2022 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

NOTES TO THE READER

DISCLAIMER

This document is the printed/pdf or 'website version' and is not the official annual financial reporting, including the audited financial statements thereto pursuant to article 2:361 of the Dutch Civil Code. The official annual financial reporting, including the audited financial statements and the independent auditor's report thereto, are included in the single report package ('ESEF package') which can be found in the download center of the 2022 Annual Report website. In case of any discrepancies between this document and the ESEF package, the latter prevails. Note that the independent auditor's opinion included in this document does not relate to this document but only to the ESEF package. No rights can be derived from using this document, including the unofficial copy of the independent auditor's report. Our independent auditor did not determine (nor do they need to) that the website version is identical to the official version.

MANAGEMENT REPORT

The management report ('bestuursverslag') within the meaning of section 2:391 of the Dutch Civil Code comprises of the chapters Business Environment up to and including Governance (excluding the Report of the Supervisory Board and the Remuneration Report), section 4.1 of the chapter Financial Information 2022, and section 5.3 of the chapter Non-Financial Information.

FORWARD-LOOKING STATEMENTS

Some of the statements contained in this report that are not historical facts are statements of future expectations and other forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those in such statements. These statements may be identified by words such as 'expect', 'should', 'could', 'shall' and similar expressions. Such forward-looking statements are subject to various risks and uncertainties. The principal risks which could affect the future operations of SBM Offshore N.V. are described in the 'Risk Management' section of this 2022 Annual Report.
Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results and performance of the Company's business may vary materially and adversely from the forward looking statements described in this report. SBM Offshore N.V. does not intend and does not assume any obligation to update any industry information or forward-looking statements set forth in this report to reflect new information, subsequent events or otherwise.

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CHAPTER 1
BUSINESS ENVIRONMENT

1 BUSINESS ENVIRONMENT

1.1.1 MESSAGE FROM THE CEO

"We are driving progress towards our 2030 targets of reducing emissions intensity by 50% per barrel of oil produced and developing innovative lower-carbon, new energy, and digital technologies. Industry pacesetting and 'doing things right' at all levels of the organization is what SBM Offshore does and will continue to do. It is our contribution to the energy transition."

Bruno Chabas
Chief Executive Officer

2022 has been a challenging year for SBM Offshore, yet we were able to achieve good performance.

We saw solid progress in our project portfolio and order book, despite the ongoing impact of the COVID-19 crisis, the war in Ukraine and the inflationary situation. We also put in significant effort to address the associated impacts as these scenarios added new layers of complexity to the competing demands of the energy transition – supply that is secure, affordable, and sustainable. The geopolitical and socioeconomic context brought the difficulty of balancing these dimensions in focus. On one hand, political debate has moved towards halting oil and gas projects. On the other, there are growing concerns about the interlinked rising costs of energy. The perception of the energy market is changing, with many stakeholders continuing to focus on sustainability at the expense of affordability and security of supply.

At SBM Offshore, we are pragmatic – analyzing institutional data and business intelligence to determine how we can best accompany the energy industry as it evolves towards a renewable future. The share of fossil fuel as the primary energy supply represents around 85% of global supply today. Despite the rate of increase of renewables, we will continue to need and use fossil energies for years to come. Ensuring supply at an affordable price, in a safe and increasingly sustainable manner through lower emissions, is fundamental to our strategy and key to our operations.

Already we have a production capacity of 1.5 million barrels of oil per day – around 1.5% of worldwide production – contributing to ensuring security of supply. Our emissionZERO® program aims to reduce environmental impact through FPSO (Floating Production Storage and Offloading) technology, decreasing CO_2 emissions per barrel of oil produced. In parallel, we are investing in new technologies to replace fossil fuels over the longer term.

During 2022, SBM Offshore had six FPSOs under construction with a total production capacity of 1,275 million barrels per day, designed to produce oil with lower emissions of CO_2 per barrel, thus reducing our impact on the environment. Undertaking these six FPSO projects in the current climate is not easy. Our yards in China have been disrupted by COVID-19 lockdowns and the war in Ukraine has put additional pressure on supply chain with deliveries between Europe and China taking up to twice as long. The costs of certain products and commodities have changed drastically, sometimes doubling or tripling in price. All of this is disrupting construction and operations, resulting in increased costs.

In addition, financing our projects is increasingly complex and time-consuming. Today we are successful because of our ability to show a track record in operational excellence and sustainability – the most recent example being FPSO *ONE GUYANA*, with a loan of US$1.75 billion – however, the polarized political climate and the perception of oil and gas operations continue to make this a challenge.

Operating performance remains healthy and the delivery of FPSO *Liza Unity* at the beginning of the year was outstanding, surpassing industry benchmarks. The overall performance of the fleet has been good from an efficiency, uptime, and emissions standpoint, capitalizing on our digital know-how. Continued focus is however required on process safety. We experienced a specific issue on *FPSO Cidade de Anchieta* that resulted in the halting of operations. Works on the four tanks were completed successfully, and the unit resumed full production in December with repair works on other tanks continuing through 2023.

Our New Energies business is progressing well – renewable technologies are being developed with tangible results. Once installed, the *Provence Grand Large* offshore floating wind project is projected to produce 25MW from the three turbines supported by our tension leg platform technology. This commercial pilot project, scheduled for commissioning before the end of 2023, has equally allowed us to identify areas of improvement as we conceptualize future designs. We know the market will take time to materialize as the economics remain challenging. While honing costs and leveraging our marine expertise for our next generation concept Float4Wind®, we are also participating as a co-developer in some projects to better understand the market and to position our technology within it.

A serious commitment to the energy transition means having measurable targets and making distinct progress towards concrete goals. 2023 will be geared towards putting FPSO *Prosperity* and *FPSO Sepetiba* into production, capitalizing on lessons learnt over the past few years. For projects starting up, such as FPSO *ONE GUYANA*, we will utilize our experience gained on the first five units built through our Fast4Ward® program. We will also build a new MPF hull, for which ExxonMobil Guyana has a reservation.

In conclusion, our financial results this year are good, especially considering the challenges we faced. Our organization, with growth in new locations and a shared vision, continuously evolves to leverage our expertise and expand our competencies. The solid performance comes down to the quality, talent, and commitment of the people in the company. I pay tribute to the resilience of SBM Offshore employees working in our projects and operations all over the world.

We are driving progress towards our 2030 targets of reducing emissions intensity by 50% per barrel of oil produced and developing innovative lower-carbon, new energy, and digital technologies. Industry pacesetting and 'doing things right' at all levels of the organization is what SBM Offshore does and will continue to do. It is our contribution to the energy transition.

COMPANY HIGHLIGHTS

16
ASSETS LEASED AND/OR OPERATED

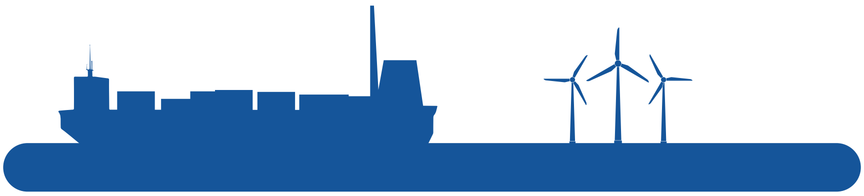
0.12
TOTAL RECORDABLE INJURY FREQUENCY RATE (per 200,000 hours)

91.1%
FLEET PRODUCTION UPTIME

7,073
PEOPLE

44
TRAINING HOURS PER EMPLOYEE

95%
COMPLETION RATIO FOR ONSHORE COMPLIANCE TRAINING TO DESIGNATED STAFF



DIRECTIONAL TOTAL ASSETS
US$10.8 billion

MARKET CAPITALIZATION
US$2.83 billion

UNDERLYING DIRECTIONAL EBITDA
US$1,010 million

CASH RETURNED TO SHAREHOLDERS
C. US$200 million

UNDERLYING DIRECTIONAL NET PROFIT
US$115 million

UNDERLYING EBITDA BASED ON IFRS ACCOUNTING POLICY
US$1,209 million

PRO-FORMA DIRECTIONAL BACKLOG
US$30.5 billion

UNDERLYING IFRS NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
US$450 million

2022 IN BRIEF

FIRST QUARTER

Following the announcement of the signature of the contracts for the *FPSO Almirante Tamandaré*, SBM Offshore entered into a shareholder agreement with its long-standing business partners, Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK), to divest a minority interest in the project.

Full Year 2021 Earnings: Underlying Directional revenue was US$2,317 million. Underlying Directional EBITDA was US$931 million, in line with guidance. Backlog was at a record year-end level of US$29.5 billion. A dividend of US$1 per share was proposed, a 13% increase compared to 2020.

FPSO *Liza Unity,* the first unit with a design based on SBM Offshore's industry-leading Fast4Ward® program, produced first oil and went formally on hire.

Following signature of the contracts for *FPSO Alexandre de Gusmão*, SBM Offshore entered into a shareholder agreement with its long-standing business partners, Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK), to divest a minority interest in the project. First oil is expected in 2025.

SECOND QUARTER

ExxonMobil Corporation affiliate EEPGL confirmed the award of contracts for the Yellowtail development project located in the Stabroek Block in Guyana. Under these contracts, SBM Offshore will construct, install and then lease and operate the FPSO *ONE GUYANA* for a period of up to two years, after which ownership and operation will transfer to EEPGL. The FPSO *ONE GUYANA* design is based on the Fast4Ward® program.

During the Annual General Meeting, Øivind Tangen was appointed as Chief Operating Officer (COO) and member of the Management Board. Hilary Mercer was appointed as member of the Supervisory Board, while Roeland Baan and Bernard Bajolet were re-appointed as members as well.

First Quarter 2022 Trading Update: Year-to-date Directional revenue of US$970 million, in line with expectations and full year 2022 Revenue and EBITDA guidance were maintained.

Cash dividend of US$1 per ordinary share paid, 13% year-on-year increase and representing c. 7% yield.

SBM Offshore announced that Philippe Barril has decided to step down from his role as Chief Transition Officer (CTO) further to his appointment as CEO of Heerema Marine Contractors. The CTO portfolio was allocated among the remaining three Management Board members.

THIRD QUARTER

SBM Offshore completed the project financing of the FPSO *ONE GUYANA* for a total of US$1.75 billion. Project financing was secured by a consortium of 15 international banks.

Half-Year 2022 Earnings: pro-forma order book increased to a new record level of US$31.1 billion. Underlying Directional revenue increased to US$1,763 million compared with US$1,147 million for the same period in 2021. Underlying Directional EBITDA remained stable at US$500 million compared with US$501 million for the same period in 2021. 2022 Directional EBITDA guidance increased from around US$900 million to above US$950 million. 2022 Directional revenue guidance increased from above US$3.1 billion to around US$3.2 billion. A seventh Fast4Ward® Multi-Purpose Floater (MPF) hull was ordered. In support of its 2050 net-zero ambition, SBM Offshore created new 2030 intermediate greenhouse gas (GHG)-related targets, using a science-based approach.

FOURTH QUARTER

Third Quarter Trading Update: Underlying Directional revenue increased by 46% to US$2,522 million compared with US$1,729 million for the same period in 2021. EBITDA and Revenue guidance revised upwards. Memorandum of Understanding (MoU) signed for exclusivity of seventh MPF hull with ExxonMobil Guyana.

On December 20, *FPSO Cidade de Anchieta* has safely resumed production after it had been shut down from January 22, following the observation of oil near the vessel. Repair works will continue at least until the end of 2023 as announced in the Third Quarter Trading Update.

1.1.3 OVERALL VIEW

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. SBM Offshore shares its experience to make it happen. The challenge in delivering safe, sustainable and affordable energy is well recognized, particularly by SBM Offshore's stakeholders, with whom SBM Offshore works on the energy transition – teaming up on areas important to them, called material topics. These topics are the basis for SBM Offshore's objectives and strategy, and are the criteria against which it measures its performance. The table below shows the connection between these elements and where they are explained in the rest of the Annual Report.

CONNECTIVITY TABLE

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come.
We share our experience to make it happen. – Energy. Committed.

Business Context (section 1.2)	Strategy and Value Creation (section 1.3)		Performance Review and Impact (sections 2.1 & 2.2)		
Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
1. Ethics and Compliance	▪ **Zero tolerance** for bribery, corruption, fraud or any other form of misconduct ▪ 2022: >92% completion of Compulsory Compliance Tasks	Internal Risk and Control System and Compliance Program, with focus on data-driven compliance	▪ 95% Completion of Compulsory Compliance Tasks (onshore) ▪ 115 of reports received under SBM Offshore's Integrity Reporting Policy ▪ 0 confirmed cases of corruption	▪ No negative impact to SBM Offshore's license to operate ▪ Credibility and reputation for trustworthiness	8
2. Employee Health, Safety and Security	▪ **No Harm, No Defects, No Leaks** ▪ 2022: Total Recordable Injury Frequency Rate (TRIFR) <0.15	HSSE and Process Safety Management system, Life365; adopting industry best practices and leading standards	▪ TRIFR: 0.12 ▪ 1 Fatality as a result of work-related injury ▪ 0.04 Rate of Lost Time Injuries (LTI)	▪ A safer working environment ▪ 12 Tier 1 and 2 incidents with follow-up actions in progress	3, 8
3. Human Rights	▪ **Fully embed human rights and social performance within SBM Offshore to achieve no harm** ▪ 2022: 95% of key project resources trained on human rights awareness and responsibilities	Executing due diligence cycle and taking action through human rights program governance	▪ 99% of key project personnel trained ▪ 64% potentially high risk vendor screening ▪ 10 of yards that have completed desktop screening ▪ 7 worker welfare audits ▪ 99.6% of vendors signing supply chain charter ▪ 94% e-Learning completion	▪ Embedding human rights in supply chain and yards. Action plans in progress on human rights – including salient issues of forced labor, accommodation, overtime and mental health and well-being	8
4. Operational Excellence and Quality	▪ **No Harm, No Defects, No Leaks** ▪ 2022: Uptime at or above 99%	Target Excellence program, Right365 and Process Safety Management approach	▪ 91.1% Uptime ▪ Project delivery ▪ Maintained ISO certification ▪ 1 significant operational fine	▪ Safe, predictable operations ▪ Compliance with regulations	8

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Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
5. Retaining and Developing Employees	▪ Hire, retain and develop a **diverse workforce** with a wide range of competencies ▪ 2022: People Development Cycle	HR learning and development process, systems and teams	▪ 99% of performance appraisals completion ▪ 12% employee turnover rate ▪ 44 average training hours per employee ▪ 1,136 new hires ▪ 77% under collective bargaining ▪ 0.96 gender pay gap	▪ A diverse, learning and developing workforce able to deliver energy supply related projects and activities	4, 8
6. Economic Performance	▪ **Ambition: Grow free cash flow** ▪ 2022: Directional EBITDA around US$900 million	Backlog and cash preservation and grow in line with FPSO and FOW growth ambitions	▪ Underlying EBITDA US$1,010 million ▪ Return to shareholders c. US$200 million	▪ Resilient returns in volatile times ▪ Long-term viability ▪ Investment capability for innovation	8, 9
7. Emissions	▪ **Ambition:** net-zero by 2050 and intermediate targets for 2030 ▪ 2022: 1.7 MMSCF/D average flaring, design of an all-electrical drive FPSO as part of emissionZERO® portfolio, manage oil-in-water discharge to 50% below IOGP average	▪ Operational excellence to reduce flare emissions in scope 3 ▪ Implementation of emissionZERO® program ▪ Managing targets with a science-based approach	▪ 1.42 MMSCF/D average flaring ▪ Scope 1, 2, 3 emissions: 6.0 million tonnes ▪ GHG intensity 108.79 Tonnes of CO_2 Eq / 1,000 Tonnes HC Production ▪ 62.4 million GJ energy use ▪ Oil-in-water discharge to 70% below IOGP average ▪ Other significant air emissions *(non-GHG emissions):* 17.3k tonnes	▪ Emission reduction trend ▪ Industry benchmark performance ▪ New business ▪ Addressing climate change-related risk ▪ An all-electrical drive FPSO in the emissionZERO® portfolio	7, 9, 13, 14
8. Digitalization	▪ Leveraging data and digital technology to **increase lifecycle value** ▪ 2022: Digitalization milestones – e.g. ERP, project management, operations tooling	Digital Transformation program	▪ 41% increase in data signals	▪ Business Continuity ▪ Improved efficiencies ▪ Key milestones delivered ▪ New business opportunities	8, 9
9. Innovation	▪ Develop and introduce new technologies in line with net-zero and energy transition ambitions of SBM Offshore ▪ 2022: 25 Technology Readiness Level (TRL) qualifications, 7 TRL 4 reaching	Technology development, open innovation	▪ 23 TRL qualifications ▪ 10 innovations reached TRL 4	▪ Contribute to the energy transition ▪ Long-term sustainability	7, 9, 13, 14

1 BUSINESS ENVIRONMENT

CONNECTIVITY TABLE

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Material Topics	**Key Objectives**	**Management Approach & Key Strategic Elements**	**Key Outputs**	**Key Outcomes**	**SDGs**
10. Energy Transition	▪ **Ambition:** net-zero by 2050 and intermediate targets for 2030 ▪ >2 GW FOW Installed capacity by 2030 ▪ 2022: 50% of R&D budget allocated to EU Taxonomy eligible activities, deliver on FOW growth	New Energies and Services development, emissionZERO®	▪ FOW project progress[1] ▪ FOW Joint Venture [1]established ▪ 59% EU Taxonomy eligible R&D	▪ Decline of future carbon footprint ▪ New business ▪ Support climate change mitigation	7, 9, 13
11. Market Positioning	▪ **2+ FPSOs per year** average between 2019-2030 ▪ 2022: Sustainability performance (SDG score card) ▪ 2022: Participation in key ESG ratings	FPSO competitiveness through Fast4Ward®, Digitalization, emissionZERO® Embedding SDG targets in the business and participation in key ESG ratings	▪ 6 FPSO Projects under construction ▪ 16 assets in the fleet ▪ 30.5US$ billion directional pro-forma backlog ▪ 97th percentile[2] S&P Global ESG rating	▪ Industry leadership, being a reference for stakeholders with global and local impact ▪ SDG related performance	3, 4, 7, 8, 9, 13, 14

Overall Impact

The relevance of a responsible energy transition has become even more clear in 2022. Alongside climate change, one of the major challenges of our time, the war in Ukraine and the aftermath of the pandemic led to increased energy price inflation and even disruptions in access to energy, impacting the world at large. SBM Offshore's material topics demonstrate the interests of SBM Offshore's stakeholders and the impact SBM Offshore's business has on the economy, the environment and society. SBM Offshore's vision, mission and strategy are framed by climate change mitigation – with clear net-zero commitments and a mission to reduce carbon and grow renewable energy. This business brings value to clients, employees and other stakeholders across the world. SBM Offshore also takes action to minimize potentially adverse impacts to people and the environment.

SBM Offshore has been able to balance 'business as usual' against a back-drop of an increasingly turbulent geopolitical environment, at the same time making progress on **safe, sustainable and affordable energy for generations to come**. SBM Offshore takes pride in being able to leverage SBM Offshore's people's capabilities to deal with complexity, develop technologies for the energy transition, deliver projects on time and within budget and operate assets safely and sustainably. In other words: **sharing our experience to make it happen.**

1 This key output is qualitative in nature and as such the limited assurance procedures performed by the external independent auditor are less extensive compared to those of the other KPIs listed in this table.

2 As per February 8, 2023.

1.2 BUSINESS CONTEXT

1.2.1 MARKETS AND ACTIVITIES

SBM Offshore provides floating production solutions to the offshore energy industry, both in hydrocarbon and in renewable market segments. SBM Offshore's main activities to date are the design, supply, installation, operation and life extension of Floating Production Storage and Offloading (FPSO) vessels. These are either leased to clients or supplied on a turnkey sale basis. SBM Offshore is also active in the renewable energy market, working on floating offshore wind, wave energy and research and development of products for future energy markets.

In order to maintain its leading position in its core markets, SBM Offshore focuses on:

- Leveraging SBM Offshore's experience and business model to strengthen its position and to develop sustainable business in new areas.
- Transformation programs to increase return for customers: Fast4Ward®, focusing on better performance, delivered faster; emissionZERO®, focusing on the decarbonization of products; and Digital Transformation, to optimize SBM Offshore's ways of working and create new services.
- SDG-related targets for the short and long-term, and delivering on the roadmaps to achieve these targets.

Based on these guidelines, SBM Offshore is developing its product portfolio within the various energy sectors.

MARKET SEGMENTATION

Hydrocarbon Energy

FPSO

SBM Offshore delivers FPSOs with production volumes typically around 200,000 barrels of oil per FPSO per day. An FPSO processes well fluids into stabilized crude oil for temporary storage on board, before being transferred to a shuttle tanker for export from the field. Oil and gas enhanced recovery systems – such as water injection, gas injection, chemical injection and gas lift systems – are used to improve production levels. SBM Offshore's latest FPSO designs include CO_2 removal from gas streams for reinjection into the well offshore.

SBM Offshore is taking a disciplined and selective approach to market opportunities, focusing on the main FPSO markets of Brazil and Guyana that provide double resiliency – i.e. both relatively low break-even prices and low GHG-emission intensity. SBM Offshore is also looking to develop business in other adjacent regions. Looking ahead, around 35 FPSO projects could reach FID between 2023-2025.

To contribute to double resiliency – SBM Offshore is executing its Fast4Ward® and emissionZERO® programs, of which further detail is provided in sections 2.1.4 and 2.1.7.

Other Products and Services

SBM Offshore delivers tailored solutions for floating unit mooring, flexible flowline and subsea structure installation works. SBM Offshore, together with its joint venture partner, owns and operates a dedicated multi-purpose deepwater construction vessel, the Normand Installer. SBM Offshore also has dedicated product lines to provide specific floating equipment and products such as Turret Mooring Systems (TMS) and offshore (off)loading Terminals.

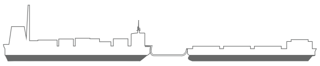
TMS

SBM Offshore is the recognized technology provider for Turrets and Mooring Systems (TMS). SBM Offshore provides the offshore industry with a complete range and variety of solutions delivered through a full EPCI product lifecycle.

Terminals

The Catenary Anchor Leg Mooring (CALM) or Single Point Mooring (SPM) terminal is a floating buoy that performs the dual function of keeping a tanker moored and transferring fluids while allowing the ship to weathervane.
SBM Offshore provides full lifecycle solutions for terminals, including design, engineering, construction, installation and aftersales services.

DEEPWATER EXPERIENCE BY WATER DEPTH



		bpd	
475m	*FPSO Serpentina*	110k	Equatorial Guinea
720m	*FPSO Saxi Batuque*	100k	Angola
728m	*FPSO Mondo*	100k	Angola
960m	*FPSO Aseng*	80k	Equatorial Guinea
1,221m	*FPSO Cidade de Anchieta*	100k	Brazil
1,250m	*N'Goma FPSO*	100k	Angola
1,365m	*FPSO Kikeh*	120k	Malaysia
1,485m	*FPSO Capixaba*	100k	Brazil
1,525m	FPSO *Liza Destiny*	126k	Guyana
1,600m	FPSO *Liza Unity*	220k	Guyana
1,780m	*FPSO Espirito Santo*	100k	Brazil
1,790m	FPSO *ONE GUYANA**	250k	Guyana
1,850m	*Thunder Hawk*	60k	USA
1,900m	FPSO *Prosperity**	220k	Guyana
1,900m	*FPSO Alexandre de Gusmão**	180k	Brazil
2,000m	*FPSO Sepetiba**	180k	Brazil
2,000m	*FPSO Almirante Tamandaré**	225k	Brazil
2,100m	*FPSO Cidade de Paraty*	120k	Brazil
2,120m	*FPSO Cidade de Maricá*	150k	Brazil
2,130m	*FPSO Cidade de Saquarema*	150k	Brazil
2,140m	*FPSO Cidade de Ilhabela*	150k	Brazil

** under construction*

SHALLOW WATER < 500m

DEEP WATER 500m to 1,500m

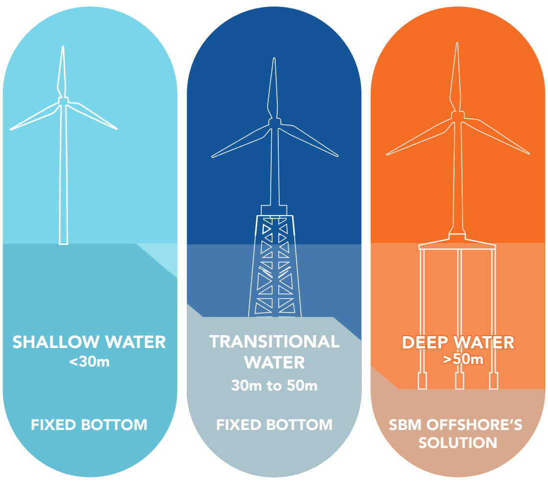
ULTRA DEEP WATER >1,500m

New Energies

Floating Offshore Wind (FOW)

Floating Offshore Wind is opening new possibilities for wind power production locations and will play a critical role in the transition to a cleaner energy supply. Floating offshore wind turbines enable access to deeper water than conventional fixed-bottom wind turbines. This reduces visibility from shore and expands the viable area for wind energy development, potentially to areas with higher and steadier wind characteristics. The FOW market is developing worldwide, in anticipation of future commercial projects. SBM Offshore has been working on Floating Offshore Wind since 2014 and is currently executing its first pilot project, leveraging its experience in EPCI of floating solutions and mooring systems. SBM Offshore is also co-developing Floating Offshore Wind projects and securing seabed rights and relevant permits, together with partners.

SEGMENTATION OF OFFSHORE WIND ENERGY SOLUTIONS



Future Energy Markets

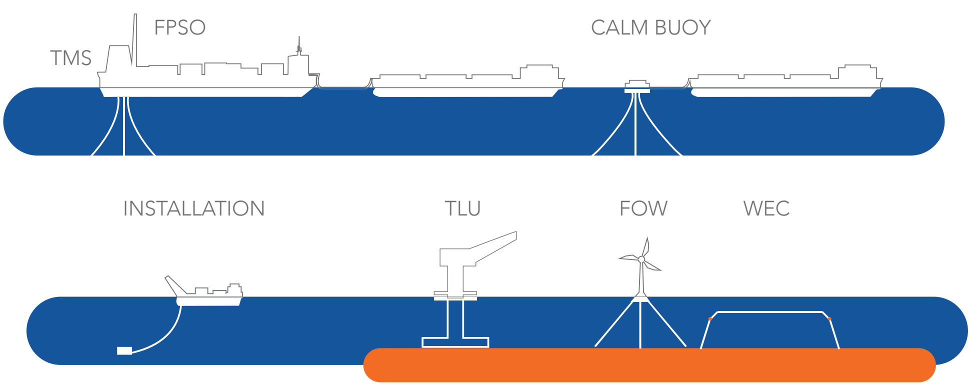
The world's demand for sustainable energy solutions is increasing as climate change is recognized as an urgent concern globally. New technologies are developing to facilitate the energy transition. Solar PV, wind energy, hydrogen-based technology, bio-fuels and Carbon Capture Utilization and Storage are recognized and envisioned as the frontiers of development. SBM Offshore is investing in the research and development of products within selected segments that support the energy transition.

SBM Offshore is committed to a strategy that is compatible with the transition to net-zero by 2050 and takes meaningful actions, not only on new technology development, but also on repurposing oil and gas facilities into solutions for decarbonization. In this way, technology and experience are transferred in the fastest way to contribute to the energy transition. For example, SBM Offshore is working on providing offloading solutions for carbon dioxide and the development of terminals to adapt for future fluids such as ammonia.

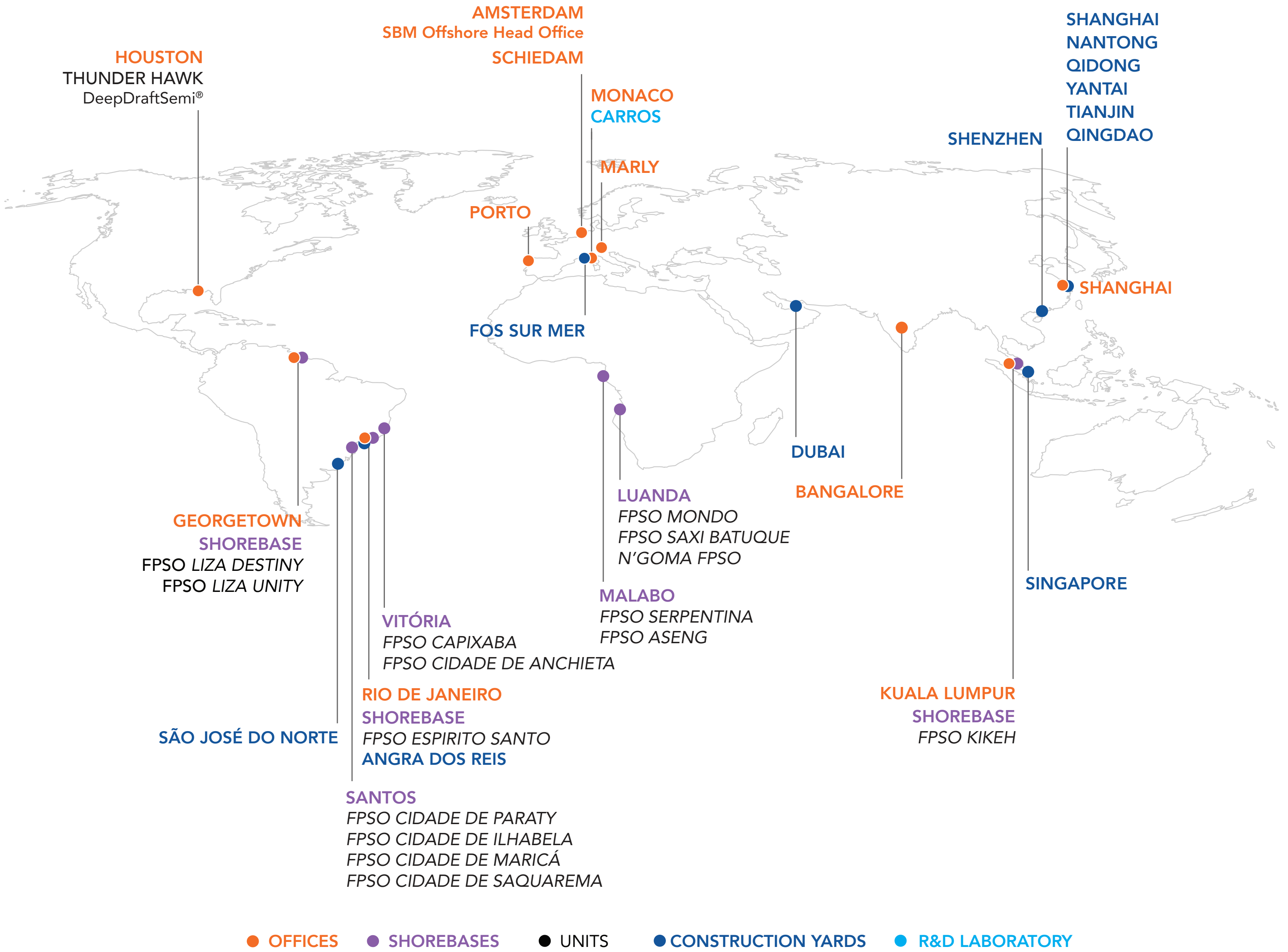
Although worldwide resources of coastal wave energy are abundant, successful attempts to harness this energy from the oceans have remained elusive. Since 2009, SBM Offshore has been developing the next generation of wave energy conversion technology, called WEC S3®. Through direct conversion of the kinetic wave energy into electricity using Electro Active Polymers (EAP), this breakthrough technology addresses the limitations identified in conventional wave energy devices.

The WEC S3® technology has been successfully developed and tested in SBM Offshore's own R&D Laboratory in France. The next step is to identify partners for pilot and commercialisation projects as well as to identify other applications for this innovative technology.

SBM OFFSHORE ACTIVITIES



CALM Buoy
Catenary Anchor Leg Mooring Buoy
FOW
Floating Offshore Wind
FPSO
Floating Production Storage and Offloading
TLU
Tower Loading Unit
TMS
Turret Mooring System
WEC
Wave Energy Converter


AMSTERDAM
SBM Offshore Head Office
SCHIEDAM
HOUSTON
THUNDER HAWK
DeepDraftSemi®
MONACO
CARROS
MARLY
PORTO
FOS SUR MER
SHANGHAI
NANTONG
QIDONG
YANTAI
TIANJIN
QINGDAO
SHENZHEN
SHANGHAI
DUBAI
BANGALORE
GEORGETOWN
SHOREBASE
FPSO LIZA DESTINY
FPSO LIZA UNITY
LUANDA
FPSO MONDO
FPSO SAXI BATUQUE
N'GOMA FPSO
MALABO
FPSO SERPENTINA
FPSO ASENG
SINGAPORE
VITÓRIA
FPSO CAPIXABA
FPSO CIDADE DE ANCHIETA
RIO DE JANEIRO
SHOREBASE
FPSO ESPIRITO SANTO
ANGRA DOS REIS
SÃO JOSÉ DO NORTE
KUALA LUMPUR
SHOREBASE
FPSO KIKEH
SANTOS
FPSO CIDADE DE PARATY
FPSO CIDADE DE ILHABELA
FPSO CIDADE DE MARICÁ
FPSO CIDADE DE SAQUAREMA
OFFICES
SHOREBASES
UNITS
CONSTRUCTION YARDS
R&D LABORATORY

SBM OFFSHORE PART OF ENERGY INDUSTRY AND LOCAL COMMUNITY

SBM Offshore aims to be an energy transition company, reducing carbon in its operations and developing alternative energy sources. SBM Offshore embraces the Paris Agreement and strives to be a leader in transparency. Along the way, there are many questions that SBM Offshore cannot answer on its own, thus it is working with, and listening to, others.

SBM Offshore has been actively involved in technology development in the energy industry by cooperating with its value chain business partners and working with other companies, universities, class societies, etc. For instance, SBM Offshore is among the 24 participants in the Joint Industry Projects (JIP) for Anchoring and Mooring Design of Floating Photovoltaics.

Moreover, SBM Offshore is seeking to understand and contribute to the mitigation of the challenges faced by local communities and has carried out social activities in the respective regions where it operates, (see section 2.2).

CURRENT, NEAR-TERM AND FUTURE IMPACTS ON SBM OFFSHORE'S ACTIVITIES

In 2022, the world continues to adapt to a post-pandemic reality strained by inflationary shocks, energy scarcity and geopolitical tensions. Amidst geopolitical strife and rapid technological advancement, the energy transition and the demand for lower-emission solutions have been accelerating. More and more countries are focusing on energy source diversification and self-sufficiency. Many structural measures are being taken, especially in the EU, to accelerate renewable development. For Floating Offshore Wind, up to 2022, the installed capacity is less than 200 MW globally. The forecast of the cumulative installed capacity by 2030 is in the range of 6-12GW with the most intensive construction activities mainly coming in the last three years of the decade.

In addition, there is an increasing focus across most sectors on Environmental, Social and Governance (ESG) targets. Companies are repositioning and adjusting their strategies towards operating in a carbon-neutral environment using the ESG framework.

Moreover, the importance of energy availability, security and affordability came to the forefront during the energy crisis in 2022, highlighting the need to maintain the supply of hydrocarbons. In the FPSO market, there were 9 FPSO awards, 5 of which were in SBM Offshore's key regions of Brazil and Guyana.

OUTLOOK OF WORLD ENERGY DEMAND

POPULATION
7.7 billion (2019)
9.2 billion (2040)

URBANIZATION BIG CITIES
65% of population living in big cities by 2040

GLOBAL ENERGY DEMAND
+ 13% (2040)
Led by China & India

OIL ENERGY DEMAND
increasing throughout the next decade

GAS
continued growth in energy mix

ELECTRICITY
+ 18% (2040)

RENEWABLES
+ 125% (2040)
Driven by Solar and Wind

Sources: IEA World Energy Outlook 2022, United Nations World Urbanization Prospects, worldometers.info

1 BUSINESS ENVIRONMENT

MACRO TRENDS

According to the United Nations' world population projection, by 2040, world population will surpass 9 billion people, with 65% of the total population living in big cities close to the oceans. Global energy demand is set to grow in the coming decades. While oil and natural gas will still play a key role in the primary energy mix, renewable energy is increasing its share and governments are raising their decarbonization targets. The demand for oil and natural gas is expected to continue to grow until the middle of the next decade, as geopolitical tensions have underlined fragilities and dependencies in the energy system, after which it should plateau towards 2040. Geopolitical events make energy supply and demand inherently volatile. Section 1.4.3 presents climate change scenarios which provide insight into various possible developments relating to decelerated and accelerated energy transition paths.

