DELIVERING SUSTAINABLE VALUE ACROSS THE ENERGY LIFECYCLE

SUBSEA 7 S.A.
ANNUAL REPORT 2020

subsea 7

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2020 FINANCIAL PERFORMANCE

REVENUE

$3,466M

(2019: $3,657m)

ADJUSTED EBITDA

$337M

(2019: $631m)

CASH AND CASH EQUIVALENTS

$512M

(2019: $398m)

DIVIDENDS AND SHARE REPURCHASES

$10M

(2019: $304m)

NET INCOME/(LOSS)

$(1.1)BN

(2019: $(82)m)

DILUTED EARNINGS PER SHARE

$(3.67)

(2019: $(0.27))

BACKLOG

$6.2BN

(2019: $5.2bn)

ORDER INTAKE

$4.4BN

(2019: $3.9bn)

VISION

To **lead the way** in the **delivery** of **offshore projects** and **services** for the **energy industry**

Discover online how we are fulfilling our vision. Visit www.subsea7.com

STRATEGY

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**

Information on our strategic priorities and progress is set out on pages 14 to 17

SUBSEA FIELD OF THE FUTURE – SYSTEMS & DELIVERY

ENERGY TRANSITION – PROACTIVE PARTICIPATION

DIFFERENTIATORS

Culture | **Creativity** | **Relationships** | **Reliability** | **Solutions**

Learn more about what differentiates our approach to business on page 7

VALUES

Safety | **Integrity** | **Sustainability** | **Performance** | **Collaboration** | **Innovation**

Understand how our Values help drive our performance on page 3

STAKEHOLDERS

Delivering **sustainable value for our stakeholders**

See how we create better outcomes for our stakeholders on pages 8 and 9

DELIVERING FOR OUR STAKEHOLDERS

"Drawing on our Values, we have navigated the challenges society faced in 2020 while retaining our leadership in providing optimised solutions for the offshore energy industry."

KRISTIAN SIEM
Chairman

Subsea 7's robust financial performance in a very challenging year is testament to the dedication and flexibility of our people, as well as the collaborative and effective relationships we have with our clients. Together we continue to navigate the extra demands placed upon us all by the Covid-19 pandemic as we deliver world-class projects in both the oil and gas and offshore wind industries.

TO THE SHAREHOLDERS OF SUBSEA 7 S.A.

Subsea 7's results for 2020 reflect an exceptionally challenging backdrop for the industry, society in general, and the global economy brought on by the Covid-19 pandemic and the associated reduction in demand for oil and gas. Group revenue decreased 5% to $3.5 billion mainly due to reduced activity in SURF and Conventional following the collapse of the price of oil in March. Renewables and Heavy Lifting revenue increased nearly threefold driven predominantly by work in Europe.

Group Adjusted EBITDA of $337 million after restructuring charges of $86 million and net Covid-19 costs of approximately $70 million resulted in a margin of 10%. As with many companies in the sector, the Group's results were impacted by $323 million in asset write-downs and $605 million in goodwill impairment, which gave rise to a diluted loss per share of $3.67.

Decisive action to address a rapid change in environment

The year began on an optimistic note with the prospect of an improvement in the activity levels and pricing dynamics of certain key markets. However, the rapid spread of Covid-19 across the globe dramatically changed the outlook for global energy demand and the offshore oil and gas industry.

In response, management reacted quickly and decisively to address the deterioration in the operating environment through a cost reduction plan that will safeguard our oil and gas business, while enabling us to support growth in our Renewables business. These measures allow Subsea 7 to reduce capacity while retaining core expertise and competencies, giving us the flexibility to adapt as the oil and gas market begins to recover.

A clear strategy targeting optimised returns

During 2020, Subsea 7 continued to develop its strategy to be a partner of choice for clients in both the oil and gas and offshore wind industries.

In oil and gas, our vision is built upon the principle that through early engagement and partnership, and the use of innovative systems and products, we can deliver cost-effective offshore projects that meet the investment criteria and environmental goals of our clients. Our engineering teams continue to deliver solutions that create value for our clients and we are engaging with these clients to find ways to reduce the carbon footprint of their hydrocarbon developments. Our fleet of vessels is one of the youngest in the oil and gas industry. With the delivery of *Seven Vega*, it is now optimised for installation of our full range of subsea solutions and we are entering an era of harvesting with greater free cash generation and higher returns.

Our strategy to address the offshore wind market also strives to balance the ability to capture growth opportunities with the goal to maximise returns. The five vessels in our own Renewables fleet are key to delivery of projects as well as to managing the risks and challenges of the installation market. They underpin our differentiated offering in integrated foundations and inner-array cable solutions and position us for the larger EPCI projects that leverage our engineering, project management, risk evaluation and supply chain expertise.

Sustainability reinforces our Values driven culture

Since their introduction in 2012, Subsea 7's Values have provided a foundation for what our clients, our people, our shareholders and society can expect from us. These have been as important as ever in navigating a challenging year with integrity, and in ensuring the safety of our workforce around the world while we continue to deliver projects for clients.

In 2019, we introduced Sustainability as an additional Value focused on our environmental and societal behaviours, and in 2020 we established a new Executive Sustainability Committee. We have increased our active participation in ESG rankings, including CDP and the Dow Jones Sustainability Index. Our second Sustainability Report, published in conjunction with this Annual Report, improves the way we communicate the initiatives from across our Group. Our plans for the year ahead include further progress in the disclosure of our governance, strategy, and climate risk management as we increase our alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Financial strength and disciplined capital allocation

Despite the challenges of 2020, Subsea 7 created value for shareholders through a diversified approach to energy markets that enabled growth of our backlog, as well as through strong cash flow performance that further enhanced our balance sheet. This financial strength is essential to ensure that our oil and gas business remains competitive through the downturn, while also enabling us to capture growth opportunities that will help drive the success of the Group in the coming years.

Subsea 7's prudent approach to financial strength continues to be complemented by an ethos of strong capital stewardship. Our capital discipline is underscored by a commitment to shareholder returns that has seen nearly $2 billion distributed in the past decade. In early 2020, the Group repurchased 1.6 million shares for $10 million, but this share buyback programme was suspended in April 2020 when the macro-environment deteriorated.

Since then an improvement in commodity prices and greater visibility on the outlook for our businesses, combined with our strong balance sheet position, give the Board of Directors the confidence to recommend to shareholders that a special dividend be paid of NOK 2.00 per share, equivalent to approximately $70 million, in respect of 2020.

The Board

The Board was deeply saddened to learn of the sudden passing of Allen Stevens, Senior Independent Director, in January 2021. Allen joined the Board of Subsea 7 S.A. in 2011 and made an invaluable contribution to the Group. He will be greatly missed and we send our deepest condolences to Allen's family.

My thanks

On behalf of the Board I would like to thank all our people for the exceptional efforts and resilience that provided the foundation for delivering a solid operational performance during this unusual year. The organisation was tested during these difficult times and the response has been impressive.

I would also like to thank our alliance partners and clients for their continued collaboration as we work together to deliver projects despite the challenging operating environment.

Finally, I would like to thank our shareholders for their continued support and confidence as we look forward to a brighter future.

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.

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

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

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.

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.

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.

POSITIONED FOR THE FUTURE

"Despite the changes to the macro-environment and our industries, we have continued to deliver and are well-positioned for successful execution of our strategy."

JOHN EVANS
Chief Executive Officer

In a year characterised by uncertainty and exceptional operational challenges, Subsea 7 reported strong cash flow generation while safeguarding the health of our people. With near-term visibility supported by a backlog of $6.2 billion, we look ahead with optimism to the reduction of Covid-19's impact on society and are well-positioned to benefit from a recovery in the oil and gas markets, as well as continued growth in renewables.

REFLECTING ON A CHALLENGING YEAR

When I assumed the role of CEO in January the oil price was $65 per barrel, we had a growing backlog of projects and our tendering teams were active in negotiating new work with tentative signs of improvement in the pricing environment. That radically changed in March as Covid-19 spread within Asia, throughout Europe and to the US. After what transpired to be a challenging year, first and foremost I would like to thank our people both offshore and onshore for their commitment to keep our operations running. Extra time away from families, longer shifts and more demanding working environments have put additional pressures on everyone, but we have continued to deliver high-quality projects to clients and cemented our reputation for reliability, quality and safety – the industry's partner of choice.

When our clients began cutting their capital expenditure budgets in order to preserve their own balance sheets, we moved quickly to re-align the size of our resource base to reflect the new reality. Our cost reduction plan targets a $400 million annualised cash cost saving and is well-advanced with completion expected by the end of 2021. The decision to reduce our fleet by up to ten vessels and our headcount by up to 3,000 people was difficult but necessary, and was designed to protect our oil and gas business while retaining core skills and capabilities in order to leverage a future oil price recovery. Partly offsetting these cost reduction efforts and as a result of Covid-19, we incurred approximately $70 million incremental net costs related to logistical and operational inefficiencies such as social distancing at onshore bases, quarantining crews and problems with the international transit of vessels and people. This reduced our Adjusted EBITDA to $337 million, equating to a margin of 10%.

A STRATEGY TO UNDERPIN CONTINUED OUTPERFORMANCE

While 2020 was a challenging year for our operations, we continued to mature and develop our two-pronged strategy of Subsea Field of the Future – Systems and Delivery, and Energy Transition – Proactive Participation. This strategy is increasingly underpinned by a focus on sustainability and, in 2020, we continued to develop our plans to address our own environmental footprint, as well as those of our clients. Our progress is outlined in more detail in our second Sustainability Report, published in conjunction with this Annual Report.

Subsea Field of the Future – Systems and Delivery

Addressing the oil and gas markets, we are confident our focus on cost-efficient oil and gas solutions, with a reduced carbon footprint, remains the correct approach for today's environment. Early engagement and partnerships, alongside our Subsea Integration Alliance with OneSubsea®[1], remain key to optimising field developments, particularly in a lower oil price environment. The digitalisation of our products and services is already delivering cost and time efficiencies for us as well as our clients and we continue to find new ways to increase the automation and AI content of our solutions. Finally, the year saw us take delivery of *Seven Vega*, our state-of-the-art pipelay vessel which, alongside our Electrically Heat-Traced Flowline and Pipeline Bundle technology, form key components of our enabling products and systems innovation initiative. Capable of both rigid and flexible pipelay, and with a large pipeline loading capacity, *Seven Vega* enables us to complete complex installation activities with improved efficiency.

1. OneSubsea® is the subsea technologies, production and processing systems division of Schlumberger

Energy Transition – Proactive Participation

Subsea 7 has long adopted a proactive approach to participation in the Energy Transition and we continue to evolve our strategy to reflect advances in the global drive to a world of net zero carbon emissions. The past year has seen China commit to be carbon neutral by 2060, and the US pivot towards rejoining the Paris Climate Change Accord.

Our Renewables business, with a track record of over ten years of delivering large, complex offshore wind projects, remains at the heart of our low-carbon strategy. Our backlog and tender pipeline continue to grow and diversify as the oil majors accelerate their drive towards sustainable energy sources, and as our European client base expands its reach to Asia and the US. Last year we made the decision to invest in the conversion of one of our pipelay support vessels for cable lay activities. *Seven Phoenix* is currently under conversion and will re-join the fleet in the first half of 2021. Alongside our existing offshore wind vessels it will be instrumental in executing the record level of orders we have in our Renewables backlog. We are also actively involved in the floating wind industry which is evolving rapidly from the conceptual stage and pilot developments, towards full-scale commercialisation. In tandem, we are seeing a greater appetite among our oil and gas clients for off-grid developments, designed to provide power and reduce the emissions of their offshore developments. Other initiatives within Energy Transition, such as carbon capture and hydrogen, are at an initial stage of development, but in 2020, Xodus has been increasingly active in client studies focussed on these emerging energy themes.

