as Marjan 2 for Saudi Aramco. In Nigeria, the offshore phase of the PUPP project was completed.

SURF and Conventional revenue

$3,174m

(2018: $3,164m)

2019 market share of greenfield integrated projects

50%

Number of active projects

59

Traditional approaches to flow assurance become inefficient or uneconomical for longer-distance tie-backs. To overcome this challenge and maximise production at the lowest possible cost, Subsea 7 has developed a market-leading solution: the Electrically Heat Traced Flowline (EHTF). Aimed at maintaining fluid temperature from reservoir to topside facilities, it removes flow assurance challenges related to hydrates and wax formation. EHTF technology represents a step change in both field economics and production optimisation. To date, we have embedded this technology in three projects. In 2019 we successfully completed spooling trials for Aker BP's Ærfugl Phase 1 Project in Norway and the Manuel project for BP in the US Gulf Mexico in preparation for offshore campaigns in 2020.

West Nile Delta Project in numbers

276km
of rigid pipe laid

65km
of flexible flowlines installed

148km
of umbilical flowlines installed

38km
of flying leads installed

Life of Field

i-Tech 7

Through i-Tech 7 we provide leading Life of Field solutions for the offshore energy industry.

Our Life of Field offering comprises inspection, repair and maintenance (IRM), integrity management, drill rig support, production enhancement and decommissioning support services. i-Tech 7 is a market-leading service provider that integrates expert engineering services with cutting edge technologies to enhance the performance and protect the integrity of offshore energy developments. With access to a portfolio of more than 3,500 tools, 91 ROVs and 5 chartered vessels combined with extensive in-house expertise, i-Tech 7 offers fully integrated solutions throughout the life of a field.

Life of Field activities have steadily increased in 2019 with the North Sea and Azerbaijan strategic focus areas for the Group in the IRM segment. IRM activities are key for our clients to predict production efficiency and reduce time-loss associated with unplanned maintenance. We support them in this challenge by providing state-of-the-art services aimed at maximising their investment return in the field.

Life of Field services are also an essential part of our fully integrated offering. By engaging early with our clients, new technologies that enhance monitoring and maintenance of the field, and consequently its reliability, can be incorporated into the concept designed for its development thereby optimising engineering and installation time. The ability to combine SURF, SPS and Life of Field services is a key differentiator in the current market environment and has enabled strategic wins such as the Bacalhau project, the first ever integrated project in Brazil.

Technology lies at the core of our business, and being able to extend our asset integrity management offering based upon the development of an enhanced digitalisation capability is a key strategic priority for i-Tech 7. Supporting this strategy, the acquisition of 4Subsea was completed in 2019. 4Subsea is an industry leader in subsea digital services, including advanced sensor technology supported by the application of algorithms and artificial intelligence. This acquisition complements previous initiatives in digitalisation, such as the partnership with Leidos, and aims to accelerate the Group's drive toward a more digital offshore world.

Following the market trend in Life of Field towards a reduction in vessel dependency for IRM activities, we opened three onshore control centres early in 2019, located in Aberdeen, Scotland and Stavanger, Norway. The intention is to use these operational centres to control ROVs remotely with significantly less requirement for offshore support. This initiative has the potential to reduce clients' expenditure in IRM which improves field economics and, at the same time, reduces their carbon footprint with fewer emissions coming from activities involving vessels.

In January 2019, the IRM vessel, *Seven Viking*, was successfully converted to a hybrid vessel as part of its long-term IRM contract with Equinor in Norway. The conversion, which involved the installation of a battery system and land-based power supply, delivers a range of benefits including 19% fuel savings and a consequent reduction in carbon emissions, improved dynamic positioning performance, shore power connections for energy supply while quayside and innovative features such as the ability to charge autonomous ROVs in the field.

Life of Field revenue

$266m

(2018: $245m)

Workclass ROVs owned

91

Chartered vessels

5

Life of Field strategy

Market opportunities

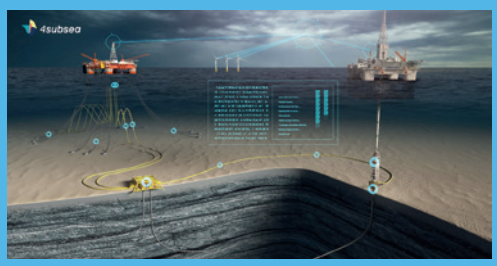
- Fully integrated projects across the full field lifecycle allowing optimisation of clients' operating expenditures through involvement in the concept design of the development.
- New technologies unlocking efficiencies in Life of Field services such as equipment electrification and digitalisation.
- Expansion in key energy hubs such as South East Asia, Australia and the Caspian Sea.
- Increase in operating expenditure by clients to minimise unplanned downtime on existing subsea infrastructure.

Strategic objectives

- Continue to invest in enhancing our ROVs through electrification technologies, making them faster, more efficient and more environmentally friendly.
- Drive our digitalisation programme to commercialisation.
- Continue to develop technologies jointly with OneSubsea to offer more efficient IRM services.

Towards a digital future

At the forefront of exploiting the latest digital technologies for automation of data analysis and effective use of cloud services, 4Subsea will accelerate the pace of digital services development to support activities in all business units.



Renewables and Heavy Lifting

seaway 7

Seaway 7 is Subsea 7's Renewables and Heavy Lifting business, which aims to be a partner of choice for our clients in the growing offshore wind farm sector.

Subsea 7 has been involved in the offshore wind farm market for over ten years and, with the combined offering of Seaway Heavy Lifting and Seaway Offshore Cables, we have become a leading contractor for the supply and installation of wind turbine foundations and subsea inner-array cables. We provide our services through a variety of flexible solutions. We provide standalone Transportation and Installation services (T&I) for wind turbine foundations and substation foundations and topsides. We also provide T&I services for inner-array cables or the full range of Engineering, Procurement, Installation and Commissioning (EPIC) services for the entire array cable system. In addition we offer T&I or full Engineering, Procurement, Construction and Installation (EPCI) services as an integrated package for both wind turbine foundations and inner-array cables.