SBM Offshore expects that, in the coming years, there is a need for its capabilities to deliver sizeable deepwater projects across the energy mix. SBM Offshore's success will depend on partnering with other companies similarly committed to its energy transition strategy and activities, with a focus on the lifecycle value of projects, from early client engagement until the end of field recycling phases.

1.2.2 STAKEHOLDERS AND MATERIAL TOPICS

SBM Offshore's main stakeholders are its clients, employees, suppliers, shareholders and lenders (banks). Other important stakeholders are regulators, class society organisations, yards, partners, local communities and non-governmental organizations (NGOs). Throughout the year, SBM Offshore engages with these stakeholders and listens to their feedback, as part of its daily business.

SBM Offshore carries out a materiality assessment, factoring in the views of stakeholders and the impacts SBM Offshore has on economics, environment and society. The process is explained in section 5.1.2, with example engagement and outcomes mentioned below.

Example engagements during 2022

Stakeholder Group	Engagement
All key stakeholders	Materiality update meetings
Employees	Pulse Survey, Management Calls and Virtual Townhalls.
Shareholders	Annual General Meeting. Engagement with representative groups – e.g. VBDO (Dutch Association of Investors for Sustainable Development).
Lenders	Ongoing environmental and social due diligence during project financing and the definition of actions for further improvement.
NGOs	Engagement with representatives regarding business transparency, ship recycling and climate action.

MATERIALITY ANALYSIS

In order to understand stakeholder interests and the impact SBM Offshore has, SBM Offshore conducts interviews with stakeholders and has internal management engagement. This leads to a list of material topics as the foundation of SBM Offshore's strategy. Material topics are topics that represent SBM Offshore's most significant impacts on the economy, environment and people, including impacts on their human rights. These topics drive SBM Offshore's performance management, with the outcome explained in this report. Furthermore, the topics are addressed in the risk management approach of SBM Offshore, where material topics are used for the identification and assessment of significant risks to the business and associated impacts. Further information on significant risks to the business is found in section 1.4.2. Definition of impacts are described in chapter 2.

APPROACH TO MATERIALITY ANALYSIS

The **11 material topics** are – in order of ranking through the above approach: Energy Transition, Ethics & Compliance; Employee Health, Safety & Security; Emissions; Economic Performance; Operational Excellence; Innovation; Human Rights; Market Positioning; Retaining & Developing Employees and Digitalization. Definitions of these are found in section 5.1.2. Compared with 2021, the material topic of Energy Transition increased further in importance.

Many stakeholders agree that the **Energy Transition** is one of the key challenges this industry faces, and is critical in dealing with climate change-related challenges, as well as providing a source of future economic value. Employees value the commitment of SBM Offshore as it allows them to work on renewable energy and other innovative, lower carbon solutions. Investors and lenders are interested in working with industry players on the development of new energy solutions. **Emissions** both air and ocean-related emissions, and particularly greenhouse gas (GHG) emissions, dominate concerns on this topic and form a challenge in the energy transition.

Ethics & Compliance and **Employee Health, Safety & Security** remain as prerequisites of being in business. Vendors, partners and lenders, especially, rank the first highly, whereas clients and yards put a strong emphasis on the latter. Clients see Process Safety Management as a critical topic in ensuring high safety standards and mitigating the risk of hazardous accidents. The industry has inherent safety and compliance risks owing to the physical nature of the business (safety) and geographical location (compliance).

Human rights remains a key topic to stakeholders and is considered material to SBM Offshore. SBM Offshore commits to high standards, and is aware of potential risks in SBM Offshore's supply chain.

When it comes to **Economic Performance**, SBM Offshore's integrated business model is seen as a strength. Shareholders, clients and lenders see strong benefits in an integrated contractor that can manage complex projects and risks plus offer financing solutions to enable large offshore developments. At the same time it allows SBM Offshore to fund a responsible energy transition.

For most stakeholders, **Operational Excellence & Quality** drive predictability, which is especially sought after in CAPEX- and resource-intensive projects with a global footprint. The same applies for fleet operation services and managing a global supply chain. Class society companies – providers of classification and certification services – take a specific interest in this area. Lenders to SBM Offshore also value operational excellence and quality as they enable predictable returns.

Retaining & Developing Employees is a material topic for many reasons, most importantly because large resource-intense projects such as offshore field developments rely heavily on best practices and past experience. Experienced staff increase efficiency and reduce risk in projects. **Market Positioning** is seen as a driver for future economic performance and is referred to as a key enabler in attracting and retaining talent. Strong ranking in ESG ratings are supportive to this.

Innovation matters to SBM Offshore's stakeholders as a source of future value. Clients, partners and employees rank this subject highly. Regarding **Digitalization**, stakeholders see strong potential in leveraging data and digital technology to define new businesses and ways of working, as well as to partially mitigate the challenge of attracting talent to the industry.

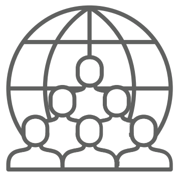
FUTURE

In the coming period, SBM Offshore will further enhance its Materiality Analysis, in line with GRI guidance and compliant with the Corporate Sustainability Reporting Directive (CSRD), which is expected to be applicable as from the 2024 financial year. SBM Offshore has already taken part in the consultation for the European Sustainability Reporting Standards (ESRS), part of the CSRD, to drive harmonization of various standards and regulation. The concept of 'double materiality' is the driver for deeper understanding and better target-setting on the impacts by SBM Offshore and its business.

SBM OFFSHORE MATERIAL TOPICS

ENVIRONMENTAL
ENERGY TRANSITION TOWARDS NET-ZERO

- Energy Transition
- Emissions
- Innovation



SOCIAL
A SAFE AND INCLUSIVE ENVIRONMENT WHERE PEOPLE INSPIRE AND EMPOWER EACH OTHER

- Retaining & Developing Employees
- Health, Safety & Security
- Human Rights
- Market Positioning

GOVERNANCE
VALUES-BASED ACTIONS TO ACHIEVE HIGH ETHICAL STANDARDS

- Ethics & Compliance
- Operational Excellence & Quality
- Economic Performance
- Digitalization

1.3 STRATEGY AND VALUE CREATION

1.3.1 VISION AND VALUES

OUR VISION

Through its vision and subsequent actions, SBM Offshore helps societies and other stakeholders to accomplish the energy transition. Safe, sustainable and affordable energy for generations to come will require renewable energy and cleaner forms of fossil energy. SBM Offshore is committed to this, by addressing climate change without interrupting the essential supply of energy needed to support societies. The contribution and participation of global energy companies and service providers such as SBM Offshore are essential to achieve a responsible energy transition. Many people, especially in less developed economies, depend on the experience and resources of those companies. This is where SBM Offshore's products can play a role.
SBM Offshore is partnering with others for this purpose, sharing experience to make it happen.

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come.

We share our experience to make it happen.

OUR VALUES

SBM Offshore's core values reflect its long history of industry leadership. They are the essence of SBM Offshore, defining who each SBMer is and how SBM Offshore works. The values create the company culture, which guides each employee to help achieve SBM Offshore's vision wherever SBM Offshore operates around the world.

Integrity
SBMers act professionally and in an ethical, honest and reliable manner. Transparency, doing the right thing and consistency are essential to the way SBM Offshore behaves towards all of its stakeholders.

Care
SBMers respect and care for each other and for the community. Employees value teamwork and diversity. SBM Offshore listens to all its stakeholders. Health, safety, security and the environment are paramount in everything SBM Offshore does.

Entrepreneurship
SBMers have an entrepreneurial mindset in everything they do. They deliver innovative and fit-for-purpose solutions with passion. In doing so, SBM Offshore aims to exceed its clients' expectations and proactively achieve sustainable growth through balancing risks and rewards.

Ownership
SBMers are all accountable for delivering on their commitments and pursuing SBM Offshore's objectives with energy and determination. Quality is of the essence. SBMers say what they do and do what they say.

1.3.2 MISSION AND STRATEGY

SBM Offshore has developed its mission and strategy framework by developing a strong understanding of mega trends, with associated scenario-planning and detailed strategies. Combined with feedback from stakeholders, as defined in 1.2.2, SBM Offshore's aims that its strategy addresses stakeholders' needs.

SBM Offshore's mission between now and 2030 is to grow and create long-term value for its stakeholders.
SBM Offshore is committed to a responsible energy transition, reducing emissions of oil and gas while developing cleaner solutions from new energies.

In order to do so, it has set targets and indicators in three main areas: grow free cashflow over the period, ensure a steady flow of new contracts within SBM Offshore's core business and position SBM Offshore in the new energy market.

In line with its vision and mission, SBM Offshore's strategy is founded on the three components of Environmental, Social and Governance

- Environmental – focusing on energy transition towards net-zero
- Social – creating a safe and inclusive environment where people inspire and empower each other
- Governance – carrying out values-based actions to achieve high ethical standards

SBM Offshore manages its performance through a balanced scorecard framework.

STRATEGY, TARGETS & MATERIAL TOPICS

ENVIRONMENT

ENERGY TRANSITION
>2GW floating offshore wind installed or under construction by 2030

50% reduction of GHG intensity by 2030 (downstream leased assets)

INNOVATION
In line with net-zero and energy transition ambitions

EMISSIONS
emissionZERO®

SOCIAL

MARKET POSITIONING
Fast4Ward®

Ambition: 2+ FPSOs per year

Sustainability Action

HUMAN RIGHTS
SBM Offshore's Human Rights Standards

RETAINING & DEVELOPING EMPLOYEES
People Development program

HEALTH, SAFETY & SECURITY
No Harm, No Leaks, No Defects

GOVERNANCE

OPERATIONAL EXCELLENCE & QUALITY
Target Excellence program

DIGITALIZATION
Digital Transformation program

ECONOMIC PERFORMANCE
Ambition: Grow free cashflow

ETHICS & COMPLIANCE
Zero Tolerance for deviations

1.3.3 VALUE CREATION

Supplying safe, sustainable and affordable energy from the oceans is the basis for long-term stakeholder value, which is defined by the 11 material topics and which form the basis for sustained value creation. Value is defined by the results achieved on the material topics, the associated benefits for SBM Offshore's stakeholders and the impact. The value is delivered through SBM Offshore's value platforms defined below and assigning of resources to activities along the project lifecycle (business model). The outputs from the business model create value for stakeholders and have SDG contributions. For detail on the value created, preserved and impacts potentially leading to value erosion refer to section 1.4.2, 1.4.3 and chapter 2.

VALUE PLATFORMS

As an ocean energy provider, SBM Offshore has a clear understanding of the role it plays in the industry value chain and continuously assesses the greatest possibilities from the marketplace.

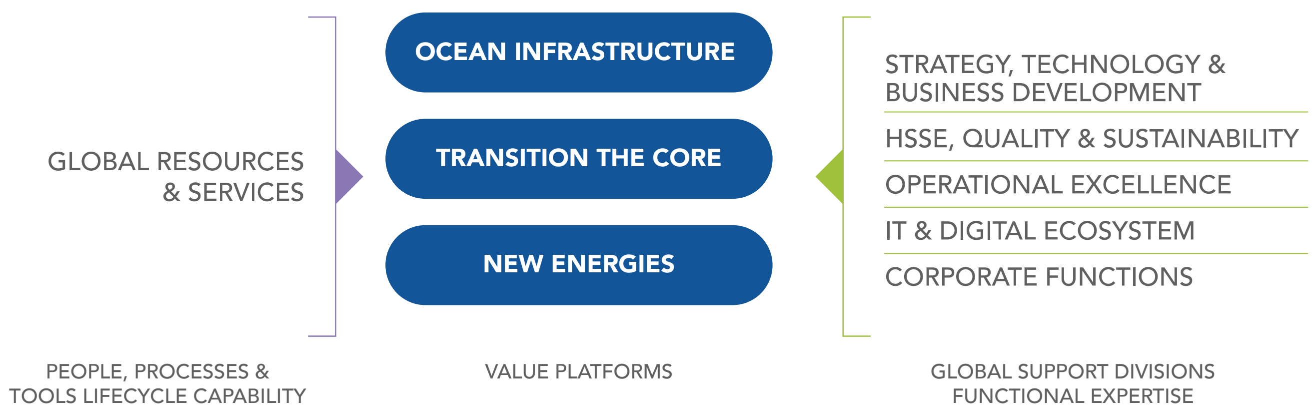
At SBM Offshore, there is a belief that there is a value-premium for investing in the future. Business activities are organized to maximize the societal and financial values of SBM Offshore's stakeholders.

SBM Offshore sustains value through three value platforms: Ocean Infrastructure, Transition the Core and New Energies & Services.

- SBM Offshore's **Ocean Infrastructure** is represented by SBM Offshore's operations. Supported by lifecycle learning philosophies and digital tools development, the operating fleet has become increasingly efficient, with a lower carbon footprint and a leading uptime and safety track record. This platform is evolving, with new generations of products, and the contractual backlog provides cash-flow visibilities up to 2050.
- **Transition the Core** is the value platform for the business transformation of the FPSO business. SBM Offshore envisions itself as a leader and stays resilient in both competitiveness, with Fast4Ward®, and in having a low carbon footprint, with emissionZERO®. SBM Offshore continually brings to market improved value propositions.
- **New Energies** – SBM Offshore's strategy is to position itself in this growing market sector as the energy mix evolves to give renewables a more dominant role. SBM Offshore is investing in renewable energy technology development, especially in floating offshore wind, wave energy and energy storage (e.g. Hydrogen, Ammonia). New Energies also covers activities that leverage SBM Offshore's operational data, digital solutions and expertise to continue to deliver value to its customers.

SBM Offshore's business model is structured around the above value platforms to ensure safety, cost optimization, product transformation and growth.

ORGANIZATION MODEL



1 BUSINESS ENVIRONMENT

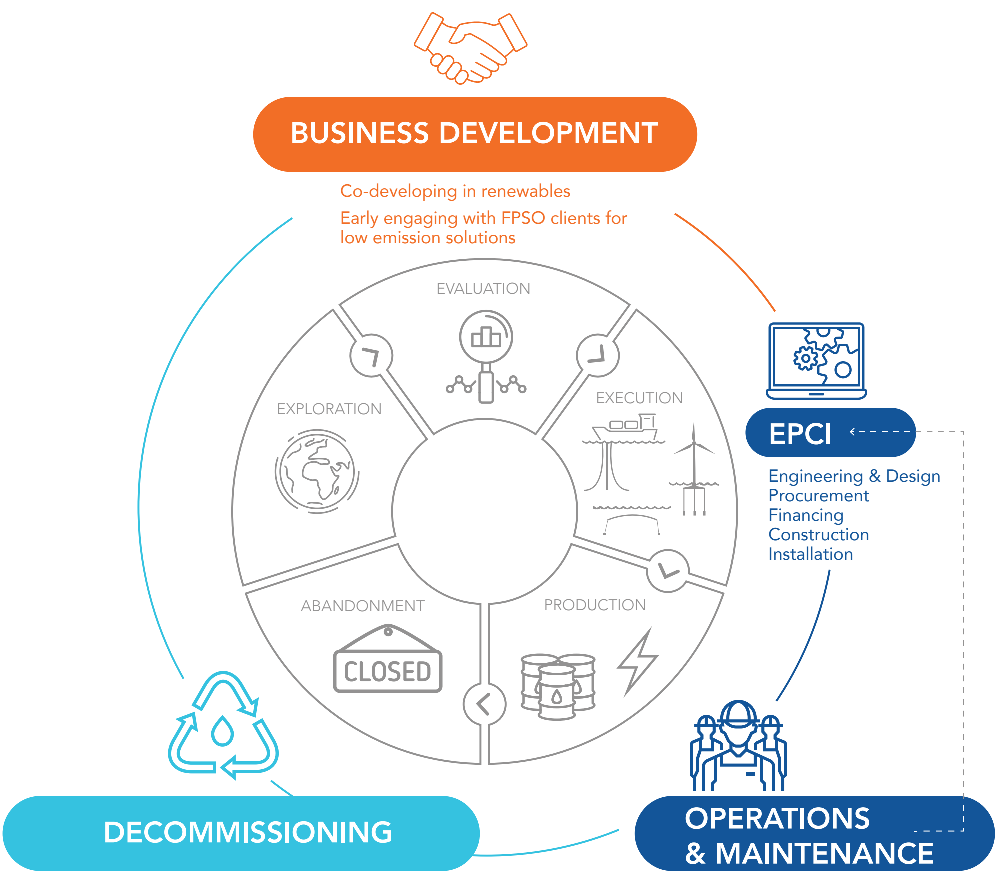
LIFECYCLE VALUE
SBM Offshore's clients typically control the complete value chain, from the initial offshore exploration phase to the physical distribution of energy. SBM Offshore adds value along the full lifecycle of ocean infrastructure projects, including operations and maintenance services.
SBM Offshore also provides energy distribution solutions, such as CALM buoys and digital solutions, through its Smart Digital Services offering.

R&D and Business Development
SBM Offshore engages in Research and Development (R&D). Business Development works on early market opportunities and Product Development on further improvement of SBM Offshore's solutions and the commercial management of prospects. After commercial success, the Project Execution phase begins, during which SBM Offshore executes Engineering, Procurement, Construction & Installation (EPCI). Specific to the renewable energy business is the co-development of Floating Offshore Wind projects and securing seabed rights and relevant permits in cooperation with the client.

EPCI
Engineering and design delivers conceptual studies, basic design and detailed design through in-house resources. Procurement of equipment and services represents a substantial part of the total cost of constructing a floating production system. SBM Offshore has an integrated supply chain, in line with its Fast4Ward® principles, partnering with suppliers to execute projects.

While maintaining responsibility for delivery and project management, SBM Offshore outsources most construction activities and has agreements in place with yards that allow delivery of floating production systems through different execution models and local content requirements. The installation of floating facilities is carried out using specialized installation vessels and requires specific engineering expertise and project management skills.

SBM OFFSHORE'S BUSINESS MODEL



Operations

SBM Offshore provides operation and maintenance services on behalf of its clients. This activity creates value for clients, as the uptime performance of the facility directly impacts the amount of energy produced.

For FPSOs, these services can be based on fixed-lump-sum or reimbursable contracts.

Decommissioning and Recycling

At the end of the lifecycle, facilities are decommissioned and recycled. For FPSOs, SBM Offshore applies the Hong Kong Convention rules and the principles of the EU Ship Recycling Regulation – or equivalent standards should EU Ship Recycling Regulation not be applicable – to recycle its units, using certified and regularly audited recycling yards. The processes surrounding the end-of-life recycling of products are vital to sustainability and SBM Offshore works to ensure that responsible recycling is carried out and that internationally-recognized regulations are followed. SBM Offshore has a 'Vessel Decommissioning and Recycling Process', which details the key steps in conducting the responsible recycling of an offshore unit.

SBM Offshore works with recycling facilities that have adequately trained management and staff and the required health and safety procedures in place. SBM Offshore's process includes inspecting all vessels for hazardous materials and ensuring a controlled removal and disposal of such materials as part of the decommissioning and recycling of the vessel. SBM Offshore considers the environmental and social impacts related to the decommissioning and recycling activities of each vessel, with the objective of minimizing adverse impact.

Financing

SBM Offshore ensures optimum results for clients by offering various financing models:

- Under a Lease and Operate contract, the facility is sold to asset-specific companies to charter the asset for the client throughout its lifecycle. The project debt-financing is arranged at the asset-specific company level, based on the facility's value (which is based on construction costs and a margin). SBM Offshore's Revolving Credit Facility is generally used to cover the period before project debt-financing is in place. SBM Offshore tends to optimize debt-financing in asset-specific companies on a 'non-recourse' basis, in order to optimize return on equity and achieve an appropriate balance of risk allocation. Upon acceptance of the production system by the client, generally upon production start, SBM Offshore's corporate guarantee is relinquished and the project debt becomes non-recourse to the parent.
- Under a direct sale, the construction is financed by the client, and a margin is generated from the turnkey sale.
- Under a hybrid of the two above, such as the build-operate-transfer (BOT) model, SBM Offshore builds and commissions the unit and operates it during a defined period (the crucial start-up phase). The transfer of ownership to the client then occurs at the end of this defined period.

VALUE CREATION MODEL

KEY INPUT

MANUFACTURED
6 FPSO projects
16 assets in fleet

NATURAL
Iron
62 million GJ energy use

HUMAN
>7,000 SBMers

SOCIAL
Partners
Suppliers
Clients
Stakeholders

INTELLECTUAL
130 patent families
>370 cumulative years of experience

Standards
Systems
Processses

FINANCIAL
2022:
US$30.5 billion directional pro-forma backlog

SBM OFFSHORE BUSINESS MODEL

BUSINESS DEVELOPMENT

EPCI

OPERATIONS & MAINTENANCE

DECOMMISSIONING

KEY OUTPUT

ENERGY TRANSITION
59% EU Taxonomy eligible R&D

EMISSIONS
6.0 million tonnes of scope 1, 2, 3 emissionss

An all-electrical drive FPSO in the emissionZERO® porfolio

INNOVATION
10 innovations reached TRL 4

RETAINING & DEVELOPING EMPLOYEES
12% employee turnover rate

EMPLOYEE HEALTH, SAFETY & SECURITY
0.12 TRIFR

HUMAN RIGHTS
99.6% of vendors signing of supply chain charter

MARKET POSITIONING
75/100 S&P Global ESG Rating

OPERATIONAL EXCELLENCE & QUALITY
91.1% Uptime

ECONOMIC PERFORMANCE
US$1,010 million EBITDA

ETHICS & COMPLIANCE
0 confirmed cases of corruption

DIGITALIZATION
41% increase of data signals

OUTCOME

E
Energy transition towards Net-zero

S
A safe and inclusive environment where people inspire and empower each other

G
Values-based actions to achieve high ethical standards

SDG IMPACT

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER

1.4 RISK MANAGEMENT

1.4.1 RISK APPETITE

The Risk Appetite Statement 2022 sets the guidance and boundaries for the activities conducted by SBM Offshore in pursuit of its strategic objectives. The Management Board reviews the Risk Appetite Statement annually to ensure that SBM Offshore maintains the balance between risk and opportunity. The measurement of the underlying metrics is done every quarter and presented to the Audit Committee.

The significant parts of SBM Offshore's Risk Appetite Statement, and their mapping against Material Topics, are displayed below.

Material Topic	Guidance	Activities guided by Risk Appetite, i.e. activities ...
Ethics and Compliance	Zero tolerance	non-compliant with the Code of Conduct and related laws and regulations
	Zero tolerance	sanctioned, and/or with companies whose decision makers do not share the same compliance principles
Employee Health, Safety and Security	No appetite	causing harm to people, damage to assets or the environment
Human Rights	No appetite	non-compliant with SBM Offshore's human rights standards
Operational Excellence and Quality	No appetite	extending the life of a unit beyond its design life if it does not meet SBM Offshore's health, occupational and/or process safety management standards
	Limited appetite	with suppliers which do not align with SBM Offshore's strategic goals
Retaining and developing employees	Limited appetite	impacting the retention, development and health of SBM Offshore's employees
Economic Performance	Limited appetite	resulting in balance sheet risk as a result of commercial opportunities for which the bankability cannot be reasonably confirmed
	Limited appetite	severely impacting profitability of SBM Offshore
Emissions	Limited appetite	deviating from the path to achieve SBM Offshore's net-zero target by 2050
Digitalization	No appetite	exposing SBM Offshore to cybersecurity risks
Innovation	Limited appetite	exposing SBM Offshore to damage due to application of unproven technologies
Energy Transition	Limited appetite	exposing SBM Offshore to unproven commercial models
Market Positioning	No appetite	resulting in M&A activities with high process safety risks and/or higher emissions

Explanation of Guidance		
Activities for which there is zero tolerance	Activities with risks for which SBM Offshore has no appetite	Activities with risks with a limited appetite
Refusal to accept any activity breaching this risk appetite	Risks within activities to be avoided with appropriate actions	Risks within activities to be mitigated and monitored

1.4.2 SIGNIFICANT RISKS TO THE BUSINESS

SIGNIFICANT RISKS TO THE BUSINESS

Assessed and mapped against Material Topics and internal risk reports

RISK OVERVIEW 2022

STRATEGIC	
Climate Change	↑
Geopolitical events	↑
Technological developments	=
Portfolio	=
Competitiveness	=
Third parties	=
OPERATIONAL	
Process safety events	=
Project execution	↑
Transformation	=
Cybersecurity and data protection	=
Human capital	↑
Supply Chain constraints	↑

FINANCIAL	
Funding	↑
COMPLIANCE RISKS	
Changes in laws and regulations	↑
Governance, transparency and integrity	=

RISK EXPOSURE *

↑ RISK IS INCREASING

↓ RISK IS DIMINISHING

= RISK IS STABLE

** Management assessment of how the inherent risk exposure (i.e. excluding SBM Offshore's mitigating measures) is expected to develop in the coming 3 years.*

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Strategic Risks			
Climate change	Impact of an accelerated energy transition driven by climate change.	Miss opportunities if not succeeding (i) to market competitive technologies and/or (ii) enhance the energy efficiency of existing offerings.	SBM Offshore continuously updates its offerings in light of the changing energy landscape. It is enhancing products from its New Energies & Services (NES) portfolio through investments. In addition, SBM Offshore aims to decarbonize its existing and new units through emissionZERO®. See sections 1.4.3 and 2.1.10.
Geopolitical events	Impact of geopolitical events on activities of SBM Offshore globally.	Events impacting the unsuccessful completion of SBM Offshore's projects and/or impact the safe, affordable and sustainable operations of SBM Offshore's fleet.	SBM Offshore monitors global circumstances and takes action to minimize potentially adverse impacts. For example through diversification initiatives and mitigation through appropriate contract clauses.
Technological developments	Deployment of immature new technologies or implementing proven technologies incorrectly.	Impact on safety, quality and/or schedule, business reputation or financial results.	SBM Offshore employs Technology Readiness Level (TRL) assessments of new technologies, which are verified at several stages during the development phase before being adopted on projects. A technical assurance function ensures compliance with internal and external technical standards, regulations and guidelines. See section 2.1.9.

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Portfolio	Concentration of fossil-fuel related business activities in Brazil and Guyana.	Impact from changes in local legislative and business environment, affecting business results.	SBM Offshore continues to achieve a more balanced portfolio by diversifying into new markets, with different products, such as in New Energies & Services (NES), and developing low emission products. SBM Offshore conducts risk assessments before any new country entry and actively engages with its clients to monitor and mitigate the respective country-related regulatory, commercial and technical risks. See section 1.2.1.
Competitiveness	SBM Offshore Product Lines are in – or could be facing – harsh market conditions.	Impact to deliver projects in an affordable manner, leading to deterioration of financial results.	To drive better performance, delivered faster, SBM Offshore has taken various initiatives in relation to digitalization and standardization, which are the basis for SBM Offshore's Fast4Ward® approach. See section 2.1.
Third parties	Activities of financial, strategic and/or operational partners impact SBM Offshore's ability to build new business and execute projects.	Impact on safety, quality and/or schedule, business reputation or financial results.	Through robust processes, executed by subject-matter experts within the relevant functions of SBM Offshore, SBM Offshore aims to select appropriate parties to work with. Examples of functions involved are Supply Chain, Construction, Compliance and Human Rights. See sections 2.1.4.3 and 2.1.3.
Operational Risks			
Process safety events	Potential acute or chronic exposure to hazards during SBM Offshore's product life cycle.	Impact on people, the environment or assets. This can have further impact on other risks (such as human capital and funding).	SBM Offshore aims to reduce major accident hazard exposure through application of a Process Safety Management (PSM) framework to manage the risk under the pillars of People, Process and Plant. These are underpinned by a culture built on SBM Offshore's values of Care and Ownership, and supported by assurance and continuous improvement practices through the product lifecycle. See section 2.1.2.
Project execution	Inherent project risks exist, owing to a combination of potential effects of geo-political, regulatory, technical and third-party risks.	Impact on people, the environment, reputation, cost and schedule.	Proper business-case analysis, suitable project management capabilities and capacities, combined with SBM Offshore's ways of working, processes and procedures mitigate project execution risk. Additional risk-mitigating measures are in place related to the knowledge and understanding of the countries in which project execution and delivery take place. See section 2.1.4.
Transformation	Benefits of SBM Offshore's Fast4Ward®, Float4Wind®, emissionZERO® and Digitalization programs are not realized.	Impact on SBM Offshore's competitiveness.	Change management is a key success factor of the main programs. Change management ambassadors have been appointed and are working closely with the business in the journey towards the new ways of working. See sections 2.1.8 and 2.1.9.
Cybersecurity and data protection	Intrusion into SBM Offshore's data systems affecting onshore and offshore activities as well as secondary risks such as theft of cash and/or confidential info.	Business interruption, loss of data and financial impact, such as recovery costs and/or fines.	The evolving nature of cybersecurity threats requires ongoing attention. There is continuous improvement to reduce risks through investment in hardware, software, monitoring and awareness training. The ability of the IT architecture and controls to withstand cyber-attacks and follow recognized standards is subject to 24/7 monitoring, independent testing and audits.
Human capital	Inability to attract and retain the correct capacity and capabilities of human resources to support projects, as well as to maintain the fleet.	Impact on SBM Offshore's operations and quality of execution of projects.	SBM Offshore remains focused on the health and well-being of employees. To maintain capacity and capabilities, SBM Offshore has streamlined its operating model and engages in partnerships. A talent development program is in place to engage and retain key personnel, thereby ensuring a sustainable future. See section 2.1.5.

RISK	DEFINITION	POTENTIAL IMPACT	MANAGEMENT OF IMPACT
Supply Chain constraints	Fluctuating energy prices and market constraints can put increased pressure on SBM Offshore's supply chain.	Increased prices charged by SBM Offshore's suppliers and vendors with an inability to transfer these costs.	To mitigate exposure from supply chain risks, SBM Offshore is working across functions to set a good foundation encompassing organizational structure, new ways of working and skills development. See section 2.1.4.3.
Financial Risks			
Funding	Increasing constraints from financial institutions being exposed to fossil fuel-related projects.	Impact on SBM Offshore's growth and ability to take on new Lease & Operate projects. Impact to SBM Offshore's ability to finance its ongoing activities.	SBM Offshore actively monitors its short and long-term liquidity position, including the Revolving Credit Facility (RCF) and cash in hand. SBM Offshore aims to have sufficient headroom within the financial ratios agreed with RCF lenders. Adequate access to funding is secured through using existing liquidity, entering into bridge loans and long-term project financings, and by selling equity to third-parties. Debt funding is sourced from international banks, capital markets and Export Credit Agencies. Opportunities are monitored to recycle capital through refinancing in the bond markets and executed if favorable.
Compliance Risks			
Changes in laws and regulations	Adverse changes in tax and regulatory frameworks, for example the implementation of the Global Anti-Base Erosion Proposal (GloBE) – Pillar 2, or laws that require certain levels of local content.	Fines, sanctions or penalties.	SBM Offshore takes great care to carry out its activities in compliance with laws and regulations, including international protocols or conventions. SBM Offshore values public perception and good relationships with authorities and is committed to acting as a good corporate citizen. The close monitoring of laws and regulations is carried out continuously and substantive changes are escalated. The impact on SBM Offshore as a result of GloBE, if any, will only be known with sufficient accuracy when the OECD has released the detailed implementation framework. The financial risk of change in laws and regulations is mitigated as much as possible in contracts. See section 3.7.
Governance, transparency and integrity	Fraud, bribery or corruption harming SBM Offshore's reputation and business results.	Financial penalties, reputational damage and other negative consequences.	SBM Offshore's Compliance Program provides policy, training, guidance and risk-based oversight and control of compliance, to ensure ethical decision-making. The use of digital tools supports the continuous development of SBM Offshore's Compliance Program. SBM Offshore's Core Values, Code of Conduct and Anti-Bribery and Corruption Policy provide guidance to employees and business partners on responsible business conduct in line with SBM Offshore's principles, which are further reinforced by contractual obligations where applicable. See section 2.1.1 and 3.6.2

1.4.3 CLIMATE CHANGE RISK AND OPPORTUNITY

SBM Offshore's role as an energy transition company is founded upon the belief that it has a role to play in the physical and transitional challenges that climate change brings. SBM Offshore is aware of the time pressure building for the world to achieve a responsible transition in which energy stays affordable to society, while decreasing climate change impacts from greenhouse gas emissions from more traditional forms of energy.

SBM Offshore commits to a strategy and actions compatible with its ambition to achieve net-zero by no later than 2050, including emissions in scope 1, scope 2 and scope 3 – Downstream Leased Assets. SBM Offshore has established the following intermediate targets: by 2030, SBM Offshore targets net-zero scope 1 and 2 emissions[1], and for scope 3 – Downstream Leased Assets; a 50% reduction of GHG intensity[2] and zero routine flaring[3] (2.1.7). More on the vision, mission and strategy can be read in section 1.3 and this year's progress on the

[1] Aiming for 100% sourcing of green energy by 2030 and considering investments in certified projects to balance any residual GHG emissions from scope 1 and 2, reaching a 'net-zero' level on total GHG emissions. SBM Offshore monitors development versus 2016. For 2016 GHG volumes please see here.

[2] Reduce GHG intensity of scope 3 downstream leased assets by 50% by 2030, compared to 2016 as a base year. The base year is a representative year for SBM Offshore's business and follows base year selection guidance by the Science Based Target initiative. For 2016 GHG volumes please see here.

[3] Routine flaring of gas considered as flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Applies to GHG emissions from scope 3 downstream leased assets.

energy transition, emissions and associated innovation in chapter 2.

SBM Offshore envisages applying a science-based approach, using key frameworks such as below, or equivalent:

1. Assess the impact on the business using frameworks from the Task Force on Climate-Related Financial Disclosures (TCFD).
2. Set targets, using guidance from the Science Based Targets initiative.
3. Measure performance, based on guidance from the Greenhouse Gas Protocol and the EU Taxonomy.
4. Disclose performance, leveraging above standards to disclose in this Report and the CDP Benchmark.

The above approach supports SBM Offshore in the framing of targets and actions in light of global guidance from the Paris Agreement. SBM Offshore takes planned actions in office energy, existing FPSO operations, emissionZERO® and invests in lower and non-carbon innovations (see sections 2.1.7 , 2.1.9 and 2.2). Climate Change Management and Adaptation is a key topic and discussed at Management Board level. At regular performance management meetings, the performance of New Energies and the emissionZERO® transformation program is reviewed. On a quarterly basis, progress on the UN SDGs are discussed, including climate-change-related company targets. Climate change risk and opportunities are also discussed as per the risk-management cycle described in section 3.6. Outcomes of these meetings are, for example, the risk appetite statement mentioned in section 1.4.1, the long-term goals described in section 2.2 and the climate change ambitions and scenarios described in this paragraph. These scenarios are part of an ongoing process to challenge perspectives on the future business environment, rather than to predict outcomes. These ambitions reflect the current understanding of the business and are subject to further development in the future.

Climate change impact assessments are also undertaken for client projects, in close co-operation with project lenders and external consultants, and provide insight into the physical and transitional risks of these projects. Examples of the physical risk metrics used are the exposure to flooding in yards under different climate scenarios and the number of storms in offshore locations. Transitional risk metrics examine the exposure to oil and gas supply/ demand changes under various scenarios and the potential impact of carbon pricing.

SBM Offshore applies these insights to its strategy development and actions as part of its Enterprise Risk Management process. The sections below cover the mitigation of significant risks relating to climate change and portfolio risk, as explained in section 1.4.2.

FUTURE-PROOFING: CLIMATE CHANGE SCENARIOS

SBM Offshore has adopted two climate-change scenarios to future-proof current strategy and take appropriate action. The scenarios are based on the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) data, as explained in section 5.1.4.

1. A **steady** Climate Change Scenario that falls short of meeting the Paris Agreement goals – i.e. a >2 degrees scenario.
2. A **bold** Climate Action Scenario providing for strong commitment towards targets, as per the Paris Agreement, i.e. a 1.5- degrees scenario.

Steady scenario

- **Key risks** are mainly physical in nature with potential weather-related disruptions to the construction and operation of FPSOs and offshore wind projects. Even if the demand for hydrocarbons grows, access to high-rated funding for these projects might become more challenging.
- **Key opportunities** are: the need for resilient ocean energy solutions owing to increased weather events, a sustained demand for FPSOs and a greater opportunity for renewable energy solutions.

The bottom-line **impact** of the scenario is limited, namely a slight improvement in revenue potential through a stronger FPSO demand outlook, an opportunity for resilient energy production solutions and projects, with the growth of renewable energy demand remaining robust.