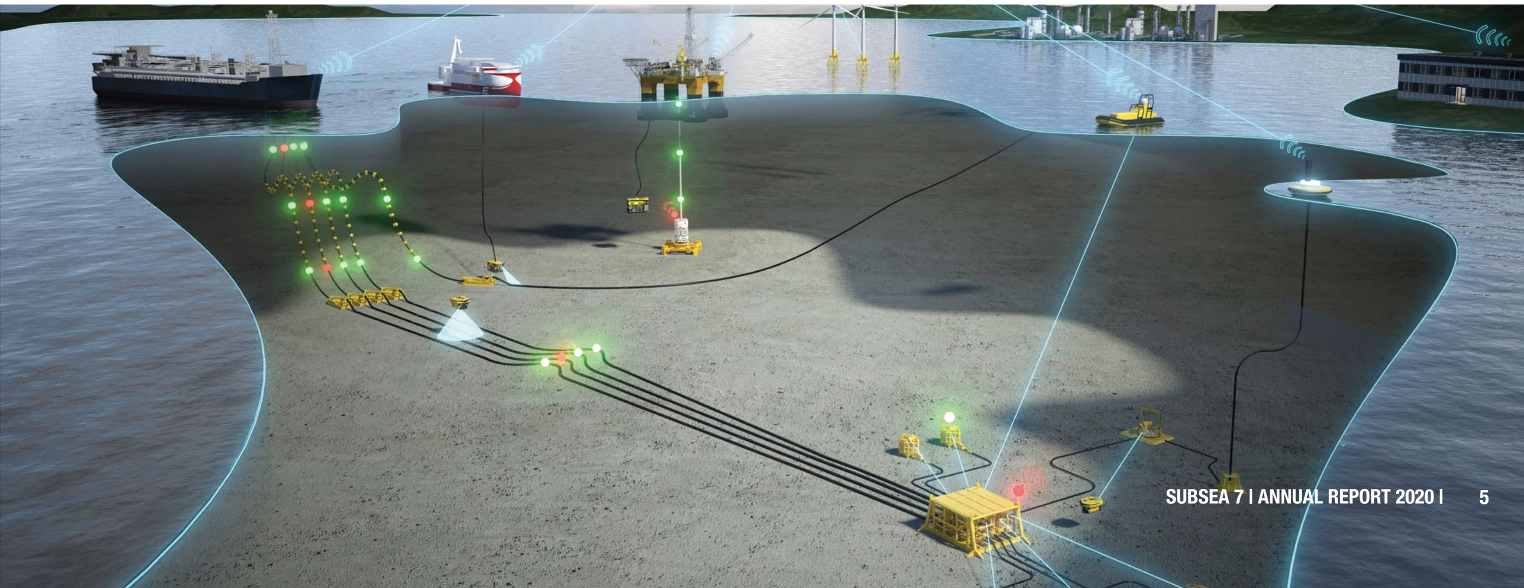
OUR STRATEGY

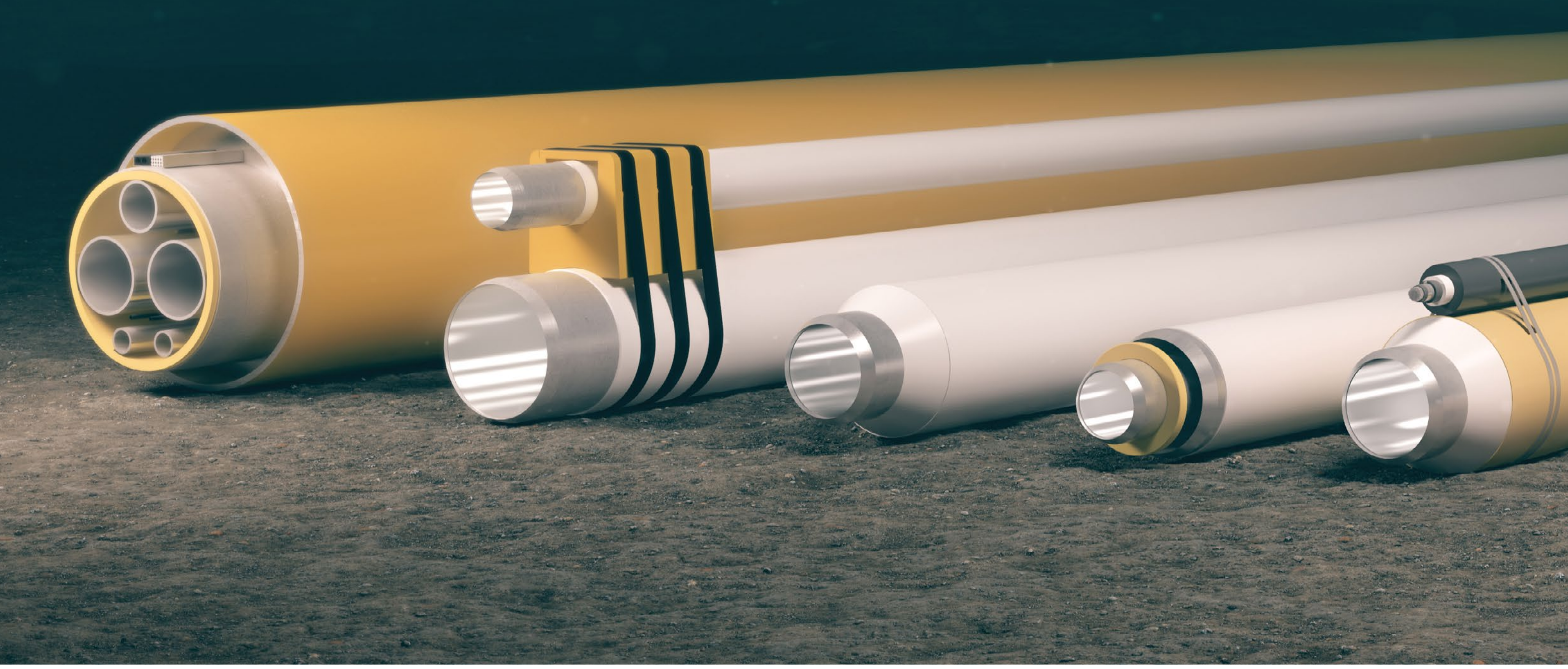
SUBSEA FIELD OF THE FUTURE – SYSTEMS AND DELIVERY

- Early engagement and partnerships
- Systems innovation and enabling products
- Integrated SPS and SURF
- Digital delivery of projects and services

ENERGY TRANSITION – PROACTIVE PARTICIPATION

- Renewables – offshore wind
- Oil and gas – lower carbon developments
- Emerging energy – new markets and opportunities
- Operations – sustainable and efficient





ORGANISATIONAL STREAMLINING

From 1 January 2021, partly as a consequence of our resizing plans, we have merged SURF and Conventional and Life of Field into one business unit focused on the offshore oil and gas market. The combined unit, named Subsea and Conventional, will operate alongside our Renewables business, underpinning our strategies for the Subsea Field of the Future and Energy Transition.

OUTLOOK

A solid foundation of financial strength

The pace of global economic recovery and the continued rebalancing of oil supply and demand remains uncertain, but Subsea 7 is well-placed to navigate the downturn and to remain a leader in its chosen energy markets. With robust net cash flow of $114 million in 2020, we ended the year with net cash of $49 million and with liquidity of over $1 billion. This financial strength enables us to preserve the competitiveness of our oil and gas business while accelerating growth in renewables, investing selectively in new opportunities. The protection of our balance sheet remains a key priority for our use of cash as we face another year of heightened uncertainty.

Activity in advantaged markets in oil and gas

2020 saw our oil and gas clients reduce their capital budgets by approximately 30%, but the backlog of our SURF and Conventional and Life of Field business units remained resilient at a combined $4.2 billion with no project cancellations to date. We expect the re-phasing of activity that we experienced last year to continue to a lesser degree in 2021, while pockets of improving activity are already emerging in key, intrinsically-advantaged markets. Brazil, with its world-class reserves and low oil price breakeven point, remains a focus for investment by our clients and a market in which we have a strong presence. In the Gulf of Mexico, we are executing and tendering an array of smaller projects that leverage existing infrastructure to create value for clients with minimised capital outlay. Lastly, in Norway, recent changes to the tax regime have encouraged an increase in engineering studies that we expect will lead to contract awards in the coming two years.

Continued growth in Renewables

Our Renewables business continues to make good progress towards achieving our Energy Transition ambitions. With a lower adverse impact from Covid-19 and an increasing commitment from governments and companies to reduce carbon emissions, the offshore wind market remains strong and we anticipate the market will achieve a high growth rate in the coming decade. In 2020, our year end backlog of foundation installation and cable lay work reached $2.0 billion and tendering activity for further contracts remains high. In 2021, we expect activity to ramp up on our $1.4 billion Seagreen project, while, in parallel, preparations will begin for several offshore campaigns on projects such as Hollandse Kust Zuid and Kaskasi.

Guidance

Subsea 7's full year 2021 results are likely to be adversely impacted by costs associated with the Covid-19 pandemic, including more contagious, new variants of the virus. We currently anticipate that revenue in 2021 will exceed the prior year level, predominantly driven by greater activity in Renewables. Revenue in Subsea and Conventional should increase due to the re-phasing of some work from 2020 into 2021. While it is difficult to predict the operational and financial impact of Covid-19 in 2021, Adjusted EBITDA is expected to improve year-on-year and we forecast net operating income to be positive.

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

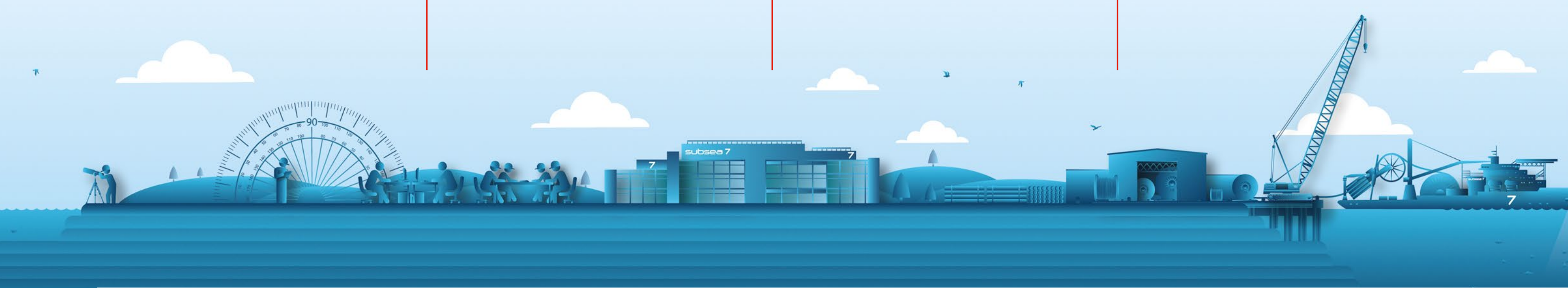
Client-focused mindset to create the right solution. Our clients rely on us to develop fit for purpose solutions that reliably meet project requirements. We deliver these solutions whether for complex programmes or for small, standardised projects or services.

"Our strategy, driven by our vision of the Subsea Field of the Future, along with proactive participation in Energy Transition, positions us for a recovery in the oil and gas market as well as growth in offshore wind."

FULL SERVICE ACROSS THE FIELD LIFECYCLE

Subsea 7 provides project management, engineering and construction expertise across the full field lifecycle. These services are delivered to clients in both the oil and gas and renewables sectors.

CONCEPT | DESIGN | ENGINEER | PROCURE AND FABRICATE



CONCEPT	DESIGN	ENGINEER	PROCURE AND FABRICATE
Input at the concept phase 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

Concept: Being involved at the earliest stage of developments enables us to deliver maximum value, whether in oil and gas or offshore wind. The concept stage is key to lowering costs in the later lifecycle stages.