Our extensive experience in managing complex offshore projects together with our unrivalled technical knowledge and a state-of-the-art fleet gives us the right suite of capabilities to establish a leading position in the fast-growing renewables market. The fixed offshore wind market is growing rapidly. We continue to see significant growth in the well-established markets in Europe, especially in the UK, the Netherlands and Germany, with France an emerging new market and other countries expected to follow. Outside Europe, we see attractive opportunities in the Far East, including in Taiwan, where we won our first projects for both foundations and cables in 2019. China is also investing heavily in offshore wind farms with a drive towards deeper water and larger turbines that is expected to create opportunities. Elsewhere, we see a growing number of potential projects along the US east coast.

Although demand has been growing steadily there has also been a significant increase in competition leading to overcapacity in the foundation installation market. This imbalance is expected to diminish as demand accelerates over the medium to long term. The dynamics of the cable lay market, although competitive, remain more favourable.

Expertise is a key differentiator in an over-supplied market and we are constantly looking for innovative ways to execute our work. Towards the end of 2019, Seaway 7 completed the first monopile installation with the vessel operating in dynamic positioning (DP) mode, an achievement that considerably reduced the installation time of these structures.

Floating offshore wind is the next most promising potential market for offshore renewables. While there are no significant commercial farms anticipated in the near term, there are a large number of demonstrator floating wind turbine projects in operation and a number of smaller schemes being progressed to provide clean power to remote offshore facilities. Seaway 7 is actively participating in a variety of these projects and is enhancing its technical capability and expertise to be ready to support future large-scale commercial investments. In 2019, we partnered with Equinor to install the cable system of its pilot development, Hywind Tampen, an 88 MW offshore wind farm comprising 11 floating wind turbines. The wind farm is located between the Snorre and Gullfaks concessions, to which it will provide electricity. Floating offshore wind is expected to become a significant market in five to ten years time.

Our heavy lifting activities can also address the needs of oil and gas developments. In 2019 activity levels in this sector remained low, representing approximately 9% of the work executed by Renewables and Heavy Lifting.

Renewables and Heavy Lifting revenue

$217m

(2018: $664m)

Renewables revenue

$198m

Number of turbine foundations installed in 2019

20

(2018: 83)

Length of cables installed

231km

Renewables and Heavy Lifting strategy

Market opportunities

- Continued growth in demand in Europe and the establishment of the offshore renewables industry in emerging markets such as China and the US east coast.
- Increasing demand for integrated T&I services for wind turbine foundations and inner-array cables as well as EPIC solutions.
- Steady demand for EPCI projects and associated expertise with potential for future growth in the medium term.
- Application of innovative solutions to the offshore wind market to improve the cost efficiency of installation for clients.
-

Strategic objectives

- Support our clients with flexible, cost effective solutions as the evolving offshore wind market transitions to a reduced or zero subsidy environment.
- Participate in pilot schemes for floating offshore wind farms to build technical experience and position Seaway 7 to capture potential full-scale opportunities in the long term.

Global expansion

In 2019 Seaway 7 completed the installation of foundations for its first renewables project in Taiwan delivering on the strategy to expand our activities to regions outside Europe.

Committed to operating in a safe, ethical and responsible manner

Subsea 7 has a strong Values-led culture and believes that operating in a safe, ethical and responsible manner is at the heart of creating sustainable value for all our stakeholders.

The safety and wellbeing of our people is our first priority

We aim for an incident-free work place every day, everywhere and our policies are continually reviewed to ensure that this is achieved. Construction activities are potentially hazardous, particularly in remote offshore locations. It is therefore essential that the right policies and organisational framework are in place, to ensure that our people work safely.

Subsea 7's Business Management System underpins the way in which Subsea 7 conducts safety training, reporting, procedures and assessments. Procedures are set at Group level to ensure that no matter where in the world the worksite is located our commitment to safety remains paramount.

We recognise that safety incidents and near misses are not acceptable and we are constantly focused on reducing these occurrences. In 2019 we set more challenging targets for our key performance indicators for lost-time incident and recordable incident frequency rates, reducing the former to 0.03 (2018: 0.05) and the latter to 0.20 (2018: 0.21) respectively, having achieved our prior year targets and wanting to continually aim higher. During the year no fatalities were recorded, our lost-time incident rate was 0.02 and our recordable incident frequency was 0.20.

In 2019 we delivered a new training programme, Work Safe Home Safe, to 1,200 employees with 67 training sessions performed in 10 locations around the world. All senior operational people were included in the training with 98% attending in the year, including the entire Executive Management Team. See pages 3 and 23 of this report for more on healthy and safety.

Driving environmental sustainability

In 2019 we added a new Value of Sustainability explicitly stating our commitment to our social responsibilities, mitigating our impact on the environment and responding to the effects of climate change.

Subsea 7 takes a proactive approach to sustainability, recognising the importance of environmental risks and opportunities to all our stakeholders. We invest in proprietary technology and innovation programmes, such as our Electrically Heat Traced Flowline, Pipeline Bundles and autonomous ROV programmes, that reduce our own and our clients' carbon emissions. Our Environmental Management System is in full compliance and certified to the environmental management standard ISO 14001.

We have a comprehensive risk management system with procedures and tools that identify, analyse, report and manage business risks, including those related to environmental risks and the effects of climate change. We measure key environmental data against internal targets including fuel and energy consumption, carbon emissions, waste segregation, spills and other incidents. Environmental hazard severity is measured through a points system that reflects the potential impact on the environment should an incident occur. We participate in the Carbon Disclosure Project, providing detailed disclosures that allow all our stakeholders to review our progress. More details can be found on pages 12 to 15 of Company's 2019 Sustainability Report.