Bold scenario

- **Key risks** are: the decrease in demand and access to funding for FPSOs with a traditional emissions profile; insufficient internal resources to address the energy transition; and increasing carbon taxes.
- **Key opportunities** are: the development of new ocean energy solutions that address the energy transition; increased customer demand for zero-emission oil and gas solutions; and the ability to attract new investors supporting SBM Offshore's sustainability agenda. An increased carbon price would also lead to a more favorable business case for renewable energy and emissionZERO® products.

The bottom-line **impact** of the scenario on demand for SBM Offshore's traditional markets could be significant if unmitigated and, as such, it is covered by scenario planning under SBM Offshore's Group Strategy Development and Performance Management approach. Below graphs and tables provide further detail. Any financial risks are described further in section 4.3.27.

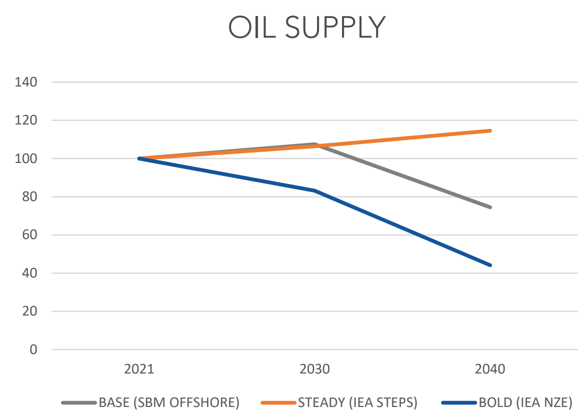
1 BUSINESS ENVIRONMENT

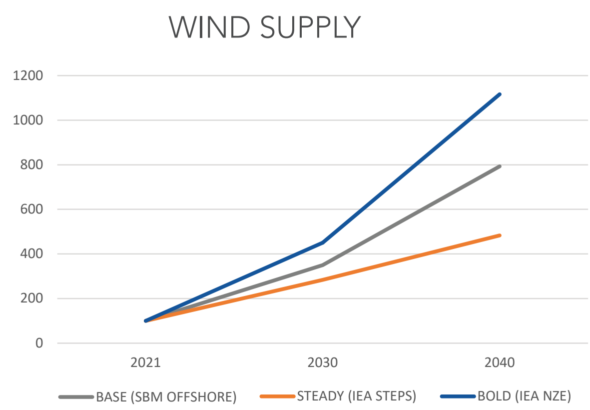
CLIMATE CHANGE SCENARIO IMPACTS

In the scenarios described, physical and transitional risks could materialize. The steady scenario would bring a higher probability of physical risk, whereas the bold scenerio would introduce relatively more transitional risk.

Risk type (relevant scenario])	Risks	Operational impact	Financial Impact	Management of Impact
Physical (Steady)	Heat/warmer climate	Increased work strain for construction and offshore workers – decreased productivity and delays	Increased cost of construction	SBM Offshore mitigates risks from climate change impact to people and the environment for specific scenarios in each location. Examples are the preparation and execution of Health & Safety plan during the execution of SBM Offshore's projects and readily available Emergency Response plans. Associated financial impacts are mitigated in contingencies for additional schedule impacts, adequate safety measurements and cover through insurance.
	Drought extremes	Increased delays in steel production due to water scarcity Unhealthy work conditions	Increased cost of construction, water expense Higher cost of safe water supply to people	
	Bad weather window for installation	Increased disruption to schedule	Increased financial costs due to standby/ unproductive time for personnel on board	
	Heavy rains and floods	Flooding of onshore bases and construction sites	Damage to materials and machinery, increased insurance premium, delay penalties, contingencies and office closing	
	Typhoons during construction	Physical damage to infrastructure	Increased cost of construction and repair costs for damage, insurance, contingency	
	Peak winds and waves during operations	Technical and physical damage to assets and materials	Repair costs for damage, insurance premiums and downtime cost/ penalties	Design specifications of units take into account the latest metocean simulations of extreme weather events.

ENERGY MIX UNDER STEADY AND BOLD SCENARIOS (INDEX 2021 = 100)





Risk type (relevant scenario])	Risks	Operational impact	Financial Impact	Management of Impact
	Inability to attract employees/ resources	Decreased development in renewable product market, FPSO projects understaffed, net-zero targets at risk	Increased cost due to use of contractors rather than attracting in-house talent, potential cost of non-quality	SBM Offshore remains focused on being an attractive employer, with interesting opportunities in the energy industry. Moreover, working at SBM Offshore puts its employees in the centre of the energy transition. See also the risk 'Human capital' in section 1.4.2.
	Clients not supporting low emission effort	Reduced direct income from net-zero aligned technologies, net-zero targets at risk	Increased costs for SBM Offshore when clients are not committed to low emission efforts. SBM Offshore to cover for CAPEX/OPEX	Early engagement with clients on net-zero paths, whilst continuing to develop emissionZERO® and achieve SBM Offshore's net-zero targets. See also the risk 'Climate Change' in section 1.4.2.
	Reduced demand for oil and gas leads to clients terminating contracts	Reduced operational activities and alignment of organizational capability	Decline in future revenues and earlier than expected decommissioning costs, managed through contract termination compensation	SBM Offshore has a compensation structure for contract termination. SBM Offshore continuously updates its offer in light of the changing energy landscape and aims to decarbonize its existing and new units through emissionZERO®. See also the risk 'Climate Change' in section 1.4.2.
Transitional (Bold)	Financing constraint for hydrocarbon-related projects	Alternative financing arrangements	Increased cost of financing, change in economic distributions, lower margins	Adequate access to debt and equity funding is secured through use of SBM Offshore's existing liquidity, by selling equity to third-parties, the use of bridge loans and long-term project financing. Debt funding is sourced from multiple markets, such as international project finance banks, capital markets transactions and Export Credit Agencies. Engagement with clients to develop alternative commercial models which mitigate financing risk for SBM Offshore. See also the risk 'Funding' in section 1.4.2.
	More stringent social and environment al laws	Increased liabilities or provisions, and assessments of contingent liabilities	Increased cost of production, limits to field development	The close monitoring of laws and regulations is carried out continuously, and substantive changes are escalated. This includes for liability from emergence of carbon tax and its mitigation through appropriate clauses in contracts.
	Introduction of carbon pricing	Decrease in total primary fuel consumption and total energy input	Increased environmental tax and carbon pricing	
	Delay in product development	Deviation from company net-zero path	Decreased potential for revenues from renewables associated with 2030 ambitions	SBM Offshore focuses its project developments effort in light of the changing energy landscape. It is enhancing products from its New Energies & Services (NES) portfolio through investments. See also the risk 'Climate change' in section 1.4.2 and project updates in section 2.1.4.

TRUE.
BLUE.
TRANSITION.

CHAPTER 2
PERFORMANCE REVIEW AND IMPACT

2 PERFORMANCE REVIEW AND IMPACT

OVERALL IMPACT

Overall, SBM Offshore is confident it was able to live up to stakeholder expectations, delivering on progress on the energy transition, solid economic performance, timely project execution and operational uptime. SBM Offshore has been able to finance projects while maintaining an open dialogue on ESG performance with key lenders. SBM Offshore regrets incidents at *FPSO Cidade de Anchieta* and FPSO *Prosperity*, explained in sections 2.1.4.4 and 2.1.2. These events confirm the need for continuous priority for safety in SBM Offshore's projects and operations.

SBM Offshore aims for a positive impact along the energy transition, needed in the light of climate change. In doing so, SBM Offshore faces potential dilemmas on topics material to the business (1.2.2) and significant risks to the business (1.4.2). A key dilemma is balancing the need for affordable energy compared to global ambitions on climate change. The trade-offs are carefully balanced in taking a course compatible with net-zero (1.4.3).

Other dilemmas include like Human Rights, the safety of employees, risks of fraud and bribery and impacts through potential events harming the environment and ensuring a diverse workforce. The strain on people associated to resource intense, high-stakes projects, have a risk to physical and mental fatigue of employees in this industry.

SBM Offshore is making progress on its ambitions and longer term objectives explained in section 1.1.3. Examples are the milestones reached in net-zero product development, the embedding of Human Rights training on SBM Offshore's projects and living up to zero-tolerance for misconducts. This chapter explains SBM Offshore's approach to above dilemma's, outcomes over the past year and steps planned for the future.

2.1 PERFORMANCE REVIEW

This section gives an overview of SBM Offshore's performance on the material topics as presented in section 1.2.2 and explains how it has dealt with potential and actual impacts on the environment and society. Impacts on the UN Sustainable Development Goals and local impacts are explained in section 2.2.

The execution of this work is delegated to the business and functions as mentioned in this section, with performance management supervised by the Management Board. For further details on governance, refer to chapter 3.

2.1.1 ETHICS AND COMPLIANCE

MANAGEMENT APPROACH

In all the communities in which it operates, SBM Offshore is committed to conducting its business honestly, ethically, and lawfully. Integrity is vital to maintaining the trust and confidence of stakeholders in SBM Offshore's long-term value creation. SBM Offshore does not tolerate bribery, corruption, fraud, or violations of trade sanctions, anti-money laundering or anti-competition laws, or any other illegal or unethical conduct in any form by anyone working for, or on behalf of, SBM Offshore. More on how SBM Offshore manages ethics and compliance can be found on its website.

All employees, and those working for or on behalf of SBM Offshore, must embrace and act in accordance with the core values of SBM Offshore (see section 1.3.1), the Code of Conduct and SBM Offshore's internal policies and procedures.

SBM Offshore fosters a culture of trust and inclusion, where dilemmas are openly addressed. SBM Offshore's aim is to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. SBM Offshore is an active member of International Chambers of Commerce Nederland and Transparency International NL.

For further details on SBM Offshore's management approach, its purpose and its assessment, refer to sections 1.4.1, 3.6 and 3.6.2.

How SBM Offshore measures performance

SBM Offshore uses a single and integrated platform to manage compliance tasks. All staff, including the Management Board and Executive Committee, are required to complete their assigned compliance tasks. The platform is continuously improved and uses data to predict and avoid compliance risks. It allows SBM Offshore to standardize and automate processes where possible, aiming for a high level of quality, effectiveness and efficiency.

The compliance platform includes the following tools:
- Compliance e-Learning, with training hours and completion ratio data available by employee target group.
- Automated continuous monitoring of third parties (due diligence process).
- Registration and approval of charitable contributions and sponsorships.
- Gifts, hospitality and entertainment registration and approval.
- Annual compliance statements of designated staff.

As part of performance management processes, SBM Offshore sets, monitors and reports on compliance KPIs. Quarterly compliance reports – including follow-up to action for improvement – are discussed with the Management Board and the Audit Committee of the Supervisory Board.

2022 PERFORMANCE

Notable developments and achievements in 2022

- Renewed Code of Conduct e-Learning (with focus on behavior) for all staff.
- Speak Up and (leadership) behavior part of leadership development training and employee onboarding.
- Tailored (behavior-based) compliance training for high-risk functions.
- Expanded reach through nomination of offshore compliance ambassadors in Guyana.
- Vendor days to share good conduct practices and lessons learned.
- No confirmed instances of corruption occurred during 2022.

Metrics

The number of employees eligible to file the Annual Compliance Statement in 2022 was higher than in 2021 (4,936 employees in 2022 versus 4,357 in 2021). The number of compliance training courses completed in 2022 also increased (11,960 training courses in 2022 versus 11,011 in 2021).

Annual Compliance Statements	Designated Staff[1]
Number of employees per year-end	4,936
Onshore Completion ratio	94%
Offshore Completion ratio	82%

1 Designated Staff reflects all onshore staff and offshore leadership

Compulsory Compliance Task Completion[1]	All Staff
Number of employees per year-end	6,966
Onshore Completion ratio	95%
Offshore Leadership Completion ratio	90%
Offshore non-Leadership Completion ratio[2]	59%

1 Including Code of Conduct, theme based e-Learning courses and annual compliance statements
2 Completion ratio impacted by reachability, subject to continuous improvement

Overall number of Compliance Trainings conducted in 2022 worldwide	Trainings	Training hours
Face-to-face trainings[1]	1,722	2,856
e-Learnings[2]	10,238	7,616
Total	**11,960**	**10,472**

1 An employee can have attended multiple face-to-face trainings
2 An employee can have completed multiple compliance e-Learning courses

Face-to-face training categories	Trainings	Training hours
Annual Code of Conduct training	423	695
Targeted Compliance topic training[1]	1,244	2,107
Training of third parties[2]	55	54
Total	**1,722**	**2,856**

1 Training on relevant Compliance topics for risk based target audiences
2 Mainly strategic vendors, contracted yards and manpower agencies

Speak Up Line reports	Total
Reports received under SBM Offshore's Speak Up Policy	115

FUTURE

In 2023, SBM Offshore aims to continuously strengthen compliance management and control by focusing on the importance of the right behavior and through continuous alignment with business needs and priorities. SBM Offshore will continue to embed compliance by:

- Promoting a speak-up culture.
- Developing leadership competencies to foster an inclusive and psychologically safe culture.
- Further developing digital tools.
- Increasing monitoring and reporting capabilities by progressing to data-driven compliance.
- Applying a risk-based approach to third-party screening.

2.1.2 EMPLOYEE HEALTH, SAFETY AND SECURITY

MANAGEMENT APPROACH

Due to the nature of its business, SBM Offshore is committed to safeguarding the health, safety and security of its employees, subcontractors and assets, as well as minimizing the impact of SBM Offshore's activities on local ecosystems and proactively protecting the environment. To manage, prevent and mitigate potential negative health and safety impacts, SBM Offshore applies controls and safeguards based on a lifecycle hazard management process and an integrated management system, the Global Enterprise Management System (GEMS). In line with SBM Offshore's HSSE Human Rights and Process Safety Policy statement endorsed by the Management Board, SBM Offshore defines its HSSE requirements relative to its hazard exposure in compliance with applicable legal requirements and ISO standards, as well as international oil and gas practices.

SBM Offshore is continuing the journey towards 'Target Excellence', with the objectives of No Harm, No Defects, No Leaks. For the No Harm goal, SBM Offshore expects employees and contractors to intervene on unsafe acts, unsafe conditions and non-compliance with the Life Saving Rules, stop the work if they feel anything is unsafe and report any interventions and incidents.

2022 PERFORMANCE

SBM Offshore assesses company HSSE performance through a set of indicators. The following table provides the **targets** set for 2022 and the performance achieved:

Indicator	Target	Performance	Details
Total Recordable Injury Frequency Rate (TRIFR)	<0.15	0.12	Section 5.3
Significant Injuries and Fatalities (SIF)[1]	na	2	Section 5.3
Tier 1 + Tier 2 PSE	< or equal to 3	12[2]	Section 5.3
Occupational Illness Frequency Rate (OIFR)[3]	na	0.00	Section 5.3
Security incidents	na	1	na

1 Replacing the High-consequence work-related Injury Frequency Rate from 2022 onwards
2 E.g.related to marine systems releases with no impact to people
3 For employees

Construction incident

In August, a section of the quayside alongside the FPSO *Prosperity* in a Singaporean yard gave way as a result of which a contractor was fatally injured. SBM Offshore regrets this tragic incident. An Incident Investigation was performed, raising corrective and preventive actions to avoid similar events in the future.

SBM Offshore continued to expand HSSE initiatives in 2022, including:

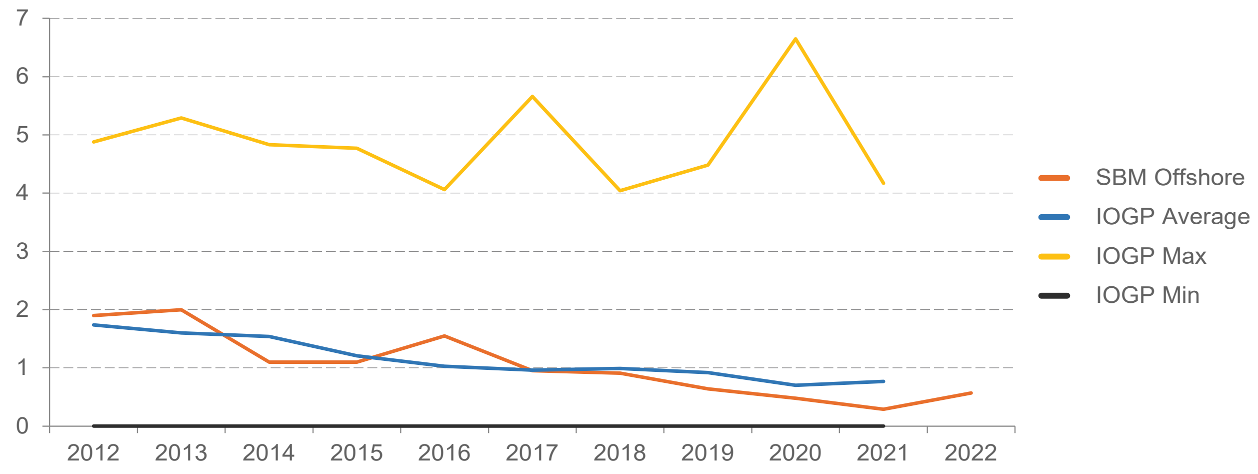
- Started rolling out the Serious Injuries and Fatalities (SIF) Prevention program and its related initiatives.
- Continued rolling out the Hazards and Effects Management Process (HEMP) in operation and execution scopes. The HEMP is the name of SBM Offshore's approach to manage the risk of Major Accident Hazards (MAHs) and their associated potential Major Accident Events (MAEs) associated with the operations of the fleet. The HEMP runs throughout the life cycle of an asset.
- Continued the roll out of the Incident Management/ Corrective Action Preventive Action (IM/CAPA) module in the new ERP system to upgrade the existing system.
- Increased health and well-being awareness and health programs, including on preventable diseases.
- Maintained security controls on SBM Offshore's activities.
- Organized the company-wide Life Day.
- Maintained compliance with certification requirements on shore bases and offshore units.
- The MedFit Program, kicked off end of 2022, is a medical examination administered by SBM Offshore in partnership with International SOS.

In the journey to Target Excellence, SBM Offshore has engaged with workers and representatives to improve HSSE standards and ways of working – through Inherent Safety Design, a solid Permit to Work system and the Safety Leadership program across SBM Offshore.

The following graph shows that SBM Offshore's Total Recordable Injury Frequency Rate has remained below the International Association of Oil and Gas Producers' (IOGP) average since 2018[4].

[4] For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum).

TOTAL RECORDABLE INJURY FREQUENCY RATE
(normalized per 1 million exposure hours)



FUTURE

SBM Offshore has defined the following 2023 targets:

- To achieve a TRIFR better than 0.14.
- To have no more than 3 Tier 1 PSE with more than 3 severity weight points as per API 754.

SBM Offshore has planned the following key initiatives for 2023:

- Progress in Occupational Safety with the SIF Prevention program and its related initiatives.
- Drive improvements on Process Safety tools, procedures and practices, moving towards the consolidation of HEMP in operation and execution scopes.
- Maintain security controls on SBM Offshore's activities.

- Continue increasing health and well-being awareness and related programs, with a special focus on mental health.
- Maintain compliance with certification requirements on shore bases and offshore units.
- Organize the company-wide Life Day.

2.1.3 HUMAN RIGHTS

MANAGEMENT APPROACH

SBM Offshore is committed to respecting human rights and conducting business in accordance with the United Nations Guiding Principles for Business and Human Rights (UNGPs).

SBM Offshore’s human rights commitments are embedded in its corporate values, its Code of Conduct, its Policy on Health Safety, Security & Environment (HSSE), Human Rights and Process Safety and its Human Rights Standards. These documents set out the commitments and principles to be upheld by SBM Offshore’s employees, suppliers and partners.

Human Rights targets and performance align with SBM Offshore’s adoption of the United Nations Sustainable Development Goals (SDGs) and are in line with SBM Offshore's risk appetite. SBM Offshore’s long-term target is to fully embed human rights and social performance within its business undertakings. For an overview of SBM Offshore's positive and adverse impacts, section 2.2 provides an overview.

To reflect the importance to SBM Offshore of human rights and the embedding of human rights in SBM Offshore's HSSE approach, responsibility is under the Group HSSEQ Director, part of the Executive Committee. Reporting – including follow-up of due diligence and action plans – is part of this function and embedded in reporting cycles at senior management level. Over the past year, the following key issues were discussed on monitoring SBM Offshore’s performance on human rights:

- the maturing of SBM Offshore’s Human Rights Program and allocation of resources to embed human rights monitoring within project execution activities.
- updates on the due diligence cycle, with identification of key focus points for resolution.
- focus on human rights impacts in Southeast Asia.
- overtime framework definition to address excessive working hours.

2022 PERFORMANCE

Due diligence

SBM Offshore recognizes that some its activities can cause, contribute to, or be linked to potential or actual negative human rights impacts, especially in locations where the local regulatory framework differs from international standards. SBM Offshore undertakes human rights assessments and due diligence on its own operations and within its supply chain in line with its risk appetite.

SBM Offshore's due diligence approach on human rights leads to an understanding of salient issues and the recording of them in a company-wide tool for continuous risk management, mitigation and prevention. As part of human rights assessments, SBM Offshore tracks progress on corrective actions of the identified human rights issues through specific action plans. From the various due diligence activities undertaken, SBM Offshore has identified and maintained its four salient issues.

SBM OFFSHORE HUMAN RIGHTS SALIENT ISSUES

FORCED LABOR

OVERTIME, PAY AND FINES

ACCOMMODATION

MENTAL HEALTH & WELL-BEING

Screening, as part of significant investments in its construction activities and supply chain, resulted in the following key outcomes in 2022:

- 10 yards, with whom SBM Offshore is considering pursuing commercial activities with, underwent a desktop due diligence screening.
- 7 new human rights due diligence assessments were completed at construction yards where SBM Offshore has ongoing activities. SBM Offshore is currently monitoring worker welfare action plans for 8 yards with ongoing construction activities, with 3 more in development and one 100% completed at end of 2022. The findings from the assessment were aligned with SBM Offshore’s Salient Issues and Human Rights Standards including:
  - indicators of forced labor (as defined by ILO) mostly in relation to payment of recruitment fees, excessive overtime and substandard living conditions.
  - mental health support was insufficient for some workers, especially during COVID-19 restrictions.
  - identification of forced labor in the Asia-Pacific area of SBM Offshore’s supply chain. As a result,

corresponding action plans have been developed in collaboration with SBM Offshore's suppliers with the aim of preventing or eliminating the risks of forced labor.
  - monitoring and management of right to freedom of association and collective bargaining through due diligence and human rights action plans, where actions are necessary.
- 99.6% of suppliers signed the SBM Offshore Supply Chain Charter.
- Inclusion of human rights clauses in significant agreements and contracts.
- 64% of a list of 114 high-risk vendors[5], from its base of qualified vendors, were screened in 2022. The criteria for inclusion in this pool of vendors was based on country, product and service and expert knowledge developed though workshops and experience over previous years' screening. Based on the outcome and previous screening activities, SBM Offshore follows up with supplier engagement for further understanding, education and potential termination of relationships or removal from qualification processes, where necessary. In 2022:
  - 0 vendors in the potentially high-risk vendor target group who responded were categorized as high risk.
  - 0 vendors agreements were terminated
- Commissioning of the first Human Rights Impact Assessment on SBM Offshore's operations in Guyana, led by Impact Ltd. SBM Offshore's own workforce, suppliers, local communities, and indigenous groups were consulted. Outcomes of this report will be published in 2023.
- Published SBM Offshore Modern Slavery Statement, which provides a comprehensive overview on steps taken in the calendar year to comply with the UK Modern Slavery Act.

[5] An initial vendor list for assessment was dispatched by the Supply Chain Department. Based on this list, which is updated on a rolling basis, SBM Offshore developed a target list in 2022 of 114 'potentially high risk vendors' (who met human rights selection criteria such as country risk, product and service risk or professional judgment from Human Rights and Supply Chain experts) for further human rights screening. 73 of 114 vendors completed the questionnaire.

Practice example

SBM Offshore's due diligence activities provide insights on SBM Offshore 's potential impacts. For example, SBM Offshore found substandard living conditions at some yards, mostly in Southeast Asia, that could be improved to align with international and SBM Offshore's own standards. SBM Offshore cooperates with the accommodation management to make improvements where possible. For example, SBM Offshore employees are actively involved in visits to accommodation and the monitoring of dormitory hygiene. To address systemic issues in accommodation, SBM Offshore is engaging in dialogue with customers and other third parties to find long-term positive impacts.

Grievance Mechanism

SBM Offshore's Speak Up policy forms the basis of an effective operational-level grievance mechanism. SBM Offshore's reporting channels and Speak Up Line enable the leadership to carefully listen to employees and partners in SBM Offshore's value chain about their concerns regarding human rights or other topics addressed in SBM Offshore's Code of Conduct.

SBM Offshore tracks the effectiveness of its measures and grievance mechanisms based on progress and feedback that SBM Offshore receives from stakeholders. One lesson learned was to improve the accessibility of operational level grievance mechanisms to subcontracted workers, who may not use or distrust conventional channels. In 2022, SBM Offshore piloted alternative channels at the site level, such as hotlines, available to workers. As a result, a subcontractor worker used the hotline to file a grievance related to non-payment of wages. SBM Offshore followed up with an internal investigation, working with the subcontractor company to ensure payment of workers. SBM Offshore is currently investigating the underlying situation which caused this issue to arise.

Capacity Building and Training

SBM Offshore actively promotes human rights training and awareness through classroom sessions, webinars and safety moments. In 2022, SBM Offshore delivered specialized training to embed human rights in project execution for Key Project Personnel, with 99% of people trained. All new employees have completed online training on business and human rights, (94% of people completed the course).

Industry Collaboration

SBM Offshore teams up with others to make a meaningful contribution, with the following initiatives being key:
- active member of *Building Responsibly*, to raise the bar in promoting the rights and welfare of workers across the industry.
- continuous dialogue with its customers, other contractors and suppliers to ask for collaboration and support in addressing human rights issues.

FUTURE

In 2023, SBM Offshore continues to require all vendors to undergo human rights screening as part of the vendor qualification process. In line with its continuous improvement philosophy, and based on 2022 screening, SBM Offshore has identified opportunities to enhance its

high-risk-vendor definition and identification process. Improvements will be implemented accordingly.
SBM Offshore will continue to address human rights issues arising from construction activities, including, but not limited to, engaging with customers and other third parties to address systemic issues in accommodation. In 2023, SBM Offshore aims for further impact, driven by human rights initiatives during the project execution phase.
SBM Offshore will prepare for any requirements in the light of the Corporate Sustainability Due Diligence Directive (*CSDD*) which is expected to become effective in 2025.

2.1.4 OPERATIONAL EXCELLENCE AND QUALITY

SBM Offshore recognizes that in order to be a high-performance company, it must strive for excellence. As explained in previous sections, key activities are the execution of projects, delivery of floating production systems and floating offshore wind systems, together with vendors and supply chain partners, and the operation of these systems to the highest standards.

SBM Offshore maintains a dedicated Operational Excellence organization at Group level, incorporating resources with diverse expertise in operational, technical and process fields.

Key performance indicators for Operational Excellence and Quality include: uptime of the fleet, delivery of projects, performance of the supply chain, costs of non-quality and certifications.

2.1.4.1 OPERATIONAL EXCELLENCE FUNCTION

The scope of SBM Offshore's Operational Excellence Function is to drive higher performance, through regulatory compliance, knowledge management, quality assurance and continuous improvement. Operational Excellence includes themes such as 'Operational Governance' (3.8), 'Target Excellence' focusing on 'No Harm, No Defects, No Leaks', and 'Assurance and Controls' building on international standards. This creates an environment to share SBM Offshore's experiences by leveraging collective knowledge, improving organizational learning and fostering collaboration.

SBM Offshore is committed to full compliance with all applicable laws and regulations. SBM Offshore delivers products and services meeting regulatory requirements and applicable specifications and requirements imposed by relevant stakeholders, by:

- Promoting a quality and compliance culture.
- Maintaining SBM Offshore's certification to the ISO 9001:2015 Standard.
- Providing systematic identification of applicable regulatory requirements and ensuring their implementation.
- Achievement and maintenance of conformity, compliance and acceptance of SBM Offshore's products and services.
- Supporting continuous improvement of business processes and ways of working.

Through this, SBM Offshore mitigates risks related to project execution, process safety, human capital, changes in laws and regulations and operational risks such as loss of integrity of aging assets, loss of certificate of class and disruption to the supply chain.

During 2022, all SBM Offshore offshore facilities were accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and maintained. Two exceptional events experienced in 2022 involved temporary license suspensions and in both cases were addressed and the licenses fully reinstated. Offshore facilities have also remained in Class at all times, as required from both statutory and insurance perspectives. One significant operational fine was paid in 2022.

Furthermore, SBM Offshore actively promoted 'Target Excellence' through diverse initiatives and deployed Lessons Learned Initiatives to improve SBM Offshore's projects and operations. SBM Offshore is proud of:

- Maintenance of SBM Offshore's ISO 9001:2015 certification, including scope extension to the Region 1 Operations activity.
- SBM Offshore's GEMS Sapphire as described in section 3.8.1.
- Deployment of a digital version of technical standards (GTS).
- Effective use of independent third parties for inspection, verification and assurance services related to Execute and Operate activities.
- Strengthening the Knowledge Management Program with a catalogue of services improving knowledge sharing and collaboration.

In 2023, SBM Offshore will build on this and put focus on leadership engagement, further improvement of leading indicator management and evolution of its enterprise management system (GEMS), including assurance and certifications.

2.1.4.2 PROJECTS

MANAGEMENT APPROACH

SBM Offshore continues to focus on the development of its portfolio of floating solutions to deliver the best projects aligned with customer needs, building on SBM Offshore's technology expertise and track record. The success of projects is determined by performance against a budgeted schedule, cost and quality within the HSSE and Target Excellence approaches mentioned in sections 2.1.2 and 2.1.4. KPIs are set accordingly and managed through SBM Offshore's Project Directorate and Project Dashboards.

The management approach remains based on (i) an early engagement with customers; (ii) standardization in product design and execution in order to improve competitiveness, quality and time to market and to reduce emissions; and (iii) an increasing focus on the energy transition, using SBM Offshore's core competencies to develop affordable, low-carbon solutions in the FPSO as well as in the renewable and other new energy markets.

2022 PERFORMANCE

Throughout the year, SBM Offshore continued to meet the additional challenge of the COVID-19 pandemic while ensuring business continuity in all projects. In addition, SBM Offshore faced new challenges related to the Russia-Ukraine war, generating substantial increases in the cost of materials and equipment and adding time to delivery schedules. Project teams maintained their focus on project delivery and safe operations, while working together virtually, across time zones, with customers, yards and suppliers, with the aim of limiting delivery delays. Projects continued to operate in a new environment where readiness for, and mitigations of the risks of, the ongoing pandemic and the impact of Russia/Ukraine were factored into daily project execution. SBM Offshore is grateful to all the project stakeholders for making this happen.

FPSOs

- FPSO *Liza Unity* – SBM Offshore's first Fast4Ward® FPSO safely started up production in early 2022 and reached its zero-flaring target in less than 60 days. The FPSO has been fully handed over to the operation affiliate and is now delivering value to customer ExxonMobil, its partners and the government of Guyana.
- *FPSO Sepetiba* – Topsides modules integration and commissioning activities have progressed in the yard for this FPSO, which Petrobras will lease for 22.5 years, under a contract signed in 2019. First oil is targeted for 2023.
- FPSO *Prosperity* – The topsides modules have been integrated in Singapore and the FPSO is going through final commissioning and testing. The vessel is the first that SBM Offshore is delivering under the long-term FPSO supply agreement signed with ExxonMobil in 2019. Unfortunately, the project has suffered one fatality due to the quay collapse at the shipyard in August 2022 (referenced in section 2.1.2): activities have now resumed at an alternate location and, despite this setback, the project is progressing in line with the client's schedule, with planned completion in 2023.
- *FPSO Almirante Tamandaré* – The engineering and supply chain activities are almost complete and the construction of topsides modules is progressing both in China and Brazil. The hull has been outfitted with riser balconies and mooring porches and left drydock in early November for final outfitting and topsides integration. The vessel will operate in the Buzios field, part of the Santos basin, offshore Brazil.
- *FPSO Alexandre de Gusmão* – Detailed engineering and supply chain activities are ongoing in SBM Offshore's Kuala Lumpur office. The Fast4Ward® MPF hull is progressing well, despite a two-month lockdown at the yard in Shanghai, and it left drydock in early October. Topsides fabrication is ongoing, both in China and Brazil.
- FPSO *ONE GUYANA* – This project is for ExxonMobil on the Yellowtail development project, ExxonMobil's fourth FPSO offshore Guyana. The Final Investment Decision was reached by Exxon Mobil in 2022. Detailed design and procurement are ongoing in the Schiedam office. The EPC phase of the project is being executed in

a joint venture with McDermott. Topsides fabrication has started in Singapore and China. The MPF 3 hull which will be used has been delivered by SWS and is under lay-up in Indonesia.

Fast4Ward® MPF hulls

- In 2022, one Fast4Ward® MPF hull was delivered and arrived at its lay-up location in Indonesia. It will remain there until it goes to Singapore for the Yellowtail project in early 2023.
- Two MPF hulls are under fabrication: MPF 4 at SWS for *FPSO Alexandre de Gusmão* and MPF B in CMHI for *FPSO Almirante Tamandaré.*
- In 2022, the Fast4Ward® program also welcomed a seventh hull, the fifth one ordered to SWS, for which an MoU was signed with ExxonMobil Guyana, granting exclusivity for use on a future FPSO project.

Turret Mooring Systems

Following successful completion and the 2020 delivery of all the Turret Mooring System modules for Equinor's Johan Castberg FPSO, SBM Offshore has been supporting its client Equinor to progress the turret-hull integration activities, which have shifted from Singapore to Norway.

In addition to supporting the SBM Offshore internal FPSO product line, providing expertise on mooring system designs, the TMS product line also carried out a pre-Front-End Engineering Design (pre-FEED) phase for a client and has been selected for the FEED, which will start in 2023.

Renewables

Provence Grand Large

SBM Offshore is progressing on the construction of its first pilot project in floating offshore wind, which remains scheduled for commissioning in 2023. The construction and installation of three floaters for the Provence Grand Large project, jointly owned by EDF Renewables and Maple Power, will account for approximately 10% of the globally installed floating wind electricity generation capacity in 2023. This is the first floating offshore wind project under construction in France and will be the first project worldwide to be installed using tension leg mooring technology, which has minimal motion and seabed footprint. This technology enhances electricity generation and reduces maintenance costs. It is also the first floating wind project to be financed by commercial banks. Lessons learned have been integrated into SBM Offshore's Float4Wind® concept, which is optimized for mass production and competitiveness for large offshore floating wind farms.

Installation

As part of its offshore installation services, SBM Offshore successfully and safely concluded several offshore operations, including the Coral FLNG hook-up, the mooring installation campaign for FPSO *Prosperity* in Guyana for Exxon Mobil and other projects. In parallel, SBM Offshore concluded the sale of its diving support and construction vessel (DSCV) SBM Installer on January 19, 2022.

FUTURE

SBM Offshore will continue to standardize its products in line with the Fast4Ward® program while seeking to produce environmentally friendlier solutions in line with its emissionZERO® program. In addition, SBM Offshore will continue to fine-tune its product offering to offer competitive and industrialized solutions to the floating offshore wind, wave and other new energy markets. SBM Offshore is in the energy transition business and will continue to develop new products to serve its mission of reducing emissions and developing new cleaner energy solutions.

2.1.4.3 SUPPLY CHAIN

MANAGEMENT APPROACH

The current business environment is driving major changes, with risk resilience and new market and environmental standards requiring that the supply chain organization adapts and evolves. To continue the drive towards the energy transition with the highest level of safety, performance and quality, the supply chain management continues its evolution into a strategic globalized function. Leveraging long-term relationships with key supply chain partners contributes to accelerating the time-to-market objective and cost-competitiveness in the proposal phase.

The pandemic and the geo-political context have demonstrated the value of 'framing global, acting local' and aligning supply chain strategy with the product life-cycle. The supply chain organization contributes to SBM Offshore's strategy as described in section 1.3.2 and is part of the Global Resources & Services organization explained in section 1.3.3.

2022 PERFORMANCE

The supply chain organization has continued developing further around six strategic pillars to enhance the resilience of the function as a whole.