Design: We deliver front-end engineering and design (FEED) for our clients. These services are essential in selecting the right solution to fully optimise the development.

Engineer: 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 execution. For EPCI wind projects, our engineering teams support clients in their bids for offshore licences.

Procure and fabricate: Our teams are able to execute the large EPCI projects in all our business units and in all geographies. The scale and global reach of our supply chain management differentiates us.

How we add value

Concept: We incorporate new technologies, fit for purpose solutions and standardisation into the concept design to lower the total cost of development.

Design: We work with our alliance and client partners to optimise solutions, align schedules and accurately forecast full lifecycle costs.

Engineer: 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.

Procure and fabricate: We have a clear understanding of the risks and opportunities that exist when working with a large, global 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.

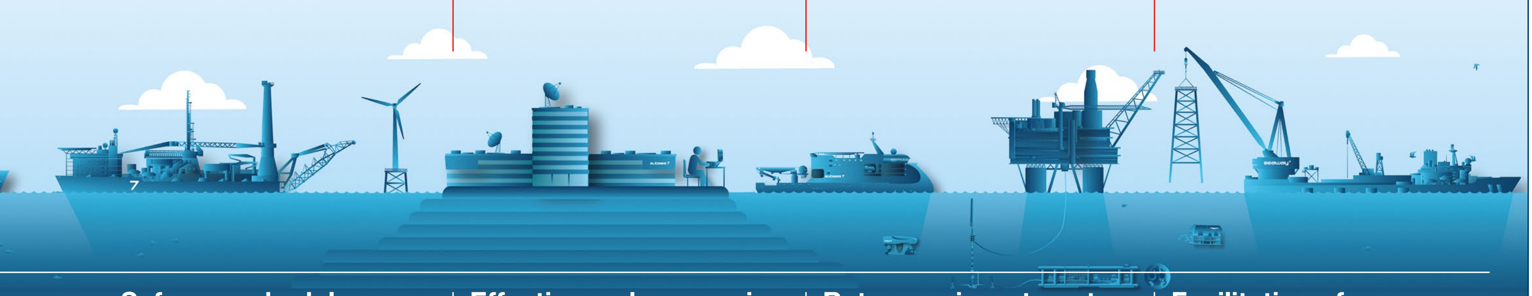
88

clients supported by Subsea 7 in 2020

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. Through roadshows and conferences, we aim to communicate effectively with our shareholders.

430

attendees at Subsea 7's virtual Renewables Investor Event in September 2020



INSTALL AND COMMISSION	MAINTAIN	EXTEND	DECOMMISSION
Safe, on-schedule and cost-efficient installation by world-class vessels.	**Effective and responsive maintenance, reducing the cost of ownership.**	**Return on investment maximised by utilising new technologies to extend the life of the field development.**	**Facilitation of abandonment, decommissioning and re-use of infrastructure.**
We install and commission subsea infrastructure for hydrocarbon developments in all water depths. We install foundations and inner-array cables for fixed and floating wind farms.	We specialise in maintaining offshore infrastructure through use of our fleet of ROVs. Our digital products and services help optimise maintenance and reduce downtime and unplanned outages.	We have a growing portfolio of technologies that enable clients to extend the life of their assets through production enhancement as well as the tie-in of satellite reserves.	We have the capacity to undertake large-scale infrastructure abandonments in both oil and gas and wind markets.
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.

22,000

digital learning courses completed by our employees in 2020

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 towards non-compliant business practices.

38

community assistance events delivered in 2020

UNDERSTANDING OUR OPERATING ENVIRONMENT

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

OIL AND GAS MARKET REVIEW

Last year saw the return of elevated oil price volatility sparked by the emergence of the Covid-19 pandemic. Having started 2020 at $65 per barrel, the price of Brent began to weaken in January, driven by concerns about the impact of the virus on Asian economic growth and the implications for global oil demand. When China banned travel from Wuhan and the first case of Covid-19 was registered in Singapore, the oil price fell to $50 per barrel. However, by late March Covid-19's spread across the world had led to extensive national lock-downs and the prospect of a reduction in daily oil demand of up to 30 million barrels. OPEC's initial inaction in curtailing oil supply to address this imbalance led to suggestions of a new price war and, as concerns mounted that global storage capacity would soon be exhausted, the price of oil collapsed to below $20 per barrel, a level not realised in over 20 years. In April, OPEC and its allies agreed to cut global supply by 10%, equivalent to 9.7 million barrels a day, and US production also began to fall. The resulting improvement in the balance of oil supply and demand, combined with a relaxation of Covid-19 restrictions and progress in developing various vaccines, saw oil prices recover to around $40 per barrel by June and trade between approximately $40 to $50 per barrel for the remainder of the year. Global spot gas prices were similarly weak for most of 2020 driven by strong LNG supply growth, high storage levels, limited scope for coal-to-gas switching and depressed demand. Global prices fell below $2 per million BTU during the summer season, driving shut-ins of some LNG supply. As Covid-19 restrictions eased, prices began to recover and were boosted by the onset of colder weather in the northern hemisphere and some LNG supply outages.

As a result of the downturn in commodity prices as well as disruption caused by Covid-19 restrictions, the market for SURF and Conventional services reduced significantly during 2020. The early part of the year had seen some large greenfield project sanctions as well as brownfield awards in West Africa, the Gulf of Mexico and the North Sea, but there was a rapid fall in tendering activity during the second quarter as major oil companies cut their capital expenditure budgets by up to 30% in order to preserve cash and protect their balance sheets. While the industry honoured existing contracts, in some regions, particularly the Middle East, activity levels were curtailed significantly by Covid-19 restrictions.

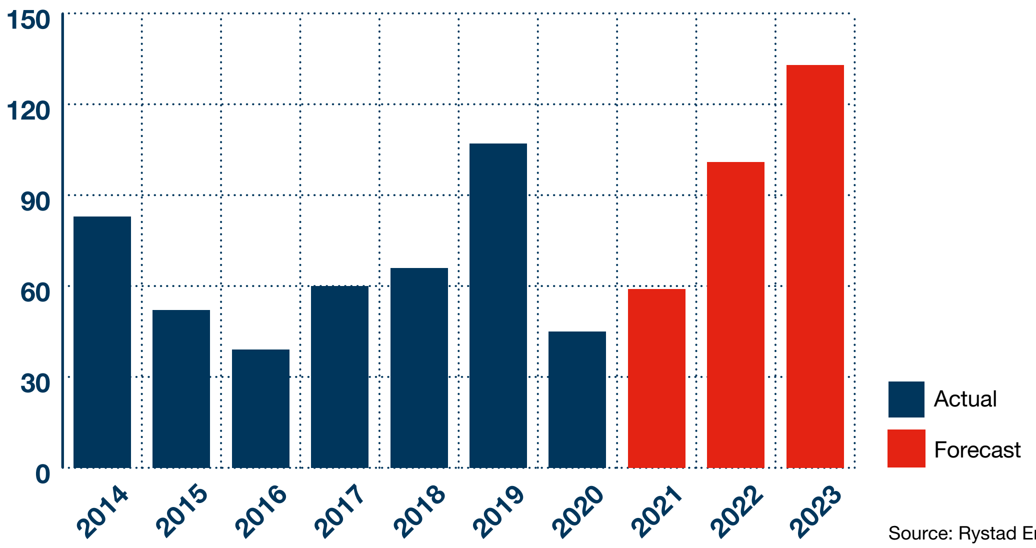
Certain pockets of tendering activity persisted despite the challenges, including Brazil, where world-class developments have low oil price breakevens, and the Gulf of Mexico, where satellite reserves can be tied back to existing infrastructure for a relatively low cost. In Norway the introduction of additional tax relief for projects sanctioned before the end of 2022 fuelled an increase in demand for engineering studies that is expected to lead to an improvement in order flow from 2022.

In all geographies and markets, early engagement, partnerships and integrated solutions remain key to unlocking opportunities in a low oil price environment. These capabilities gained traction during the previous downturn and are designed to optimise field developments, providing the operator with the best economic outcome.

Overall, the market for SURF and Conventional activity is expected to remain subdued in the near term, and competition among Subsea 7 and its peers is likely to keep pricing at depressed levels.

OFFSHORE GREENFIELD CAPEX BY COMMITMENT YEAR

USD billion



Source: Rystad Energy, January 2021

COVID-19 MARKET IMPACT

Like most businesses around the world, Subsea 7's operations were adversely impacted by the Covid-19 pandemic. As always, the safety and wellbeing of our people were the Group's top priorities and we reacted swiftly to implement new ways of working to accommodate the logistical and operational challenges. Most of our vessel crews moved to extended offshore rotations with strict quarantine and testing regimes, while our operational bases and fabrication sites adapted plant layouts and working practices to meet local regulations for social distancing. These precautions came at a financial cost but we continued to deliver projects and support our clients throughout the year while safeguarding the health and safety of our people.

The outlook for the second half of 2021 and beyond is more positive as demand for oil is forecast to recover gradually, supported by the roll-out of various vaccines targeting Covid-19, and this should translate into more stable oil prices. In the medium term, the balance of risk to oil prices may lie to the upside following the current period of under-investment in new supply.

The inspection, repair and maintenance (IRM) market followed trends in the overall oil and gas market during 2020. New awards and long-term agreements declined in the year although some increased activity was seen in the Gulf of Mexico and Brazil.

OFFSHORE WIND MARKET REVIEW

Despite the challenging macro-environment, tendering for fixed offshore wind farm developments remained active in 2020. This was supported by forecasts of strong, long-term growth in demand for renewable energy, driven by increasing social and political pressure to reduce carbon emissions, as well as the continued reduction in the development cost of offshore wind power. Activity in well-established markets in Europe such as the UK, Germany and the Netherlands remained high, while tendering for projects in newer markets such as Taiwan increased. After the completion of pilot developments in the US during early 2020, preparations for full-scale projects increased and by the end of 2020, several large US projects were being bid by the industry. Near-term growth is expected to remain volatile as countries define and implement new regulatory frameworks, and this may lead to unevenness in awards to contractors such as Subsea 7. However, as regions mature, the growth in the market and the pace of order flow should become steadier and more predictable.

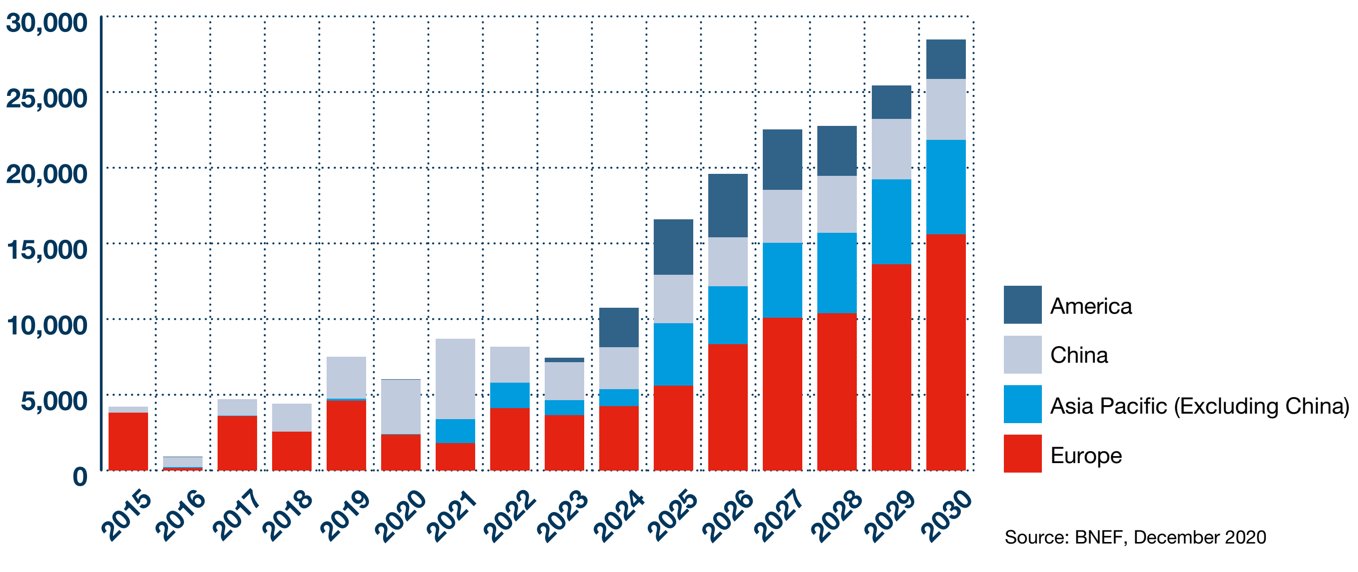
As countries with a deeper continental shelf enter the offshore wind arena, floating wind is expected to become a more meaningful sector of the market. This will take time to mature but further pilot projects were initiated in 2020 with the acceleration of energy transition efforts.