Over 90% of our emissions come from our vessels and therefore our carbon dioxide emissions correlate strongly with our activity levels in the year. In 2019 our Scope 1 carbon emissions totalled 361,164 tonnes, 5% lower than in 2018 and equivalent to 99 tonnes per $1 million revenue (2018: 103 tonnes/$1million). Over 3,494 Clean Operations were recorded on our vessels in the year (2018: 3,600), reducing our carbon dioxide emissions by over 19,560 tonnes, and saving $4.1 million in fuel costs. A Clean Operation is considered an activity where a vessel's carbon footprint is reduced through measures which save energy without compromising safety or execution. All our vessels are able to operate using low sulphur fuel and do not require any modifications for the new low sulphur limits which will be introduced in 2020. All our owned vessels are registered with the Norwegian NOx Fund and three have NOx reducing equipment that reduce emissions by 75%.

Newer vessels are better equipped to minimise greenhouse gas emissions. Subsea 7 has invested to create one of the youngest fleets in the industry with an average age of just 11 years at the end of 2019, down from 19 years in 2011. In 2019 *Seven Viking* converted from conventional power to battery and diesel hybrid power, saving 2,400 tonnes of CO_2 emissions, a 19% reduction compared to its performance in 2018. At the end of their useful life, our vessels are recycled in accordance with the Hong Kong Convention and the EU Ship Recycling Regulation.

Our Renewables and Heavy Lifting business unit, Seaway 7, specialises in offshore wind farm construction. In 2019 this business

Our 2019 KPIs

Lost-time incident frequency rate (%)

0.02

per 200,000 hours worked
(2019 target: < 0.03)
(2018: 0.05, target: < 0.05)

Environmental spill

11.8

litres per 200,000 hours worked
(2018: 10.6, target: < 25 litres)

Carbon emissions

99

Tonnes of carbon dioxide (Scope 1) produced per $1 million in revenue
(2018: 103)

2019 was a significant year in Subsea 7's sustainability journey. A newly formed Sustainability Working Group undertook a detailed assessment to set the cornerstones of our sustainability strategy. As part of this ongoing process, we will issue our first Sustainability Report and a set of overall ambitions and associated KPIs will be established to drive our sustainability efforts going forward.

Recordable incident frequency rate (%)

0.20

per 200,000 hours worked
(2019 target: < 0.20)
(2018: 0.22, target: < 0.21)

Environmental incident frequency rate (%)

0.82

per 200,000 hours worked
(2018: 0.64, target: < 0.70)

Operational cost savings due to Clean Operations programme

$4.1m

(2018: $3.1m)

Number of employees completing compliance ethics e-learning

4,791

(2018: 3,989, target: 100% of target population)

unit generated 6% of Subsea 7's revenue, and 91% of Seaway 7's revenue was related exclusively to renewable energy services. See pages 3, 5, 12, 16, 17 and 23 of this report for more on this topic.

Recognising and valuing the strength in diversity

At Subsea 7, building greater diversity and inclusion is as important for our people to achieve a rewarding career as it is for our business to stay successful. Diversity and inclusion empowers our people, makes us smarter and brings in different skills and talents that help us develop a variety of creative approaches to solving complex problems. In 2019 our Diversity and Inclusion Committee focused on setting the framework against which all parts of business, onshore and offshore, will put in place their own annual diversity and inclusion action plans. The framework consists of four focus areas, within which we will take positive action: improve our inclusive culture in the workplace, increase the proportion of women in leadership positions, increase the proportion of local people in management teams of countries where we work and ensure recruitment reflects a diverse population.

We believe that everyone has the right to be treated with dignity and respect. Our policy on Equal Opportunities and Diversity in Employment ensures our people are able to work in a manner where they are free from all forms of discrimination, including harassment and bullying. More details can be found on pages 16 and 17 of Company's 2019 Sustainability Report.

Subsea 7 has offices and onshore operations facilities in 27 countries worldwide and we have 90 nationalities represented in our workforce. Our local presence and local relationships are central to our ability to deliver projects, including the provision of national content and community investment. In 2019 we delivered 65 community assistance programmes and events (2018: 67 programmes). See more on pages 7 and 23 of this report.

Compliance, ethics and integrity are key to our business

We are committed to conducting business in an ethical manner and in compliance with applicable laws wherever we operate. We aim to act fairly, honestly and with integrity at all times, and in doing so earn the trust of our clients, business partners, suppliers and other stakeholders. All employees are required to uphold our Code of Conduct, which puts our Values into practice and integrates our three key policy statements on Ethics, Human Rights and Health, Safety, Environment and Quality (HSEQ) for everyone who works for Subsea 7. In 2019 we refreshed our Code of Conduct, ensuring that the content remained comprehensive, relevant and up-to-date. We have a "speak-up" policy that supports our Code of Conduct, and establishes a mechanism for anyone with concerns to raise them without fear of retaliation or detriment, and for cases to be investigated conscientiously and without bias. This includes an externally administered and confidential reporting helpline. We logged 36 cases in 2019 (2018: 47).

Please see Subsea 7's 2019 Sustainability Report available at www.subsea7.com

We work with thousands of suppliers worldwide, and our Supply Chain Management procedures include rigorous selection and appointment criteria. Approved supplier status requires pre-qualification of suppliers from a HSEQ, ethics and anti-corruption perspective. Suppliers are required to comply with the Subsea 7 Code of Conduct for Suppliers, which includes commitments regarding human rights, anti-corruption, safety and the environment. More details can be found on pages 10, 11 and 18 of Company's 2019 Sustainability Report.

Subsea 7's anti-bribery and anti-corruption compliance and ethics programme is rooted in our Values and designed in accordance with international best practice (including the International Anti-Bribery Management System Standard ISO 37001). It includes frameworks for assessing risks and providing assurance. During 2019, 4,791 people completed our compliance and ethics e-learning, which represents 100% of our targeted population (2018: 3,989).