Supply Chain Excellence

- Strengthening the performance of the function on a global scale to include Projects, Operations and non-Project related business with the following activities:
  - Continue developing Quality Assurance and Quality Control capabilities within Supply Chain.
  - Expanding the effectiveness of SBM Offshore's enterprise management processes by continuously learning from experience and upgrading processes

specifically related to vendor performance assessment, purchasing, post order management and vendor qualification.
- Driving key global issues such as data capabilities, human rights and sustainability goals within the Supply Chain community.

Strategic Sourcing

- Strategic early engagement with vendors during the proposal phase of SBM Offshore's projects to realise increased cost-competitiveness and accelerated time-to-market.
- Co-development with key vendors on energy transition initiatives and new technology for lower emission solutions for FPSOs.
- Strengthen business alignment between SBM Offshore and its supply chain community with dedicated workshops and global events such as an annual Global Vendor Day.

Product Focus in Supply Chain

- Optimize resource management on SBM Offshore's projects to maximize utilization of skill sets, for example by developing a piping procurement hub in India, servicing all projects.
- Further alignment with the Product Line organization with a dedicated capability for FPSOs, and renewable projects, strengthening post-order management capabilities.

Energy Transition

- Work with key vendors to co-develop technologies for carbon capture.
- Assess scope 3 emissions for key components on SBM Offshore's FPSOs and work with key vendors to explore avenues to reduce emissions.
- Support renewable product focus for development of new energy projects.

SUPPLY CHAIN ORGANIZATION PRINCIPLES

Supply Chain Excellence

Driving a multi-faceted global approach to strengthen the function's performance and measurement of key performance indicators across all aspects of SBM Offshore's business and across all SBM Offshore's regional centers.

Strategic sourcing

Developing and fostering a climate of collaborative partnerships with SBM Offshore's key suppliers to enhance cost competitiveness, time to market and co-development initiatives.

Product focus

Enhancing product based post order management capabilities by effective adherence to SBM Offshore's processes and resource management tools and techniques to maximize utilization of skills to deliver defect free fit for purpose products.

Energy transition

Assessing current scope 3 emission levels to set baselines for future collaborative work with SBM Offshore's suppliers towards reducing emissions whilst supporting SBM Offshore's renewable energy projects.

Regional development

Diversifying and developing the supply chain talent pool across all SBM Offshore's centers to integrate regional skills and expertise into SBM Offshore's core business activities.

Digital transformation

Transforming supply chain into a data driven function whilst retaining traditional execution expertise across all supply chain activities.

Regional Supply Chain Development

- Utilize regional supply chain skills and market knowledge from local talent in Bangalore (India), Rio de Janeiro (Brazil) and Shanghai (China).

Digital Transformation

- Major contributor in the design and implementation of SBM Offshore's global ERP system.
- Work with the external supply chain community to support digital-twin objectives.
- Support the data-migration activities to enable automated data-driven reporting and performance measurement of the function.

Performance Measurements:

- 12 Steering committee meetings organized with strategic vendors.
- 3,045 vendors qualified as of October 31, 2022.
- 99.6% of vendors have signed the Supply Chain Charter.
- 295 vendors have responded to SBM Offshore supply chain organization's new human rights assessment.

FUTURE

Next year, Supply Chain will continue its evolution towards a strategic globalized function to achieve and maintain high standards of performance across all areas of its business including, but not limited to, supporting human rights, climate change measures, digitalization, quality assurance and quality control, resource and talent management across all SBM Offshore's centers, enterprise management systems, vendor performance and qualification assessments, and energy transition measures.

2.1.4.4 FLEET

MANAGEMENT APPROACH

The 'Ocean Infrastructure' value platform encompasses a fleet of 15 FPSOs and 1 semi-submersible unit, geographically distributed across the globe. To support the energy transition, the fleet aims to provide traditional hydrocarbon energy with the lowest possible (carbon) emissions during the production phase. The fleet adheres to, and applies, the management approach of the wider SBM Offshore organization. Key to this are policies, commitments and mechanisms described in sections 2.1.2 and 2.1.4. Through the company-wide 'Target Excellence' program, SBM Offshore drives its ambition for exemplary occupational safety, process safety and quality performance in order to achieve the goals of: 'no harm, no leaks, and no defects'. There is a sharp focus on continuous improvement. This is achieved by identifying learning opportunities and embedding the resultant lessons into SBM Offshore's corporate memory; the Group Enterprise Management System (GEMS) and Group Technical Standards (GTS).

An experienced workforce comprised of more than 3,200 personnel ensures the safe, reliable and efficient operation of SBM Offshore's offshore assets, generating predictable and sustainable revenue and operating cash-flows for the business.

The SBM Offshore fleet had the following historic performance:

- Over 6.9 billion barrels of production cumulatively to date.
- 10,521 oil offloads cumulatively to date.
- 374 cumulative contract years of operational experience.

SBM Offshore employs a proactive (risk-based) approach to Asset Management, leveraging digital reliability and integrity solutions to automate surveillance, enabling a more optimized deployment of resources and increased efficiency. To ensure that SBM Offshore's activities have a positive and sustainable impact on the local communities in which SBM Offshore is present, the fleet has several programs, aligned to the UN Sustainable Development Goals, focused on well-being and personnel development, emission reduction and protecting the environment.

FLEET PERFORMANCE

HSSE and Process Safety Performance

The volume of activity significantly increased in 2022, with the addition of work scopes that were deferred during the COVID-19 crisis. This increased activity has, in part, led to higher incident rates in the fleet this year. Actions were implemented to halt this trend and stabilize the situation in the fourth quarter.

Despite these challenges, various initiatives and developments to enhance operational safety, process safety, quality and efficiency were progressed throughout the year:

- Deployment of a new health and wellbeing program.
- Continued focus on Process Safety Management, barrier management and enhanced Marine Safety.
- Implementation of a full suite of e-learning, including additional Marine Process Safety and Sustainability training.

Incident – *FPSO Cidade de Anchieta*

On January 22, 2022 there was observation of oil near *FPSO Cidade de Anchieta*. The production was shut down and anti-pollution measures were deployed. The estimated volume of oil released in relation to the incident stands at 191m^3 which was reported to local authorities. While SBM Offshore regrets this incident, the FPSO remained safe and under control, minimizing the impact to the environment, with no reports of oil reaching coastal areas. SBM Offshore has taken precautionary actions for the integrity of assets operated elsewhere in the world and took lessons for the future. For financial impact of the incident, please refer to section 4.3.1.

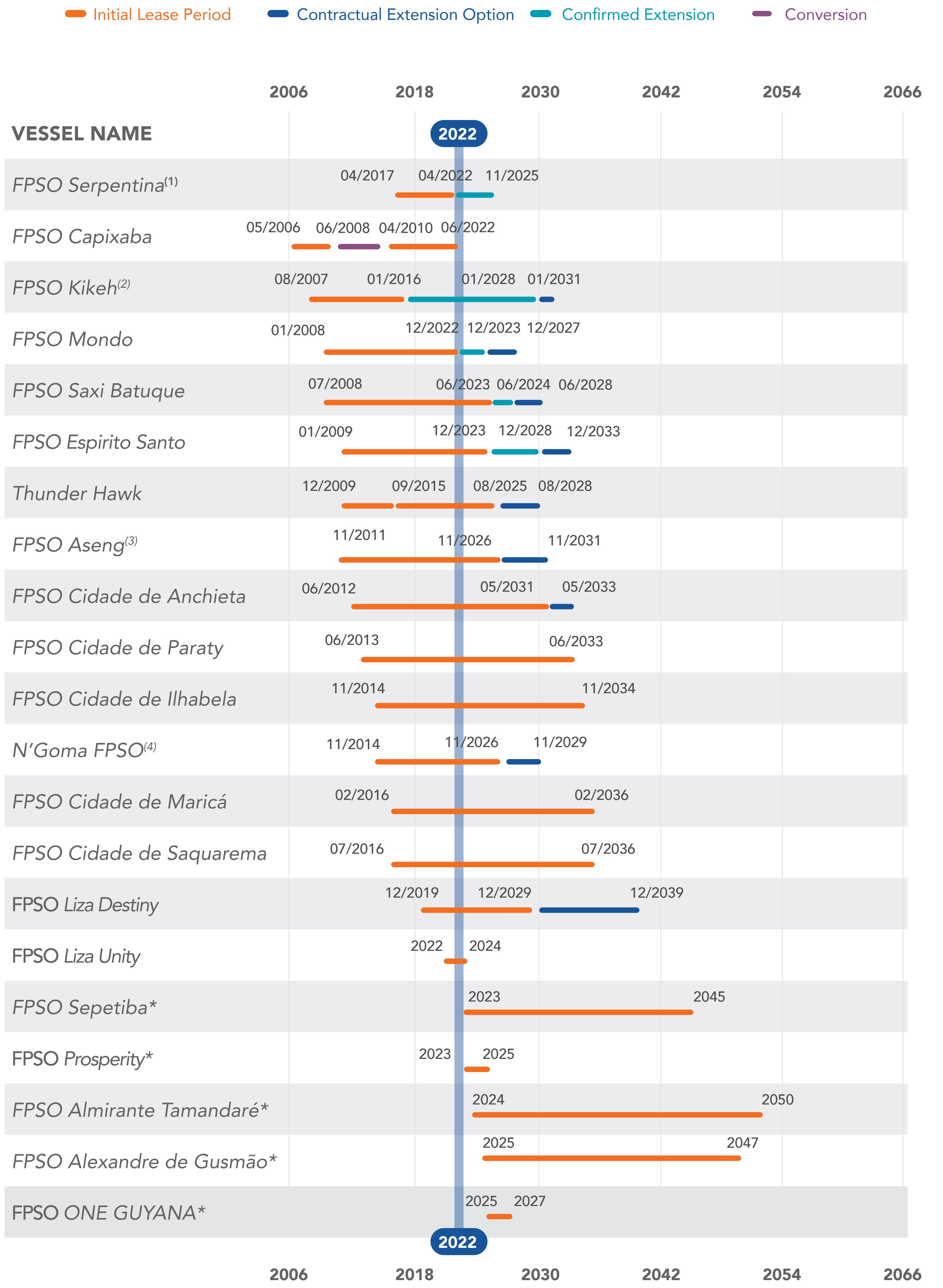
Development of Operations

In 2022, FPSO *Liza Unity* joined the fleet in Guyana, achieving first oil on February 11, 2022. In Brazil, *FPSO Capixaba* finished production on May 21, 2022, and decommissioning commenced.

- A new tactical center was opened in Porto, Portugal, centralizing competencies and improving the support provided to the operations in 'Region 2' (Guyana, Equatorial Guinea, Angola and Malaysia).
- The Digital Function has been consolidated to facilitate development of digital solutions across the full product life-cycle.
  - A 'Robotics Program' has been initiated, with a 5-year roadmap to create a new technical discipline that will develop and deploy robotics technology in the fleet. The program has three key objectives: improve human safety, optimize working practices and enhance asset integrity. SBM Offshore's digital transformation program continues with focus on creation of value from data, to make operational activities safer, more reliable and more efficient.
- The deployment of a new ERP system in Brazil in February 2022 adds to improving the efficiency and performance of the business. The ERP system is now generating high-quality structured data that is used to generate the business intelligence necessary to identify further efficiency and performance improvement opportunities.
- Improvements have been realized by further increasing the stability of the gas processing systems and improving data-analytics. SBM Offshore continued the development of new tools to increase the visibility of emission sources so that their impact can be reduced or eliminated. For emissions performance please refer to section 2.1.7.

OPERATIONS FLEET

VESSEL NAME	CLIENT	COUNTRY	1ST OIL/GAS DATE
FPSO Serpentina(1)	MEGI	E.GUINEA	2003
FPSO Capixaba	PETROBRAS	BRAZIL	2006
FPSO Kikeh(2)	PTTEP	MALAYSIA	2007
FPSO Mondo	EXXONMOBIL	ANGOLA	2008
FPSO Saxi Batuque	EXXONMOBIL	ANGOLA	2008
FPSO Espirito Santo	SHELL	BRAZIL	2009
Thunder Hawk	QUARTERNORTH/DAA	USA	2009
FPSO Aseng(3)	NOBLE ENERGY	E.GUINEA	2011
FPSO Cidade de Anchieta	PETROBRAS	BRAZIL	2012
FPSO Cidade de Paraty	PETROBRAS	BRAZIL	2013
FPSO Cidade de Ilhabela	PETROBRAS	BRAZIL	2014
N'Goma FPSO(4)	ENI	ANGOLA	2014
FPSO Cidade de Maricá	PETROBRAS	BRAZIL	2016
FPSO Cidade de Saquarema	PETROBRAS	BRAZIL	2016
FPSO *Liza Destiny*	EXXONMOBIL	GUYANA	2019
FPSO *Liza Unity*	EXXONMOBIL	GUYANA	2022
*FPSO Sepetiba**	PETROBRAS	BRAZIL	2023
FPSO *Prosperity**	EXXONMOBIL	GUYANA	2023
*FPSO Almirante Tamandaré**	PETROBRAS	BRAZIL	2024
*FPSO Alexandre de Gusmão**	PETROBRAS	BRAZIL	2025
*FPSO ONE GUYANA**	EXXONMOBIL	GUYANA	2025



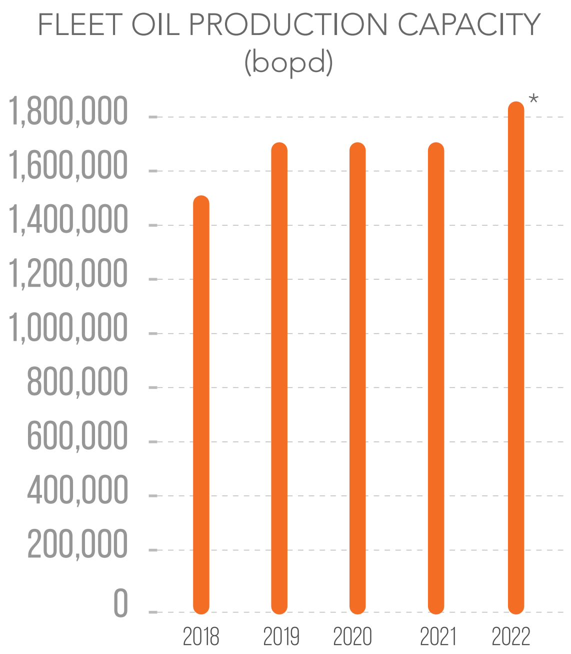
(1) *FPSO Serpentina* is owned by the client and is operated by Gepsing – a subsidiary between SBM Offshore (60%) and GEPetrol (40%)

(2) Life Extension Studies to potentially extend term up to 2037 commenced

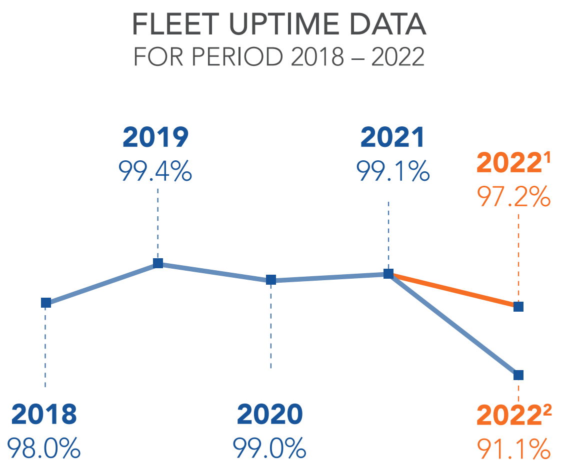
* Under construction

(3) Noble Energy EG Limited is now a wholly-owned indirect subsidiary of Chevron Corporation

(4) ENI Angola SpA merged with BP to form a new Incorporated Joint Venture in Angola ('Azule Energy')



* including *FPSO Capixaba* 100,000 bopd



1. Fleet uptime without *FPSO Cidade de Anchieta*
2. Actual combined fleet uptime

Asset Management

In 2022, a new Asset Management philosophy was introduced, with the following '4 Lines of Defense':

1. Surveillance and prediction: Leveraging digital and artificial intelligence solutions to perform surveillance and early identification of potential anomalies.
2. Assurance: Enriched asset management tools to improve the quality of maintenance and inspection activities.
3. Recovery: Integrated anomaly management to ensure that all actions are addressed according to their priority.
4. Continuous improvement: Feedback of operational experience into the design process.

During the COVID-19 crisis, the focus was to sustain the business through a very challenging period. To this end, certain hull (integrity) inspection activities were deferred. This year, SBM Offshore has initiated a program to complete the (outstanding) hull inspection campaigns on all assets. These activities are highly labor intensive and investment in additional accommodation solutions will be required to deploy the resources necessary to complete these work scopes in a timely manner.

Responsible Recycling

SBM Offshore commits to responsible recycling of assets at the end of their lifecycle, performed in full compliance with SBM Offshore's Responsible Recycling Policy and relevant EU regulations.

The MOPU Deep Panuke PFC responsible recycling project, performed locally in Nova Scotia, continued throughout 2022. This project contributed to Sustainable Development Goals by promoting local economic development, establishing traceable waste management streams, supporting habitat creation through deployment of 'reef balls' in the surrounding harbor and by sponsoring local education and First Nation projects. More information on recycling is found in section 1.3.3.

FUTURE

SBM Offshore's core values and responsible business approach underpins an operating philosophy that prioritizes the health and well-being of all personnel, both internal and external. The competency framework will be further developed to ensure that personnel possess the necessary knowledge, skills and behaviors to perform their work safely and reliably. The global Process Safety Management (PSM) team will be strengthened, to support the implementation of the latest 'barrier management' practices. The 'Digital Field Worker' program, an integrated package of digital solutions that will assist SBM Offshore personnel perform their tasks with greater efficiency and consistency will be introduced next year.

New Fast4Ward® assets will join the fleets in Brazil and Guyana leading to growth offshore and onshore:

- In Guyana, preparations are ongoing for the arrival of FPSO *Prosperity* in 2023 and FPSO *ONE GUYANA* in 2025. SBM Offshore continues to expand and embed its presence in-country, working with the local community on several social and environmental projects.
- In Brazil, the three new assets (*FPSO Sepetiba*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) will be supported from the Rio office and preparations are ongoing for the arrival of *FPSO Sepetiba* in 2023.

The newly established 'Robotics Program' will continue to develop and deploy robotics technology in the fleet. The hull integrity program is being evolved to incorporate the latest inspection techniques and technologies to secure floating assets throughout their operating life.

SBM Offshore has set long-term targets for emission reduction in downstream leased assets that will support SBM Offshore’s contributions to Climate Change Mitigation and path to net-zero, as explained in sections 1.4.3 and 2.1.7. One of the commitments is to engage with clients and joint venture partners to ensure the fleet is aligned with a path towards net-zero, as per SDG 7 commitment explained in section 2.2.

2.1.5 RETAINING AND DEVELOPING EMPLOYEES

MANAGEMENT APPROACH

In 2022, SBM Offshore focused heavily on talent acquisition. With its mission to decarbonize oil and gas production and develop new technologies for future solutions, SBM Offshore is working hard to attract employees that are motivated to contribute to the energy transition. As a largely project business, the emphasis was on increasing capacity, through both permanent employment and the flexible component of the workforce, to ensure the business can respond, in an agile way, to current and future demands. SBM Offshore equally focuses on retaining and developing its people. Committed to training its leaders, SBM Offshore is preparing employees for the challenges ahead and ensuring their skills match the competencies needed to fulfill ambitions as a leader in the energy transition.

SBM Offshore equally monitors and protects employee health and well-being, especially considering the difficult operational circumstances. To ensure impactful actions are taken on behalf of its people, SBM Offshore manages feedback and follow-up plans throughout the employment lifecycle on topics such as workload, diversity and inclusion, career perspective and satisfaction.

2022 PERFORMANCE

SBM Offshore was able to recruit 1,136 new staff, particularly in China, India and Guyana, and opened a new office in Portugal. Newcomers are successfully preparing for their jobs through local onboarding. Digital and in-person leadership training was held to improve the necessary management skills based on SBM Offshore’s 'RISE' leadership program. Further work was done on identifying SBM Offshore’s technical experts to create a career path for senior engineers. SBM Offshore also promoted its Diversity and Inclusion policy and established data sets in operational reporting to further safeguard equitable treatment of its current and future workforce. The global community of Diversity & Inclusion Ambassadors also organized local events driving awareness on topics such as: gender equity on International Women's Day, Pride Month (LGBTQ+), cultural diversity, autism, refugee integration and racial equality.

In addition to the engagement surveys, a dedicated mental-health and well-being survey was launched in 2022 in cooperation with the provider of SBM Offshore's Employee Assistance Program to further inform continuous improvement. SBM Offshore is also investing in the roll-out of health-check programs to address potential areas such as fatigue and mental stress.

Key Highlights

- Workforce increased by 10% to 7,073.
- 219,234 online applications for jobs reviewed: 7,574 retained for the recruitment process.
- Proportion of flexible workers in the workforce at 27% in 2022.
- 44 average training hours per employee. This is an increase versus 2021 (34) due to new and improved digital training methods and the reopening of training centers after Covid-19.
- SBM Offshore had a turnover rate of 12%.
- SBMers achieved an engagement score of 68% in the mental health survey 2022.
- The gender pay gap SBM Offshore achieved is 0.96 globally in 2022.
- 490 people engaged in local Unconscious Biases Awareness sessions and a dedicated Unconscious Bias module was added to SBM Offshore's compulsory Compliance training for all employees.

FUTURE

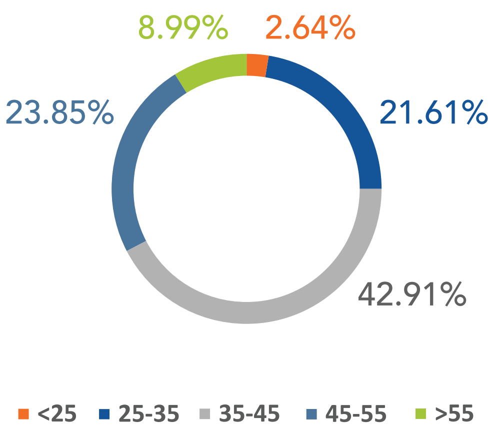
With the continuing digitalization of people management systems, the aim will be to reinforce workforce planning and better anticipate and prepare for future demands. Digital tools will be further rolled out to support virtual reality and e-learning training programs, leveling up SBM Offshore's approach to both onshore and offshore employees, and garnering employee experience insights to further aid recruitment and retention efforts. SBM Offshore will deploy targeted surveys to strengthen feedback processes, in particular from candidates, recently onboarded staff, and personnel exiting the organization.

2022 HR HIGHLIGHTS

GLOBAL HEADCOUNT BY AGE RANGE

AGE AVERAGE

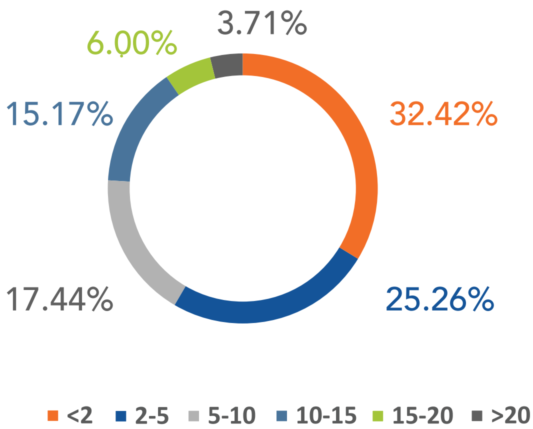
41.20



GLOBAL HEADCOUNT BY SENIORITY RANGE

SENIORITY AVERAGE

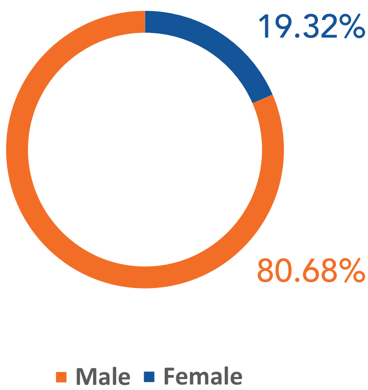
8.35



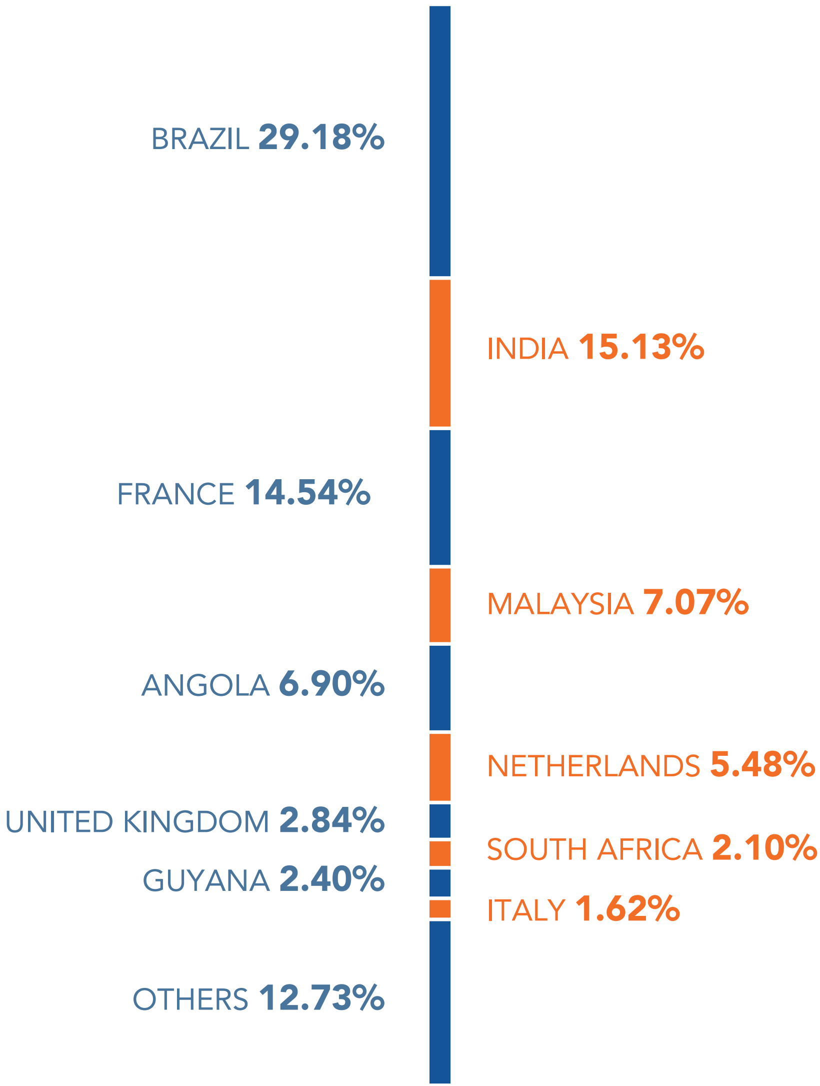
GLOBAL HEADCOUNT PER GENDER

FEMALE RATIO

19%



GLOBAL HEADCOUNT BY NATIONALITY



31.51%

OF EMPLOYEES WORK IN A FOREIGN COUNTRY

46

LANGUAGES SPOKEN

2.1.6 ECONOMIC PERFORMANCE

MANAGEMENT APPROACH

SBM Offshore's primary business segments are: Lease and Operate; and Turnkey. Although financial results are presented per segment, activities between business segments are closely related. In addition to reporting under International Financial Reporting Standards (IFRS) guidelines, SBM Offshore's directional reporting methodology was introduced to reflect Management's view of SBM Offshore and how it monitors and assesses financial performance. This chapter of the Annual Report presents numbers based on directional reporting.

SBM Offshore provides Directional Revenue and EBITDA guidance, which is updated in the event of material change, if any. Economic performance is a result of all company activities, governed as per sections 3.1 and 3.2 and executed as per the Management Approach sections in chapter 2.

2022 PERFORMANCE

Economic performance is measured through profitability, cashflow, backlog and the financial position of SBM Offshore.

Profitability

Adjusted for non-recurring items, Underlying Directional revenue for full-year 2022 came in at US$3,288 million, an increase of 42% compared with 2021. This increase is mainly driven by the Turnkey segment increasing to US$1,525 million (US$733 million in 2021) benefiting from the general ramp-up of Turnkey activities, with five FPSO's under construction (and completion of FPSO *Liza Unity*) in 2022. Furthermore the partial 45% divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) allowed SBM Offshore to recognize revenue for all the EPCI related work performed on these projects so far to the extent of the partners' ownership in lessor related SPV's (i.e. 45% of EPC works). Underlying Directional Lease and Operate revenue was US$1,763 million an increase versus US$1,584 million in the prior period. This mainly reflects FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project partially offset by the end of Deep Panuke MOPU and *FPSO Capixaba* lease contracts in 2022.

Underlying Directional EBITDA amounted to US$1,010 million in 2022 compared with US$931 million in 2021. This increase is driven by the Lease and Operate EBITDA which increased from US$989 million in 2021 to US$1,080 million in 2022 mainly resulting from the same drivers as for the Underlying Lease and Operate revenue.

Although SBM Offshore recorded a significant increase in the Turnkey revenue related to projects under construction, there was not a commensurate impact on EBITDA due to several factors :

i. (Direct payments received during construction on FPSO *Liza Unity*, FPSO *Prosperity* and FPSO *ONE GUYANA* (being 100% owned by SBM Offshore) were recognized as revenue without contribution to gross margin in accordance with SBM Offshore's policy for Directional reporting;
ii. Following the partial 45% divestment in *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*, the first 25% of progress on the EPCI related work have been recognized without associated margin as per SBM Offshore "stage of completion" policy (associated margin being spread over the remaining construction period and finally
iii. On SBM Offshore's overall project portfolio, strategic mitigation measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, parts of the portfolio remain sensitive to the pressure in the global supply chain as a result of the war between Russia and Ukraine and the continuing impact from the COVID-19 pandemic.

As a result, Underlying Directional Turnkey EBITDA decreased from US$19 million in the year-ago period to US$7 million in the current year.

2022 Underlying Directional net income attributable to shareholders stood at US$115 million, a decrease compared with US$126 million in the previous year. Despite strong operating performance translated in the increase of Underlying Directional EBITDA , net income was negatively impacted by the *FPSO Cidade de Anchieta* impairment (US$92 million) following the shutdown of the vessel and the capitalization of associated repair costs.

The above Underlying figures are adjusted for some non-recurring items described in section 4.1.3.

Cash Flow/Liquidities

Thanks to the strong contribution of the fleet, SBM Offshore generated US$799 million of net cash flows from operating activities over 2022.

These operating cash flows and drawdowns on project financing together with some of SBM Offshore's existing cash was primarily used to: (i) invest in the five FPSOs under construction and Fast4Ward® new build multi-purpose hull; (ii) transfer partial excess of cash in *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* SPVs to partners following the 45% divestment of shares; (iii) return funds to the shareholders through dividends; and (iv) service SBM Offshore'snon-recourse debt and interest in accordance with the respective repayment schedules.

As a result, cash and cash equivalents decreased from US$1,059 million at year-end 2021 to US$615 million at year-end 2022.

Backlog

The Directional backlog, which is presented on a pro-forma basis in section 4.1.3, increased to a record total of US$30.5 billion at December 31, 2022, compared with US$29.5 billion at year-end 2021.

This increase was mainly the result of the awarded contract for the FPSO *ONE GUYANA* project partially offset by the turnover for the period, which consumed US$3.3 billion of backlog. SBM Offshore's backlog provides cash flow visibility of 28 years, up to 2050.

Statement of Financial Position

SBM Offshore's financial position has remained strong as a result of the cash flow generated by the fleet and the successful adaptation of the Turnkey segment to a more competitive and unpredictable market.

Directional shareholders equity increased from US$604 million at year-end 2021 to US$1,078 million at year-end 2022. This was primarily due to (i) an increase of the hedging reserves of US$510 million; (ii) a positive net result of US$115 million in 2022; and (iii) dividend distributed to the shareholders decreasing equity by US$180 million.

It should be noted that under Directional policy, the contribution to profit and equity of the substantial FPSO program under construction will largely materialize in the coming years, subject to project execution performance, in line with the generation of associated operating cash flows.

Directional net debt increased to US$6,082 million from US$5,401 million at year-end 2021. While the Lease and Operate segment continues to generate strong operating cash flow, SBM Offshore drew on project financing to fund continued investments in growth.

The majority of SBM Offshore's debt as of December 31, 2022 consisted of non-recourse project financing (US$3.7 billion) in special purpose investees. The remainder (US$3 billion) mainly comprised of borrowings to support the on-going construction of five FPSOs, which will become non-recourse following project execution finalization and release of the Parent Company Guarantee. SBM Offshore's Revolving Credit Facility (RCF) was undrawn at year end and cash and undrawn committed credit facilities amounted to US$3,037 million.

For a total overview of SBM Offshore's financials under IFRS, please see section 4.2 of the Annual Report.

2.1.7 EMISSIONS

MANAGEMENT APPROACH

The topic of emissions is dealt with in various parts of the organization, as explained under the HSSE and Environmental Reporting approaches in sections 2.1.2, 5.2.1 and 5.2.2. SBM Offshore is reporting to CDP and considering IOGP statistics to ensure the right benchmarking.

SBM Offshore commits to a strategy and actions compatible with its ambition to achieve net-zero by no later than 2050, including emissions in scope 1, scope 2 and scope 3 – Downstream Leased Assets. SBM Offshore has established the following intermediate targets: by 2030, SBM Offshore targets net-zero scope 1 and 2 emissions[6], and for scope 3 – Downstream Leased Assets; a 50% reduction of GHG intensity[7] and zero routine flaring[8]. Following this, SBM Offshore set targets in 2022 to reduce flare emissions on its activities, continues to develop low- and non-carbon solutions and aims to have zero oil spills.

SBM Offshore reports on CDP and uses IOGP statistics to steer its ambitions, effectiveness of actions and performance. SBM Offshore strives to outperform industry benchmarks on the following indicators:

- GHG emissions[9], gas flare[10], energy consumption[11].
- Oil in produced water[12], oil spill per production[13].

Emissions management and the mission to structurally bring emissions down builds on years of action. For example, gas flaring intensity in 2022 is 24% lower than in 2018, mainly due to target-setting and increased production efficiency. Through this approach, SBM Offshore is managing risks in the light of climate change and social license to operate, as mentioned in section 1.4.2.

SBM Offshore focuses on GHG emissions while also addressing other emissions – such as emissions to water

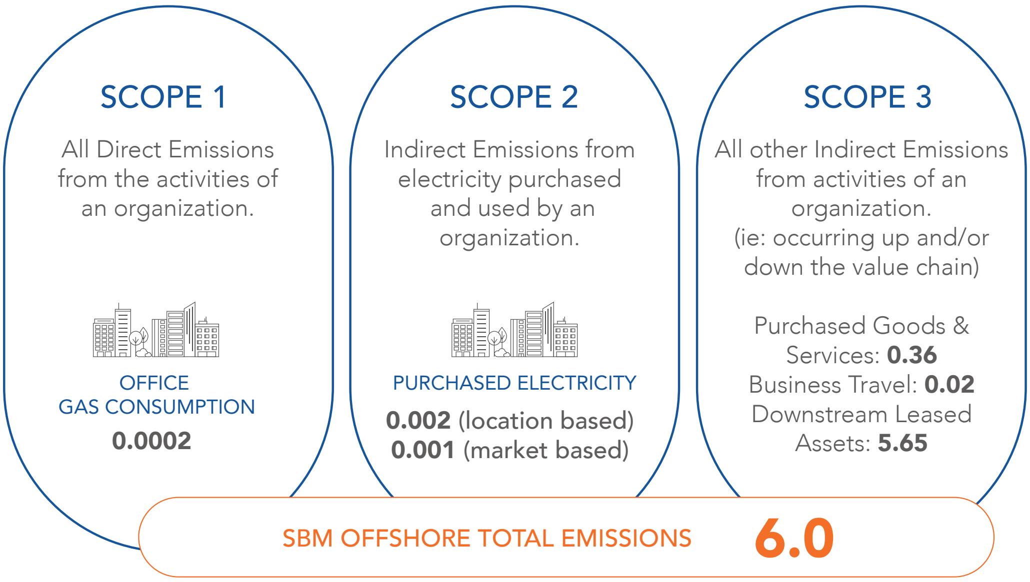
[6] Aiming for 100% sourcing of green energy by 2030 and considering investments in certified projects to balance any residual GHG emissions from scope 1 and 2, reaching a 'net-zero' level on total GHG emissions.
[7] Reduce GHG intensity of scope 3 downstream leased assets by 50% by 2030, compared to 2016 as a base year.
[8] Routine flaring of gas considered as flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market. Applies to GHG emissions from scope 3 downstream leased assets.
[9] 125 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2020 IOGP environmental performance indicators, Report p.19
[10] 8 tonnes of gas flared per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2020 IOGP environmental performance indicators, Report p.30
[11] 1.4 gigajoules of energy for every tonne of hydrocarbon produced as reported by companies participating in the 2020 IOGP environmental performance indicators, Report p.28
[12] 11.1 tonnes of oil discharged to sea per million tonnes of hydrocarbon produced as reported by companies participating in the 2020 IOGP environmental performance indicators, Report p.32
[13] 0.3 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2020 IOGP environmental performance indicators, Report p.42

and non-GHG emissions. Further information can be found in sections 2.2 and 5.3.2.