Most fixed offshore wind farm developments continued to be operated by traditional utility companies. However, during the year several oil majors accelerated plans to cut emissions, set new targets for renewable power generation and, in some cases, invested directly in planned wind farms. Diversification of the offshore wind market client base in this manner adds further support to the expected increase in the number of projects and overall industry capital expenditure. The oil majors, in particular, have shown interest in advancing floating wind concepts, with a view to reducing the carbon footprint of oil and gas developments by providing off-grid renewable power to offshore infrastructure. This trend further supports the growth potential of this segment as more oil companies commit to reduce greenhouse gas emissions.

The competitive landscape in offshore wind continued to be mixed in 2020. Competition for foundation installation contracts remained elevated while the market for inner-array cable lay, including for integrated foundation and cable lay contracts, was more favourable. The award of much larger engineering, procurement, construction and installation (EPCI) contracts remains sporadic but this differentiated offering continues to gain traction with developers. As established European developers expand into new geographies, and as oil companies increase their involvement in the offshore wind market, it is expected that demand for a greater level of outsourcing, as offered by the EPCI model, will increase.

OFFSHORE WIND FARM INSTALLATION MARKET BY REGION

Gigawatts



Source: BNEF, December 2020

DELIVERING OPTIMUM SOLUTIONS TO OUR CLIENTS

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

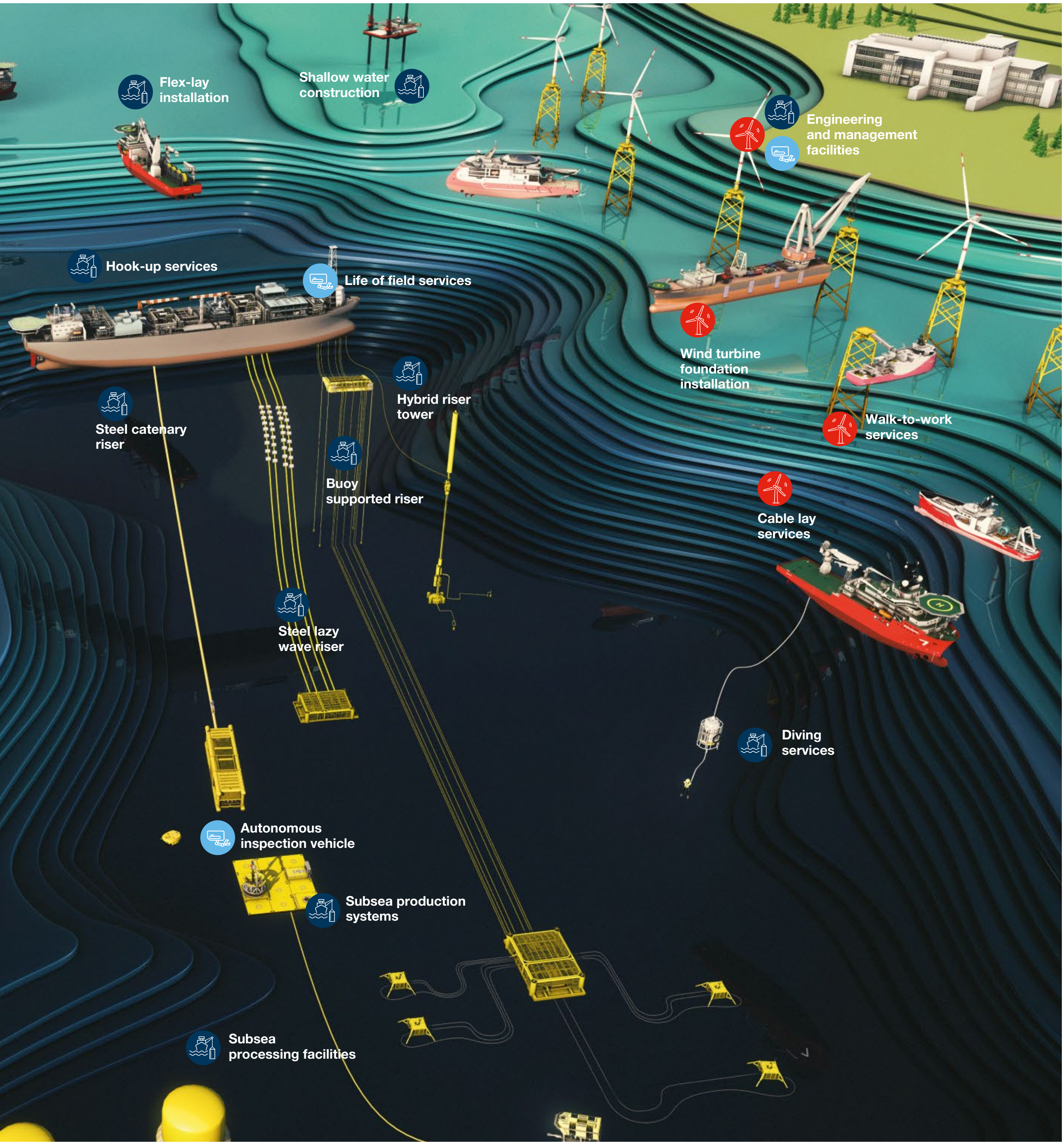
i-Tech 7 is a progressive and pioneering subsea life of field partner delivering inspection, repair and maintenance solutions to offshore energy developments.

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


Flex-lay installation
Shallow water construction
Engineering and management facilities
Hook-up services
Life of field services
Hybrid riser tower
Wind turbine foundation installation
Walk-to-work services
Steel catenary riser
Buoy supported riser
Cable lay services
Steel lazy wave riser
Diving services
Autonomous inspection vehicle
Subsea production systems
Subsea processing facilities

SUBSEA FIELD OF THE FUTURE – SYSTEMS AND DELIVERY

Subsea 7 is differentiated by its collaborative working relationships and our ability to develop creative solutions. We are taking this to the next level with our ambition for Subsea Field of the Future – Systems and Delivery, which aims to create value by further improving our solutions and the way we deliver them.

For more information on our technology portfolio, please visit https://www.subsea7.com/en/our-business/technology.html

Our ambition for the subsea field of the future is based on four pillars:

EARLY ENGAGEMENT AND PARTNERSHIPS

Early engagement was a strong element of the structural changes seen within the subsea market during the previous downturn, and has gained significant momentum over the last 24 months. Through the establishment of our Field Development Group, the acquisition of Xodus, the growth of Subsea Integration Alliance, along with other successful client partnerships and alliances, we support our clients in defining the most efficient and optimised solution for their field developments while promoting our technologies.

400
FEED engineers

SYSTEM INNOVATION AND ENABLING PRODUCTS

System innovation and enabling products continues our technology focus and increases standardisation and modularisation of the products and solutions we provide. This underpins the reliability of our services and ultimately improves cost effectiveness and ensures we are competitive. The use of digital twins and full lifecycle views facilitates a shift towards a total cost approach that supports our clients in achieving the best return on investment.

111
early engagement studies awarded in 2020

INTEGRATED SPS AND SURF

We have embraced the integration of SPS and SURF solutions through Subsea Integration Alliance, our strategic global alliance with OneSubsea®, as well as through our partnership with Aker BP in Norway. The continuous focus on strengthening this offering has firmly positioned us as one of only two fully integrated suppliers with a global presence. Working as an alliance facilitates standardisation and optimisation of systems across the full subsea spectrum, further differentiating our services.

1,500
granted and pending patents

DIGITAL DELIVERY OF PROJECTS AND SERVICES

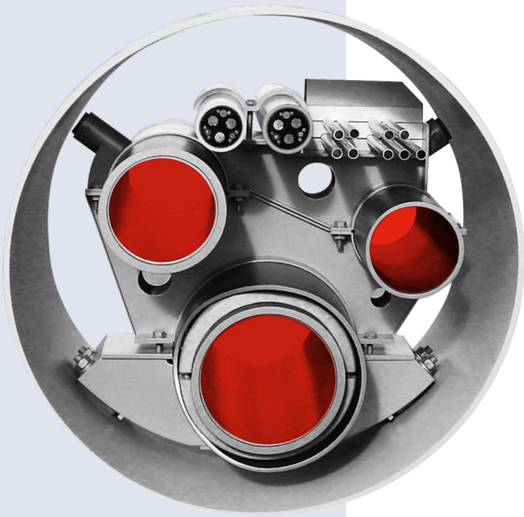
Our digital efforts extend across the full project lifecycle from concept through operations to decommissioning. They deliver improved efficiency for clients and represent a new digital services revenue stream for Subsea 7. Our vision is to continue capturing strategic opportunities that bring additional value and capabilities to our digital portfolio.

SYSTEM INNOVATION AND ENABLING PRODUCTS
SNORRE EXPANSION

Project at a glance

First project to incorporate Swagelining Linerbridge® technology in water injection lines.
- World's first all-polymer lining connector
- Removes the need for costly Corrosion Resistant Alloy welding
- 35% reduction in this cost element

Pipeline Bundles
- Include electrical and fibre optic lines in preparation for the use of Underwater Intervention Drones/ Autonomous Underwater Vehicles



Watch our video at https://youtu.be/mXD63hS9Rw0

STRATEGIC REPORT
GOVERNANCE
CONSOLIDATED FINANCIAL STATEMENTS
SUBSEA7 S.A FINANCIAL STATEMENTS
GLOSSARY

ENERGY TRANSITION – PROACTIVE PARTICIPATION

As global energy demand continues to grow, society is looking for cleaner and more sustainable sources to meet its needs. Subsea 7's strategy is to be a proactive participant in the Energy Transition by assisting our clients in reducing the carbon footprint of their developments, by reducing our own emissions and by being a major contractor in the renewable energy market.

RENEWABLES – OFFSHORE WIND

Through Subsea 7's Renewables business unit, branded Seaway 7, we have an established position in the renewables supply chain, providing clients with foundations and cable lay services for the construction of offshore wind farms. With over ten years of experience, we have built and installed hundreds of foundations and laid over 800 kilometres of inner-array cables for fixed offshore wind farms worldwide. Our technical expertise combined with extensive track record in project and supply chain management put us in a strong position to seize opportunities in this growing market.

6 GW
renewables projects supported by year end 2020

OIL AND GAS – LOWER CARBON DEVELOPMENTS

As part of their own Energy Transition strategies, most of our oil and gas clients are focused on reducing the carbon footprint of their oil and gas developments. Our proprietary technology, engineering capability and digital solutions support them in developing fields more efficiently, with improved asset performance and lower carbon emissions at every stage of the lifecycle. Our Carbon Estimator is an important tool to achieve this goal.