Subsea 7's Head of Compliance and Ethics is responsible for the design and oversight of the compliance and ethics programme, and provides regular reports to the Corporate Governance and Nominations Committee of the Board and to the Executive Ethics Committee. One of the key roles of the compliance and ethics function is to ensure management understands, accepts and fulfils its accountability for compliance and ethics. See page 23 of this report for risks associated with compliance and ethics.

Respecting and upholding human rights

We will always respect the dignity and uphold the human rights of everyone working for us or with us, including people who work for our suppliers or who live in the communities where we work. We have a Human Rights Policy Statement and a Slavery and Human Trafficking Statement that summarise Subsea 7's commitment and efforts to improve our understanding and management of the potential human rights impacts of our business activities and, more specifically, to respond to the UK Modern Slavery Act.

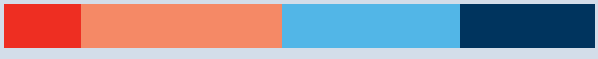
In 2019 we became a signatory to the UN Global Compact and declared our support for the Building Responsibly Principles. We were already aligned with the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption, and we will continue to further embed these principles in the work that we do. We will also look to engage in collaborative projects which advance the broader development goals of the United Nations.

We engage in open and constructive dialogue with our people and, if applicable, their representatives. Our people are free to join organisations of their choice that represent them, consistent with local laws.

Nationality mix

56%	Europe
17%	Asia/Pacific
23%	Americas
4%	Other

Age

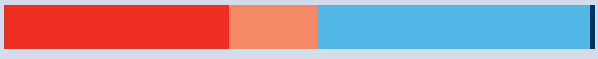


13%	16-29
34%	30-39
30%	40-49
23%	50+

Gender mix of the Executive Management Team

75%	Male
25%	Female

Gender mix Groupwide



38%	Onshore Male
15%	Onshore Female
46%	Offshore Male
1%	Offshore Female

Principal risks and uncertainties

Effective risk management is fundamental to the Group's performance and creates sustainable value for our stakeholders.

The Group's approach is to identify key risks at an early stage and develop actions to measure, monitor and mitigate their likelihood and impact. This approach is embedded throughout the Group and is an integral part of our day-to-day activities.

The Group's SURF and Conventional business unit generates the majority of the Group's revenue. It executes offshore energy projects which, with the exception of long-term contracts for PLSVs, offshore Brazil, are generally contracted on a fixed-price basis. These projects involve the design, engineering, procurement, construction and installation of offshore energy infrastructure on behalf of clients. Offshore systems can be large, highly complex and technologically rich solutions and the environments in which the Group operates can be harsh and challenging. The costs and margins realised on such projects can vary from the original estimated amounts due to a number of factors and could result in the Group incurring a reduced margin or loss on such projects. The Group assesses the risks involved in fixed-price contracts and uses the terms of the contracts to mitigate certain aspects of these risks. The long-term contracts for PLSVs, executed offshore Brazil, have a less challenging risk profile with services contracted on a day-rate basis.

The Life of Field business unit, which operates under the i-Tech 7 brand, has a lower, less complex risk profile but does involve working and planning around the operations of existing, sometimes ageing, infrastructure, to provide ROV and inspection, repair and maintenance services throughout the life of the field, from first energy to decommissioning. Contracts are typically negotiated on a day-rate reimbursable basis using industry standard contracting terms which offer a balanced risk profile. With a strong focus on technology development, this business unit could be impacted by a failure of our strategy to offer a more technology and product driven service to clients.

The Group's Renewables and Heavy Lifting business unit operates under the Seaway 7 brand to deliver offshore wind farm projects and specialised foundations and cable-lay services for offshore energy developments. The Group is one of a few operators that can provide EPCI expertise for the execution of offshore wind farm projects, which are usually contracted on a lump-sum basis. The Group may choose to hold an equity stake in the companies established to own and operate the wind farms in conjunction with an EPCI contract. The offshore wind market continues to develop and grow, supported by government sponsored initiatives to address climate concerns. It has a different contractual landscape compared to the SURF and Conventional business unit, which, compounded by the present intense level of competition, can be at times challenging for the contractor. When contracting on a Transportation and Installation (T&I) basis, the breadth of the Group's expertise is less critical, and so more providers may be able to compete for the contract compared to an EPCI contract and the time between tender and execution of the contracts may be shorter.

The Group operates in a cyclical industry where activity is strongly influenced by the current and forecast price of energy, including any subsidies, as well as the impact following decisions taken by governing bodies. The Group's risk management processes assist the Group to respond to changes in activity levels and apply appropriate measures to adjust its cost base as far as practical while at the same time ensuring that an acceptable risk profile is maintained.

Roles and responsibilities

The Board of Directors has oversight of the Group's risk management activities and internal control processes. The Executive Management Team is responsible for monitoring and managing operational and enterprise risk in pursuit of the Group's business objectives. The Executive Management Team is responsible for designing and implementing appropriate systems and procedures for the identification and management of risks, while ensuring that, subject to an acceptable level of risk, the business is able to optimise stakeholder value.

The CEO determines the level of risk which can be taken by the business units and by region, country and functional management. This is managed through Group policies and delegated authority levels which provide the means by which risks are reviewed and then escalated to the appropriate management level within the Group up to and including the Board of Directors for review and approval.

Principal risks and uncertainties

Principal risks are those risks that, given the Group's current position, could materially threaten its business model, future performance, prospects, solvency, liquidity, reputation, or prevent the Group from delivering its strategic objectives.

The means which the Group employs to mitigate or eliminate these risks are shown on pages 21 and 26.

Additional risks and uncertainties that the Group is unaware of, or that it currently deems immaterial, may in the future have a material adverse effect on the Group's reputation, operations, financial performance and position. However, the Board of Directors believes that the Group's risk management and internal control systems have assisted, and will continue to assist, the Group to identify and respond to such risks.