2022 PERFORMANCE

During 2022 a total of 6.0 million tonnes of GHG emissions are reported, 99% of this being scope 3 emissions. The total is 7% higher than in 2021, mainly driven by changes in scope 3 – Downstream Leased Assets.

GHG EMISSIONS
(MILLION TONNES CO_2 EQUIVALENT)



Scope 1 – Direct Emissions

Scope 1 emissions comprise the gas-powered heating in offices where SBM Offshore is the sole renter of an office building. In 2022 these emissions amounted to 172 tonnes GHG CO_2 equivalent. This is a decrease of 27% compared to 2021 due to better monitoring of heating systems and less heating demand during the year.

Scope 2 – Purchased Electricity

Purchased electricity in offices accounts for 2,140 tonnes of GHG CO_2 equivalent, based on the average energy mix of each location, which is 1% higher than in 2021. There has been an increase of reported volumes due to increases in emissions accounting factors of some countries, furthermore there were fluctuations of emissions due to changes in business activity. Accounting for the electricity actually purchased through green contracts, the amount is 1,280 tonnes, an increase of 51% - driven by loss of a green energy certificatein one of the countries where the office location changed. SBM Offshore is taking follow-up actions.

Scope 3 – Purchased Goods and Services

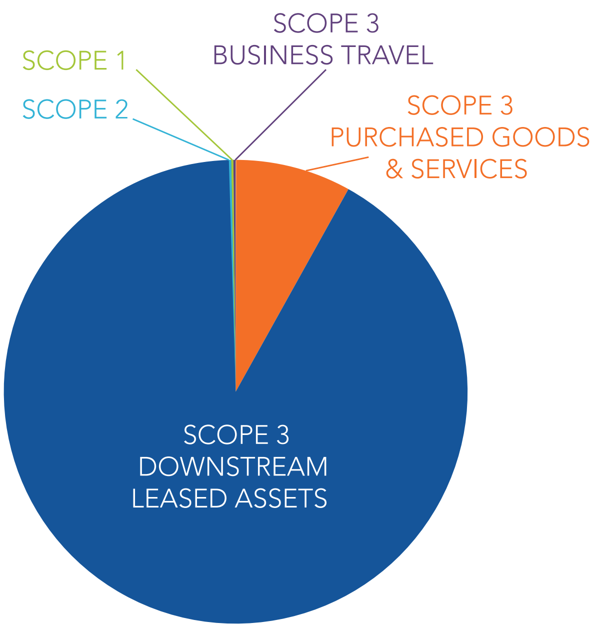
Emissions resulting from goods procured on FPSO projects were 356 thousand tonnes in 2022. The emissions mainly come from steel that is processed for bulk materials and equipment. Compared with 2021, the level of associated emissions is 4% lower, explained by the fact that projects have moved from hull-related purchases to topsides related purchases, which are typically less carbon intense from a purchased goods perspective. SBM Offshore is proud to have sourced >90 tonnes of steel for one of its FPSO projects, manufactured through an electric arc furnace process driven by hydropower, reducing significantly the footprint on the purchase order.

Scope 3 – Downstream Leased Assets

SBM Offshore provides operation and maintenance services for FPSOs on behalf of clients across the globe, on a finance-lease basis. Emissions from downstream leased assets mainly relate to the required production profile of the oil field and the subsequent energy production, e.g. from gas turbines (70%). The other key contributor is flaring (30%).

Emissions from downstream leased assets account for the majority of the carbon footprint reported by SBM Offshore. Around 94% of total emissions, giving 5.6 million tonnes of GHG, were emitted by downstream leased assets. This volume is 7.7% higher compared with 2021, due to the addition of FPSO *Liza Unity* to the fleet. The carbon intensity of downstream leased assets is 108.8 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced, which is 13% below the industry benchmark[9] and 2% lower than last year.

SBM Offshore Reported Emissions 2022 – based on CO_2e volumes



For 2022, SBM Offshore set a target to further optimize operational excellence on the FPSOs for which it provides operations and maintenance services. SBM Offshore targeted an absolute volume of gas flared below 1.7 million standard cubic feet per day (scft/d) as an overall FPSO fleet average during the year. This was done for a specific part of the volume to which SBM Offshore expects to have the largest form of control, despite it being a scope 3 category. SBM Offshore over-performed on this overall target, the actual being 1.42 million scft/d, which is 14% lower compared with 2021.This performance is mainly attributed to a Flash Gas Compressor replacement and an efficient start-up of a new FPSO in Guyana. Also, improvements in West-Africa and the shutdown of *FPSO Cidade de Anchieta* (see section 2.1.4) contributed to the performance. Overall flaring on downstream leased assets was 21% higher than the industry benchmark[10], which is mainly attributed to the start-up of a new asset.

In order to address future scope 3 emissions, SBM Offshore has targets for Innovation, Technology and Infrastructure, in line with SDG 9. In 2022, SBM Offshore spent 59% of its Group Technology R&D budget on technology eligible to the EU Taxonomy, above the 50% target set. Also, SBM Offshore developed all electric-drive FPSOs, so it can offer a lower carbon footprint to clients in the future.

To further reduce emissions from the power generation aspect of downstream leased assets in operation, SBM Offshore is dependent on investments by clients and partners in co-owned entities. SBM Offshore, however, is ready to lead, co-develop and deliver on such investments. SBM Offshore has therefore set a long-term engagement target for this as part of its SDG approach described in section 2.2.

Scope 3 – Business Travel

Total air travel related emissions were 22.6K tonnes in 2022, roughly double the amount of 2021 as travel normalized after the COVID-19 pandemic. Compared with pre-pandemic levels (2019), the GHG volume related to business travel is 18% lower.

Other performance items relating to emissions:

- SBM Offshore is proud to have an A- rating in CDP, up from a B score in 2021, meaning SBM Offshore is 'implementing best practices'. Further explanation on climate change is given in section 1.4.3.
- SBM Offshore's energy intensity on downstream leased assets is 14% lower than the industry benchmark[11]. Energy consumption volumes can be found in section 5.3.2.
- The quantity of oil discharged to sea per hydrocarbon production on downstream leased assets was 3.44 tonnes per million tonnes of hydrocarbon produced, 70%[14] below the IOGP benchmark[12] (see also section 2.2).
- Downstream leased assets had 3 spills as per IOGP definition[13]. Further detail is given in section 2.1.4.4.
- SBM Offshore engaged in various projects that resulted in lower emissions. In Guyana, a local agricultural project leads to lower emissions from food logistics, and investment in a mangrove project will contribute, amongst other things, to additional sequestration of carbon. More information can be found in section 2.2.

EMISSIONZERO®

In early 2020, SBM Offshore announced the emissionZERO® program targeting near-zero emissions. The development of an emissionZERO®-based FPSO is a key element of the program and is planned in three phases: Phase 1 consists of including existing low-carbon solution alternatives in win-phase; Phase 2 focuses on an all-electric drive FPSO to maximize energy efficiency, the feasibility of carbon capture technology integration and hybrid forms of power generation – for instance importing renewable energy from shore or floating renewable energy solutions; and Phase 3 will look at power-from-shore technologies and carbon-free fuel power generation.

SBM Offshore is actively developing solutions and working with its stakeholders to drive down emissions from downstream leased assets on a continuous basis. This is, for example, done with customers during the project lifecycle,

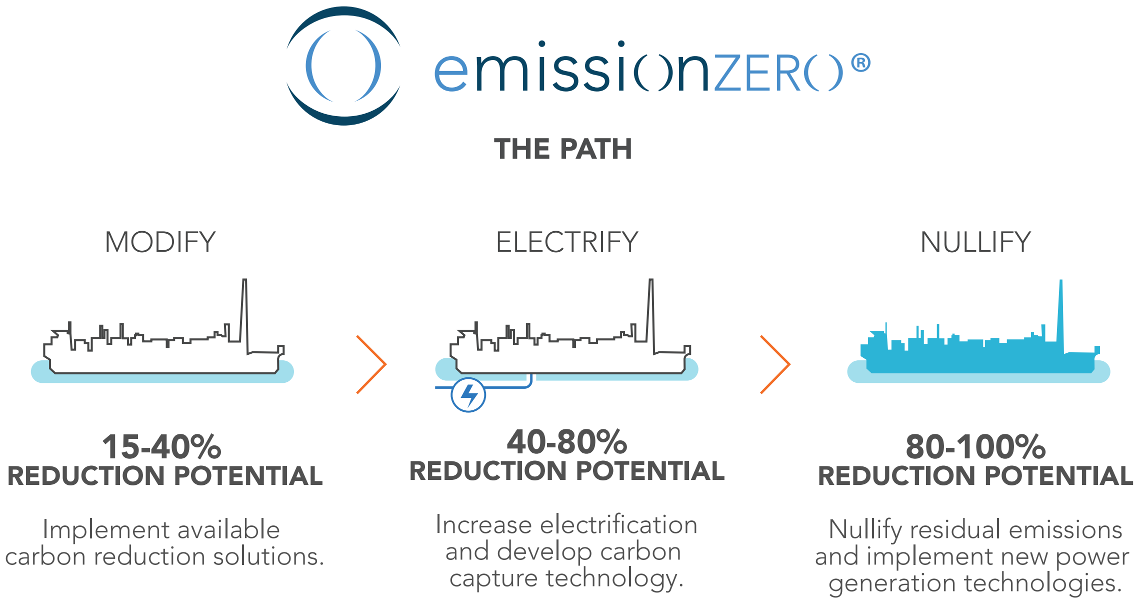
[14] Excluding Thunder Hawk, as SBM Offshore does not provide operational services

with financers of projects and with suppliers during qualification processes.

Key achievements on the emissionZERO® FPSO have been:

- The engagement with strategic and key client accounts and suppliers during the year.
- The enrichment of SBM Offshore's product catalogue with an all-electric drive FPSO.
- The use of digital technologies (advanced analytics and predictive maintenance) to optimize energy consumption, reduce equipment trips and associated flaring.
- The establishment of a portfolio of ideas and projects to further reduce the carbon footprint of SBM Offshore's activities.

This builds on progress in past years, such as the low-carbon modules delivery in 2021. Further planned milestones and achievements can be read in sections 1.4.3. and 2.2. The success of the program and the impact on the above stated ambitions is highly dependent on market acceptance. SBM Offshore is therefore open for business on emissionZERO® and welcomes engagement with its value chain.



FUTURE

SBM Offshore remains committed to the ramp-up of emissionZERO® in the coming years and to keep setting targets to reduce emissions, as explained in section 2.2. Furthermore, SBM Offshore continues to expand the work under TCFD (see section 1.4.3).

To reduce flaring in 2023, SBM Offshore has set a target for reduction in section 2.2. This target reflects the lessons learned from the achievements and challenges in 2022. For scope 1 and 2 emissions, SBM Offshore will define an approach to climate neutral office energy, explained in section 2.2.

Furthermore, SBM Offshore remains committed to achieve better environmental performance than the 2021 IOGP industry benchmark for energy consumption and oil spills per production; and 50% better than the 2021 IOGP industry benchmark for oil produced in water.

In the coming period, SBM Offshore will keep monitoring its performance against long-term and intermediate climate targets. SBM Offshore is aware that some of its clients' current assets will potentially be in service in 2050, with associated emissions. For that purpose, engagement with clients and joint ventures – on investments and potential offsets – is performed as part of SDG commitments (section 2.2.).

2.1.8 DIGITALIZATION

MANAGEMENT APPROACH

The purpose of digitalization in SBM Offshore remains focused on improving the efficiency of the organization and leveraging data to learn from events. The related value creation is carefully monitored, and the benefits are reaped by the introduction of optimized work processes, the reduction of costs and emissions, the transformation of SBM Offshore's core products and ways of working and the creation of new digital services.

In 2022, SBM Offshore reorganized its IT and digital ecosystem through a more consolidated structure, leveraging four main pillars: Smart Enterprise, Smart Win and Execution, Smart Operations and Smart Services. The four pillars rely on a solid Information Technology infrastructure and a dynamic Enterprise and Product Lifecycle Data Management.

Digitalization gives new skills to employees, new services to clients and new business for suppliers. New functions within the organization are filled by new hires and experienced SBMers receive education and on-the-job training. Management of any impacts associated with cyber security is described in section 1.4.2.

2022 PERFORMANCE

Smart Enterprise: A resilient and responsive organization operates efficiently while providing better customer and business services using the latest enterprise applications. It enables better workplace productivity and enables a workforce to respond promptly to changes. In 2022, the main achievements under this pillar were:

- Deployment of the new ERP system in Brazil.
- Deployment of the Incident Management ERP module.

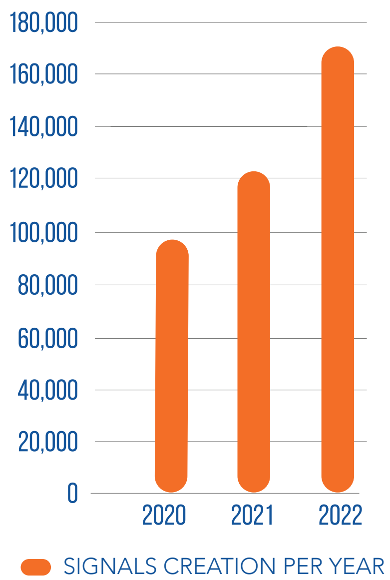
Smart Win and Execution: Increased Win and Execution data availability, quality and continuity from structured data and integrated digital solutions. The main achievements under this pillar in 2022 were:

- 3D Construction methods now well deployed at construction yards (three times more than in 2021).
- Engineering collaborative environment further developed and deployed, and staggered to further improve productivity of engineering data management and deliverables.

Smart Operations: An Operational Intelligence and Performance Optimization Center staffed with industry experts. Digital surveillance as the first line of defense to reinforce operational excellence and contribute to net-zero objectives. Remote monitoring, abnormal behavior detection, predictive operations and maintenance based on SBM Offshore-developed applications as well as industry standard solutions. Signals captured from operations – used for data science – have increased by 41% during the year, driven by the addition of FPSO *Liza Unity*. The other main achievements under this pillar in 2022 were:

- Deployment of six new intelligent agents (artificial intelligence), supporting operational optimization and targeting new value creation.
- Fleet deployment of the Abnormal Behaviors Tracking Tool.

NUMBER OF DATA SIGNALS
(CUMULATIVE – '000)

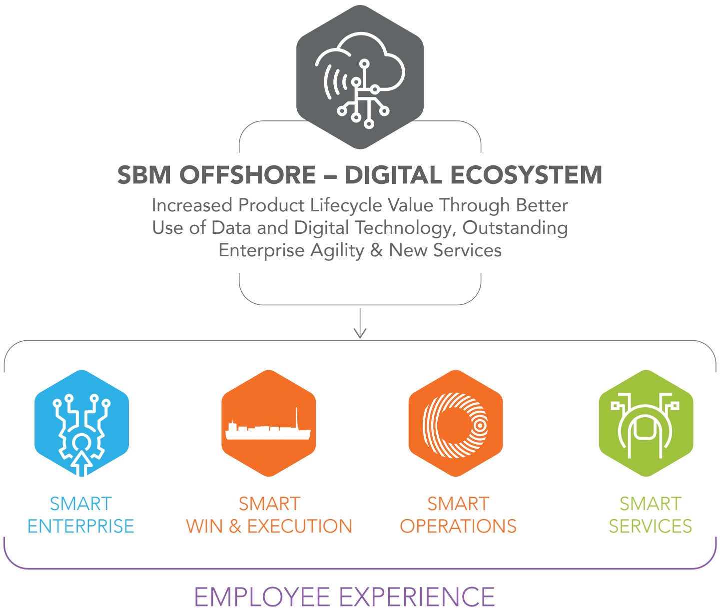


Smart Services: the New Energy and Services Product Line has a portfolio of services maximizing reliability, integrity and performances of offshore assets. Those services, such as Ex-integrity services, are tested on the SBM Offshore fleet to demonstrate their value before being commercialized. The 2022 main achievements under this pillar are:

- Deployment of intelligent agents (artificial intelligence) on third-party assets.
- Providing client access to the IDEA digital platform, which delivers design and historical data of CALM systems, sharing O&M best practices through live operational data.

SBM Offshore has also consolidated the transformational digital development functions and innovation activities into a **Digital Factory,** encompassing competencies such as data science and digital solutions development.

DIGITAL TRANSFORMATION AT SBM OFFSHORE



FUTURE

New technologies are rapidly evolving. SBM Offshore will benefit from these new technologies and will develop the skills and capacity necessary to adopt them.

2.1.9 INNOVATION

MANAGEMENT APPROACH

The key objective of innovation at SBM Offshore is to bring valuable new solutions to market that support SBM Offshore's energy transition strategy. All parts of the organization are encouraged to contribute to innovations in their field of expertise, from ideation to final implementation.

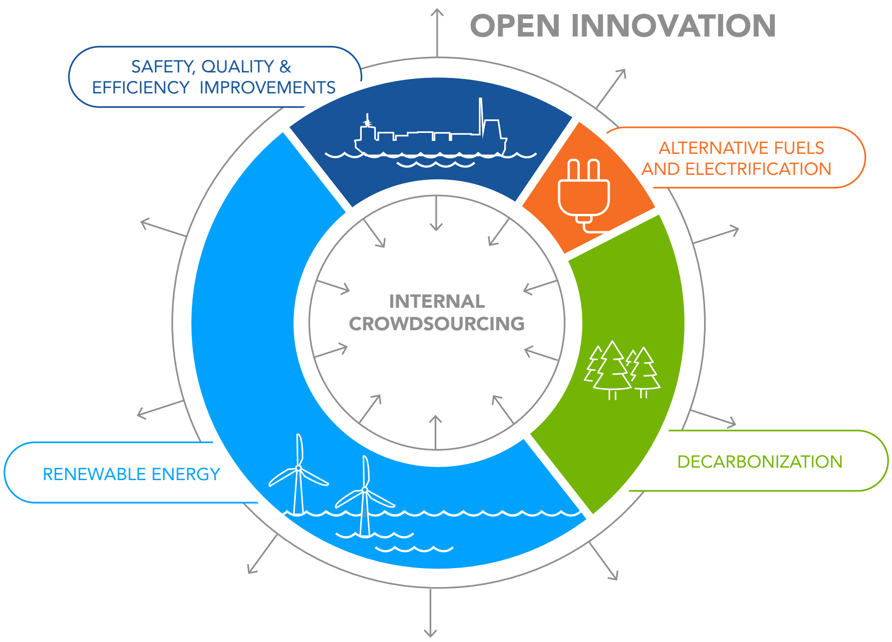
The development of new technologies is managed by the Group Technology Department. All innovation programs are aligned with the long-term strategies of the Product Lines and with key programs such as emissionZERO®, Fast4Ward® and Float4Wind®. Development roadmaps are kept up-to-date with technical and market developments through regular reviews.

SBM Offshore brings new technology to market through a structured stage-gate process to ensure that the technology is validated before being deployed. This Technology Readiness Level (TRL) process is based on American Petroleum Institute standards (API RP17N) and includes prototype testing and full FEED level definition of new systems as part of the qualification requirements.

SBM Offshore manages its IP portfolio by registering patents and trademarks, as well as through securing trade secrets and know-how. To ensure IP integrity, SBM Offshore manages the classification of documents and non-disclosure agreements with partners to restrict access to technology-sensitive documents. Freedom-to-operate checks are conducted to respect third-party rights.

As a result of this management approach, innovation is stimulated while risks associated with new technology deployment are mitigated (see section 1.4.2).

2 PERFORMANCE REVIEW AND IMPACT



2022 PERFORMANCE

In 2022, SBM Offshore accelerated its development efforts towards emerging technologies associated with decarbonization and renewable energies, allocating 59% of the Group Technology R&D budget to EU Taxonomy eligible[15] activities.

Following the pilot in 2021, a global ideation platform has been successfully rolled-out across SBM Offshore. A structured approach to innovation management has been implemented, based on crowdsourcing and peer review. Through this platform, more than 1,500 employees have been engaged in early-stage innovation. SBM Offshore also continued to work with open-innovation platforms and clients to identify promising new technologies and potential collaborative partnerships.

SBM Offshore filed 48 new patent applications to strengthen its existing portfolio of 130 patent families; in particular in the areas of renewables and electrification. Over the course of 2022, the TRL of 23 technology development projects has been increased, 10 of which reached TRL 4. This level demonstrates that reliability, function and performance criteria are met in the intended operating condition and the technology can be deployed.

Some of the main development projects undertaken in 2022 include:

- As part of the renewable technology development roadmap, SBM Offshore launched its second-generation floating offshore wind technology (Float4Wind®), achieving lower costs in mass production. Additional component improvements have been further developed in 2022.
- SBM Offshore's emissionZERO® program phase 2 has progressed, demonstrating the potential for further carbon intensity reduction based on near-market ready technologies. As part of the program, one of the technologies qualified to TRL 4 is the combined cycle gas turbine for offshore power generation.
- As part of the emissionZERO® program, a partnership was established in 2022 to develop a topside module to capture carbon emitted from gas turbine exhausts.
- A co-development agreement with a client has been extended to continue the TRL 4 phase of the development of an ultradeep seawater intake riser. The technology brings colder water from greater depths to the FPSO. This cold water allows energy efficiency improvements, resulting in lower emissions.
- Following the small-scale test campaign on the generator rings of the S3® Wave Energy Converter, a program has begun to qualify some of the components at pilot scale prior to pilot assembly. Works for the required pilot scale test tank have been started at SBM Offshore's R&D Laboratory in France.
- SBM Offshore ramped up research in FPSO electrification in 2022, with the qualification of different topside electrical equipment, in addition to technologies related to high-voltage electrical swivels and subsea connectors.
- Hydrogen and ammonia market studies have been completed, resulting in an updated technology development roadmap which is focusing on terminal solutions (TRL 4 achieved in 2022) and offshore blue ammonia production (TRL 2 achieved in 2022).

[15] Based on 2021 eligibility KPI definitions explained in section 5.1.5.

- A five-year program has been kicked off to further develop robotics for deployment on FPSO units in operation. The key drivers for this program are to reduce high-risk human activities and to improve the efficiency of inspection and maintenance activities.
- A collaboration with a start-up created from SBM Offshore's 2020 hackathon has led to a successful pilot deployment of an artificial intelligence-based corrosion detection application.

FUTURE

SBM Offshore will continue to focus its technology development activities on the energy transition by allocating at least 70% of its development budgets to decarbonization and renewables.

Part of these investments will be geared towards developing and qualifying technologies that significantly reduce the carbon intensity of offshore oil and gas production, supporting the emissionZERO® program. These also include early studies in the field of offshore hydrogen and ammonia production. In addition, continued investments in robotics will contribute to improved safety and efficiency in SBM Offshore's operating fleet.

At least 50% of the R&D investment will be allocated to EU Taxonomy eligible activities. SBM Offshore will keep exploring alternative offshore renewable technologies while continuing to invest in its Float4Wind® and Wave Energy Converter programs.

2.1.10 ENERGY TRANSITION

MANAGEMENT APPROACH

Key elements that enable SBM Offshore's success in the energy transition area are:

- Product development for floating offshore wind, wave and other new energies.
- Technology development supporting these product developments (see more detail in section 2.1.9).
- The emissionZERO® program explained in section 2.1.7.

SBM Offshore is committed to a strategy and action plan that is compatible with the transition to net-zero by no later than 2050, as explained in section 2.2 and section 1.4.3.

Product development for new products to support the energy transition is addressed through SBM Offshore's New Energies and Services business unit, in collaboration with the Technology Department. An important step in this process is the development of prototypes and pilot projects, which can also be undertaken as co-development projects with partners and/or customers. SBM Offshore monitors its commercial pipeline to allow SBM Offshore to achieve its envisioned growth goals, in line with its 2030 ambition.

With this management approach to energy transition, SBM Offshore is addressing the significant risks of oil price dependency, portfolio risks and climate change, described in section 1.4.2.

SBM Offshore reports in line with the EU taxonomy regulation and leverages the framework to set targets for and report on the energy transition. Disclosures are found in section 5.1.2.

2022 PERFORMANCE

SBM Offshore has made the following achievements in 2022:

- The construction of the Provence Grand Large floating foundations reached a major milestone with the successful installation of the transition pieces linking the floater to the turbine mast.
- The newly established Renewables Project Development organization aimed to take an early and broad strategic position in the Floating Offshore Wind value chain. SBM Offshore has partnered to pursue opportunities globally. Currently there are 2 x 100MW Llŷr, 60MW Cademo and 400MW North Channel Wind projects in the pipeline, with further development opportunities under investigation.
- Launched Float4Wind®, the second generation of SBM Offshore's Offshore Wind Floater technology, it has a reduced seabed footprint, an optimized annual energy production combined with a simpler design addressing the challenges of industrialization. Crucially, the technology is scalable to larger capacity turbines and is suitable for deeper water and harsher sea conditions.
- An MoU signed with ExxonMobil Guyana granting exclusivity for SBM Offshore's seventh Fast4Ward® Multi-Purpose Floater (MPF) Hull for use on a future cost and CO_2e-intensity-competitive FPSO project.
- Manufacturing of the WEC S3® prototype is under way in SBM Offshore's Carros laboratory.
- The seawater intake riser program, to cool FPSO systems and reduce energy use, is under way with a client.
- SBM Offshore has invested 59% of the total 2022 Group Technology R&D budget in EU Taxonomy eligible[16] renewable energy technology and product development. This includes further development of the next generation of Tension-Leg Platform (TLP) floater design, Wave Energy Converter products as well as studies in energy storage, desalination and hydrogen and ammonia for offshore applications.
- SBM Offshore continues to work on projects that address emissions reduction along the lifecycle of its

[16] Based on 2022 eligibility KPI definitions explained in section 5.1.5.

business, as part of its emissionZERO® portfolio (see section 2.1.7).

The revenues, CAPEX and OPEX associated with these projects and initiatives add to EU Taxonomy eligible business, as reported in section 5.1.5. SBM Offshore's commitments should lead to higher revenues from eligible business in the future, with 2023 R&D investment already reflected in the EU Taxonomy eligible OPEX KPI stated. Above-mentioned R&D investments are visible in the OPEX KPI reported. These activities support the mitigation of and/or adaptation to climate change impacts.

FUTURE

SBM Offshore will continue to build upon these achievements and is looking at developing from renewable energy pilots to commercial scale energy infrastructure, as well as increasing its role in the supply chain, with the aim of creating more value. For 2023, SBM Offshore has set a target of investing 50% of its R&D budget into EU Taxonomy eligible technologies, as can be read in section 5.1.5.

PROMISING FOW MARKET OUTLOOK

2.1.11 MARKET POSITIONING

MANAGEMENT APPROACH

Market positioning is about global presence and engaging in emerging markets in order to adapt to market developments. The size of the business, new business development and sustainability benchmarks are seen as strong indicators of a successful management approach. Examples of metrics are the performance of the fleet, the revenue backlog, the number of projects won, the new developments in the renewables market, and SBM Offshore's ESG ratings performance. The effectiveness of actions related to these metrics is monitored through the regular business reporting cycle involving the Management Board.

SBM Offshore's strategy addresses material topics, aiming for a leadership position, from an economical, environmental and societal stand point. Through market positioning, SBM Offshore addresses the competitiveness risks mentioned in section 1.4.2.

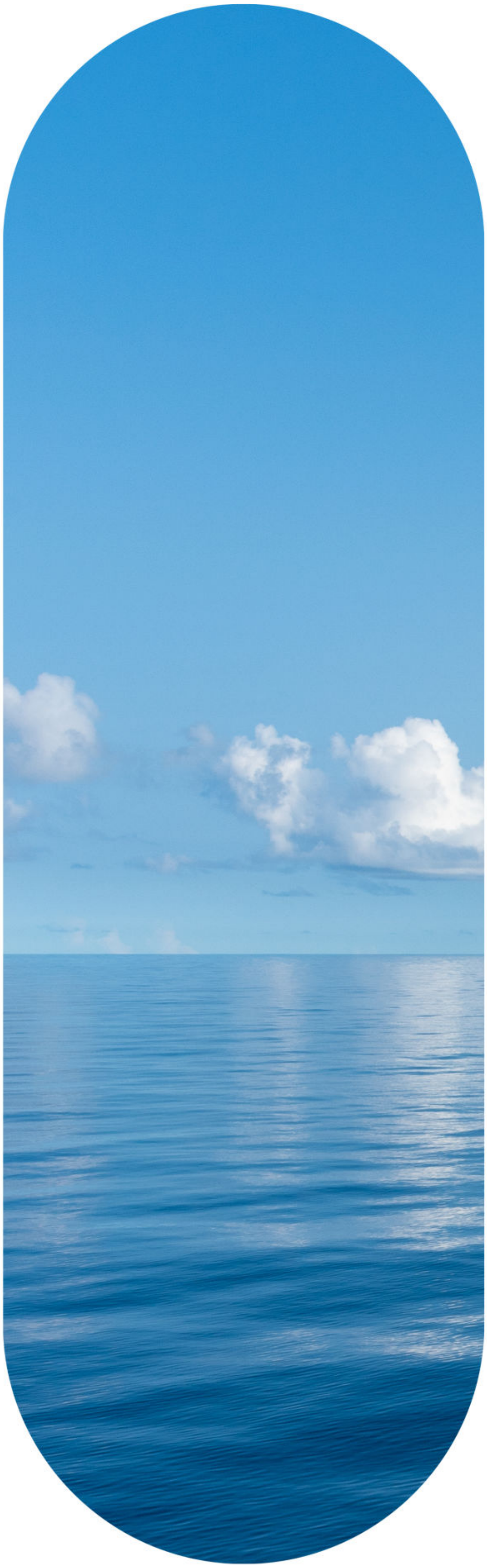
2022 PERFORMANCE

Performance is detailed in subsections of 2.1. The following achievements were made in 2022:

- One EPC contract award for FPSO project: *ONE GUYANA*.
- Signing of an MoU with ExxonMobil Guyana for the construction of a multi-purpose floater hull.
- Fleet size of 16: 15 FPSOs and 1 Semi-submersible.
- 374 years of cumulative operating experience.
- 6 FPSO projects under construction.
- Industry leader in sustainability ranking – most notably in S&P Global, CDP and Sustainalytics (section 2.2).
- Part of Euronext's AEX® ESG Index, an index of shares of Dutch listed companies with a strong ESG performance (25 best-in-class performer).
- Further development of SUSTAIN notations on FPSOs in association with clients and ABS – linking project performance to the UN SDG framework.

FUTURE

In 2023, SBM Offshore's focus remains the safe and reliable execution of its ongoing projects and operation of its fleet. SBM Offshore also continues to engage early with clients and vendors to make further progress on the emissionZERO® program and grow its new energies business. To further advance the energy transition and SBM Offshore's role in this, SBM Offshore will continue to innovate and offer digital solutions to the market. Sustainability performance is viewed as key to long-term market positioning and will therefore remain the focus in future developments. See section 2.2 for future developments in that area.



2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

Environmental, social and governance-related topics are foundational to SBM Offshore's strategy and consequently drive its strategy development and performance management process. It is the role of every SBMer to contribute positively to this. SBM Offshore is further embedding sustainability in the business by, for example, increasing low-carbon products and promoting local voluntary projects for positive impact.

SBM Offshore leverages the UN SDG framework to steer on positive impact. It has identified nine SDGs to which it can contribute with the most impact, and which are most material to its business. SBM Offshore strives to embed the selected SDG topics within the organization and targets are built with inputs and commitments from different business entities, such as business development, HSSE and operations, as part of business plans and budgets.

A sustainability team is providing guidance to drive positive local impacts aligned with the SDG framework and impacts mentioned in chapter 2. The team reports into the portfolio of the Chief Operating Officer (COO). SBM Offshore has sustainability ambassadors in various countries working with local colleagues and communities.

SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). As part of projects, SBM Offshore applies guidance by the World Bank and works within Environmental Impact Assessments and Stakeholder Engagement outcomes conducted by its clients.

2022 PERFORMANCE

SBM Offshore has built on previous years' efforts and commitments to increase its positive impact on selected SDG targets. This performance program is linked to SBM Offshore's Short-Term Incentive (STI) scheme. An overview of SBM Offshore's contribution towards the SDGs is provided in the SDG table. Overall SBM Offshore is pleased with (over)performance on most of the SDG-linked targets set in 2022. Although SBM Offshore aims for completion of all targets, challenges are part of the journey for improvement and sustainability. SBM Offshore had set the target for 100% completed office sustainability actions, as part of SDG 7. This target has not been met this year due to challenges with cost approval processes in Brazil, local waste segregation infrastructure and accomplishing the action of segregating waste in Guyana. SBM Offshore in Guyana is currently looking for alternative ways to successfully segregate and recycle waste. Nevertheless, SBM Offshore was able to contribute to positive impact through the provision of renewable power in the Guyana office, with the installation of a 175 kWp solar system. Whilst SBM Offshore takes action on life below water, the performance on the target related to SDG 14 was inhibited by unforeseen complexity in contracting agreements to share ocean data. SBM Offshore remains committed to this and equivalent projects, as demonstrated in the target for 2023.

Further progress has been made in 2022 on target setting and actions taken for SDG 10 and 12, which were added to the program at the end of 2021. SBM Offshore has underlined the importance of diversity and inclusion and achieved 0.96 gender pay gap. As well as the recycling of MOPU *Deep Panuke* (2.1.4.4), SBM Offshore has undertaken initiatives to analyze the level of circularity in FPSOs, leading to further insights into and target setting for operational waste.

SBM Offshore has set intermediate targets to support net-zero by 2050 (SDG 13, 1.4.3) for its FPSO business and has also taken action on biodiversity. The importance of biodiversity to ecosystems and economies has prompted SBM Offshore to develop initiatives such as the installation of reef balls as part of a decommissioning project in Nova Scotia, Canada, and investment in a pilot to provide ocean data to marine researchers in Brazil.

SBM Offshore takes pride in its continuous improvement approach and will apply the knowledge gained from its performance in future target setting. This has led to positive and improving ratings in sustainability benchmarks, as per the following table.

Ranking of SBM Offshore in Sustainability Benchmarks

Benchmark	2022	2021	Comment
CDP (A to D-)	A-	B	'Implementing current best practices'
S&P Global, score (out of 100)	75	75	#2 in industry
Sustainalytics, ESG risk (0-40+, lower scores indicate better performance)	14.5	18.5	'Low risk', #1 in industry

Local impact

SBM Offshore has sustainability ambassadors in Brazil, Guyana, Malaysia, China, India, the Netherlands, Monaco, USA, Switzerland and Angola. They engage with local employees on the topic, organize SDG-related activities for positive impact and are part of SBM Offshore's effort to embed sustainability in the business with local initiatives.

A few examples of the actions taken by sustainability ambassadors are highlighted below.

In Guyana SBM Offshore further continued its technical, financial and advisory support, in light of SDG 3 'Good Health and Well-Being', with Plympton Farms. This agricultural project is turning barren earth into lucrative farmland, creating stable jobs for residents in remote areas of the country. SBM Offshore aided in constructing greenhouse structures. The project is further set to help reduce SBM Offshore's environmental footprint associated with food production and imports by providing FPSOs with quality, fresh locally grown food rather than imported food. The farm supplied approximately 1,188 kg of fresh farm produce in 2022 to FPSOs *Liza Unity* and *Liza Destiny*.

To further support local economic growth, SDG 8 'Decent Work and Economic Growth' and act on the need for sustainable income generation and a diversification of Guyana's economy, SBM Offshore provided support to Hubu Aquafarm to boost production of shrimp and prawns.

In Brazil, SBM Offshore volunteers give educational and psychological assistance at a children's shelter in Rio de Janeiro, as part of the Semente project, which aims to prepare children not only for their academic life, but also for their life in society when they leave the institution. Furthermore, for SDG 4 'Quality Education', SBM Offshore volunteers mentored students from public schools in the State of Rio de Janeiro via the Entrepreneurial Trail program.