100%
early engagement activities that will utilise Carbon Estimator

EMERGING ENERGY – NEW MARKETS AND OPPORTUNITIES

We continue to define our strategy for new markets and opportunities such as hydrogen and carbon capture. Through Xodus's advisory and technical capabilities we are already supporting carbon capture and hydrogen developments in various markets including the UK, continental Europe and Australia. With collaboration, partnerships and alliances firmly part of our DNA, we will look at opportunities to participate in these emerging markets

5,000
CCS and hydrogen manhours executed by Xodus in 2020

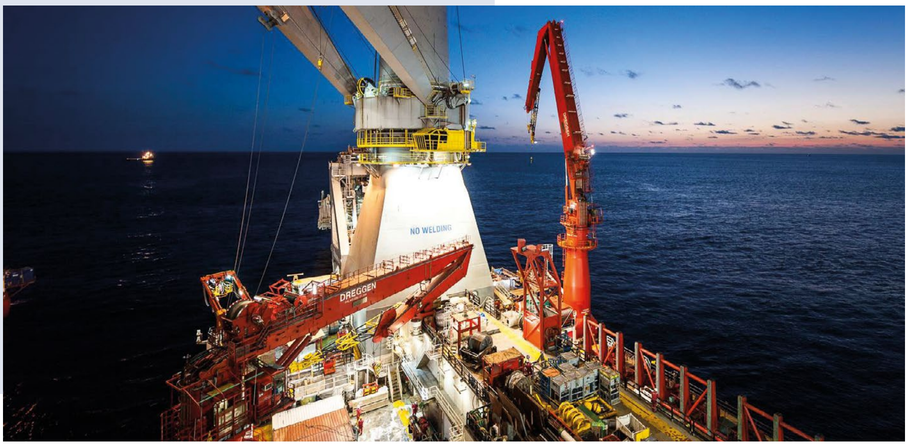
OPERATIONS – SUSTAINABLE AND EFFICIENT

We recognise the importance of continuing our focus on sustainable and efficient operations to reduce the carbon footprint of our own activities. This is a fundamental pillar of our strategy and we are already making a difference through various programmes and initiatives such as Clean Operations, vessel hybridisation and onshore ROV control centres.

RENEWABLES – OFFSHORE WIND
SEAGREEN OFFSHORE WIND FARM

Project at a glance

- Subsea 7 scope $1.4 billion
- EPCI of balance of plant
- 114 wind turbines of 10MW each for a total capacity of 1.1GW
- 332 km of inner-array cables to be fabricated in Greece, 300 days of installation activity
- Foundations comprising 230,000 tonnes of steel to be fabricated across three sites in China and the UAE
- Offshore installation planned for 2021 and 2022

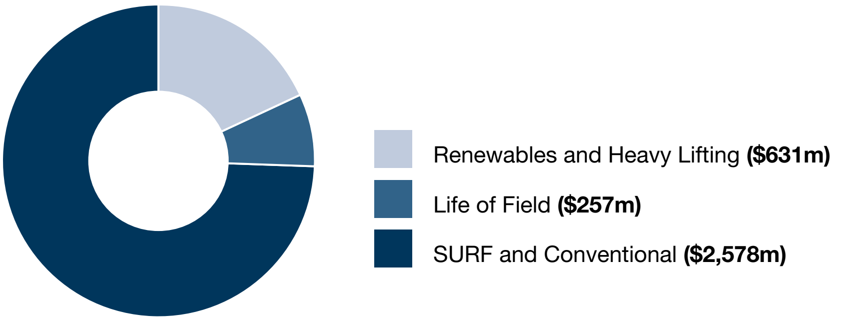


DELIVERING ACROSS OUR BUSINESS UNITS

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.

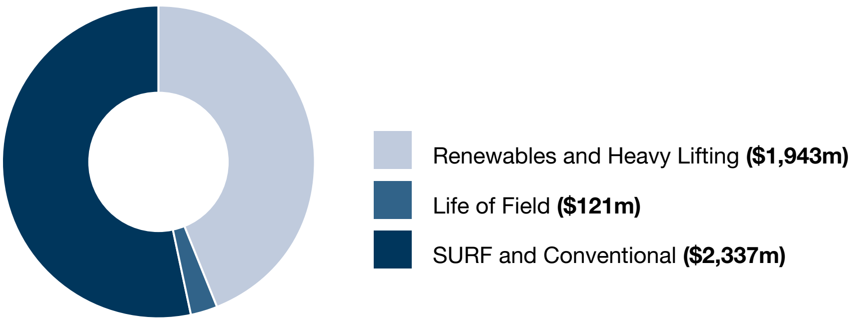
GROUP REVENUE

$3,466M (2019: $3,657m)



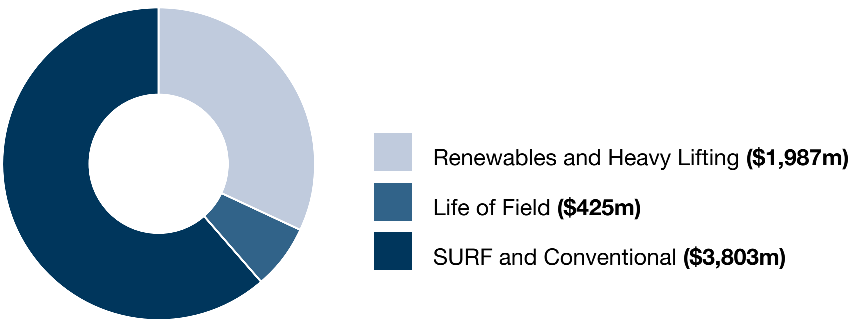
ORDER INTAKE

$4,401M (2019: $3,945m)



BACKLOG

$6,214M (2019: $5,187m)



2020 STRATEGIC HIGHLIGHTS

- A record year for order intake in Renewables with $1.9 billion including projects in Europe, Asia and the US. Tendering activity remained high despite the challenging global environment.
- The first project to utilise EHTF technology installed, enabling longer tie-backs for reduced development cost and lower carbon footprint.
- *Seven Vega* delivered in November before transiting to location in December. A world-class rigid pipelay vessel providing cost-efficient installation of rigid pipelines.
- Three PLSV contracts in Brazil extended until mid-2022. All four PLSV contracts now expire in 2022.
- Award to Seaway 7 of a balance of plant EPCI contract for the Seagreen offshore wind project valued at over $1.4 billion.
- Successful entry into the US wind farm market with a pilot development offshore Virginia.

BUSINESS UNITS

SURF AND CONVENTIONAL

Our SURF and Conventional business unit is a world leader in delivering complex offshore projects to the constantly evolving energy industry. It operates under the Subsea 7 brand.

Subsea 7's largest business unit, SURF and Conventional, offers integrated solutions for our clients' oil and gas field developments incorporating the engineering, procurement, installation and commissioning (EPIC) of subsea umbilicals, risers and flowlines (SURF) in all water depths. It also offers Conventional EPIC services for surface infrastructure in shallow water locations. Drawing on decades of experience in designing and executing projects across the globe, we aim to optimise developments in order to maximise the project's return on investment for our clients.

SURF and Conventional is the cornerstone of our vision of the subsea field of the future and its market-leading position leverages all four principles of this strategy: early engagement and partnerships, integrated SPS-SURF, system innovation and enabling products, and digital delivery and services.

Our journey in developing an oil and gas field typically begins with early engagement with the client to deliver feasibility studies and front-end engineering and design (FEED) solutions. This collaborative approach has seen us develop extensive relationships with our clients and suppliers that allow us to optimise the cost efficiency of field designs. Over 90% of SURF and Conventional awards in 2020 involved early engagement, drawing on the expertise of both Xodus, our energy consultancy, and Subsea 7's Field Development Group.

Early engagement can have the greatest impact on field economics by combining both SPS and SURF in an integrated approach to field development. We achieve this through Subsea Integration Alliance, which combines SURF services provided by Subsea 7 with SPS offered by OneSubsea®. Approximately half of the greenfield projects awarded to the market in 2019 were on an integrated basis and, while tendering activity was quiet in general for the industry in 2020, 35-40% of order intake in the coming five years is expected to be on an integrated basis. The alliance is currently executing engineering for the Bacalhau project, the first ever integrated project in Brazil, and projects are underway in the Gulf of Mexico, West Africa and Australia.

In the design of optimal field solutions, our engineering services go hand-in-hand with our strategy of systems innovation and enabling products in finding more cost-efficient ways to develop fields. 2020 saw the first installation in Norway of our proprietary Electrically Heat-Traced Flowline (EHTF). This heated pipeline enables longer tie-backs of satellite reserves, extending the reach of existing infrastructure. It reduces overall costs and minimises the development's carbon footprint by eliminating the need for surface facilities. In 2020, we launched our state-of-the-art pipelay vessel. *Seven Vega* offers our clients greater efficiency with fewer trips to complete each project, as well as being equipped to lay rigid pipeline along with flexible product, leading to higher levels of utilisation.

Digitalisation of our services and products is also key to delivering faster and more efficient field developments. Subsea Integration Alliance has the leading concept evaluation tool in the marketplace, allowing clients to easily assess field design choices and their impact on overall returns. Subsea 7's Carbon Estimator extends this assessment to include the impact of field design on lifetime carbon emissions. Whether through early engagement, integration, novel technologies, or digitalisation of products and workflows, our vision of the subsea field of the future will drive cost efficiency for clients and continued differentiation for Subsea 7.

SURF and Conventional has good visibility of its future activity levels thanks to a $3.8 billion backlog of firm work. EPIC projects are commonly up to three years in duration and therefore, while our clients' capital budgets are affected by commodity prices, our activity levels are sheltered to some extent. While some projects experienced delays and re-phasing in 2020 as clients sought to protect their balance sheets and accommodate the logistical challenges introduced by Covid-19, our contracts have proven robust and we experienced no cancellations despite the oil price collapse. In addition to its EPIC work, Subsea 7 has four long-term day-rate contracts with Petrobras to provide pipelay support vessels (PLSVs) for use on a mixture of brownfield and greenfield projects. These contracts currently expire in 2022.

SURF AND CONVENTIONAL REVENUE

$2,578M

(2019: $3,174m)

NUMBER OF ACTIVE PROJECTS

64

PROJECTS EXPECTED TO BE INTEGRATED

35-40%

LIFE OF FIELD

Our Life of Field business unit provides inspection, repair and maintenance (IRM) services using the i-Tech 7 brand.

Life of Field is a market-leading provider of inspection, repair and maintenance services, combining engineering with technology to protect the integrity of offshore energy infrastructure throughout the life of a field. i-Tech 7 offers fully integrated solutions that leverage a portfolio of more than 3,500 tools, 91 ROVs and six chartered vessels, as well as extensive in-house expertise. Our services are provided under long-term contracts in the North Sea and Azerbaijan, with additional shorter-term work in areas such as the Gulf of Mexico and Brazil.

Life of Field activities remained steady in 2020, demonstrating the resilience of the business in a volatile macro-environment. Regardless of industry conditions, one of the key challenges our clients face is to reduce the loss of production and revenue, as well as the extra costs, associated with unplanned downtime. We provide state-of-the-art services aimed at optimising maintenance strategies and maximising clients' returns on investment.

Our Life of Field business is integral to our vision of the subsea field of the future and is a key feature of our early engagement initiatives as well as the continued advancement of our digital delivery strategy.

As part of our early engagement activities, the integration of integrity monitoring technology into initial field design increases the reliability of our developments, while engineering with long-term maintenance in mind improves the lifetime cost efficiency of fields.

Through digitalisation of our systems, real time data can bring further enhancements to maintenance strategies, while our growing monitoring dataset enables us to more accurately model and engineer our solutions.