MARKET RISKS

Risk	Mitigation
Strategic The Group recognises that technology as well as engineering capabilities and having the right solutions to meet clients' demands are differentiators in our market sector. We need to provide certain clients with comprehensive service packages and are committed to offering solutions whereby the Group engages earlier in the engineering and design stage. The Group must deliver on its designs to the satisfaction of its clients. There is a risk that the demand for innovative designs and solutions accelerates into the construction and installation phase without sufficient time to transition from development to production. The Group provides vertically integrated SURF and SPS solutions through its Subsea Integration Alliance, its alliance with OneSubsea and other collaborative partnerships. Integrated solutions consolidate risk into one shared contractual framework, meaning that the risk profile to the Group is wider. There is a risk that the Group does not have sufficient knowledge or ability to manage, protect or mitigate the risks associated with vertically integrated solutions that were previously managed by other parties. A failure of our strategy to offer more technology and design led solutions could impact the growth of the business and affect its position as a market leader. From time to time the Group may engage in strategic mergers, partnerships, joint ventures and acquisitions to support this growth. This brings risk in the form of incorrect assessment of the target market, new and inherited legal and contractual liabilities as well as operational and financial risk. It also carries the risk of failure to integrate new business combinations and their resources into the Group and the failure to deliver on its strategic objectives.	Technology related risks are mitigated by employing qualified personnel, as well as compliance with industry and engineering standards combined with strict adherence to the Group's engineering management and control systems and procedures. The Group also has a multi stage gate process for the implementation of new technologies. For integrated solutions, the Group's risks are mitigated through considered selection of alliance and collaborative partners and pre-identified ways of working. In addition, the Group has a procedure to establish, at tender stage, a risk sharing methodology to complement the project. The Group also continues to maintain disciplined contracting principles to mitigate increased risk. The Group has internal resources and external advisors to engage in thorough due diligence and ensures that an experienced project management team is deployed to manage acquisition or merger opportunities. The project team ensures operational management is engaged in the integration process immediately after an acquisition or merger to ensure it is successfully executed.
Economic The Group's business depends on the level of activity in the segments of the energy industry in which it operates and, consequently, any significant change in the level, timing or nature of clients' expenditure plans could adversely impact the Group's order intake, financial performance and position. A rapid increase or decrease in demand for the Group's services could outpace the Group's ability to resize its capacity for service provision. Our clients' financial strength and the economic viability of their projects can be impacted by fluctuating energy prices which in turn can be driven by political conditions and technological development as well as decisions taken by OPEC and non-OPEC members on production levels. Our clients in the renewables sector may oblige contractors to invest in a minority equity stake in the energy development project as part of the requirements to tender, increasing the Group's financial exposure to the project's success.	The Group closely monitors market activity and collaborates with its clients to understand their future project and expenditure plans. Early engagement in the design phase of the energy project enables the Group to better assess the risks and opportunities of the project as it progresses towards construction. The financial strength and solvency of our clients is a specific area of focus before entering into contracts. The Group has successfully reduced costs and continues to look for ways to improve efficiency and productivity to respond to market demand to optimise costs. It also seeks to diversify selectively into new markets which allow the Group to leverage its resources and competencies, as well as into other geographies requiring its services. In addition, the Group reviews and adjusts its capacity, as necessary, to reflect the current and forecast near-term activity levels, whilst retaining and investing in capability.
Competition The Group faces competition to win contracts needed to assure a sustainable backlog of future work across all business units. This competition may result in pricing pressures or a change to a contractor's risk profile, as our competitors strive to win contracts and secure work. Contractual terms which are more onerous for the contractor and increase liabilities, both actual and contingent, can have an adverse impact on the Group's financial performance and position. Furthermore, the competitive landscape has reacted to the lower oil price environment in the form of alliances and vertical and horizontal consolidation to achieve economies of scale and wider control of the value chain. Such initiatives could represent a threat to the Group's profile as a specialised offshore service provider.	The Group endeavours to reduce its exposure to competition by differentiating itself from competitors. The Group's experience and resources, in particular its people, versatile and modern fleet and proprietary technology offerings, help it respond effectively to challenges from competitors. The Group seeks, within the framework of the business' contractual risk profile, to support and maintain industry recognised balanced contracting forms. A further differentiator is the Group's ability and experience in partnering with clients and forming alliances with other oilfield services companies to offer packaged solutions and to contribute to the early development stages of projects, as well as offering cost-effective and efficient technical solutions to its clients.