The Monaco office took part again in the annual Monaco Energy Boat Challenge, competing in the Energy Class. SBM Offshore runs a green hydrogen-powered boat and continues to develop this and aims to contribute, with its research, to the development of clean energy, as highlighted in SDG 7 'Affordable and Clean Energy'.

For SDG 12 'Responsible Production and Consumption', SBM Offshore has spent time, in partnership with Earthwake, to innovate and develop a machine which uses plastic waste to generate fuel. Subsequently, the produced fuels are donated to local communities to provide electricity.

To contribute to SDG 10 ‘Reduced Inequalities’, SBM Offshore has partnered with Refugee Talent Hub to provide opportunities to refugees in the Netherlands, who join SBM Offshore in various roles and disciplines.

Various initiatives were taken on SDGs 13 'Climate Action' and 14 'Life Below Water'. SBM Offshore Malaysia has partnered with Reef Check Malaysia and researchers to introduce new coral reef rehabilitation sites around Tioman Island on the east coast of Malaysia. SBM Offshore volunteers and divers collected damaged coral fragments, which were replanted under water and are being monitored. SBM Offshore has carried out habitat assessments for 3 FPSO projects located in the same area. SBM Offshore is also supporting a mangrove restoration project in Guyana, in partnership with NAREI, to increase coastal protection, enhance ecosystem resilience and foster biodiversity.

Worldwide more than 30 charitable donations were made, across the various locations where SBM Offshore is active. These include contributions to local education, literacy projects, sustainable fishing and an ocean protection expedition.

FUTURE

SBM Offshore has formulated SDG-linked targets for 2023 and will continue to structure SDG-projects. SBM Offshore will further focus and act on biodiversity moving forward in 2023. Generally, as part of an iterative and reflective process, SBM Offshore continues to assess SDGs and its (potential) impacts on the environment, economy and society.

SUSTAINABLE DEVELOPMENT GOALS: LONG-TERM TARGETS, 2022 TARGETS AND RESULTS

SDG	TARGET AREA	LONG-TERM COMPANY TARGETS[1]	2022 COMPANY TARGETS	2022 RESULTS
3 GOOD HEALTH AND WELL-BEING	• Health & Well-being	• A leader on Employee Health & Well-being	• >70% participation in Health Check Program • >50% participation in Mental Health survey	72% 59%
4 QUALITY EDUCATION	• Education for Sustainable Development	• Co-develop climate change & energy transition awareness program for developing regions	• Climate change & energy transition awareness program for offshore community	86.5%
7 AFFORDABLE AND CLEAN ENERGY	• Access to Energy • Energy Efficiency	• Approved investment plans in support of net-zero by no later than 2050 (Downstream Leased Assets installed base) • Project offices consume 100% of green energy	• Operational Excellence on Gas Flared. Fleet average: 1.7 wmmscf/d[2] • 100% Completed Office Sustainability Actions	1.42 91%
8 DECENT WORK AND ECONOMIC GROWTH	• Human Rights • Occupational Safety & Process Safety	• Fully embed human rights & social performance within SBM Offshore to achieve no harm • Top 10% performer in Occupational Safety & Process Safety Events	• 95% of Project Key Resources trained on Human Rights awareness and responsibilities • Total Recordable Injury Frequency Rate 0.15 or below	99% 0.12
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Energy Transition & Decarbonization	• >2GW FOW installed or under construction by 2030 • Offer the market with near zero emissions FPSO	• Min 50% of R&D budget allocated to EU Taxonomy eligible technologies • Design of all electrical-drive FPSO as part of emissionZERO® portfolio	59% 96.3%
10 REDUCED INEQUALITIES	• Diversity & Inclusion	• Reduce inequality within and among countries	• SDG added to commitments for 2022, target set for 2023	NEW[4]
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Circularity	• Ensure sustainable consumption and production patterns	• SDG added to commitments for 2022, target set for 2023	NEW[4]
13 CLIMATE ACTION	• Climate Change Management	• Run a strategy and action plan compatible with a transition to net-zero by no later than 2050	• Internal validation of targets in line with net-zero ambition, applying a science-based approach	100%
14 LIFE BELOW WATER	• Ensure Ocean Health & Protect Ecosystems	• Reduce Oil in Water Discharge Intensity to zero • Develop Marine Diversity Intelligence & Improvement Framework, including target management	• Manage Oil in Water Discharge to 50% below IOGP average • Launch of an environmental data observation pilot program with identified partners	70% 74%

TARGET AREA	2023 COMPANY TARGETS	SDG
• Health & Well-being	• 70% participation health check programs	3 GOOD HEALTH AND WELL-BEING
• Education for Sustainable Development	• Complete climate change & energy transition awareness program for targeted operations community	4 QUALITY EDUCATION
• Access to Energy • Energy Efficiency	• Operational excellence on gas flared: 1.48 mmscf/d average • Validated investment for climate neutral office energy	7 AFFORDABLE AND CLEAN ENERGY
• Human Rights • Occupational Safety & Process Safety	• Deliver 2 human rights/worker welfare initiatives per region that contribute to remedy of human rights impacts aligned with SBM Offshore Human Rights Standards, including current salient issues • TRIFR: 0.14 • T1 Process Safety Events with > 3 in severity score: 3[3]	8 DECENT WORK AND ECONOMIC GROWTH
• Energy Transition & Decarbonization	• 50% of R&D budget allocated to EU Taxonomy eligible technologies • Carbon Capture Module readiness for Pre-FEED	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
• Diversity & Inclusion	• Develop & pilot a school outreach to promote women in engineering and encourage younger generations to take interest in the energy transition business	10 REDUCED INEQUALITIES
• Circularity	• Launch ZEROLandfill project in Brazil, action plan for one pilot vessel approved	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
• Climate Change Management	• Launch GHG-emissions monitoring for construction phase	13 CLIMATE ACTION
• Ensure Ocean Health & Protect Ecosystems	• Manage oil in water discharge to 50% below industry average • Deliver ocean data sharing project, including fauna surveillance	14 LIFE BELOW WATER

1. By 2030 unless specified otherwise
2. Average per operational unit including FPSO *Liza Unity* from July 2022 onwards
3. Excl. commissioning
4. No results available since this SDG was added in 2022. For actions already in place see text in annual report section 2.2

TRUE.
BLUE.
TRANSITION.

CHAPTER 3
GOVERNANCE

3.1 MANAGEMENT BOARD AND SUPERVISORY BOARD

ØIVIND TANGEN
(NORWEGIAN, 1973)

POSITION:
Chief Operating Officer as of April 2022

BRUNO CHABAS
(SWISS AND FRENCH, 1964)

POSITION:
Chief Executive Officer as of January 2012, previously Chief Operating Officer as of May 2011

OTHER MANDATES:
Non-Executive Director of FORACO International S.A.

DOUGLAS WOOD
(BRITISH, 1971)

POSITION:
Chief Financial Officer as of November 2016

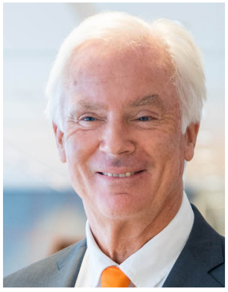
SUPERVISORY BOARD

For the full bio's including previous positions please visit our website: www.sbmoffshore.com

ROELAND BAAN
(DUTCH, M, 1957)
First appointed in 2018, expiry current term in 2026
POSITIONS:
Chair of the Supervisory Board, Chair of the Appointment and Remuneration Committee dealing with selection and appointment matters
OTHER MANDATES:
CEO of Haldor Topsoe A/S

BERNARD BAJOLET
(FRENCH, M, 1949)
First appointed in 2018, expiry current term in 2026
POSITIONS:
Vice Chair of the Supervisory Board, Member of the Technical and Commercial Committee
OTHER MANDATES:
Consultant of Amarante International / member of the Strategy Orientation Board, Advisor to Endeavour Mining

INGELISE ARNTSEN
(DANISH, F, 1966)
First appointed in 2021, expiry current term in 2025
POSITIONS:
Member of the Supervisory Board, Member of the Technical and Commercial Committee
OTHER MANDATES:
Member of the Supervisory Board of Statkraft AS, Chairman of the Supervisory Board of Asplan Viak AS, Member of the Supervisory Board of Exportfinans Norge, Member of the Supervisory Board of Corvus Energy AS, Member of the Supervisory Board of Fred. Olsen Windcarrier ASA



SIETZE HEPKEMA
(DUTCH, M, 1953)
First appointed in 2015, expiry current term in 2023
POSITIONS:
Member of the Supervisory Board, Member of the Appointment and Remuneration Committee, Member of the Audit Committee
OTHER MANDATES:
Member of the Board of Stichting Continuïteit Signify, Senior Advisor Bain Capital Private Equity Europe, Member of the Board of Stichting Continuity ProQR Therapeutics

HILARY MERCER
(BRITISH, F, 1964)
First appointed in 2022, expiry current term in 2026
POSITIONS:
Chair of the Technical and Commercial Committee, Member of the Audit Committee
OTHER MANDATES:
Senior Vice President in Shell Chemicals leading the Shell Polymers business

CHERYL RICHARD
(AMERICAN, F, 1956)
First appointed in 2015, expiry current term in 2023
POSITIONS:
Member of the Supervisory Board, Chair of the Appointment and Remuneration Committee dealing with remuneration matters
OTHER MANDATES:
Non-Executive Director of Gulf Island Fabrication Inc
Member of the Advisory Board for the National Association of Corporate Directors, Tri-Cities Chapter - Austin

JAAP VAN WIECHEN
(DUTCH, M, 1972)
First appointed in 2020, expiry current term in 2024
POSITIONS:
Member of the Supervisory Board, Chair of the Audit Committee
OTHER MANDATES:
Member of the Executive Board of HAL Holding N.V. / director HAL Investments B.V., Chairman of the Supervisory Board of Mondhoekie B.V. (Coolblue), Member of the Supervisory Board of Royal Boskalis Westminster N.V.

3.2 CORPORATE GOVERNANCE

This section gives a broad outline of SBM Offshore's corporate governance structure by describing the roles of the corporate bodies, the external independent auditor and of the foundation Stichting Continuïteit SBM Offshore. This section also indicates to what extent SBM Offshore applies the principles and best practice provisions in the Dutch Corporate Governance Code of December 8, 2016 (the Corporate Governance Code). An update of the 2016 Corporate Governance Code dated December 20, 2022 entered into force with effect of January 1, 2023. For the financial year 2022, the version of the Corporate Governance Code of December 8, 2016 is applied. The details on compliance with the Corporate Governance Code can be found on SBM Offshore's website in the ESG/ Governance section, under Corporate Governance Documents. The full text of the Corporate Governance Code can be found on www.mccg.nl.

3.2.1 CORPORATE GOVERNANCE STRUCTURE

SBM Offshore N.V. is a limited liability company (*Naamloze Vennootschap*) incorporated under the laws of the Netherlands with its corporate seat in Amsterdam. The Company is listed on Euronext Amsterdam. The Company has a two-tier board consisting of a Supervisory Board and a Management Board. Each board has its specific roles and tasks regulated by laws, the articles of association, the Corporate Governance Code, the Supervisory Board rules and Management Board rules. The Management Board rules and Supervisory Board rules contain details on the ways of working of the Management Board and the Supervisory Board. All documents referred to in this paragraph can be found on SBM Offshore's website, in the Governance section, under Corporate Governance documents.

3.2.2 MANAGEMENT BOARD

The Management Board manages the Company and is responsible for the continuity of the Company and its business. The Management Board focuses on long-term value creation for the Company and its business and takes into account the relevant stakeholders' interests. In fulfilling its responsibilities, the Management Board is guided by the interests of the Company and its business.

Each year, the Management Board presents to the Supervisory Board the strategy of the Company including the operational plan for the following financial year. The financial and operational objectives that allow quantification and progress measurement of the strategy implementation are regularly reviewed. Both the strategy and the operational plan are adopted after the Supervisory Boards' approval.

The Management Board is responsible for determining the Company's risk profile and policy, which are designed to realize the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk management and control systems are in place. The Management Board monitors the operation of the internal risk management and control systems and carries out a systematic assessment of their design and effectiveness at least once a year. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers. A regular risk report is provided to the Supervisory Board.

The Management Board adopted corporate core values that contribute to a culture focused on long-term value creation for the Company. These values are Integrity, Care, Entrepreneurship and Ownership and are regularly discussed with the Supervisory Board. The Management Board encourages behavior that is in keeping with the values and propagates these values through leading by example. The Management Board is responsible for the incorporation and maintenance of the values. The Management Board has drawn up a Code of Conduct and monitors its effectiveness as well as compliance with this Code. Findings and observations in this context are shared with the Supervisory Board.

The Management Board is accountable to the Supervisory Board and the General Meeting for the performance of its management tasks.

As of April 6, 2022, the Management Board consists of three members: the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer. Management Board members are appointed and can be suspended or dismissed by the General Meeting. Further information about the appointment and dismissal of Management Board members can be found in SBM Offshore's articles of association.

Section 3.1 lists the material mandates of the Management Board outside SBM Offshore. Management Board members shall inform the Supervisory Board before accepting positions outside the Company and shall not accept such positions prior to the approval of the Supervisory Board. Mandates are discussed annually in the Supervisory Board meeting. The Company is therefore compliant with best practice 2.4.2 of the Corporate Governance Code. Members of the Management Board may also be appointed to the statutory board of the Company's operational entities.

3.2.3 SUPERVISORY BOARD AND COMMITTEES

The Supervisory Board supervises the policies, the management of the Company and its businesses, the effectiveness and the integrity of the internal control and risk management systems and procedures implemented by the Management Board, as well as the general conduct of affairs of the Company and its businesses. The Supervisory Board also supervises the activities of the Management Board in relation to the creation of a culture aimed at long-term value creation for the Company and its businesses. Furthermore the Supervisory Board assists the Management Board with advice in accordance with the Corporate Governance Code, the articles of association and the Supervisory Board rules. In the performance of its duties, the Supervisory Board is guided by the interests of the Company's stakeholders. In addition, certain (material) decisions of the Management Board, as stipulated in the Dutch Civil Code, articles of association or the Supervisory Board and Management Board rules, require the Supervisory Board's prior approval.

The Supervisory Board consists of seven members. Members of the Supervisory Board are appointed by the General Meeting following nomination by the Supervisory Board. A Supervisory Board member is appointed for a period of four years and may then be re-appointed once for another four-year period. A Supervisory Board member may subsequently be re-appointed again for a third period of two years, which may be extended by at most two years. Further information about the appointment and dismissal of Supervisory Board members can be found in SBM Offshore's articles of association.

The Supervisory Board appoints one of its members as Chair and one as Vice-Chair.

The Supervisory Board has three subcommittees: the Audit Committee, the Appointment and Remuneration Committee and the Technical and Commercial Committee. The Appointment and Remuneration Committee is a joint committee with two separate chairpersons and two separate tasks: the selection and appointment preparation of Management Board and Supervisory Board members and the preparation of decision-making regarding remuneration matters. The task of each subcommittee is to assist and advise the Supervisory Board in fulfilling its responsibilities. SBM Offshore has an internal audit department with direct reporting to the Supervisory Board through the Audit Committee. More information about the ways of working of the Supervisory Board and its committees can be found in the Supervisory Board and Committee rules, as available on the Company's website. The Supervisory Board has drawn up a retirement schedule for its members, which is available on the Company's website.

Section 3.1 lists the material mandates of the Supervisory Board outside SBM Offshore. Supervisory Board members shall inform the Supervisory Board before accepting positions outside the Company. Positions may not be accepted without the Supervisory Board's prior approval. The positions cannot be in conflict with the Company's interests. Mandates are reviewed annually in the Supervisory Board meeting. The Company is compliant with best practice 2.4.2 of the Corporate Governance Code.

3.2.4 SHARE CAPITAL

The authorized share capital of the Company amounts to EUR200 million and is divided into 400,000,000 ordinary shares with a nominal value of EUR0.25 and 400,000,000 protective preference shares, also with a nominal value of EUR0.25. The preference shares can be issued as a protective measure, as explained in the section on the Stichting Continuïteit SBM Offshore. As per December 31, 2022, 180,671,305 (2021: 180,671,305) ordinary shares are issued. No preference shares have been issued.

Bearer shares

As per the Dutch Act on Conversion of bearer shares (*Wet omzetting aandelen aan toonder*), all bearer shares still outstanding at December 31, 2020 have been converted into registered shares (31,840) held in the name of the Company as per January 1, 2021. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

3.2.5 GENERAL MEETING

Annually within six months after the end of the financial year, the Annual General Meeting (AGM) shall be held. The agenda for this meeting generally includes the following standard items:

- The report of the Management Board concerning the Company's affairs and the management as conducted during the previous financial year.
- The report of the Supervisory Board and its committees.
- The remuneration report for an advisory vote.
- The adoption of the Company's Financial Statements, the allocation of profits and the approval of the dividend.

- The discharge of the Management Board and of the Supervisory Board.
- Corporate Governance.
- The delegation of authority to issue shares and to restrict or exclude pre-emptive rights.
- The delegation of authority to purchase own shares.
- The composition of the Supervisory Board and of the Management Board.

In addition, certain specific topics may be added to the agenda by the Supervisory Board.

Proposals to the agenda of General Meetings can be made by persons who are entitled to attend General Meetings, solely or jointly representing shares amounting to at least 1% of the issued share capital, or with a market value of at least EUR50 million. Proposals of persons who are entitled to attend the shareholders meetings will only be included in the agenda if such proposals are made in writing to the Management Board not later than sixty days before that meeting.

With reference to the articles of association, all shareholders are entitled, either personally or by proxy authorized in writing, to attend the General Meeting, to address the General Meeting and to vote. The articles of association do not provide for any limitation of the transferability of the ordinary shares and the voting rights of shareholders are not subject to any limitation.

At the General Meeting, each ordinary share with a nominal value of EUR0.25 each shall confer the right to cast one (1) vote. Each protective preference share with a nominal value of EUR0.25 each shall confer the right to cast one (1) vote, when issued. None of the protective preference shares have been issued to date. Unless otherwise required by law or the articles of association of the Company, all resolutions shall be adopted by an absolute majority of votes. The General Meeting may adopt a resolution to amend the articles of association of the Company by an absolute majority of votes cast, but solely upon the proposal of the Management Board, subject to the approval of the Supervisory Board. The articles of association are reviewed on a regular basis and were last amended in April 2022.

Due to the COVID-19 pandemic, the 2022 AGM was held virtually and shareholders could cast their votes prior to and real-time in the meeting. 131,568,021 ordinary shares participated in the voting, equal to 72.82% (2021: 71.7%) of the then total outstanding share capital of 180,671,305 ordinary shares. All proposed resolutions were adopted. The outcome of the voting of the meeting was posted on the Company's website on the day following the 2022 AGM.

3.2.6 ISSUE, REPURCHASE AND CANCELLATION OF SHARES

The General Meeting or the Management Board, if authorized by the General Meeting and with the approval of the Supervisory Board, may resolve to issue shares.

The General Meeting or the Management Board, subject to the approval of the Supervisory Board, shall set the price and further conditions of issue, with due observance of the provisions contained in the articles of association. Shares shall never be issued below par, except in the case as referred to in article 2:80 (2) Dutch Civil Code. At the 2022 AGM, the shareholders have delegated to the Management Board for a period of eighteen months and, subject to the approval of the Supervisory Board, the authority to issue ordinary shares up to 10% of the total outstanding shares at that time. In addition, authorization was granted to restrict or to exclude pre-emption rights for a period of eighteen months and subject to the approval of the Supervisory Board.

The Management Board may, with the authorization of the General Meeting and the Supervisory Board and without prejudice to the provisions of article 2:98 Dutch Civil Code and the articles of association, cause the Company to acquire fully paid-up shares in its own capital for valuable consideration. The Management Board may resolve, subject to the approval of the Supervisory Board, to dispose of shares acquired by the Company in its own capital. No pre-emption right shall exist in respect of such disposal. At the 2022 AGM, the shareholders have delegated the authority to the Management Board for a period of eighteen months, as from April 6, 2022 and subject to approval of the Supervisory Board, to repurchase up to 10% of the total outstanding shares at that time.

3.2.7 EXTERNAL INDEPENDENT AUDITOR

The external independent auditor of SBM Offshore is appointed by the General Meeting on the proposal of the Supervisory Board upon the selection process and nomination of the Audit Committee and the advice of the Management Board.
PricewaterhouseCoopers Accountants N.V. ('PricewaterhouseCoopers') was first appointed during the 2014 AGM and re-appointed during the 2021 AGM for a period of three years and ending with the audit of the financial year 2023. Pursuant to the Dutch Auditors Profession Act *(Wet op het accountantsberoep)*, the audit firm of a so-called public interest entity (such as a listed company) is required to be replaced if the audit firm has performed the statutory audits of the company for a period of ten consecutive years, which term ends for PricewaterhouseCoopers with the audit of the financial year

2023. Based on auditor independence requirements, the lead auditor in charge of the SBM Offshore account is changed every five years.

The external independent auditor attends all meetings of the Audit Committee, as well as the meeting of the Supervisory Board at which the financial statements are approved. The external independent auditor receives the financial information and underlying reports of the quarterly results and is given the opportunity to comment and respond to this information. Pursuant to the Auditor's Profession Act, the auditors are prohibited from providing the Company with services in the Netherlands other than 'audit services aimed to provide reliability concerning the information supplied by the audited client for the benefit of external users of this information and also for the benefit of the Supervisory Board, as referred to in the reports mentioned'. During 2022, a small number of limited-scope non-audit services were provided by foreign member firms of the PricewaterhouseCoopers global network, taking into account the external auditor's independence rules and SBM Offshore's policy in this regard.

3.2.8 STICHTING CONTINUÏTEIT SBM OFFSHORE

In this section, SBM Offshore's anti-takeover measures are described, as well as the circumstances under which it is expected that these measures may be used.

A foundation 'Stichting Continuïteit SBM Offshore' (the Foundation), was established on March 15, 1988. In summary, the objectives of the Foundation are to represent the interests of SBM Offshore in such a way that the interests of the Company and of all parties involved in this are safeguarded, and that influences which could affect the independence, continuity and/or the identity of the Company in breach of those interests are deterred. The Foundation will perform its role, and take all actions required, at its sole discretion. In the exercise of its functions it will, however, be guided by the interests of the Company and the business enterprises connected with it, and all other stakeholders, including shareholders and employees.

The Foundation is managed by a Board, the composition of which is intended to ensure that an independent judgement may be made as to the interests of the Company. The Board consists of a number of experienced (former) senior executives of multinational companies: Mr. A.W. Veenman, Chair, Mr. B. Vree, Vice-Chair, Mr. R.H. Berkvens, Ms. H.F.M. Defesche and Mr. J.O. van Klinken. To be kept informed about the business and interests of the Company, the Chair of the Supervisory Board, the CEO and the CFO are invited to attend the Foundation Board meetings.

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital, carrying voting rights, equal to one half of the voting rights carried by the ordinary shares outstanding immediately prior to the exercise of the option, enabling it effectively to perform its functions, at its sole discretion and responsibility, as it deems useful or desirable.

The option agreement between SBM Offshore and the Foundation was last amended and restated in 2011, to reflect a waiver by the Company of its put option and the alignment of the nominal value of the protective preference shares with the nominal value of ordinary shares by reducing the nominal value of EUR1 to EUR0.25 and the related increase in the number of protective preference shares, as per the amended articles of association of the Company. The Foundation is independent, as stipulated in article 5:71 (1) (c) Financial Markets Supervision Act.

3.2.9 OTHER REGULATORY MATTERS

CONFLICTS OF INTEREST

The members of the Management Board have a services contract with SBM Offshore N.V. These contracts stipulate that members of the Management Board may not compete with the Company. Conflict of interest procedures are included in the Management Board and Supervisory Board rules and the Company's Code of Conduct, and reflect Dutch law and the principle and best practices of the Dutch Corporate Governance Code. In 2022, there were no conflicts of interest in relation to the members of the Management Board and Supervisory Board reported other than ordinary course compensation arrangements. The Company is compliant with best practice 2.7.3 to 2.7.4 of the Corporate Governance Code.

In 2022, SBM Offshore did not enter into transactions with persons who held at least 10% of the shares in the Company. The Company is compliant with best practice 2.7.5 of the Corporate Governance Code.

REGULATIONS CONCERNING OWNERSHIP OF AND TRANSACTIONS IN SHARES

In addition to the Company's Insider Trading Rules, the Supervisory Board rules and Management Board rules contain a provision stipulating that Supervisory Board and Management Board members will not trade in Company shares or other shares issued by entities other than the Company on the basis of share-price-sensitive information if this information has been obtained in the course of managing or supervising the Company's business. For information about the shares (or other financial instruments) held in SBM Offshore N.V. by members of the Management Board, reference is made to section 4.3.6 of the notes to the consolidated financial statements.

CHANGE OF CONTROL

The Company is not a party to any material agreement that takes effect, alters or terminates upon a change of control of the Company following a take-over bid as referred to in section 5:70 of the Dutch Financial Markets Supervision Act, other than as mentioned in this paragraph.
SBM Offshore N.V. has a revolving credit facility agreement under which the approval of the participating lenders must be obtained in the event of a change in control of the Company after a public take-over bid has been made. Certain vessel charter contracts contain clauses to the effect that the prior consent of the client is required in case of a change of control or merger or where the company resulting from such change of control or merger would have a lower financial rating or where such change of control or merger would affect the proper execution of the contract. In addition, local bidding rules and regulations (e.g. in Brazil for Petrobras) may require client approval for changes in control. A change of control clause is included in the services contract between the Company and each of the members of the Management Board.

EXECUTIVE COMMITTEE

Since the end of 2012, an Executive Committee has been in place. The Executive Committee facilitates decision-making without detracting from the exercise of statutory responsibilities by the members of the Management Board. Currently, the Executive Committee is comprised of the Management Board members, the Managing Directors of Floating Production Solutions, Global Resources & Services, Operations, and New Energies & Services, as well as the Group HR Director, the Group HSSEQ & Sustainability Director and the Group General Counsel. In principle, the Executive Committee meets monthly. In the meetings strategic, operational and organisational topics are discussed.

DIVERSITY

The Diversity Policy for the Supervisory Board and for the Management Board can be found on the Company website. Diversity targets found to be relevant for SBM Offshore are i) nationality/cultural background with a due and fair representation of the geographic regions in which the Company operates and ii) gender.

In 2022 the members of the Management Board covered four and the members of the Supervisory Board covered five nationalities. Two additional nationalities were represented in the Executive Committee. A broad range of experience in the geographic regions the Company operates is seen, or in case of new regions, experience is being build up.

The Gender Diversity Act, which entered into force in The Netherlands on January 1, 2022 requires all 'large' Dutch companies to set appropriate and ambitious targets for gender diversity in its Management Board, Supervisory Board and senior management. The Company set the following gender diversity targets: i) Supervisory Board: males and females each hold at least one third of the seats; ii) Management Board: to have at least one female; and iii) senior management: there are at least one third of each of males and females.

As at December 31, 2022 42.86% of the Supervisory Board members was female (above target). The same applies for senior management as 42.86% of the Executive Committee (excluding Management Board) was female. The Management Board consisted of 100% males, which means the set target was not met. In 2022, the Management Board went from four to three members, and there was a vacancy for which a male was appointed as he was considered to be the best candidate for the position. In general, more than for re-appointments, whereby experience and good performance are weighing heavily on the decision, new appointments offer opportunity to re-balance the composition in view of fair and equal gender representation when needed. The targets set for (gender) diversity will be taken into consideration when there are vacancies in the Supervisory Board, Management Board and senior management positions. For example, the leadership programme (RISE) is designed to ensure that both men and women can advance into senior management and executive positions. For 2023, the target is that 25% of the broader group of senior management consists of females.

CODE OF CONDUCT AND SPEAK UP LINE

The Company has a Code of Conduct which is built on the Company's four core values Integrity, Care, Entrepreneurship and Ownership. Reporting channels and a Speak Up Line are in place and enable SBM Offshore to carefully listen to its employees and partners in the value chain about concerns related to potential violations against the Code of Conduct, Core Values, or the law. The Speak Up Line, managed by an independent third party, is available 24 hours a day, 365 days a year, supports multiple languages, and allows for anonymous and confidential reporting. For more details on SBM Offshore's compliance program reference is made to section 3.6.2. The Code of Conduct can be found on the Company website.

COMPLIANCE WITH THE CODE

SBM Offshore complies with the principles and best practices of the Corporate Governance Code.

3.3 REPORT OF THE SUPERVISORY BOARD

Changes in composition Supervisory Board and Management Board

In 2022, Francis Gugen stepped down after the 2022 AGM after twelve years of service. The Supervisory Board appreciates his insights, knowledge and contribution. Following his departure, Bernard Bajolet took over as Vice-Chair of the Supervisory Board. The Supervisory Board welcomed Hilary Mercer who was newly appointed at the 2022 AGM for a period of four years, until the 2026 AGM. In accordance with best practice 2.2.2 of the Corporate Governance Code, the profile, the competencies and background of the Supervisory Board members already in function, as well as the Diversity Policy for the Supervisory Board, were closely observed for nominations made. Prior to appointment. Hilary Mercer acted as advisor to the Supervisory Board from November 2021.

Furthermore, the Company saw changes in the Management Board in 2022. Erik Lagendijk stepped down as member of the Management Board and CGCO at the 2022 AGM after seven years. Øivind Tangen was appointed as member of the Management Board and COO as per the same moment. Philippe Barril (member of the Management Board) who operated as COO for seven years and as Chief Transition Officer from April 2022, decided to leave the Company as per August 31, 2022. The Supervisory Board is grateful for the valuable contribution and dedication of Philippe Barril and Erik Lagendijk over the years. The Supervisory Board and Management Board have decided to reduce the number of Management Board members from four to three considering the reallocation of responsibilities in the Management Board and the ways of working with the organisation.

Independence

As per year-end, six out of seven Supervisory Board members are independent from the Company within the meaning of best practice provisions 2.1.7 to 2.1.9 inclusive of the Corporate Governance Code. The exception is Jaap van Wiechen in view of his position as member of the Executive Board of HAL Holding N.V./director HAL Investments B.V. Sietze Hepkema who was a Management Board member of SBM Offshore until this appointment as Supervisory Board member in April 2015, qualifies as independent Supervisory Board member as of April 16, 2020.

Meetings

In 2022, the Supervisory Board met seven times for its scheduled meetings, had one additional meeting and some ad hoc calls. The Supervisory Board assessed that its members have adequate time available to give sufficient attention to the Company. In 2022, the attendance percentage of the Supervisory Board for the meetings was 95.54%. The table below shows the overview of the attendance in 2022 at meetings for the individual members out of the number eligible to attend.

Members[1]	Supervisory Board	Audit Committee	Technical and Commercial Committee	Appointment and Remuneration Committee
Roeland Baan (Chair)	8/8	-	-	5/5
Francis Gugen (Vice-Chair)	2/2	2/2	-	-
Bernard Bajolet (Vice-Chair)	7.5/8	-	6/6	-
Ingelise Arntsen	8/8	-	6/6	-
Sietze Hepkema	8/8	5/5	-	5/5
Hilary Mercer	5/6	2/3	4/4	-
Cheryl Richard	7/8	-	-	3/5
Jaap van Wiechen	8/8	5/5	2/2	-

1 Where a Supervisory Board member retired from or was appointed to the Supervisory Board, stepped down from a Committee or was appointed throughout the year, only meetings during his/her tenure were taken into account

The Management Board prepared detailed supporting documents as preparation for all meetings and several representatives of senior management were invited to give presentations on specific topics within their area of responsibility. The Supervisory Board and Committee meetings were usually held over two days to ensure time for review and discussion. The Management Board attended all regular meetings of the Supervisory Board. Whenever possible informal pre-board dinners were held. Several informal meetings and contacts among Supervisory Board members and/or Management Board members took place. Prior to the regular meetings, the Supervisory Board met outside the presence of the Management Board to reflect on agenda items and discuss potential items requiring attention during the meeting. The Supervisory Board also received regular updates from the Management Board outside meetings on relevant developments within the Company.

In 2022, a repeat subject on the agenda of the Supervisory Board meeting was the challenges that came with the COVID-19 pandemic and the Russia-Ukraine war. The Supervisory Board was regularly informed about the impact hereof on SBM Offshore, its employees, projects, supply chain and fleet operations, as well as measures implemented in relation herewith. In addition, recurring standard items on the agenda of the Supervisory Board meetings were the Company strategy, the commercial activities/projects and the market environment, the operational performance, project performance, the financial performance and liquidity position, treasury topics, investor relations topics, compliance, risk management and internal controls, SBM Offshore organisation and culture including diversity and inclusion, corporate governance, succession planning of the Management Board, Supervisory Board and senior management of the Company, remuneration for senior management and the Management Board and ESG related matters in relation to the strategy and embedding in the organisation.

In February 2022, the Supervisory Board approved the 2021 Financial Statements and the proposal to the General Meeting of an all cash dividend distribution. In the same meeting, the 2022 operating plan was approved in its final form. On various occasions during the year, the strategy, progress on the implementation thereof, as well as the risks related to its realization, were reviewed and discussed. As an example, these discussions included the strategic position of the Company in the energy transition for its clients and the developing floating offshore wind market. The Long-Term Strategic Plan was discussed and approved in December. The Supervisory Board annually discusses the Company's risk appetite. In addition, the Supervisory Board discussed the elements of the Management Board remuneration policy. The SBM Offshore organisation in relation to the challenges in relation to the COVID-19 pandemic and in general were regularly discussed. Furthermore, time was spent on talent management and leadership development.

THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has appointed three committees which are formed from among its members. These committees have advisory powers, share the main considerations and conclusions of their meetings in the Supervisory Board meeting and provide recommendations for decision by the Supervisory Board. The committee composition changed in 2022 due to changes in the Supervisory Board. The composition of each committee as at December 31, 2022 is detailed below.

			Appointment and Remuneration Committee	
Members	Audit Committee	Technical and Commercial Committee	Appointment matters	Remuneration matters
Roeland Baan (Chair)			Chair	√
Bernard Bajolet (Vice-Chair)		√		
Ingelise Arntsen		√		
Sietze Hepkema	√		√	√
Hilary Mercer[1]	√	Chair		
Cheryl Richard			√	Chair
Jaap van Wiechen	Chair			

1 Appointed as per April 6, 2022

There is an open invitation to join committee meetings for those Supervisory Board members who are not a member of specific committee. This invitation is regularly made use of.

Audit Committee

The Audit Committee has seen a number of changes in 2022: following the departure of Francis Gugen as of April 6, 2022, Jaap van Wiechen took over the Chair and Hilary Mercer joined as member. The Audit Committee convened five times in 2022. The attendance percentage of the Audit Committee meetings was 96.7%. The Chair of the Audit Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision by the Supervisory Board. The Management Board, the Group Internal Audit Director, the Group Controller and the external independent auditor attended the meetings. After each meeting, the Audit Committee met with the external independent auditor outside the presence of the Management Board. The Chair of the Audit Committee regularly held meetings with the CFO, and separately with SBM Offshore's Group Internal Audit Director and again separately with PricewaterhouseCoopers.

The Audit Committee supports the Supervisory Board's decision making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems. Standard agenda topics in 2022 were financial performance, compliance, risk management and internal controls, Internal Audit activities and IT (including cyber security). In addition, other items discussed included: the COVID-19 pandemic, funding and liquidity, dividend proposal, functioning of and relationship with the external independent auditor including the quality of the audit, financing strategy, assessment Corporate Sustainability Reporting Directive (CSRD) readiness and the SBM Offshore's approach to tax policy and specific tax issues such as the OECD Pillar II (GLoBE) developments. Furthermore, as the mandate of PricewaterhouseCoopers as external independent auditor ends after the audit of the financial year 2023, the Audit Committee started the selection process for a new external independent auditor. After careful consideration, the Audit Committee made a recommendation to the Supervisory Board. The Supervisory Board decided to nominate Deloitte Accountants B.V. to be appointed by the General Meeting as external independent auditor from the financial year 2024.

The external independent auditor participated in all meetings of the Audit Committee. Discussions were held with PricewaterhouseCoopers about the audit plan, management letter, audit report and financial statements including managerial judgments and key accounting estimates. Additionally, the Audit Committee formally evaluated the external independent auditor.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee had five scheduled meetings in 2022. The attendance rate of the Appointment and Remuneration Committee meetings was 87.67%. The Appointment and Remuneration Committee consists of two parts as prescribed by the Corporate Governance Code: a part for Selection and Appointment matters and a part for Remuneration matters. During the Supervisory Board meetings, the respective Chair reported on the selection and appointment matters and on the remuneration matters reviewed by the Committee, on actions arising and the follow-up of such actions. They made recommendations on those matters that require a decision from the Supervisory Board. The meetings were attended by the Management Board and the Group HR Director, except where the Appointment and Remuneration Committee chose to discuss matters in private.