Life of Field is also part of our Energy Transition strategy, through the reduction of emissions from our own and our clients' operations. In 2020, *Seven Viking*, our hybridised IRM vessel, performed its first full year of operations, and hybridisation of further vessels is under review.

Seven Viking was also our first vessel to utilise an ROV system controlled from an onshore control centre while the vessel operated over 350 kilometres offshore. This was a significant achievement for Subsea 7's ROV and autonomy programme and represented further progress in delivering sustainable subsea operations for clients.

To align with our strategic focus area Subsea Field of the Future – Systems and Delivery, we have combined our Life of Field and SURF and Conventional business units. Since January 2021 one business unit, named Subsea and Conventional, encompasses our full portfolio of services and products dedicated to the oil and gas industry, allowing us to streamline the organisation and maximise potential synergies between the two areas. This includes greater integration of IRM and well intervention into the integrated field development solutions created by Subsea Integration Alliance to provide a holistic offering across the lifecycle of our clients' fields. It will also enable us to accelerate our drive to digitalise field developments.

LIFE OF FIELD REVENUE

$257M

(2019: $266m)

WORKCLASS ROVS

91

CHARTERED VESSELS

6

RENEWABLES AND HEAVY LIFTING

Subsea 7's Renewables and Heavy Lifting business unit, operating under the Seaway 7 brand, is a top-tier service provider for the offshore wind industry and is a fundamental part of our Energy Transition strategy.

Seaway 7 has been involved in the offshore wind market since the early days of the industry's commercialisation. With over ten years of experience, we have built and installed nearly 750 wind turbine foundations and laid over 800 kilometres of inner-array cables for fixed offshore wind farms worldwide. We have also been involved in some of the world's first floating wind farm developments. The global offshore wind farm market has grown rapidly, with more than 30 gigawatts of capacity installed by the end of 2020. Looking ahead, strong growth is projected as society drives increased investment in renewable and carbon neutral energy.

Our flexible offering in Renewables is tailored to our clients' needs, ranging from standalone transport and installation (T&I) to full-scale engineering, procurement, construction and installation (EPCI) contracts. These two contracting models can encompass turbine foundations, inner-array cables or both as an integrated package. While T&I contracts are currently more commonplace, with engineering and project management performed in-house by the client, the rapid growth in the size of projects combined with a push into new territories is expected to drive increasing appetite for outsourcing and growth in demand for EPCI services. This trend plays to our core strengths in managing major offshore projects, dealing with complex supply chains and managing the risks associated with turnkey contracts. These competitive advantages are underpinned by the global reach and local knowledge that we have gained through decades of experience in oil and gas, and together differentiate us from many other contractors in the offshore wind industry.

At the end of 2020, our Renewables backlog reached $2.0 billion, driven by the award of projects in Europe, Asia and the US for execution in 2021 and 2022. In anticipation of this increased activity, we announced a capital investment of $25 million to convert *Seven Phoenix* for cable lay work. Our existing cable lay vessel, *Seaway Aimery*, is projected to be fully utilised through 2022 and the *Seven Phoenix* investment decision was supported by a backlog of work. The vessel is due to re-join the fleet by mid-2021, enhancing our position as a leading service provider in the offshore wind market.

Although our core fleet of vessels is central to our ability to understand and effectively manage T&I and EPCI projects, we aim to grow our Renewables business in a capital-light manner, to optimise our cash generation and our returns. To do this we will continue to make use of subcontracted vessels to execute certain integrated T&I and EPCI projects. The foundation installation market remains oversupplied with capable vessels and further new builds have already been announced by the industry, suggesting sufficient availability of third-party vessels during the coming years. We believe that by using subcontracted vessels we can leverage our engineering and project management skills to capture a significant share of this high-growth market while improving returns.

In addition to the fixed offshore wind market, the floating wind market represents a major growth opportunity for Seaway 7 and one that appears to be accelerating. To date, we have participated in a number of pilot projects supplying off-grid power to remote offshore oil and gas facilities, and we see strong interest in this means of decarbonisation from our oil major clients as they seek to minimise their own emissions. As the economics of floating wind continue to improve in the coming years, Seaway 7 is well-placed to extend its leadership in offshore wind when this market achieves full-scale commercialisation.

From January 2021, this business unit will be renamed Renewables and will exclude activities relating to the oil and gas industry, which represented negligible revenue in 2020.

RENEWABLES AND HEAVY LIFTING REVENUE

$631M

(2019: $217m)

RENEWABLES AND HEAVY LIFTING BACKLOG

$1,987M

(2019: $538m)

CUMULATIVE FOUNDATIONS INSTALLED

748

To 31 December 2020

CUMULATIVE RENEWABLES CABLES INSTALLED

816 KM

To 31 December 2020

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.

OUR KPIs

We have been focusing on our sustainability priorities and report on our progress in the following sections. An important part of driving and monitoring our progress is the use of relevant KPIs.

Lost-time incident frequency rate

0.07

per 200,000 hours worked
(2020 target: <0.03)
(2019: 0.02, target: <0.03)

Number of suppliers with a contract that included human rights clauses or underwent human rights screening

6,660

(2019: 6,481)

Number of employees completing compliance and ethics e-learning including anti-corruption

5,153

100% of target population
(2019: 4,791, 100% of target population)

Cumulative power capacity of renewables projects supported to end of 2020

6.0 GW

(2019: 5.1 GW)

Carbon emissions

410,446

tonnes of scope 1 CO_2 emissions
(2019: 432,733)

% of waste reused or recycled from onshore owned sites

76%

Environmental incident frequency rate

0.86

per 200,000 hours worked
(2019: 0.82, target: < 0.70)

Environmental spill

36

litres per 200,000 hours worked
(2019: 11.8, target: < 25 litres)

Please see Subsea 7's 2020 Sustainability Report available at www.subsea7.com

OUR SUSTAINABILITY PRIORITIES

HEALTH, SAFETY AND WELLBEING

The safety 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 seek to improve our safety performance. We believe that all people working on our sites anywhere in the world are entitled to the same level of protection. Subsea 7's Business Management System underpins the way in which we conduct safety training, reporting, procedures and assessments. Subsea 7's line managers are responsible for implementation and compliance with the system and ensuring that all employees and contractors are aware of their responsibilities.

We record all incidents and near misses in detail and investigate every event. During the year no fatalities were recorded, our lost-time incident rate was 0.07 and our recordable incident frequency was 0.29.

Subsea 7 checks activities against our internal standards and processes as well as regulatory and legislative requirements.

We promote a healthy work-life balance through a combination of wellbeing initiatives, protecting against occupational health hazards and supporting our employees when they need it most.

PROGRESS IN 2020

Health and safety: Our aim to deliver safety leadership training to all management and supervisors successfully continued in 2020 through a digital platform where we held virtual sessions.

Assurance and verification: In order to provide further assurance that our safety procedures are implemented as planned, we have commenced a comprehensive self-verification process. This will continue throughout 2021.

Wellbeing: We set a foundation for a global wellbeing framework and provided our employees access to online learning resources.

Covid-19: The impact of Covid-19 led us to further evolve our business continuity plans.

ENERGY TRANSITION

As a partner of choice to the offshore energy industry, Subsea 7 will play a proactive role in the construction of sustainable offshore energy developments around the world and will support the transition of energy supply towards lower carbon sources.

The offshore wind farm market has become a significant part of our business. In 2020 this business unit generated 18% of Subsea 7's revenue.

Floating offshore wind is the next most promising growth area for offshore renewables. Floating wind offers the possibility to further support energy transition by allowing a greater number of offshore wind farms to be developed in deeper water.

Gas has an important role in the transition. Our proprietary technology and engineering capability support our clients in developing these fields cost effectively and efficiently.

PROGRESS IN 2020

Transition to lower carbon solutions: We have expanded our early engagement capabilities to support the development of lower carbon solutions.

Growth of offshore wind and renewables: We have strengthened our capabilities within our offshore wind renewables business on a number of fronts and grown that business.

Diversification and innovation in the energy transition: During the past year we have evaluated opportunities in emerging new markets such as floating wind, hydrogen and carbon capture. We have committed to investing in research and development in support of energy transition and technology initiatives.

Proactive participation in global energy transition: Subsea 7 is an active participant advocating the need for transition in the offshore energy sector towards lower-carbon and sustainable solutions.

LABOUR PRACTICES AND HUMAN RIGHTS

Treating our people and those that work with us fairly and with dignity is fundamental to the way that we work. We are committed to fulfilling our responsibility to respect and protect human rights including the prevention of modern slavery and human trafficking anywhere in our business or supply chain.

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.

We are committed to fair and lawful employment practices. We are an equal opportunities employer and seek to protect our people from discrimination and bullying. These principles are embedded within our policies and procedures in our Business Management System, and our people are encouraged to raise any questions or concerns related to any conduct inconsistent with our policies. In addition, our people must abide by our Code of Conduct, which is clear that we will not accept any abuse of human rights and we will not work with suppliers that do so.

In 2019 we became a signatory to the UN Global Compact and declared our support for the Building Responsibly Principles.

PROGRESS IN 2020

Baseline setting: We created a three-year roadmap for embedding the principles of Building Responsibly and the UN Global Compact within the Group.

Risk assessments: We enhanced our risk assessment tools to include the principles of Building Responsibly and the UN Global Compact.

Communication and engagement: We have developed an engagement campaign to raise awareness of our commitments to the principles of Building Responsibly and the UN Global Compact.

OPERATIONAL ECO-EFFICIENCY

Subsea 7 recognises the impacts of climate change and its potential effect on all our stakeholders. We seek to be more efficient in the way that we work and invest in solutions that lower our greehouse gas emissions. Over 90% of our emissions come from our vessels such that our CO_2 emissions correlate strongly with our offshore activity levels.

Our Environmental Management System is certified to ISO 14001. In 2020, DNV GL performed an audit of our compliance which confirmed effective fulfilment of requirements. We measure key environmental data against internal targets including fuel and energy consumption, carbon emissions, waste segregation, spills and other incidents. We have a comprehensive risk management system with procedures and tools that identify, analyse, report and manage business risks that are related to environmental exposure and the effects of climate change.

PROGRESS IN 2020

Engaging with clients to reduce the environmental impact of our operations: In 2020 Subsea 7 developed and launched its Carbon Estimator tool to help measure the environmental impact of our products and solutions.

Improving environmental efficiency of our fleet: In line with our ambition of reducing our operational greehouse gas emissions, Subsea 7 commissioned a study on the conversion of part of its fleet to hybrid power. In 2020 our scope 1 CO_2 emissions totalled 410,446 tonnes, (2019: 432,733 tonnes).

Improving environmental efficiency offshore: We continued to automate the reporting and calculation of clean operations across our fleet, recording 3,322 Clean Operations in the year (2019: 3,494) resulting in a reduction of our carbon emissions by 29,264 tonnes. A Clean Operation is an activity where a vessel's carbon footprint is reduced without compromising safety or execution.

Improving environmental efficiency onshore: We communicated a directive for onshore sites to use renewable energy sources where available.

BUSINESS ETHICS

We are committed to applying the highest ethical standards in everything we do, treating all our stakeholders fairly and with respect. All employees are required to uphold our Code of Conduct, which integrates our three key policy statements on Ethics, Human Rights and Health, Safety, Environment and Quality (HSEQ) for everyone who works for Subsea 7.

Our "Speak-Up" policy 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.

Our Compliance and Ethics Programme has been developed to prevent bribery, corruption and other compliance and ethics breaches by the Company and all who work for us – including suppliers and other third parties.

Our Code of Conduct for Suppliers sets out the key principles of ethical business conduct that our suppliers are required to uphold.

Subsea 7's Chief Ethics and Compliance Officer provides regular reports to the Corporate Governance and Nominations Committee of the Board and to the Executive Ethics Committee to ensure management understands, accepts and fulfils its accountability for compliance and ethics.