BUSINESS ENVIRONMENT RISKS

Risk	Mitigation
Geographic The Group operates and tenders for work in many countries worldwide, each with specific political, economic and social characteristics which can give rise to various risks and uncertainties that can adversely impact project execution and financial performance, including but not limited to: – Economic instability – Legal, fiscal and regulatory uncertainty and change – Onerous local content obligations – Sanction and export controls – Civil or political unrest, including war – Regime change – Brexit (the decision of the United Kingdom to leave the European Union) Terms of the United Kingdom's exit from the European Union remain unknown until such time as an agreement with the European Union is reached. It remains unclear whether such complex negotiations will be completed by the December 2020 target date or what the terms of the trading relationship will be. The outcome may have an impact on the Group's operations, particularly the operations and offices located in the United Kingdom which could be negatively impacted by the legal fiscal or regulatory changes.	Country or regional risks are identified and evaluated before and throughout Group operations in such markets. Appropriate risk responses are developed and implemented to mitigate the likelihood and impact of identified risks. The Group adopts a proactive and rigorous approach to assessing and mitigating these risks and, where possible, looks to develop local or regional management teams to strengthen its knowledge of, and presence in, the countries of operation. The Group regularly assesses its exposure to the potential implications of Brexit on its activities in the United Kingdom and worldwide. It assesses its exposures against well-informed scenarios and has put in place mitigation plans to minimise operational disruption and financial impact.
Technological innovation The Group's clients seek cost-effective solutions to develop energy resources, particularly in deep waters and challenging offshore environments and to enhance the full field life cycle. This may require the implementation of new technologies and digital solutions. Digitalisation and data analytics provide an opportunity to gather and use data to support the Group's business activities including those addressing the full field life cycle such as asset integrity management and sensory data such as production flow. Any failure by the Group to anticipate or respond appropriately to changing technology, market demands, and client requirements could adversely affect the Group's ability to compete effectively for, and win, new work. Introducing technology which is insufficiently mature or unsatisfactorily implemented when selected by our client as a valid solution could have an adverse reputational and financial impact for the Group. Reliance on the use of data and cloud storage facilities has the associated risks of Information Technology, operational systems and cyber security failures.	The Group monitors industry trends and collaborates with clients to understand their technology requirements. This allows the Group to effectively invest in developing differentiated and cost-effective technologies to meet current and anticipated client demand. In developing new technologies, the risks associated with selecting and pursuing appropriate technological solutions, technical completion, commercialisation and successful implementation are carefully considered and addressed through 'gate controls' operated by knowledgeable and experienced Subsea 7 personnel.
Environmental Sustainability The Group is committed to delivering offshore solutions to meet the needs of its clients not only to sustain the fields of the future but also to be actively engaged in an energy transition that supports energy sources that are sustainable and have lower environmental impact. The Group believes in and is committed to facilitating the transition towards lower carbon and renewable energy supplies. The risk to the Group is that society, interested bodies and their carbon neutral commitments, impose increased pressures on the financial markets, insurers, investors and other stakeholders to dissociate themselves from oil and gas related companies.	The Group is committed to proactively participating in sustainability which is aligned with the Group's culture of operating in a safe, ethical and responsible manner. The Group has invested, and continues to invest, in new technologies and innovative programmes that reduce both the Group's and its clients' carbon emissions. The Group participates in the Carbon Disclosure Project and the UN Global Compact and the Building Responsibly frameworks, publishing its performance so that stakeholders can review its progress. More information on the Group's efforts and initiatives can be found in the 2019 Sustainability Report which is published as a separate document.

ORGANISATION AND MANAGEMENT RISKS

Risk	Mitigation
People Failure to attract and retain suitably skilled and capable personnel could adversely impact the Group's ability to execute projects and its future growth prospects. Increased competition from other offshore service companies for skilled personnel as the market improves could result in rising employee attrition, a lack of resources and/or increased compensation costs for the Group. In addition, there is a risk of failure to integrate business cultures and personnel following business growth through acquisition activities.	The Group sees the importance of health and wellness in the workplace and seeks to offer working groups, seminars and health initiatives across its locations and vessels. The Group utilises medium-term business projections to assess resource requirements which allows timely, corrective intervention to appropriately resource the organisation in terms of size, profile, competency mix and location. The Group monitors attrition by function and geography and has developed appropriate remuneration and incentive packages to help attract and retain key employees. Performance management and succession planning processes are in place to develop staff and identify high-potential individuals for key roles in the business. Integration plans, including training and ongoing communication programmes covering all operational functions and business activities, are adopted at acquisition.
Compliance and ethics The Group is committed to conducting business in accordance with applicable law and the highest ethical standards. However, there is a risk that its employees, representatives or other persons associated with it may take actions that breach the Group's Code of Conduct or applicable laws, including but not limited to anti-bribery, particularly in countries perceived to be at high risk of corruption. Any such breach could result in monetary penalties, convictions, debarment and damage to the Group's reputation and could therefore impact its ability to do business.	Integrity is one of the Group's Values and the Group has an Ethics Policy Statement and Code of Conduct which clearly set out the behaviours expected of its employees and those who work with it. These policies are periodically updated to ensure they remain current and fresh. The Group has a compliance and ethics programme underpinned by its Values and designed in accordance with international best practice to embed the Code of Conduct, prevent bribery and corruption, and manage compliance and ethics risks generally. The programme includes financial controls, risk assessments and procedures for managing third-party risks. Mandatory annual compliance and ethics e-learning for employees raises awareness, highlights the whole range of consequences and encourages compliance. Employees are encouraged to raise concerns about possible non-compliance via an externally administered whistleblowing helpline. A committee comprising members of the Executive Management Team sets objectives for the implementation and continual improvement of the compliance and ethics programme and monitors progress. Regular reports are provided to the Board of Directors. The Group regularly engages an independent third-party assurance provider to benchmark its compliance and ethics programme against best practice including International Standard ISO 37001.
Information technology and operational systems, cyber risks and security The Group's operations depend on the availability and security of a number of key Information Technology (IT) and operational systems. The Group's investment in its digitalisation programme combined with the acquisition of data driven businesses means that the risk of these systems being disrupted or compromised by a general failure or by cyber attacks is increasingly relevant. Such risks include but are not limited to: – Unauthorised access to key operational, financial or corporate systems – Malware (including computer viruses) – Theft and misappropriation of data and sensitive information – Targeted fraud attacks – Data management and non-compliance with legislation such as the EU General Data Protection Regulation (GDPR) – Increasing use of IT to interconnect with multiple stakeholders and the possibility of such interconnectivity being disrupted to their detriment Such breaches in technology security could adversely impact the Group's ability to maintain ongoing business operations and lead to financial and asset loss, reputational damage, loss of client and shareholder confidence and regulatory fines.	The Group recognises the increased incidence of cyber security threats and continually reviews its infrastructure, policies, procedures and defences to mitigate associated risks, engaging market-leading specialists where appropriate. It assesses the technology framework against approved independent standards and maintains a programme of regular investment in new hardware, software and systems to ensure the integrity of its IT security defences. The Group is periodically working with recognised independent industry experts to audit the sustainability of its security systems. The Group has a number of IT policies, including a policy on information security, designed to protect its systems and ensure their availability and integrity as well as combating attempted fraud. These policies are regularly reviewed to ensure they continue to address existing and emerging information security, cyber maritime and cyber crime risks as well as GDPR. Mandatory internal e-learning courses are used to maintain a high level of awareness among employees of IT security risks and of the Group's procedures to manage them. Regular reports are provided to the Audit Committee on cyber risk exposure and cyber security strategy.