The main remuneration matters discussed by the Appointment and Remuneration Committee in 2022 were: determination of the relevant remuneration of the Management Board (Short-Term Incentive target setting and realization, and the Value Creation Stake award). On Management Board remuneration matters, the views of the Management Board members on their own remuneration have been noted.

The main selection and appointment matters discussed were: succession planning, the proposal to nominate Øivind Tangen for appointment as member of the Management Board, talent management, the SBM Offshore organizational structure, employee well-being and culture including Diversity & Inclusion.

Technical and Commercial Committee

Hilary Mercer took over the Chair of the Technical and Commercial Committee from Jaap van Wiechen as from April 6, 2022. The Technical and Commercial Committee convened six times in 2022. The attendance rate of the Technical and Commercial Committee for these meetings was 100%. The Chair of the Technical and Commercial Committee reported to the Supervisory Board on the principal issues discussed, on actions arising and the follow-up of such actions and made recommendations on those matters requiring a decision. The meetings were attended by the Management Board, and relevant senior management representatives who gave presentations on specific topics within the remit of the Technical and Commercial Committee.

The main subjects discussed by the Technical and Commercial Committee were the following: the COVID-19 pandemic and the Russia/Ukraine war and the impact on the fleet and operations, Health, Safety, Security and Environment and Process Safety performance, operational performance and strategy, project performance, project resourcing and execution, sales, marketing and tender activities, client relationships, technology and innovation developments.

INDUCTION, TRAINING AND PERFORMANCE ASSESSMENT

New members of the Supervisory Board receive a comprehensive induction tailored to their needs. Furthermore, during the first year of appointment, new members often are present at the meetings of committees of which they are not a member. In 2022, SBM Offshore welcomed one new member to the Supervisory Board. The induction program took place in the form of sessions with the Management Board and senior management, as well as participation in the annual mid-year Strategy Seminar as well as visits to some sites.

Both the Management Board and the Supervisory Board spent time on deep dives on various relevant subjects, for example the energy transition and the role of the Company herein. Site visits are seen as an opportunity for continuing education and in 2022 there was the opportunity to visit in physical form some sites. The Supervisory Board also participated in training organized by an external advisor to gain further experience and knowledge on sustainable development. This training looked at the legal landscape as well as the interests of stakeholders and society, and a discussion took place on the ESG focus for SBM Offshore and the integration of ESG factors into strategic priorities. A regular discussion on ESG topics takes place as part of the strategy discussions.

In August 2022, the Supervisory Board assessed the profiles and the competencies of the individual Supervisory Board members. Annually, an assessment on the functioning of the Supervisory Board, its Committees and its members is performed. In principle this is done with an external advisor every three years. Considering the recent changes in the Management and Supervisory Board, the self-assessment was conducted in Q4 2022 via a survey which was completed by the members of the Supervisory Board and the Management Board. Questions asked regarded institutional and procedural matters, the performance of the Supervisory Board members, and the collaboration within the Supervisory Board and also with the Management Board. In a meeting without the Management Board being present, the outcome was discussed by the Supervisory Board in December 2022. The overall feedback from the assessment was positive. Despite the changes in the Supervisory Board composition, the Supervisory Board was found to function well and good and open discussions took place. The Supervisory Board and the Management Board have discussed how to further enhance and optimise discussions around the strategy. Some further practical suggestions on the organization of the meetings were also made and will be implemented.

The Chair of the Supervisory Board frequently spoke with the CEO, and the Commitee Chairs spoke other Management Board members outside the meetings. The Supervisory Board also evaluated the functioning of the Management Board. Overall, it was concluded that both the Supervisory Board and the Management Board function properly and effectively and that the relationship is constructive.

The Management Board reviewed its own functioning as a whole and that of the individual Management Board members on various occasions throughout the year. During these sessions, its role and responsibilities, meeting efficiency and the relationship with the Supervisory Board and senior management was also discussed. Special attention was given to the new composition of the Management Board and its current division of tasks and responsibilities. In addition there has been continuous attention to diversity and inclusion within senior management as a whole.

CONCLUSION

The Financial Statements have been audited by the external independent auditor, PricewaterhouseCoopers Accountants N.V. Their findings have been discussed with the Audit Committee and the Supervisory Board in the presence of the Management Board. The external independent auditor has expressed an unqualified opinion on the Financial Statements.

The members of the Supervisory Board have signed the 2022 Financial Statements pursuant to their statutory obligations under article 2:101 (2) of the Dutch Civil Code. The members of the Management Board have signed the 2022 Financial Statements pursuant to their statutory obligations under article 2:101(2) of the Dutch Civil Code and article 5:25c (2) (c) of the Financial Markets Supervision Act. The Supervisory Board of SBM Offshore N.V. recommends that the General Meeting adopts the Financial Statements for the year 2022.

Supervisory Board

Roeland Baan, Chair
Bernard Bajolet, Vice-Chair
Ingelise Arntsen
Sietze Hepkema
Hilary Mercer
Cheryl Richard
Jaap van Wiechen

Schiphol, the Netherlands
February 22, 2023

3.4 REMUNERATION REPORT

In this report, the remuneration for the Management Board and Supervisory Board is described. The first part contains a description of the remuneration policy for the Management Board, how it was implemented for the Management Board members over 2022 and various other Management Board remuneration information. The second part describes the remuneration policy for the Supervisory Board and how it was implemented over 2022.

3.4.1 MANAGEMENT BOARD REMUNERATION POLICY

The Remuneration Policy 2022 (RP 2022) became effective January 1, 2022. Full details and the principles and rationale for the RP 2022 are available on SBM Offshore's website in the remuneration policy section under Corporate Governance Documents.

The Company remunerates members of the Management Board for long-term value creation. RP 2022 is based on competitive remuneration aligned with the long-term performance of SBM Offshore. It is built on six reward principles: simplicity, flexibility, predictability, competitiveness, alignment and, most importantly, driving the right results.

This remuneration report has been drafted in accordance with the EU Shareholder Rights' Directive (SRD II) as implemented in the Netherlands.

Explanation of RP 2022

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come. Our mission is to share our experience to make it happen. In executing our strategy we are guided by our Core Values: Integrity, Care, Entrepreneurship and Ownership.

The underlying principles of the remuneration policy of the Management Board of SBM Offshore N.V. support the vision and ambition and aim for long-term value creation for the Company through the Value Creation Stake balanced with pay for performance through the Short-Term Incentive (STI) .

The Company's strategy is aimed at the optimization, transformation and innovation of SBM Offshore's business processes in order to grow in size and create value. This is reflected in the STI performance areas of Profitability, Growth and Sustainability Performance. Through the STI performance areas, Management Board remuneration is directly linked to the success of the Company and the value delivered to shareholders. Sustainability is an integral part of our strategy, and is explicitly expressed through the Sustainability performance area.

REMUNERATION POLICY STRUCTURE MANAGEMENT BOARD

REMUNERATION POLICY		DETAILS
Base Salary	Fixed component	Level set based on both internal and external benchmarks
STI	Percentage of Base Salary as short term cash incentive (100% at target for CEO and 75% for other Management Board members)	Identical targets for all Management Board members (based on profitability, growth and sustainability performance)
Value Creation Stake	Award of locked-in shares: 175% of Base Salary	This award is conditional upon Supervisory Board approval – Immediate vesting plus 5-year holding requirement
Pension	Pension allowance equal to 25% of Base Salary	Management Board members are responsible for their own pension arrangements
Benefits	Benefits include car allowance and health/life insurance	Other benefits depend on individual circumstances and may include a housing allowance

Employment conditions and pay of the Company's employees within SBM Offshore are taken into account when formulating the remuneration policy, for instance through the internal pay-ratio analysis. Employment conditions for Management Board members may differ from those applicable to employees, also because Management Board members have a service contract rather than an employment relationship. The principles of the remuneration policy are used as a guideline for employment conditions at SBM Offshore as a whole.

The four components of the remuneration package of Management Board members under RP 2022 are: (1) Base Salary, (2) STI, (3) Value Creation Stake and (4) Pension and Benefits.

1. BASE SALARY

The Base Salary is set by the Supervisory Board and is a fixed component paid in cash. Depending on internal and external developments such as market movements, the Supervisory Board may adjust Base Salary levels.

2. SHORT-TERM INCENTIVE

The objective of the STI is to provide a direct alignment of pay with short-term operational performance. The STI key performance indicators focus on three performance areas: (i) Profitability, (ii) Growth and (iii) Sustainability Performance. The Supervisory Board, upon the recommendation of the A&RC, determines for each of the performance measures the specific performance targets and their relative weighting at the beginning of the financial year.

STI

PERFORMANCE MEASURES	WEIGHTING
PROFITABILITY	40 - 60%
GROWTH	20 - 40%
SUSTAINABILITY PERFORMANCE	15 - 25%
TOTAL	100%
DISCRETIONARY JUDGEMENT SUPERVISORY BOARD	- 10%

The three performance areas are specified as follows for RP 2022:

- Underlying Directional EBITDA is used as an indicator of overall short-term Profitability.
- Number of contracts positioning the Company to grow or Order Intake is used as an operational indicator of top line growth.
- Sustainability Performance combines safety, environmental and social performance to underline the responsibility in how SBM Offshores operates and includes safety targets and specific targets for a number of UN Sustainable Development Goals.

If the Supervisory Board is of the opinion that another measure would be more qualified as an indicator for Profitability, Growth or Sustainability Performance, it will inform the shareholders in the remuneration report. Performance measures will never be adjusted retrospectively.

Performance ranges – threshold, target and maximum – are set for each of the key performance indicators. The STI is set at a target level of 100% of the Base Salary for the CEO and 75% of the Base Salary for any other member of the Management Board. The threshold pay-out is at 0.5 times target and maximum pay-out will not exceed 1.5 times target. A linear pay-out line applies between threshold and maximum. Below threshold, the pay-out is zero. The Supervisory Board may adjust the outcome of the STI down by up to 10%, which adjustment will be reported on in the remuneration report.

At the end of the performance year, the performance is reviewed by the Supervisory Board and the pay-out level is determined. The performance measures, target setting and realization are published in this remuneration report. For reasons of commercial and/or market sensitivity, these details are not published at the start of the performance period. In general, details regarding order intake and project performance will not be shared. The STI is payable in cash after the publication of the Annual Report for the performance year.

3. VALUE CREATION STAKE

The Value Creation Stake is an award of restricted shares to create direct alignment with long-term shareholder value. The awarded shares must be held for at least five years. After retirement or termination, the holding period will not be longer than two years. The gross annual grant value for each of the Management Board members is 175% of Base Salary. The number of shares is determined by a four-year average share price (volume-weighted). The Value Creation Stake has a variable element to the extent that the share price develops during the holding period. The Supervisory Board retains the discretion not to award the Value

Creation Stake in case of an underpin event. RP 2022 introduces a clearly defined and observable underpin. The underpin serves as a mechanism to ensure an acceptable threshold level of performance and avoid vesting in case of circumstances as defined as underpin event. The underpin is evaluated each year at moment of vesting and in case the criteria are not met, the entitlement to the Value Creation Stake grant at that time will forfeit.

Two pillars have been defined when Supervisory Board is considering withholding the Value Creation Stake – in full or in part:

- Event(s) that threaten long-term continuity of the Company; and
- Where circumstances of the event(s) are/were within control of the incumbent Management Board.

These two pillars are the umbrella criteria: in case an event does not qualify under these pillars, the underpin test does not come into play. Underpins shall be assessed in determining the amount of Value Creation Stake vesting in a year:

- Safety event resulting in the loss of multiple lives and/or significant oil damage to the environment and/or loss of an FPSO; and/or
- Compliance issue resulting in the Company being unable to operate in one or more of its primary markets; and/or
- Significant project impairment due to insufficient oversight or gross negligence or deliberate omissions. This relates to large projects with a value exceeding US$1 billion.

All members of the Management Board are required to build up Company stock of at least 350% of Base Salary. The value of the share ownership is determined at the date of grant.

4. PENSION AND BENEFITS

In principle, the Management Board members are responsible for their own pension arrangements and receive a pension allowance equal to 25% of their Base Salary for this purpose.

The Management Board members are entitled to additional benefits, such as a company car allowance, medical and life insurance and (dependent on the personal situation of the Management Board member) a housing allowance and school fees.

KEY ELEMENTS EMPLOYMENT AGREEMENTS

Each of the Management Board members has entered into a four-year service contract with the Company, the terms of which have been disclosed in the explanatory notice of the General Meeting at which the Management Board member was (re-)appointed. Next to his service contract, Bruno Chabas has an employment contract with Offshore Energy Development Corporation S.A.M., in relation to a split pay-out of his remuneration.

Adjustment of remuneration and claw-back

The service contracts with the Management Board members contain an adjustment clause giving discretionary authority to the Supervisory Board to adjust the payment of the STI , if a lack of adjustment would produce an unfair or unintended result as a consequence of extraordinary circumstances during the period in which the performance criteria have been, or should have been achieved. However, the Supervisory Board has determined that upward adjustments will not be considered based on earlier shareholder feedback.

A claw-back provision is included in the service contracts enabling the Company to recover the Value Creation Stake, STI and/or LTI (as granted under RP 2015) on account of incorrect financial data.

Severance Arrangements

The Supervisory Board will determine the appropriate severance payment for Management Board members in accordance with the relevant service contracts and Corporate Governance Code. The current Corporate Governance Code provides that the severance payment will not exceed a sum equivalent to one times annual Base Salary. This also applies in a situation of a change in control.

Loans

SBM Offshore does not grant loans, advance payments or guarantees to its Management Board members.

3.4.2 EXECUTION OF THE MANAGEMENT BOARD REMUNERATION POLICY IN 2022

The Management Board saw changes in 2022: Erik Lagendijk stepped down as member of the Management Board and CGCO at the 2022 AGM. Øivind Tangen, who joined SBM Offshore in 2002, was appointed as member of the Management Board and COO as per the 2022 AGM. Philippe Barril (member of the Management Board) who operated as COO for seven years and as Chief Transition Officer from April 2022, decided to leave the Company as per August 31, 2022.

The Supervisory Board is responsible for ensuring that the remuneration policy is appropriately applied and aligned with the Company's objectives. The remuneration level is determined by the Supervisory Board using a comparison with Dutch and international peer companies, as well as internal pay ratios across the Company.

REFERENCE GROUP

In order to determine a competitive Base Salary level and to monitor total remuneration levels of the Management Board, a reference group of relevant companies in the industry (the 'Reference Group') has been defined. Pay levels of the Management Board members are benchmarked to the Reference Group. In the event a position cannot be benchmarked within the Reference Group, the Supervisory Board may benchmark a position to similar companies. For 2022, the Reference Group consisted of:[17]

[17] Under RP 2022 the reference group has changed. Due to changes such as bankruptcy and delisting, Boskalis and Superior Energy Services are no longer part of the reference group.

Aker BP ASA	IMI Plc	RPC, Inc.
Aker Solutions ASA	John Wood Group Plc	RPS Group Plc
Arcadis NV	Noble Corp. Plc	Tecnicas Reunidas SA
CGG	Oceaneering International, Inc.	Transocean Ltd.
Fugro NV	Orron Energy AB	Tullow Oil Plc
Helmerich & Payne, Inc.	Petrofac Ltd.	Vallourec SA
Hunting Plc	Royal Vopak NV	

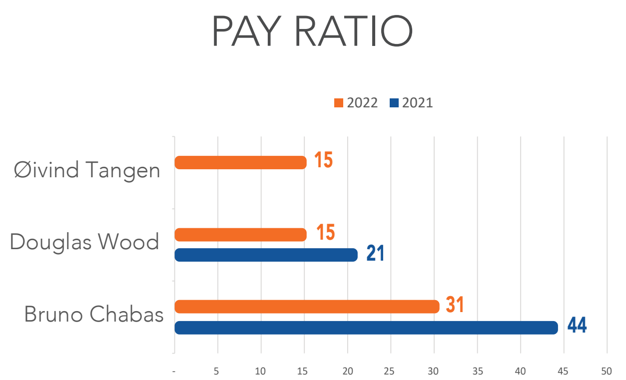
In 2022, the benchmark focused on the CFO and newly appointed COO as the role of CGCO disappeared. The remuneration of the CEO remained stable.

PAY RATIO

The pay ratio shows the developments in the annual total remuneration of the Management Board members and the average remuneration on a full-time-equivalent basis of employees of the company.[18] The calculation of the internal pay ratio follows the 2021 guidelines of the Dutch Corporate Governance Code. The average total employee and contractor costs per FTE in 2022 was EUR125 thousand.

The pay-ratios of each of the Management Board members over 2022 and 2021 are displayed in the following graph.

[18] The pay-ratio is calculated as the total accounting costs of remuneration for each of the Management Board members expressed as a multiple of the average overall employee benefit and contractor expenses for a given year (excluding employees working for non consolidated JVs and associates).



TOTAL REMUNERATION OVERVIEW

The table below provides insight into the costs for SBM Offshore for Management Board reward in 2022 (based on RP 2022) and presents an overview of the remuneration of the Management Board members who were in office in 2022.

Remuneration of the Management Board

	Bruno Chabas		Douglas Wood		Øivind Tangen[1]		Erik Lagendijk[2]		Philippe Barril[3]		Total	
in thousands of EUR	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Base salary	960	960	537	518	558	-	225	518	516	634	2,795	2,630
STI	816	1,279	342	517	256	-	87	517	269	633	1,770	2,946
Value Creation Stake	1,512	1,797	850	695	695	-	214	968	998	1,186	4,269	4,919
Pensions	297	294	134	129	121	-	34	129	106	158	691	710
Other	231	250	42	50	346	-	13	45	106	188	737	533
Total expense for remuneration	**3,815**	**4,580**	**1,906**	**2,182**	**1,975**	**-**	**572**	**2,177**	**1,995**	**2,799**	**10,263**	**11,738**
in thousands of US$	4,018	5,416	2,007	2,581	2,080	-	603	2,575	2,101	3,310	10,808	13,883

1 Total remuneration over 2022, including COO position since April 6, 2022
2 Management Board member until April 6, 2022
3 Management Board member until August 31, 2022

1. BASE SALARY

The Supervisory Board decided to increase the Base Salary of Douglas Wood from EUR 518 thousand to EUR 544 thousand effective April 6, 2022. The 2022 and 2021 Base Salary levels of the Management Board members are shown both in the table at the beginning of section: Management Board Remuneration in 2022 and in the table Remuneration of the Management Board by member in section 3.4.3.

2. SHORT-TERM INCENTIVE

For 2022, the Supervisory Board set the following performance measures and corresponding weighting, which led to the following performance realization. For full details regarding the performance under the STI, please refer to the Performance STI 2022 table in section 3.4.3.

PERFORMANCE REALIZATION

	PERFORMANCE MEASURE	RELATIVE WEIGHTING	WEIGHTED PERFORMANCE
PROFITABILITY	Underlying directional EBITDA, Project performance	50%	50%
GROWTH	Order intake FPSO, NES	30%	22%
SUSTAINABILITY PERFORMANCE	T1/T2 incidents, Mass of glas flared under SBM Offshore account, TRIFR and SDG target completion	20%	13%
TOTAL		100%	85%

Profitability performance reached the target of 99% with an underlying directional EBITDA of US$1010 million against a target level of US$930 million, but Project performance was below target. Growth performance, measured as order intake FPSO and NES resulted in a performance of 75%, which is between threshold and target. Sustainability performance performed below target at 65%. The overall weighted performance of the CEO is 85% and for the other Management Board members the performance is 75% thereof (64%).

3. VALUE CREATION STAKE

The Supervisory Board decided to grant the Value Creation Stake for 2022 to the Management Board members in accordance with RP 2022. The underpin test as explained in section 3.4.1 was applied to this grant. As per RP 2022, the granted Value Creation Stake vests immediately. The gross annual value for each of the Management Board members is 175% of Base Salary. The number of shares was based on the four-year average share price (volume weighted) at the date of the respective grant. The cost of the granted Value Creation Stake is included in the table at the beginning of this section 3.4.2. The number of shares vested under the Value Creation Stake can be found in section 3.4.3 of this remuneration report under Conditions of and information regarding share plans.

The actual shareholdings of the Management Board members at the end of 2022, in which only conditional shares are taken into account, can be found at the end of the Overview Share-Based Incentives (section 3.4.3). This overview also includes the number of conditionally granted and/or vested shares in the last few years.

4. SHAREHOLDING REQUIREMENT MANAGEMENT BOARD

The following table contains an overview of shares held in SBM Offshore N.V. by members of the Management Board at December 31, 2022.

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2022	Total shares at 31 December 2021
Bruno Chabas	344,526	910,338	1,254,864	1,191,070
Douglas Wood	174,217	89,792	264,009	228,316
Øivind Tangen[1]	34,938	94,854	129,792	79,300
Philippe Barril[2]	n/a	n/a	n/a	317,962
Erik Lagendijk[3]	n/a	n/a	n/a	256,630
Total	**553,681**	**1,094,984**	**1,648,665**	**2,073,278**

1 Management Board member since April 6, 2022
2 Management Board member until August 31, 2022
3 Management Board member until April 6, 2022

All Management Board members met the share ownership requirement, which is set at an equivalent of 350% of their Base Salary. Section 3.4.3 contains more information about the (historical) share plans for the Management Board.

5. PENSIONS AND BENEFITS

Management Board members received a pension allowance equal to 25% of their Base Salary. In case these payments are not made to a qualifying pension fund, Management Board members are individually responsible for the contribution received and SBM Offshore withholds wage tax on these amounts. For the CEO, two pension arrangements (defined contribution) are in place and its costs are included in the table at the beginning of this section 3.4.2.

The Management Board members received several allowances in 2022, including a car allowance, a housing allowance (Bruno Chabas, Philippe Barril and Øivind Tangen) as well as school fees and settling-in costs (Øivind Tangen). The value of these elements is included in the table at the beginning of this section 3.4.2 and in section 3.4.3.

3.4.3 OTHER REMUNERATION INFORMATION

Various tables are included in this section, in compliance with the implemented EU Shareholder Rights' Directive into Dutch law. These tables are designed to increase transparency and accountability for the execution of RP 2022 and aim to allow shareholders, potential investors and other stakeholders to better assess Management Board remuneration.

The following table includes further details regarding the various (historical) share plans, including the changes throughout 2022.

Conditions of and information regarding share plans

The main conditions of share award plans					Information regarding the reported financial year			
					Opening balance[1]	During the year		Closing balance[2]
Specification of plan	Performance period[3]	Grant date	Vesting date(s)	End of retention period	Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)[4]	Shares vested (# / EUR x 1,000)[5]	Shares subject to a retention period
Bruno Chabas, CEO								
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	85,873	0 / 0	0 / 0	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	77,402	0 / 0	0 / 0	77,402
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	74,043	0 / 0	0 / 0	74,043
Value Creation Stake 2020[6]	N/A	01-01-2020	01-01-2020	01-01-2025	65,821	0 / 0	0 / 0	65,821
Value Creation Stake 2021	N/A	01-01-2021	01-01-2021	01-01-2026	63,466	0 / 0	0 / 0	63,466
Value Creation Stake 2022	N/A	01-01-2022	01-01-2022	01-01-2027	-	114,989 / 1,512	114,989 / 1,512	63,794
Douglas Wood, CFO								
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	42,936	0 / 0	0 / 0	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	33,924	0 / 0	0 / 0	33,924
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	32,511	0 / 0	0 / 0	32,511
Additional Value Creation Stake 2019	N/A	01-07-2019	01-07-2019	01-07-2024	2,323	0 / 0	0 / 0	2,323
Value Creation Stake 2020	N/A	01-01-2020	01-01-2020	01-01-2025	35,554	0 / 0	0 / 0	35,554
Value Creation Stake 2021	N/A	01-01-2021	01-01-2021	01-01-2026	34,212	0 / 0	0 / 0	34,212
Value Creation Stake 2022	N/A	01-01-2022	01-01-2022	01-01-2027	-	61,986 / 815	61,986 / 815	34,389
Additional Value Creation Stake 2022[7]	N/A	06-04-2022	06-04-2022	06-04-2027	-	2,352 / 36	2,352 / 36	1,304
Øivind Tangen, COO								
Ownership Shares 2021	N/A	01-01-2021	01-01-2021	01-01-2024	1,293	0 / 0	0 / 0	1,293
Ownership Shares 2022	N/A	01-01-2022	01-01-2022	01-01-2025	-	0 / 0	0 / 0	1,572
Value Creation Stake 2022[8]	N/A	06-04-2022	06-04-2022	06-04-2027	-	45,981 / 695	45,981 / 695	32,073

1 Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.
2 Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.
3 Performance period always refers to a full year.
4 Converted at the share price at the date of grant.
5 Converted at the share price at the date of vesting
6 Includes additional Value Creation Stake granted due to salary increase
7 Additional Value Creation Stake granted due to salary increase.
8 Pro-rata VCS following appointment to Management Board per April 6, 2022

The main conditions of share award plans					Information regarding the reported financial year			
					Opening balance[1]	During the year		Closing balance[2]
Specification of plan	Performance period[3]	Grant date	Vesting date(s)	End of retention period	Shares held at the beginning of the year	Shares granted (# / EUR x 1,000)[4]	Shares vested (# / EUR x 1,000)[5]	Shares subject to a retention period
Philippe Barril, former CTO								
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	54,712	0 / 0	0 / 0	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	53,292	0 / 0	0 / 0	53,292
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	58,603	0 / 0	0 / 0	58,603
Value Creation Stake 2020[6]	N/A	01-01-2020	01-01-2020	01-01-2025	54,686	0 / 0	0 / 0	54,686
Value Creation Stake 2021	N/A	01-01-2021	01-01-2021	01-01-2026	-	75,508 / 1,186	75,508 / 1,186	41,891
Value Creation Stake 2022	N/A	01-01-2022	01-01-2022	01-01-2027	-	75,899 / 998	75,899 / 998	42,107
Erik Lagendijk, former CGCO								
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	42,936	0 / 0	0 / 0	-
Value Creation Stake 2018	N/A	01-01-2018	01-01-2018	01-01-2023	33,924	0 / 0	0 / 0	33,924
Value Creation Stake 2019	N/A	01-01-2019	01-01-2019	01-01-2024	32,511	0 / 0	0 / 0	32,511
Value Creation Stake 2020[6]	N/A	01-01-2020	01-01-2020	06-04-2024	35,498	0 / 0	0 / 0	35,498
Value Creation Stake 2021	N/A	01-01-2021	01-01-2021	06-04-2024	-	61,667 / 968	61,667 / 968	34,212
Value Creation Stake 2022	N/A	01-01-2022	01-01-2022	06-04-2024[7]	-	16,303 / 214	16,303 / 214	8,982
Peter van Rossum, former CFO								
2017 LTI	2017-2019	09-02-2017	08-04-2020	08-04-2022	4,174	0 / 0	0 / 0	-
					919,694	**456,257 / 6,444**	**456,257 / 6,444**	**949,387**

1 Opening balance consists of both shares held and unvested grants for conditional plans at assumed maximum target.
2 Closing balance consists of the full grant and vesting of the relevant plan, including any sell-to-cover performed to compensate a wage tax impact.
3 Performance period always refers to a full year.
4 Converted at the share price at the date of grant.
5 Converted at the share price at the date of vesting
6 Includes additional Value Creation Stake granted due to salary increase.
7 Two years after retirement date.

The purpose of this table is to show actual total remuneration of Management Board members during the reported financial year. It includes the STI 2022. The relative proportion of fixed and variable remuneration in the reported financial year is also presented, whereas for the purpose of this table, the Value Creation Stake is earmarked as variable remuneration. This table is in line with the current draft Guidelines on the Standardized Presentation of the remuneration report as regards the encouragement of long-term shareholder engagement.

Remuneration of the Management Board by member in thousands of EUR

in thousands of EUR

Name of Director, Position	Year	Fixed remuneration: Base salary	Fixed remuneration: Other benefits	Variable remuneration: STI[1]	Variable remuneration: LTI	Value Creation Stake[2]	Extra-ordinary Items[3]	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Bruno Chabas, CEO	2022	960	231	816	-	1,512	-	297	3,815	39% / 61%
	2021	960	250	1,279	-	1,797	-	294	4,580	33% / 67%
Douglas Wood, CFO	2022	537	42	342	-	850	-	134	1,906	37% / 63%
	2021	518	50	517	-	968	-	129	2,182	32% / 68%
Øivind Tangen, COO	2022	558[4]	346	256	-	695	-	121	1,975	52% / 48%
	2021									
Philippe Barril, former CTO	2022	516	106	269	-	998	-	106	1,995	36% / 64%
	2021	634	188	633	-	1,186	-	158	2,799	35% / 65%
Erik Lagendijk, former CGCO	2022	225	13	87	-	214	-	34	572	47% / 53%
	2021	518	45	517	-	968	-	129	2,177	32% / 68%

1 STI based on accrual accounting, taking into consideration that this reflects the STI to be paid over the performance of that year.
2 The Value Creation Stake does not meet the definition of either fixed or variable remuneration, but for the proportion is considered variable.
3 The extra-ordinary items consist of the sign-on RSUs granted to the Management Board member upon joining the Company.
4 Including unwinding of rights as employee prior to Management Board nomination

In the table below, information on the annual change of remuneration of each individual Management Board member is set out over the five most recent financial years. In addition, the performance of the Company (measured in Directional Underlying EBITDA and TRIFR) is displayed as well as the average remuneration on a full-time equivalent basis of employees of the Company (calculated in the same manner as the internal pay ratio in this section). Under RP 2015, LTI shares vested three years after award. Under RP 2018, the LTI was replaced by the Value Creation Stake, which vests immediately upon award. As a result, for the years 2018, 2019 and 2020, this table includes both the former LTI vesting and the Value Creation Stake.

Comparative table on the change of remuneration and company performance over the last five reported financial years

in thousands of EUR, except company's performance

Annual Change[1]	2017	2018[2]	2019[2]	2020[2]	2021	2022
Bruno Chabas, CEO	5,749	5% / 6,037	4% / 6,293	6% / 6,721	(47%) / 4,580	(20%) / 3,815
Douglas Wood, CFO	1,233	36% / 1,941	43% / 3,422	(4%) / 3,293	(51%) / 2,182	(15%) / 1,906
Øivind Tangen, COO	-	-	-	-	-	1,975
Philippe Barril, former CTO	1,602	61% / 4,100	(2%) / 4,030	(3%) / 3,895	(39%) / 2,799	(40%) / 1,995
Erik Lagendijk, former CGCO	1,118	61% / 2,869	10% / 3,174	3% / 3,278	(51%) / 2,177	(280%) / 572
Peter van Rossum, former CFO	1,877	(114%) / 878	(45%) / 607	(491%) / 103	-	-
Company´s performance						
Underlying Directional EBITDA in million US$	806	(3%) / 784	6% / 832	19% / 992	(7%) / 931	8% / 1,010
TRIFR[3]	0.19	(6%) / 0.18	(38%) / 0.13	(30%) / 0.10	(67%) / 0.06	50% / 0.12
Average employee expenses on a full-time equivalent basis						
Average employee expenses of the Company[4]	119	(6%) / 113	3% / 117	(3%) / 114	(11%) / 102	8% / 111

1 Annual change in percentage is calculated comparative to the amount of the current year.
2 2018 – 2020 impacted by transition from RP15 (delayed LTI vesting) to RP18 (immediate VCS vesting and a holding period)
3 Total recordable injury frequency rate trends are positive when downwards.
4 The average employee expenses of the company are based on the IFRS expenses including share based payments. The average employee expenses are influenced by both the composition of the population both in function as well as geographical location and the related foreign currency impacts. This calculation has a different basis than the pay-ratio calculation in accordance with the Dutch corporate governance code.

For more information on the actual performance of the STI 2022, reference is made to 3.4.2 under Short-Term Incentive.

Performance STI 2022

Performance measure		Salary	Relative Weighting	Threshold	Target	Maximum	Actual performance	Actual in % of base salary
Profitability								
Underlying directional EBITDA			30%	US$ 900M	US$ 930M	US$ 960M	US$ 1010M	150%
Project Performance			20%	SBM Offshore does not disclose project performance details as this is considered market sensitive information				
Corresponding awards in €	**Bruno Chabas, CEO**	960,000		€ 240,000	€ 480,000	€ 720,000	€ 476,160	99%
	Douglas Wood, CFO	537,007		€ 100,689	€ 201,378	€ 302,066	€ 199,767	74%
	Øivind Tangen, COO	381,300		€ 71,494	€ 142,987	€ 214,481	€ 141,844	74%
	Philippe Barril, former CTO	422,645		€ 79,246	€ 158,492	€ 237,738	€ 157,224	74%
	Erik Lagendijk, former CGCO	136,568		€ 25,607	€ 51,213	€ 76,820	€ 50,803	74%
Growth								
Order intake FPSO, NES			30%	SBM Offshore does not disclose order intake details as this is considered market sensitive information				
Corresponding awards in €	**Bruno Chabas, CEO**	960,000		€ 144,000	€ 288,000	€ 432,000	€ 216,000	75%
	Douglas Wood, CFO	537,007		€ 60,413	€ 120,827	€ 181,240	€ 90,620	56%
	Øivind Tangen, COO	381,300		€ 42,896	€ 85,792	€ 128,689	€ 64,344	56%
	Philippe Barril, former CTO	422,645		€ 47,548	€ 95,095	€ 142,643	€ 71,321	56%
	Erik Lagendijk, former CGCO	136,568		€ 15,364	€ 30,728	€ 46,092	€ 23,046	56%
Sustainability								
T1/T2 incidents, Mass of gas flared under SBM Offshore account, TRIFR and SDG target completion			20%	Target T1/T2 LOPC Events=3; Target mass of gas flared under SBM Offshore account (MMscft/day) (average per unit)=1.7; Target TRIFR<0.15; Target SDG #3, #4, #7, #8, #9, #13, #14 Completion at 100%				
Corresponding awards in €	**Bruno Chabas, CEO**	960,000		€ 96,000	€ 192,000	€ 288,000	€ 123,840	65%
	Douglas Wood, CFO	537,007		€ 40,276	€ 80,551	€ 120,827	€ 51,955	48%
	Øivind Tangen, COO	381,300		€ 28,597	€ 57,195	€ 85,792	€ 36,891	48%
	Philippe Barril, former CTO	422,645		€ 31,698	€ 63,397	€ 95,095	€ 40,891	48%
	Erik Lagendijk, former CGCO	136,568		€ 10,243	€ 20,485	€ 30,728	€ 13,213	48%

Performance measure		Salary	Relative Weighting	Threshold	Target	Maximum	Actual performance	Actual in % of base salary
Total pay out on STI	Bruno Chabas, CEO	960,000		€ 480,000	€ 960,000	€ 1,440,000	€ 816,000	85%
	Douglas Wood, CFO	537,007		€ 201,378	€ 402,755	€ 604,133	€ 342,342	64%
	Øivind Tangen, COO	381,300		€ 142,987	€ 285,975	€ 428,962	€ 243,079	64%
	Philippe Barril, former CTO	422,645		€ 158,492	€ 316,983	€ 475,475	€ 269,436	64%
	Erik Lagendijk, former CGCO	136,568		€ 51,213	€ 102,426	€ 153,639	€ 87,062	64%

3.4.4 SUPERVISORY BOARD REMUNERATION POLICY

The Supervisory Board remuneration policy encourages a culture of long-term value creation and a focus on the long-term sustainability of the Company. The remuneration of the Supervisory Board members is not dependent on the results of the Company, which allows an unmitigated focus on long-term value creation for all stakeholders.

The Company's strategy revolves around the themes Optimize, Transform and Innovate. The Optimize pillar is reflected in the competitiveness of the remuneration policy, which is in line with global peer companies that may compete with SBM Offshore for business opportunities and/or talent. The remuneration should enable retaining and recruiting Supervisory Board members with the right balance of experience and competencies while observing the Supervisory Board Profile and Diversity Policy, to oversee the execution of the strategy and the performance of the Company. The remuneration intends to promote an adequate performance of their role. The strategic pillars Transform and Innovate are reflected in the focus of the Supervisory Board on long-term value creation.

Considering the nature of the role and responsibility of the Supervisory Board, the pay and employment conditions of employees are not taken into account when formulating the remuneration policy. The full version of the remuneration policy for the Supervisory Board as approved by the 2020 AGM is available on the Company website.