PROGRESS IN 2020

Embedding a culture of ethics, compliance and integrity: We increased the number of employees who completed e-learning and extended it to more offshore staff. During 2020, 5,153 people completed our training (2019: 4,791).

Ensuring all who work for us uphold our commitment to business ethics: We implemented a new platform to enhance the risk assessment and due diligence screening of third parties. This will also allow us to increase the number of suppliers going through a more efficient and effective process.

Making a positive impact on business ethics in our sector including the supply chain: We promoted UN International Anti-Corruption Day, including a message from our CEO and a webinar on anti-corruption. We held Supplier Integrity Webinars across our regions and business units, at which senior managers talked about the importance of integrity.

ECOLOGICAL IMPACTS

Subsea 7's fabrication and construction activities, offshore and onshore, have an impact on the environments that surround them. We conduct our business in a way that considers the environment and which aims to keep any negative impact to a minimum and put in place procedures to protect biodiversity and the ecosystems we work in.

We have a Group Health, Safety, Environment and Security policy which gives close attention to achieving regulatory compliance and continually improving our environmental performance. Subsea 7's line managers are responsible for implementation and compliance with this policy and that all employees and contractors are aware of their responsibilities.

We take responsibility for our own end-of-life assets, with all vessels recycled in accordance with the Hong Kong Accord. In 2020 one vessel was decommissioned from the fleet.

PROGRESS IN 2020

Recycling our waste: We have developed a Group Waste Protocol and Guidelines which include our commitment to waste reduction. This year we recycled 76% of onshore waste and segregated for recycling 61% of non-hazardous offshore waste.

Partnering with an institution to assist in a marine environmental initiative: We have reviewed our ongoing initiatives and are committed to continuing them. We have engaged with a series of institutions to develop programmes that can be initiated throughout the Group.

Zero single use plastics: Subsea 7 has become a signatory to the UK Chamber of Shipping charter which seeks to eliminate non-essential single use plastic. We have reviewed our global single use plastics and started a programme of replacement.

A FOCUS ON OUR PEOPLE

OUR PEOPLE

We create sustainable value by being the industry's partner of choice. This is achieved by our people, their dedication and their tireless determination. At Subsea 7 we offer our people a career they can be proud of, a place for innovation and an environment where they can thrive.

DIVERSITY AND INCLUSION

At Subsea 7 we value and promote diversity and regard it as a key to our success. An inclusive and diverse environment fosters creativity and innovation and improves decision-making by introducing new ways of thinking. We are committed to providing a workplace where everyone can thrive. An attractive working life stems from the relationships we have with the people around us. We want our people to feel empowered to bring their real self to work, to a culture that celebrates and values diversity. Onshore or offshore, they are in an environment where their wellbeing is supported, surrounded by people who respect their goals, so they can be the very best they can be. These principles are well-established and form part of Subsea 7's Human Rights policy and our policy on Equal Opportunities and Diversity in Employment. In 2020 we set a company objective for all our regional business units and segments to put in place a Diversity and Inclusion (D&I) action plan focused around our Group D&I framework, as set in 2019 by our Group D&I Steering Committee. Our leadership teams remained focused on this topic and all parts of the business delivered their plans. The framework consists of four focus areas, on which we will take positive action and report:

- 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
- ensure recruitment reflects a diverse population.

NATIONALITY MIX

Europe **(57%)**
Asia/Pacific **(22%)**
Americas **(17%)**
Other **(4%)**

AGE

16-29 **(11%)**
30-39 **(34%)**
40-49 **(31%)**
50+ **(24%)**

GENDER MIX OF THE EXECUTIVE MANAGEMENT TEAM

Male **(75%)**
Female **(25%)**

GENDER MIX GROUP-WIDE

Onshore Male **(39%)**
Onshore Female **(14%)**
Offshore Male **(46%)**
Offshore Female **(1%)**

INVESTING IN OUR PEOPLE

At Subsea 7 we want all our people to have a career they can be proud of. No two careers at Subsea 7 are the same, but our framework of well-established career development and learning tools empowers our people to achieve their career ambitions.

Functional and professional development frameworks and a variety of learning content are easily accessible via our digital platforms, designed to promote inclusive and equal learning opportunities amongst our employees. Local blended learning and one-to-one meetings with direct managers provide a holistic framework of career development.

COVID-19

Covid-19 had a big impact on our employees in 2020. Offshore, our crews underwent strict quarantines and testing regimes, and moved to extended rotations. Our employees in operational bases had to adapt to new work practices to ensure adequate social distancing and our office employees moved to home-working. We worked hard to ensure we supported our employees through these challenging times, including through our Employee Assistance Programme, virtual programmes on health and wellbeing, and increased internal communications to keep people connected.

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 against 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 and is the cornerstone of our Subsea Field of the Future vision. It executes offshore energy projects at each stage of the field's lifecycle from design, engineering, procurement, construction and installation of offshore energy infrastructure, to decommissioning. Offshore operations are large, highly complex, technologically rich systems in diverse locations, where the Group often faces harsh and challenging conditions. With the exception of certain long-term contracts, the Group generally contracts on a fixed price basis. The costs and margins realised on such projects can vary from the original estimated amounts due to a number of factors, sometimes resulting in a reduced margin or loss. In 2020, additional operating costs generated by the Covid-19 pandemic are an example of how certain factors can negatively impact margins. The Group assesses the risks involved in fixed-price contracts and uses the contract terms to mitigate certain aspects of these risks. Long-term contracts, such as those for the PLSVs in Brazil, have a less challenging risk profile with services contracted on a day-rate basis.

The Life of Field business unit 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 the start of energy production to decommissioning. Contracts are typically negotiated on a day-rate basis using industry-standard contracting terms which offer a balanced risk profile. With a strong focus on technology and digitalisation development, this business unit could be impacted by a failure of our strategy to offer more technology and product driven service to clients. On 1 January 2021, the SURF and Conventional and Life of Field businesses were combined into one business unit, focusing on the offshore oil and gas market. The merging of two business units will not materially affect the underlying activities' risk profile. The new Subsea and Conventional business unit will operate alongside our Renewables business unit, underpinning our strategies in Subsea Field of the Future and Energy Transition.

The Group's Renewables and Heavy Lifting business unit was re-named Renewables on 1 January 2021 and 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 contractors that can provide EPCI expertise for the execution of offshore wind farm projects, which are, with increasing frequency, 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.

As the offshore wind market continues to develop and grow, the sector is often supported by government-led initiatives to address climate change 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 challenging for the contractor. As offshore wind develops, the trend towards increasingly larger farms brings a potential significant increase in activities and EPCI contracts. As foundation sizes increase to accommodate larger wind turbines the number of assets capable of installing the largest foundations may decrease. When contracting on a limited Transportation and Installation (T&I) basis, the breadth of the Group's expertise is less differentiating and more service providers are capable of competing, compared to an EPCI contract.

The Group operates in a predominantly cyclical industry where activity is strongly influenced by the current and forecast price of energy, as well as the impact of decisions taken by governing bodies, particularly regarding regulation, subsidies and fiscal incentives.

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

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

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 27 to 36.

Additional risks and uncertainties that the Group is unaware of, or 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 RISK

RISK	MITIGATION
Strategic The Group recognises that technology, engineering capabilities and providing the right solutions to meet clients' demands are market differentiators. The Group is committed to delivering on its Subsea Field of the Future strategy, which is focused on cost-efficient oil and gas solutions. The Group can engage earlier with clients in the engineering and design stage and through integrated SURF and SPS, to support optimisation of field developments. The Group must deliver on its designs to the satisfaction of its clients. There is a risk the demand for innovative designs and solutions accelerates into the construction and installation phase without sufficient time to transition from development to production. Integrated solutions consolidate risk into one shared contractual framework, meaning that the risk profile to the Group is wider. There is a risk the Group does not have sufficient knowledge or ability to manage, protect or mitigate the risks associated with integrated solutions, previously managed by other parties. A failure of our strategy to offer more technology and design led solutions could impact winning work and affect the Group's position as a market leader. The Group continues to advance its strategy in the Energy Transition, with increasing involvement in the renewables energy sector, particularly offshore wind. There is a risk that advancements in the size and complexity of renewables projects could exceed our expertise and asset base. There is a dependency on a reduced asset pool, capable of performing the installation work, which could impact pricing as well as scheduling. Fierce competition and the attractiveness of this growing sector also brings risk. The Group is actively involved in floating wind, a frontier area gaining pace. The Group is obliged to keep abreast of engineering developments, technologies and installation methodologies. From time to time the Group may engage in strategic mergers, partnerships, joint ventures and acquisitions to support growth. This brings risk in the form of incorrect assessments of the target market, new and inherited legal and contractual liabilities, as well as risks that are operational and financial in nature. It also carries the risk of failure to integrate new business combinations and their resources into the Group and failing to deliver the Group's 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 has a multistage 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. It continues to maintain disciplined contracting principles to mitigate project and operating risks. The Group brings extensive experience and engineering capabilities from a proven track record of project management and execution in the oil and gas sector to the offshore wind sector through investing in the right people and having the right technical capabilities and support assets. The Group values partnering with experienced clients to better control the risks involved in delivering renewables projects. The Group has internal resources and external advisers to engage in thorough due diligence and ensures that an experienced management team is deployed to manage acquisition or merger opportunities. This team ensures operational management is engaged in the integration process immediately after an acquisition or merger to ensure successful execution.

MARKET RISK CONTINUED

RISK	MITIGATION

Economic

Risk

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. During the year, oil and gas clients reduced their capital budgets by up to 30% due to the reduction in underlying oil and gas pricing, simultaneously with many showing a greater appetite to pursue Energy Transition initiatives. There were fewer project awards and a re-phasing of certain projects during the year. These were driven by the impact of the Covid-19 pandemic on energy prices, reflected in a fall in demand for oil and gas for industrial activity and global travel. The Group has had to adapt to such changes and make cost savings while maintaining its capability to deliver on complex major projects.

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. Furthermore, our suppliers could be adversely affected by the prolonged energy sector downturn and any default by them can impact a project's schedule.

Our clients' financial strength and the economic viability of their projects can be impacted by the fluctuation of energy prices and energy mix which can be driven by political conditions, technological development or global demand. In the renewables sector, our clients 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.

Furthermore, the expansion of renewables activity from a market centred in north west Europe to newer geographies such as the US and Taiwan brings potential economic risks associated with establishing a new industry. History has shown that stakeholder management of local content, governmental policy, legislative, social and environmental constraints can influence the timing of and development of renewables projects.

Mitigation

The Group closely monitors market activity and collaborates with clients to understand their future project and expenditure plans. Early engagement in the design phase of an energy project enables the Group to better assess the risks and opportunities and their economic implications of the projects as they progress towards construction. Following award, the Group is able to implement cost reduction measures to adapt the projects to market conditions and work within the terms of the contracts to mitigate the effect of client-led changes to project schedules or workscopes.

The financial strength and solvency of our clients and suppliers is a specific area of focus before entering into contracts. The Group has successfully reduced its cost base and continues to look for ways to improve efficiency and productivity to respond to market demand to optimise expenditures.

The Group seeks to diversify selectively into new markets which allow it to leverage resources and competencies, as well as into other geographies requiring similar services.

Competition

Risk

The Group faces competition to win contracts needed to assure a sustainable backlog of future work across the business units. This competition may result in pricing pressures or a change to a contractor's risk profile, as competitors strive to win contracts and secure work. Contractual terms which are more onerous for the contractor may increase liabilities, both actual and contingent, and adversely impact 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.