DELIVERY AND OPERATIONAL RISKS

Risk	Mitigation
Bidding The Group wins most of its work through a competitive tendering process. A significant proportion of the Group's work is undertaken by way of fixed-price contracts which exposes the Group to increases in supply chain costs. Failure to secure and manage costs could impact the Group's financial performance. An inability to understand and respond to operational and contractual risks or accurately estimate project costs could have an adverse impact on the Group's legal liability and financial performance and position.	All bids are subject to the Group's estimating and tendering processes and authority levels. Cost estimates are prepared on the basis of a detailed standard costing analysis, and the selling price and contract terms are based on the Group's commercial contracting standards and market conditions. Before the tender is submitted, a formal multi-gate review process is performed. Tenders are first reviewed at a region level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the region review process requires the formal approval of the appropriate level of management. Dependent on the tender value, there is an escalating level of approval required. Tenders meeting specific financial and risk criteria are reviewed and approved by a Committee of the Board of Directors.
Realisation and renewal of backlog Delays (including those related to the clients' final investment decisions) suspensions, cancellations and scope changes to awarded projects recorded in backlog could materially impact the financial performance and position of the Group in current and future years.	The Group works to mitigate these risks through its contract terms, including, where possible, provision for cancellation fees or early termination payments.
Joint ventures The Group may engage in joint ventures with selected partners to obtain necessary expertise or local knowledge and contract or partner with specialist companies to develop new or emerging business opportunities. A failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Group. Misalignment between Subsea 7 and a joint venture partner on the strategy for the joint venture could lead to a deadlock, impacting negatively, inter alia, on project execution. In addition, the failure of a joint venture partner to meet its financial obligations could result in an adverse impact on the Group's financial performance and position.	The Group seeks to ensure that selected joint venture partners not only have the necessary expertise, local knowledge and suitable financial profile but are also able to meet the Group's health, safety, security, environmental and quality standards (HSSEQ) and its Code of Conduct obligations. The Group endeavours to establish appropriate governance and oversight mechanisms to monitor the performance of its joint ventures and joint venture partners with regards to such matters.
Project execution The Group executes complex projects and a failure to meet contractual requirements could have several adverse consequences, including contract disputes, rejected claims and cost overruns, which could adversely impact the Group's financial performance, position and reputation. For most contracts, the offshore execution phase, which generally involves the use of either single or multiple vessels, is usually the most hazardous as this phase is exposed, among other risks, to adverse weather conditions or the risk of loss or damage to the contracted works. These hazards can result in unforeseen delays to the project, damage to vessels and equipment, repair or rework, injury to those working offshore, or increased financial loss associated with the delay.	The Group assigns a project management team to every project. Every project is assessed by regional management using the Project Monthly Status Report review process. These reviews cover project progress, risk management, cost management, financial performance and sensitivity analysis. Detailed assessments of costs and revenues are estimated and reported upon, taking into account project performance, planning schedules, contract variations, claims, allowances and contingency analysis. The Group factors the risk of adverse weather conditions into the design of its vessels, equipment and procedures and project scheduling, as well as the training of its offshore workforce. It also works to mitigate potential adverse financial consequences when negotiating contractual terms with its clients.
Supply chain Failure of a key supplier could result in disruption to the Group's ability to complete a project in a timely manner. A significant period interruption affecting elements of our supply chain arising from factors such as pandemics, extreme weather or other unforeseen external factors would have an impact on our ability to deliver our client's projects and could cause disruption to ongoing Group capital expenditure initiatives such as vessel construction, dry dockings and upgrades. In periods of increased activity for the Group, there is a risk that the supply chain does not or cannot react at the same pace as demand and insufficient capacity causes a deterioration in the quality of the product or service. Unexpected increases in supply chain costs could result in higher project costs that impact the Group's financial performance. The resultant time delays or increased costs could lead to irrecoverable costs to the Group and the imposition of financial penalties by clients as well as reputational damage and reduced competitiveness.	The financial profile and outlook of the Group's key suppliers is reviewed during the pre-qualification process for vendors and is considered prior to signing project-related contracts. Unforeseen external factors leading to interruptions in supply chain delivery are difficult to manage, however the Group evaluates these risks and where possible will seek to avoid single source suppliers and will seek to mitigate the financial impact of such interruptions through appropriate contractual terms and conditions. If necessary, appropriate guarantees or performance-related bonds are requested from our key suppliers. In addition, the Group seeks to develop strong long-term relationships with high-quality and competent suppliers, working to balance costs at a sustainable level and not only engage on a lowest bid basis.