Mitigation

The Group endeavours to reduce its exposure to competition by differentiating itself from competitors. The Group's experience and resources, including its people, versatile and modern fleet and proprietary technology and digital delivery offerings, help it respond effectively to challenges from competitors. The Group seeks, within the framework of the business's 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. Competition in the renewable sector is strong and the Group continues to demonstrate its expertise and capabilities in the delivery and execution of complex projects and market its renewables EPCI track record as a differentiator over smaller contractors or new entrants.

BUSINESS ENVIRONMENT RISKS

RISK	MITIGATION
Geographic The Group operates and tenders for work worldwide, with each country having specific political, economic and social characteristics which can give rise to various risks and uncertainties. These 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) The terms of the United Kingdom's exit from the European Union are in place with the UK-EU trade agreement. The impact on the Group's contracted operations, including the importation of goods into the UK, has been minimal. There remains uncertainty as to the full extent of the trade agreement and its impact, as new processes and procedures are embedded in addition to the legal, fiscal or regulatory changes yet to be determined. The impact on the Group's flexibility to deploy personnel between the EU and the UK also remains uncertain.	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 continues to address its exposure to the UK-EU trade agreement terms and impact on its activities in the United Kingdom and worldwide. The Group will exercise its pre-planning arrangements to embed the new processes and procedures required to trade between the UK and the EU and will deploy its mitigation plans to minimise operational disruption and financial impact during any transition phase.
Technological innovation The Group's clients seek cost-effective solutions to develop energy resources, particularly in deep waters and challenging offshore environments, to enhance the full field lifecycle. This may require 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 project lifecycle from concept through operations to decommissioning including asset integrity management and sensory data such as production flow. The Group aims to deliver improved efficiency for clients and secure a digital service revenue stream for itself. 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 technology, 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. At every step of the innovation process, safety and the cyber security aspects of new technology, software and systems are considered to ensure the continuity of business and operations.

ORGANISATION AND MANAGEMENT RISKS

RISK	MITIGATION
Environmental sustainability The Group is committed to delivering offshore solutions to meet the needs of its clients to sustain the subsea fields of the future and to be actively engaged in the Energy Transition that supports sustainable energy sources. 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 recognises the impacts of climate change and the potential effect on our business, our end markets and society and acknowledges the risks associated with not taking steps to mitigate its impact.	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 CDP, the UN Global Compact and the Building Responsibly frameworks and will increase its alignment with the recommendation of the Task Force on Climate-related Financial Disclosures, publishing its performance so that stakeholders can review its progress. More information on the Group's efforts and initiatives can be found in the 2020 Sustainability Report which is published as a separate document. The Group is committed to engaging in more efficient ways of working and investing in solutions that lower the Group's greenhouse gas emissions. The majority of the Group's emissions emanate from its vessels and the Group continually looks for ways to reduce this impact on the environment. Initiatives taken include the conversion of the entire fleet to run on low sulphur fuel, in line with IMO guidelines and regulations. Furthermore, following the conversion of *Seven Viking* propulsion systems to hybrid technology to minimise the impact of idling engines, the Group is assessing further conversions as well as investment in other greener technologies.
People The Group has introduced new ways of working for both onshore and offshore personnel following the impact of the Covid-19 pandemic, bringing with it a risk of managing and maintaining a healthy workforce and ensuring the continuation of a collaborative working environment. Like many businesses, the Group carries the risk of failing to attract and retain suitably skilled and capable personnel across all business units at a time where there is a preferential move, particularly in the younger demographic, towards opportunities in greener energy, which could adversely impact the Group's ability to execute projects and its future growth prospects. In addition, a further downturn in the energy sector in recent years may discourage some people from returning when the market improves. Following the departure of the UK from the EU there could be a risk to being able to move people between countries, supporting projects and development. The Group is committed to the UN Global Compact in supporting the commitment to respect and protect human rights and ensuring that all individuals engaged in our business operations, including those working in our supply chain, are treated fairly and with integrity. The Group is implementing an enhanced assessment process to identify and address areas of risk in this domain. The Group is conscious that the geographic diversity of its operations increases the risk of non-adherence to its policies and procedures regarding labour practices and human rights.	The Group recognises the importance of health and wellness of its workforce at all times. This became a key priority during 2020 as a result of the Covid-19 pandemic. The Group reinforced the importance of physical and mental health, flexible working and adaptability in the workplace and ensured employees had access to Employee Assistance Programmes as well as making online seminars and health initiatives available across its locations and vessels. Employees working offshore on a rotational basis were particularly affected by constraints imposed by various governments in response to the Covid-19 pandemic. The Group took several specific measures to mitigate the disruption and stress caused by travel restrictions and quarantining on their rotation schedules and travel to and from their assignments offshore. 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 for all acquired businesses. During the Brexit negotiations Subsea 7 established a working group to review the impact of the departure from the EU, which includes the effect on people. Communication about new requirements for individuals travelling and movement of people between the UK and EU countries has been carried out. The Group is enhancing its risk analysis activities relating to the identification of breaches of our human rights and acceptable labour practices policies and is working to embed the principles of Building Responsibly and the UN Global Compact. With the support of external organisations, it is designing and delivering training across the Group and conducting risk assessments and supporting the creation of action plans to address high risk areas. The Group carries out audits against existing frameworks and action plans, and continually reinforces the importance of adherence to the Group's Code of Conduct both internally but also by our supply chain.

ORGANISATION AND MANAGEMENT RISKS CONTINUED

RISK	MITIGATION

Compliance and ethics

Risk

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 or anti-corruption.

The Group continually assess such risks which vary across the Group's geographical locations. The Group has identified the following as being the most significant corruption risks it faces:

- Small bribes and facilitation payments, especially in relation to the movement of vessels, people and materials
- Illicit enrichment of public officials through hidden ownership in local suppliers that local content laws require us to use
- Bribery by third parties working on our behalf
- Bribery to win work
- Bribery to get variation orders approved
- Bribery to get work certified or paid

These risks are inherent in our sector, the Group's business model and, to a large extent, the locations in which it works. The Group fully supports the enlightened goals of local content laws, but they can increase corruption risks and weaken our procurement procedures and controls.

Any compliance and ethics breach could result in monetary penalties, convictions, debarment and damage to the Group's reputation and could therefore impact its ability to do business.

Mitigation

The Group is confident that the risks identified are adequately managed by our compliance and ethics programme, and in many cases by our clients' robust procurement procedures. 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 2016.

Information technology and operational systems, cyber risks and security

Risk

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 the risk of these systems being disrupted or compromised by a general failure or by cyber attacks is increasingly relevant particularly at a time where the context imposes more remote connection into the Group infrastructure. 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
- Denial of access to or utilisation of assets with the risk of a potential loss or damage event

Such breaches in 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.

Mitigation

The Group recognises the increased incidence of cyber security threats and takes this risk very seriously. It continually reviews its infrastructure, suppliers, policies, procedures and defences to mitigate associated risks and keep abreast of risk intelligence by 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 works with recognised independent industry experts to audit and test the sustainability of its security systems and assesses the business and operational impact of a cyber event, analysing varied scenarios, interruption types and effectiveness of recovery plans.

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 and regular phishing simulation tests are used to maintain a high level of awareness among employees of IT security risks and of the Group's procedures to manage them.

The functional senior management periodically updates the Executive Risk Committee and the Board's 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 regional level where the technical, operational, legal and financial aspects of the proposal are considered in detail. Completion of the regional review process requires the formal approval of the appropriate level of management. Dependent on the tender value and complexity (such as technology and partnering), there is an escalating level of approval required. Tenders meeting specific financial and risk criteria are reviewed and approved by the Tender Committee of the Board of Directors.
Realisation and renewal of backlog Delays (including those related to the clients' final investment decisions) suspensions, cancellations, scope, re-phasing or content 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 strategic matters 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 regard 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 or damage. The Group must continue to innovate and develop products that allow it to deliver optimal field solutions and cost-efficient solutions for its clients. One such innovation is the Group's Electrically Heat-Traced Flowline (EHTF). Errors or defects in product design and production can expose the Group to additional warranty or product liability risks.	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 revenue 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. Innovative products are commercialised after rigorous testing that is subject to a hierarchy of stage-gate reviews.

DELIVERY AND OPERATIONAL RISKS CONTINUED

RISK	MITIGATION
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 of interruption affecting elements of our supply chain arising from factors such as pandemics, extreme weather, financial uncertainty 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 and extended lead times. Similarly, the impact of Covid-19 disruption exists in our direct and indirect supply chain. 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. In a time where cost reductions are essential and cost is a necessary consideration in the selection of key suppliers by our clients, quality and control assurance is a risk. Faulty or damaged components could result in additional project costs which may not be fully recoverable from the supplier and will be incurred by the Group.	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. The Group engages qualified quality assurance and quality control specialists in the supplier selection process and who have an active role throughout the duration of project execution. These specialists have teams on the ground at key supplier locations to ensure the quality standards are met and assurance policies followed as well as the timelines for delivery.
Communicable or infectious diseases including pandemics Communicable or infectious diseases, such as the Covid-19 pandemic, can expose the Group to operational disruption and increased costs as a result of measures required to be undertaken to ensure the safe continuation of the business but also as a result of unexpected business interruptions. The risks to the Group include additional operational costs to continue normal operational activities as well as enhanced working arrangements to work safely in accordance with the changes made in law, quarantining crew and logistical issues associated with the international transit of vessels and people. These costs are not included in fixed-price contracts and therefore pose a financial risk to the Group if they cannot be recovered as a result of exercising our contractual rights. The financial performance of the Group is further impacted by clients' reduced capital expenditure, reduced project award activity or the re-phasing of awarded projects during a pandemic. The risk of a reduced workforce, breaching minimum manning levels or vessel stand-by or quarantine exposures could impact the Group's financial and operational results. The Group is at risk of an interruption caused to the supply chain which is also likely to be impacted.	The Group first and foremost adheres to the law, guidelines, protection and mitigation measures set out by each country in which the Group operates and in accordance with the vessel flag state. Where working from home is not possible, such as for certain onshore fabrication facilities and the offshore vessels, the risk of incurring a significant or severe outbreak of illness is mitigated through the implementation of health screening and additional cleaning and sanitisation measures as part of infection control and prevention. The Group aims to establish safe working environments for the continuation of critical activities in the energy sector. To achieve this, new working procedures are required, including in some cases chartering aircraft to support crew transfers when commercial flights are grounded; extending the period of crew rotations offshore and imposing periods of quarantine prior to embarkation. Reduced workforce numbers and social distancing measures are built into the operational procedures for onshore and offshore locations. Where possible, the Group aims to mitigate some of the additional project cost exposures in complying with changes in the law by exercising its contractual rights to issue variation order requests to clients.

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 location of work, 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 security breaches, 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 and disruption to our business operations.	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 communicable or infectious diseases by developing health procedures and medical screening that adhere to the guidance and incorporate the best practice set out by world health organisations and industry experts. This includes enhanced travel and embarkation procedures for offshore personnel, to mitigate the risk of severe illness occurring onboard our vessels.
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 on 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. Conversely an underutilisation of the vessel fleet exposes the Group to a risk of under recovery of the total fleet costs. 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 can 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. The Group adjusts its fleet size to suit its view of the future market by cold or warm stacking its excess assets, as well as potentially returning chartered tonnage to their owners. 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 assesses the market's need for new assets and, after a rigorous technical and financial review, will decide to proceed with construction or conversion 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 revenue 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. Forecasting in a pandemic and economic crisis is more complex and subject to increased volatility as changes unfold.	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, which include the impact of the Covid-19 pandemic 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.
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 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.	In addition to using its cash and cash equivalents, the Group seeks, through committed facilities negotiated with various financial institutions and export credit agencies as well as debt raised from the capital markets, 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 and supplier base.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for oversight of the Group's system of risk management and 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 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. The role of the Executive Risk Committee is to meet quarterly to review the risks identified as impacting or having the potential to impact the Group's operations and strategic objectives as well as discussing emerging risks.