DELIVERY AND OPERATIONAL RISKS CONTINUED

Risk	Mitigation
Health, safety, security, environmental and quality The Group's projects are complex and are sometimes performed in unfamiliar environments in varied conditions. This requires continuous monitoring and management of health, safety, security, environmental and quality (HSSEQ) risks associated with the project specification and installation method as well as addressing the location and assets utilised. A failure to manage these risks could expose our people and those who work with us to injury or harm. It could result in an environmental event or cause injury or damage to other parties. It could result in significant commercial, legal and reputational damage or potential disbarment from the affected country. The nature of the Group's worldwide operating activities carries an exposure of significant health risks, including exposure to pandemic viruses or other infectious diseases.	The Group is focused on continuously monitoring HSSEQ performance at all levels and actively motivates, influences and guides employees' individual and collective behaviour. The Group is committed to protecting the health and safety of its people and those working on its sites and vessels as well as minimising its impact on the environment. The Group has an HSSEQ policy and detailed HSSEQ procedures designed to identify, assess and reduce such risks while ensuring compliance with relevant laws and regulations. The policy and procedures are subject to review, monitoring and certification by an independent, internationally recognised specialist firm. The Group mitigates exposure to the risk of infectious diseases and pandemics by monitoring health procedures and adhering to the guidance of world health organisations and experts.
Fleet management The Group has a fleet of vessels which are required for the successful delivery of its projects. These vessels operate in a number of regions which are subject to political, fiscal, legal and regulatory risks. This also includes regulatory requirements related to the crewing of the vessels in the territories where they are operating. Failure to manage such risks could lead to an adverse impact to the Group's financial performance and position. Lack of vessel availability is a risk. Uncertainty in operational vessel schedules may lead to non-availability for other projects in the tendering or execution phase. Vessel availability could also be negatively impacted by delays to vessel construction, completion of maintenance, vessel upgrading and dry-docking activities. In extreme circumstances, the non-availability of a vessel or multiple vessels through loss or irreparable damage could compromise the Group's ability to meet its contractual obligations and cause financial loss. To maintain the competitiveness of the fleet, the Group from time to time makes significant investments in the construction or acquisition of new vessels. If the anticipated demand for those vessels does not materialise, such investments may not generate the intended financial return.	The Group considers carefully the political, fiscal, legal and regulatory risks associated with the deployment of its vessels and crew into regions in which it operates, and monitors developments to ensure it is able to respond appropriately. To minimise the risk of non-availability, the Group dedicates resources to perform vessel scheduling centrally rather than at a business unit or region level. Vessel construction, maintenance, upgrading and dry-docking activities are subject to detailed planning and controls are deployed to mitigate the risk of completion delays. The design and operational capabilities of a vessel are carefully assessed before its deployment to a particular project and are then closely monitored during the project's execution. The impact of potential non-availability of a vessel is mitigated by both the size and flexibility of the Group's fleet and its ability to access the vessel charter market. Before initiating the construction or acquisition of a new vessel, the Group conducts detailed analyses of the potential market and seeks to ensure that the vessel's technical specifications and projected capital and operating costs are appropriate for the anticipated market. The Group exhaustively assesses the market's need for new assets and, after a rigorous technical and financial review, will decide to proceed with construction where there is sufficient future activity and with acceptable financial returns on its investment.

FINANCIAL RISKS

Risk	Mitigation
Revenue and margin recognition Individual period performance may be significantly affected by the timing of contract completion, at which point the final outcome of a project may be fully assessed. Until then, the Group, in common with other companies in the sector, uses the percentage-of-completion method of accounting for revenue and margin recognition. This method relies on the Group's ability to estimate future costs in an accurate manner over the remaining life of a project. As projects may take a number of years to execute, this process requires a significant degree of judgement, with changes to estimates or unexpected costs or recoveries potentially resulting in significant fluctuations in revenue and profitability. Inaccurate forecasting of the costs to complete a project and of the revenues which can be earned from the client for changes to contract scope could have a negative impact on the Group's management of its liquidity and weaken its financial position. Fixed-price contracts awarded at low or negative margins can create volatility when accounting for project performance as forecast unavoidable losses are recognised in full as soon as they are identified.	Project performance is monitored by means of Project Monthly Status Reports (PMSRs) which record actual costs of work performed, the estimated cost to complete a project and the estimated full-life project revenue. The PMSR allows management to reliably estimate the likely outcome in terms of profitability of each project. These PMSRs are subject to rigorous review and challenge at key levels of management within the Group. Note 4 "Critical accounting judgements and key sources of estimation uncertainty" to the Consolidated Financial Statements provides more detail of the Group's approach to revenue recognition on long-term contracts.

FINANCIAL RISKS CONTINUED

Risk	Mitigation
Cash flow and liquidity The Group's working capital position will be affected by the timing of contract cash flows where the timing of receipts from clients, typically based on completion of milestones, may not necessarily match the timing of payments the Group makes to its suppliers. In executing some of its contracts the Group is often required by its clients in the normal course of business to issue performance-related bonds and guarantees. Access to credit from financial institutions in support of these instruments is fundamental to the Group's ability to compete, particularly for large EPIC contracts. In rare instances clients may request specific payment terms such as payment deferrals which can negatively impact the cash flow profile of projects. The availability of short-term and long-term external financing is required to help meet the Group's financial obligations as they fall due. In the event that such financing were to be unavailable or withdrawn, the Group's activities would be significantly constrained.	The Group seeks, through committed banking facilities, to meet its working capital needs and to finance the acquisition or construction of new assets. The Group's cash position, access to liquidity and debt leverage are monitored closely by both the Executive Management Team and the Board of Directors. The Group works to mitigate client payment deferral request risks through its contract terms. In addition the Group continuously assesses the creditworthiness of its client base.

INTERNAL CONTROL

The Board of Directors is responsible for oversight of the Group's system of internal controls and for reviewing its effectiveness. The Board of Directors recognises that any system of internal controls can only provide reasonable and not absolute assurance that material financial misstatement and/or fraud will be detected or that the risk of failure to achieve business objectives is eliminated.

The Group's systems of internal controls operate through a number of processes. The more significant include:

- Delegated authority level matrices with certain matters being reserved for the Board of Directors
- Annual review of the strategy, plans and budgets of individual business units to identify the key risks to the achievement of the Group's objectives
- Monthly financial and operational performance reviews against budgets
- Individual tender and contract reviews at various levels throughout the Group
- Capital expenditure and investment reviews and authorisation
- Regular reviews and reporting on the effectiveness of the Group's health, safety, security, environmental and quality (HSSEQ) processes
- Group treasury policies
- Group taxation compliance and reporting policies and systems
- The Group's whistleblowing policy, which allows individuals to raise concerns in confidence about potential breaches of the Code of Conduct
- Quarterly reporting to the Executive Management Team from the Global Applications and Systems Steering Committee (GASSC) on the integrity and security of its business and IT systems including cyber risk
- Cyclical reviews of all non wholly-owned subsidiaries, joint ventures and associates by the Joint Venture Steering Committee

The Group's internal audit function, which reports directly to the Audit Committee, performs independent reviews of key business financial processes and controls and other areas considered to be of high business risk. The Audit Committee annually reviews and approves the internal audit plan and receives regular updates on internal audit's findings and the actions taken by management to address these.