FEE LEVEL AND STRUCTURE

The fee level and structure for the Supervisory Board remuneration is currently as follows:

Position	Fee in EUR
Chair Supervisory Board	120,000
Vice-Chair Supervisory Board	80,000
Member Supervisory Board	75,000
Chair Audit Committee	10,000
Member of the Audit Committee	8,000
Chair of the Appointment and Remuneration Committee dealing with appointment matters	9,000
Chair of the Appointment and Remuneration Committee dealing with remuneration matters	9,000
Member of the Appointment and Remuneration Committee	8,000
Chair of the Technical and Commercial Committee	10,000
Member of the Technical and Commercial Committee	8,000

All fees above are on an annual basis and are not dependent on the number of meetings. Supervisory Board members also receive an annual amount of EUR500 for expenses, and a lump sum of EUR5,000 per meeting when intercontinental travel is involved.

No share-based remuneration is granted to the members of the Supervisory Board.

PENSIONS

The Supervisory Board members do not receive a pension allowance.

ARRANGEMENTS WITH SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board are appointed by the General Meeting for a maximum term of four years. Re-appointment can take place as per the law, articles of association and the Supervisory Board rules of the Company. The term of the Supervisory Board members terminates at the end of their term, in case of resignation or dismissal by the General Meeting.

LOANS

SBM Offshore does not provide loans, advances or guarantees (and/or securities) to the members of the Supervisory Board.

3.4.5 SUPERVISORY BOARD REMUNERATION IN 2022

In accordance with the Supervisory Board Remuneration Policy, the remuneration paid out to the Supervisory Board in 2022 is as follows:

Remuneration of the Supervisory Board by member in thousands of EUR

Name of Supervisory Board Member, Position	Year	Fees	Committee fees	Other benefits[1]	Total remuneration	Proportion of fixed and variable remuneration
Roeland Baan, Chair	2022	120	9	1	130	100% / 0%
	2021	120	9	1	130	100% / 0%
	2020	108	11	1	119	100% / 0%
	2019	75	16	1	92	100% / 0%
	2018	54	12	1	66	-
	2017	-	-	-	-	-
Bernard Bajolet, Vice-Chair	2022	80	8	1	89	100% / 0%
	2021	75	8	1	84	100% / 0%
	2020	75	8	1	84	100% / 0%
	2019	75	8	1	84	100% / 0%
	2018	54	6	1	60	100% / 0%
	2017	-	-	-	-	-
Ingelise Arntsen, Member[2]	2022	75	8	1	84	100% / 0%
	2021[3]	55	6	0	61	100% / 0%
	2020	-	-	-	-	-
	2019	-	-	-	-	-
	2018	-	-	-	-	-
	2017	-	-	-	-	-
Sietze Hepkema, Member	2022	75	16	1	92	100% / 0%
	2021	75	14	1	89	100% / 0%
	2020	75	8	1	84	100% / 0%
	2019	75	8	1	84	100% / 0%
	2018	75	8	1	83	100% / 0%
	2017	75	8	1	83	100% / 0%
Hilary Mercer, Member[4]	2022[3]	55	13	0	69	100% / 0%
	2021	-	-	-	-	100% / 0%
	2020	-	-	-	-	100% / 0%
	2019	-	-	-	-	100% / 0%
	2018	-	-	-	-	100% / 0%
	2017	-	-	-	-	100% / 0%

1 Other benefits items for the supervisory board consist mainly of the lump sum for intercontinental travel at EUR 5,000 each and a yearly expense allowance of EUR 500

2 As per April 7, 2021

3 Remuneration based on months after appointment at the AGM

4 As per April 6, 2022

Name of Supervisory Board Member, Position	Year	Fees	Committee fees	Other benefits[1]	Total remuneration	Proportion of fixed and variable remuneration
Cheryl Richard, Member	2022	75	9	1	85	100% / 0%
	2021	75	9	1	85	100% / 0%
	2020	75	9	6	90	100% / 0%
	2019	75	9	31	115	100% / 0%
	2018	75	9	16	99	100% / 0%
	2017	75	8	26	108	100% / 0%
Jaap van Wiechen, Member	2022	75	12	1	88	100% / 0%
	2021	75	17	1	93	100% / 0%
	2020	55	6	0	61	100% / 0%
	2019	-	-	-	-	-
	2018	-	-	-	-	-
	2017	-	-	-	-	-
Francis Gugen, Vice-Chair[2]	2022	22	3	0	24	100% / 0%
	2021	80	10	1	90	100% / 0%
	2020	75	10	1	86	100% / 0%
	2019	75	10	1	86	100% / 0%
	2018	75	10	1	85	100% / 0%
	2017	75	10	1	85	100% / 0%
Laurence Mulliez, former Member[3]	2022	-	-	-	-	-
	2021	20	4	0	24	100% / 0%
	2020	75	16	1	92	100% / 0%
	2019	75	16	1	92	100% / 0%
	2018	75	10	1	85	100% / 0%
	2017	75	8	1	83	100% / 0%
Andy Brown, former Vice-Chair[4]	2022	-	-	-	-	-
	2021	-	-	-	-	0%
	2020	58	7	0	66	100% / 0%
	2019	-	-	-	-	-
	2018	-	-	-	-	-
	2017	-	-	-	-	-
Floris Deckers, former Chair[5]	2022	-	-	-	-	-
	2021[6]	-	-	-	-	0%
	2020	32	5	0	37	100% / 0%
	2019	120	17	1	138	100% / 0%
	2018	107	17	1	124	100% / 0%
	2017	75	17	1	92	100% / 0%
Thomas Ehret, former Vice-Chair[5]	2022	-	-	-	-	-
	2021[6]	-	-	-	-	0%

1 Other benefits items for the supervisory board consist mainly of the lump sum for intercontinental travel at EUR 5,000 each and a yearly expense allowance of EUR 500

2 Until April 6, 2022

3 Until April 7, 2021

4 As per April 8, 2020, until December 31, 2020

5 Until April 8, 2020

6 Remuneration based on months prior to retirement at the AGM

In the table below, information on the annual change of remuneration of each individual Supervisory Board member is set out over the five most recent financial years.

Comparative table on the change of remuneration and company performance over the last five reported financial years in thousands of EUR

Annual Change[1]	2017	2018	2019	2020	2021	2022
Roeland Baan, Chair	-	66	28% / 92	23% / 119	8% / 130	0% / 130
Bernard Bajolet, Vice-Chair	-	60	28% / 84	0% / 84	0% / 84	6% / 89
Ingelise Arntsen, Member	-	-	-	-	61	27% / 84
Sietze Hepkema, Member	83	0% / 83	1% / 84	0% / 84	7% / 89	2% / 92
Hilary Mercer, Member	-	-	-	-	-	69
Cheryl Richard, Member	108	(9%) / 99	14% / 115	(28%) / 90	(6%) / 85	0% / 85
Jaap van Wiechen, Member	-	-	-	61	34% / 93	(6%) / 88
Francis Gugen, former Vice-Chair	85	0% / 85	1% / 86	0% / 86	5% / 90	(270%) / 24
Laurence Mulliez, former Member	83	2% / 85	7% / 92	0% / 92	(275%) / 24	-
Floris Deckers, former Chair	92	26% / 124	10% / 138	(268%) / 37	-	-
Thomas Ehret, former Vice-Chair	90	0% / 90	1% / 91	(300%) / 23	-	-
Frans Cremers, former member	137	(251%) / 39	-	-	-	-
Lynda Armstrong, former member	91	(203%) / 30	-	-	-	-

1 For the comparative company performance and average employee expenses on a full-time equivalent basis we refer to the comparative of the Management Board table in section 3.4.3.
Annual change in percentage is calculated comparative to the amount of the current year.

None of the Supervisory Board members receives remuneration that is dependent on the financial performance of the Company, as per best practice 3.3. of the Corporate Governance Code.

With the exception of Sietze Hepkema, none of the Supervisory Board members have reported holding shares (or other financial instruments) in SBM Offshore N.V. His entire shareholding relates to the (share-based) remuneration he has received as a Management Board member in the past.

SBM Offshore does not provide loans, advances or guarantees (and/or securities) to the members of the Supervisory Board.

3.5 SHAREHOLDER INFORMATION

LISTING

SBM Offshore has been listed on Euronext Amsterdam since 1965. The market capitalization as at year-end 2022 was US$2.83 billion. The majority of the Company's shareholders are institutional long-term investors.

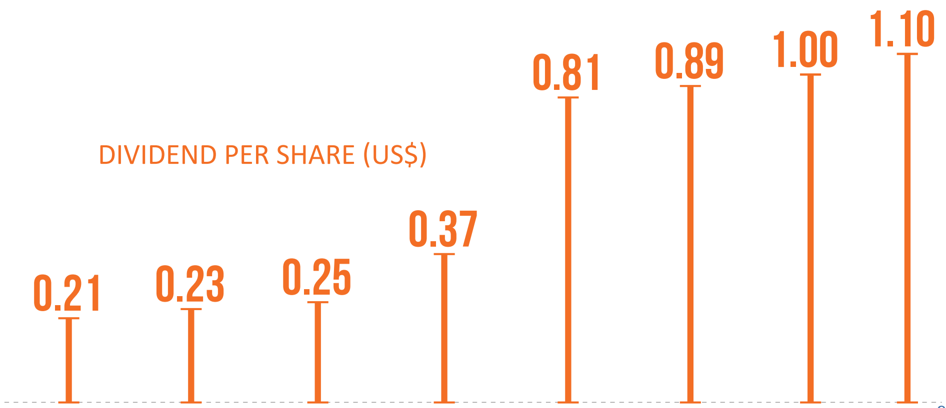
FINANCIAL DISCLOSURES

SBM Offshore publishes audited full-year earnings results and unaudited half-year earnings results, which include financials, within sixty days after the close of the reporting period. For the first and third quarters, SBM Offshore publishes a trading update, which includes important Company news and financial highlights. The Company conducts a conference call and webcast for all earnings releases and a conference call only for all trading updates during which the Management Board presents the results and answers questions. All earnings-related information, including press releases, presentations and conference call details are available on the SBM Offshore website. Please see the Financial Calendar of 2023 at the end of this section for details of the timing of publication of financial disclosures for the remainder of 2023. In 2018, the Company expanded its 'Directional' reporting. In addition to the Directional income statement, reported since 2013, a Directional balance sheet and cash flow statement are also disclosed in 4.3.2 of the Consolidated Financial Statements. Expanding Directional reporting aims to increase transparency in relation to SBM Offshore's cash flow generating capacity and to facilitate investor and analyst review and financial modeling. Furthermore, it also reflects how Management monitors and assesses financial performance of the Company. Directional reporting is included in the audited Consolidated Financial Statements in section 4.3.2.

DIVIDEND POLICY & CAPITAL ALLOCATION

The Company's policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash flow position. Regarding capital allocation, the Company prioritizes payment of the dividend, followed by the financing of growth, with the option thereafter to repurchase shares, depending on residual financial capacity and cash flow outlook. As part of the Company's regular planning process, following review of its cash flow position and forecast, the Company proposes to pay out a dividend of US$1.10 per share, equivalent to c. US$200 million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 13, 2023. This represents an increase of 10% compared to the US$1 dividend per share paid in 2022.

SHAREHOLDER RETURNS[1]



	2016	2017	2018	2019	2020	2021	2022	2023[2]
Total dividend (US$ millions)	45	47	51	75	150	165	178	200
Share repurchase (US$ millions)	166			196	165	178		

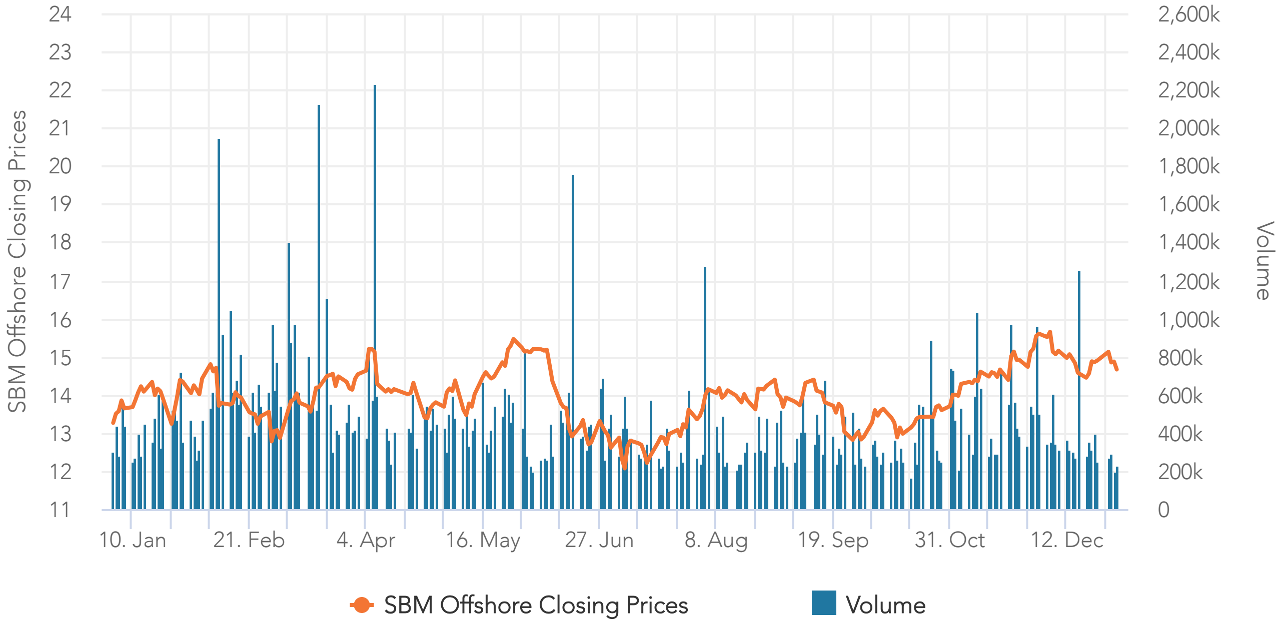
1 – Presents dividends and share repurchase amounts per year of payout

2 – Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2022.

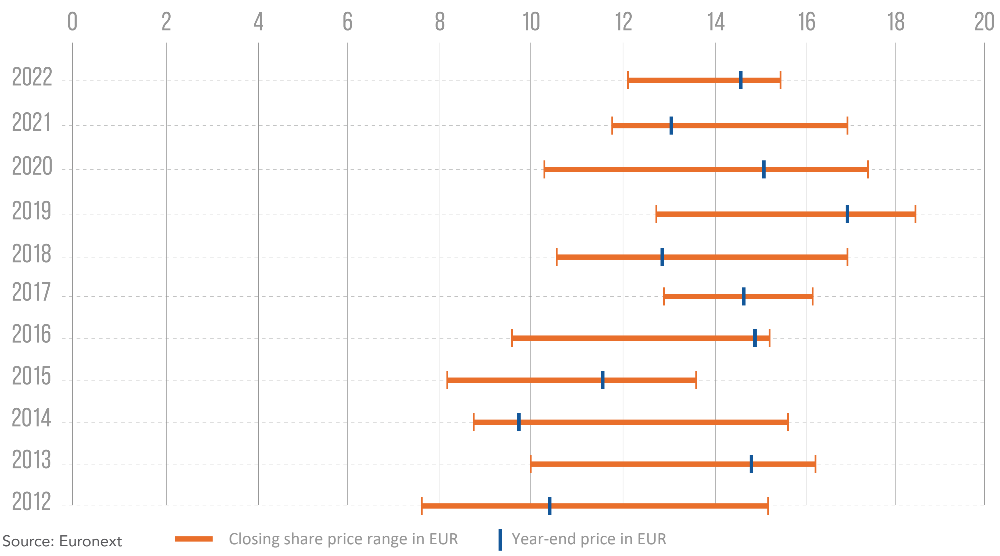
SHARE PRICE DEVELOPMENT

Year-end price	EUR14.660	December 30, 2022
Highest closing price	EUR15.65	December 6, 2022
Lowest closing price	EUR12.065	July 6, 2022

Share price development in 2022 (in EUR)



SHARE PRICE DEVELOPMENT 2012 – 2022 (MAX, MIN, YEAR-END PRICE)



Source: Euronext

For 2022 the press releases covering the key news items are listed below:

Date	Subject Press Release
13-01-22	SBM Offshore nominates Øivind Tangen as member of the Management Board
25-01-22	SBM Offshore divests minority interest in *FPSO Almirante Tamandaré* project
10-02-22	SBM Offshore Full Year 2021 Earnings
14-02-22	FPSO *Liza Unity* producing and on hire
23-02-22	Annual General Meeting Announcement
23-03-22	SBM Offshore divests minority interest in *FPSO Alexandre de Gusmão* project
05-04-22	SBM Offshore awarded contracts for ExxonMobil FPSO *ONE GUYANA*
06-04-22	Annual General Meeting 2022 Resolutions and Company Update
12-05-22	SBM Offshore First Quarter 2022 Trading Update
03-06-22	Management Board Update
21-07-22	SBM Offshore completes US$1.75 billion financing of *ONE GUYANA*
04-08-22	SBM Offshore Half Year 2022 Earnings
10-11-22	SBM Offshore Third Quarter 2022 Trading Update
20-12-22	*FPSO Cidade de Anchieta* safely resumes production

MAJOR SHAREHOLDERS

As at December 31, 2022, the following investors holding ordinary shares had notified an interest of 3% or more of the Company's issued share capital to the Autoriteit Financiële Markten (AFM) (only notifications after July 1, 2013 are included):

Date	Investor	% of share capital
6 September 2022	Templeton Investment Counsel	3.02%
21 December 2021	Parvus Asset Management Europe Limited	10.43%
28 February 2020	HAL Trust	20.35%
9 November 2015	Dimensional Fund Advisors LP	3.18%

INVESTOR RELATIONS

The Company maintains open and active engagement with its shareholders and aims to provide information to the market which is consistent, accurate and timely. Information is provided among other means through press releases, presentations, conference calls, investor conferences, meetings with investors and research analysts and the Company website. The website provides a constantly updated source of information about SBM Offshore's core activities and latest developments. Press releases, presentations and information on shareholder communication can be found there under the Investors section.

FINANCIAL CALENDAR

Event	Day	Year
Full Year 2022 Earnings	23 February	2023
Annual General Meeting	13 April	2023
First Quarter 2023 Trading Update	11 May	2023
Half Year 2023 Earnings	10 August	2023
Third Quarter 2023 Trading Update	09 November	2023

3.6 RISK & COMPLIANCE

GOVERNANCE

The Management Board is responsible for:

- determining the Company's risk profile and policy, which are designed to achieve the Company's objectives, to assess and manage the Company's risks and to ensure that sound internal risk management and control systems are in place, and
- ensuring that the entire SBM Offshore organization operates within its clearly defined Compliance Program.

The Management Board monitors the operation of the Compliance Program and the internal risk management and control systems and performs an annual systematic assessment of their design and effectiveness. The results are discussed with the Supervisory Board. This monitoring covers all material control measures relating to strategic, operational, financial, compliance and reporting risks. Among other considerations, attention is given to observed weaknesses, instances of misconduct and irregularities and indications from whistle blowers.

MANAGEMENT APPROACH

The Group General Counsel has managerial responsibility for compliance, insurance and legal matters. The Compliance Function, headed by the Group Compliance Director, has a leadership role in proactively advising the Management Board and Management on acting with integrity and in a compliant manner, both from a strategic and an operational perspective.

The Compliance Function comprises a globally diverse team of experienced compliance professionals located within the Company's most prominent locations worldwide. Business leadership has accountability and responsibility to manage compliance and integrity risks within their fields of management control.

3.6.1 DESIGN AND EFFECTIVENESS OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEM

MANAGEMENT APPROACH

Group Risk & Control facilitates the business in identifying and managing risks, thereby ensuring the risks are managed within the Risk Appetite (see section 1.4.1) in order for the Company to achieve its strategic goals and objectives. The Risk Assurance Committee (RAC) brings together the heads of assurance functions and reviews the significant risks faced by the Company and its relevant control measures. It also oversees the integrated risk management approach.

Design and Effectiveness of Internal Risk Management and Control System

The Management Board reviewed and assessed its Internal Risk Management & Control System framework and discussed it with the Supervisory Board. This is performed against five related components which are derived from COSO's framework 'Enterprise Risk Management – Integrating with Strategy and Performance'*. Its relevance to SBM Offshore is explained in Key features, Achievements in 2022, Maturity assessment and the Company's Future ambitions.

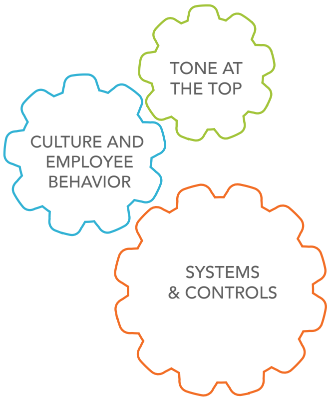
COMPONENT	KEY FEATURES	ACHIEVEMENTS IN 2022	MATURITY ASSESSMENT according to Management Board	FUTURE AMBITIONS
GOVERNANCE & CULTURE	• Management takes responsibility of risks and controls • Letter of Representation process supports accurate financial results • Independent testing of Internal Control Framework by Internal Audit	• Merged teams of Risk and Internal Control • Delivery of Project Risk Training to key positions	• Management decision-making is performed with risk-based mindset • Risk and Internal Control support and its integration in the organization is effectively organized	• Build on ownership while monitor and support • Expand 2nd line of defense in countries where the Company is expanding its business
STRATEGY & OBJECTIVE-SETTING	• Risk Appetite is set by Management Board (MB) and is endorsed by the Supervisory Board (SB) • Risks, impacts and their assurance activities are organized according to Material Topics • Risk bearing processes are identified and reflected in the Internal Control Framework	• Conducted cross-functional risk assessments which are aligned with strategy (e.g. on Energy Transition, Climate Change, Digital Transformation and Human Rights) • Extension of the Internal Control scope with 2nd Level Review for Guyana and India, and for Supply Chain	• Strategy and its Material Topics are well integrated in the Company's Risk and Internal Control Framework	• Assess and quantify impact per Material Topic to improve prioritization of assurance activities. • Align Risk and Internal Control activities with Corporate Sustainability Reporting Directive (CSRD) requirements
PERFORMANCE	• Business achieves their objectives through Risk and Internal Control support • Risk and Internal Control activities are performed in line with the annual Strategy Cycle	• Performed Taskforce for Climate related Financial Disclosures (TCFD) Risk & Opportunity assessment • Updated and used Risk Control Matrices (RCM) in line with new ERP processes • High and stable level of controls conformity rate as per Internal review campaign	• Risk and Internal Control activities are adequately performed, providing sufficient information for discussion and prioritization of assurance	• Following TCFD guidance, continue to improve assessment of financial impact from Climate Change • Leverage benefits of ERP and new End-2-End processes to further improve Internal Control environment
REVIEW & REVISION	• The Risk Assurance Committee (RAC) includes heads of Assurance functions • RAC reviews risks and controls and ensures an integrated assurance approach • Annually the MB and SB discuss Risk Management & Control Systems	• Risk and Internal Control policies and procedures and tooling are regularly reviewed and improved by the RAC • Internal Control performed mapping exercise to anticipate changes within controls as result of implementation of new ERP	• Risk and Internal Control policies and procedures and tooling are annually discussed and reviewed with the Supervisory Board	• Continue to improve activities based on internal review and external feedback
INFORMATION, COMMUNICATION & REPORTING	• The Company keeps track of their risks, controls, and actions in digital solutions • Risk and Internal Control results are regularly discussed with the business and in the RAC, MB and SB • Risk and Internal Control results are disclosed according to relevant regulatory frameworks	• Internal Control activities of Supply Chain Management started to use dedicated tool for communication and documentation • Improved disclosure of Climate Change related Risks & Opportunities, including its financial impacts	• Disclosure of information, through digital support and solutions operates adequately	• Leverage on digital solutions for controls automation and data analytics

* *Committee of Sponsoring Organizations of the Treadway Commission (COSO)*
COSO is dedicated to providing thought leadership through the development of frameworks and guidance on ERM designed to improve organizational performance, oversight and to reduce the extent of fraud.

3.6.2 COMPLIANCE PROGRAM

STRATEGY

SBM Offshore aims to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. In recognition of this commitment, the Company has implemented a comprehensive Compliance Program applicable to the SBM Offshore group. The leaders of SBM Offshore are responsible for ensuring that the Company fulfils this commitment. They set the tone from the top, foster a safe space for people to speak up and are there to respond to any questions, observations and suggestions in a responsible manner, in line with our Core Values and Code of Conduct.



Code of Conduct

The Code of Conduct builds on our Core Values of: Integrity, Care, Entrepreneurship, Ownership, which are at the heart of SBM Offshore. The Code of Conduct is a guideline for behavior and reflects the commitment of SBMers to lead the business responsibly, beyond compliance with rules. The Code is designed to help make responsible choices.

Key elements of the Compliance Program

SBM Offshore's Compliance Program aims to promote an ethical culture throughout SBM Offshore and guides the Company's Management and employees in making values-led decisions, as well as strengthening the management control system to prevent, detect and respond to compliance risks and potential violations of the Code of Conduct, the law and other wrongdoing. The program includes proper and independent oversight, risk management, policies and procedures, integrity reporting and investigations, risk-based training and communication, auditing and monitoring.

Speak Up

An important part of the program's role includes the focus on the prevention of misconduct through the Integrity Panel, which oversees and investigates reports of (potential) misconduct. The Company's reporting channels and Speak Up Line enable leadership to carefully listen to employees and partners in the value chain about their compliance concerns. A revised version of the Speak Up Policy was drafted in 2021 line with the requirements set in the EU Whistleblowing Directive.

MATURITY ASSESSMENT

The Management Board has assessed the Compliance Program against a basic maturity model and concludes that the Company is transitioning from a rules-based approach towards a value-driven business approach. Certain elements of the Compliance Program, notably the focus on responsible leadership behavior, fall within the 'value-led business' maturity level.

3.7 COMPANY TAX POLICY

SBM Offshore's tax policy is summarized as follows:

- The Company aims to be a good corporate citizen in the countries where it operates by complying with the law and by contributing to countries' progress and prosperity through employment, training and development, local spending, and through payment of the various taxes it is subject to, including wage tax, personal income tax, withholding tax, sales tax and other state and national taxes as appropriate.
- The Company aims to be tax-efficient in order to be cost-competitive, while fully complying with local and international tax laws.
- The Company operates in a global context, with competitors, clients, suppliers and a workforce based around the world. A typical FPSO Engineering, Procurement and Construction ('EPC') project sees a hull construction or conversion in Asia, topsides construction in Asia or South America, engineering in Europe or Asia and large-scale procurement from dozens of companies in many countries across the globe. Depending on the particulars of the client contract, the EPC phase may be followed by a lease-and-operate phase involving the country of operations but also support centers of the Company located around the world. In each of these countries, the Company complies with local regulations and pays direct and indirect taxes on local value-added, labor and profits and in some cases pays a revenue-based tax. To coordinate the international nature of its operations and its value flows and to consolidate its global EPC activities, in 1969 the Company created Single Buoy Moorings Inc, which continues to perform this function today from its offices in Marly, Switzerland.

The Company:

- Complies with the OECD transfer-pricing guidelines.
- Supports the OECD's commitment to enhance tax transparency and is committed to full compliance with applicable laws in countries where it operates. Consistent with this approach, the Company supports the initiatives on base erosion and profit shifting, including, but not limited to, Anti Tax Avoidance Directive 2 (ATAD 2), as well as the Directive implementing the minimum taxation (OECD Pillar 2) at EU level. The Company is required to file detailed reports and transfer-pricing documentation in accordance with Base Erosion and Profit Shifting's (BEPS) action 13 as is now implemented in Dutch tax law. The disclosures contained in the country-by-country reporting ('CbCR') have been prepared to meet the OECD requirements and have been filed with the Dutch tax authorities for the year 2021.
- Makes use of the availability of international tax treaties to avoid double taxation.
- Does not use intellectual property as a means to shift profits, nor does it use digital sales. Furthermore, the Company does not apply aggressive intra-company financing structures such as hybrids. In 2022, the Company reported a current corporate income tax charge of US$86 million under IFRS (compared to US$60 million in 2021). Due to the large losses incurred, notably on the legacy projects, some tax-loss carry-forward positions still exist at the global contracting company, which are limiting the current tax payments in Switzerland and in jurisdictions of the Company's locations.
- Endorsed the B Team Responsible Tax Principles in August 2021 and published the SBM Offshore Approach to Tax on its website. This explains the key principles applied to tax matters and the associated governance as well as describing the Company's global tax footprint.
- Regarding the OECD initiative to address the Tax Challenges Arising from the Digitalization of the Economy and its two-pillar solution aiming to reform the international tax system, the Company acknowledges that the implementation of Pillar 2 may have some impacts on its income tax charge. However, those effects will only be known once the OECD has released the Implementation Framework associated to the Model Rules and that the EU has also released the final version of the directive implementing the Pillar 2 model rules.

3.8 OPERATIONAL GOVERNANCE

Operational Governance of the Company is managed through:

- GEMS, as introduced in section 3.8.1.
- GTS, as introduced in section 3.8.2.

A detailed certification and classification table is provided in section 5.5, mapping compliance of SBM Offshore entities and sites with international certification standards and codes.

Note: for complementary details on SBM Offshore's approach to Operational Excellence, refer also to section 2.1.4.

3.8.1 GLOBAL ENTERPRISE MANAGEMENT SYSTEM (GEMS)

The Management System is one of the key enablers for the Company to perform its business activities in a consistent, reliable and sustainable manner, meeting client expectations, adapting to new challenges and continuously improving ways of working.

The Management System of SBM Offshore is called the Global Enterprise Management System (GEMS) and is based on several international standards and other good practices. GEMS is the core of a broader ecosystem, including software solutions (e.g. LUCY, SBM Offshore's Human Capital Management System) and other elements such as SharePoint microsites and Group Technical Standards (GTS) as introduced in section 3.8.2. The Group's Vision, Values (section 1.3.1) and Policies are embedded in GEMS to support the correct governance of SBM Offshore's organization and business activities. These form the foundation processes that are consistently applied throughout all offices and fleet operations (in-country offices and vessels).

GEMS SAPPHIRE

EXECUTIVE PROCESSES

- MANAGE GROUP STRATEGY
- MANAGE STRATEGIC ALLIANCES
- MANAGE SUPPLIERS & STRATEGIC SOURCING
- ENSURE SUSTAINABILITY
- MANAGE LEGAL & COMPLIANCE
- MANAGE ENTERPRISE RISK
- MANAGE HSSE, QRM & OPERATIONAL EXCELLENCE
- MANAGE TECHNOLOGY & INNOVATION
- MANAGE CLIENT & OPPORTUNITY

CORE PROCESSES

- TENDER TO CASH
- SERVICE TO CASH
- PROCURE TO PAY
- FORECAST TO CONTROL
- RECORD TO REPORT
- INVEST TO DIVEST
- CONCEPT TO NEW PRODUCT AND SERVICES
- HIRE TO RELEASE

SUPPORT PROCESSES & SERVICES

- MANAGE DATA & INFORMATION SYSTEM
- MANAGE INFORMATION TECHNOLOGY
- MANAGE COMMUNICATION

To align GEMS with the new ways of working brought by the ERP project 'Integra', a new version of GEMS, 'GEMS Sapphire', came into operation in 2022. GEMS Sapphire is structured around three main process domains: executive processes, core processes and support processes. The core processes have been modelled to show where the company generates value from its activities. GEMS Sapphire is represented as shown in the illustration. GEMS Sapphire gives clear and formal ownership of end-to-end processes and clear identification of key controls. It provides a cohesive framework for quality and regulatory compliance, health and safety, security of personnel and assets, protection of the environment, as well as risk and opportunity management throughout the product lifecycle, ensuring the Company's sustainability. GEMS can be accessed in its entirety via the Company's intranet which ensures easy access to all employees.

3.8.2 GROUP TECHNICAL STANDARDS (GTS)

A key driver for the cost of new projects is the technical standards to be applied in addition to the local regulatory requirements. Typically, these standards fall into three categories – customer standards, contractor standards or a hybrid set of customized standards. In the current climate of severe cost-pressure, there is a logical push in the industry towards wider acceptance of contractor standards. By leveraging its expertise – notably through its Fast4Ward® program – SBM Offshore can minimize project customization and efficiently deliver more standard products, with significant cost and schedule savings.

To support this approach, the Company has, over the years, established its own Group Technical Standards (GTS) by integrating key elements of its accumulated project execution and fleet operational experience. The GTS consist of a set of minimum technical requirements applicable to Company products provided to customers on a Lease & Operate basis. They ensure a consistent design approach, optimized from a lifecycle-cost perspective and integrating the Company's policies and standards with respect to personnel safety, environmental protection and asset integrity. Additionally, all GTS documents are formally reviewed and approved by Classification Societies acting as independent third parties.

The GTS are maintained by a team of internal technical authorities and experts covering all key technical aspects of Company products, providing assurance over GTS application during project execution and integrating operational feedback as part of GTS continuous improvement.

To date, the Company has executed over 23 major projects using its GTS as the basis of design since they were established in 2003. GTS are now digital and available through a Requirement Management Software since Q1 2022, providing new features for GTS users and the team in charge of GTS development. The main benefits are time-saving, enhanced search and filtering functionalities, data re-use capacity, improved overall quality and multi-support availability.

In 2023 SBM Offshore will start the development of the GTS for its renewable product line. The main benefit will be the standardization of requirements for the development of wind farms.

3.9 IN CONTROL STATEMENT

INTRODUCTION

The Management Board is responsible for establishing and maintaining adequate internal risk management and control systems. The implementation of the internal risk management and control framework at SBM Offshore focuses on managing strategic, financial, compliance and operational risks, as described in section 3.6.1 of the Management Report. As a key part of its scope, the Risk Management function is responsible for the design and monitoring of, and reporting on, the internal control framework.

During 2022, various aspects of risk management were discussed by the Management Board, including the consolidated quarterly Risk Report and the result of the yearly testing Internal Control Over Financial Reporting (ICOFR) campaign. The responsibilities concerning risk management, as well as the lines of defense, were also discussed with the senior management of the Company. There were no major failings in the internal risk management and control systems observed over the period. In addition, the result of the yearly ICOFR testing campaign was reviewed with the Audit Committee and Supervisory Board. This testing campaign did not highlight any major control deficiency and concluded to a stable level of conformity rate around the organization.

SBM Offshore prepared the In Control Statement 2022 in accordance with the best practice provision 1.4.3 of the Dutch Corporate Governance Code. With due consideration to the above, the Company believes that:

- The Management Report provides sufficient insights into the Company's internal risk management and control systems.
- Its internal risk management and control systems provide reasonable assurance that the financial reporting over 2022 does not contain any errors of material importance.
- Based on the current state of affairs, the Management Board states that it is justified that the financial reporting over 2022 is prepared on a going concern basis; and
- The material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the report have been included in the Management Report.

However, the Company cannot provide certainty that its business and financial strategic objectives will be realized or that its approach to internal control over financial reporting can prevent or detect all misstatements, errors, fraud or violation of law or regulations. Financial reporting over 2022 was based upon the best operational information available throughout the year and the Company makes a conscious effort at all times to weigh the potential impact of risk and the cost of control in a balanced manner.

With reference to section 5.25c paragraph 2, sub c of the Financial Markets Supervision Act *(Wet op het financieel toezicht)*, the Management Board states that, to the best of its knowledge:

- The financial statements for 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of SBM Offshore and its consolidated companies.
- The Management Report gives a true and fair view of the position as per December 31, 2022 and that of SBM Offshore's and its affiliated companies development during 2022. Furthermore, the Management Report includes a description of the principal risks facing SBM Offshore.

Schiphol, the Netherlands
February 22, 2023

Management Board
Bruno Chabas, CEO
Øivind Tangen, COO
Douglas Wood, CFO

TRUE.
BLUE.
TRANSITION.

CHAPTER 4
FINANCIAL INFORMATION 2022

4 FINANCIAL INFORMATION 2022

4 FINANCIAL INFORMATION 2022

4.1 FINANCIAL REVIEW

4.1.1 FINANCIAL OVERVIEW

	Directional		IFRS	
in US$ million	FY 2022	FY 2021	FY 2022	FY 2021
Revenue	**3,288**	**2,242**	**4,913**	**3,747**
Lease and Operate	1,763	1,509	1,414	1,270
Turnkey	1,525	733	3,499	2,477
Underlying Revenue	**3,288**	**2,317**	**4,913**	**3,822**
Lease and Operate	1,763	1,584	1,414	1,345
Turnkey	1,525	733	3,499	2,477
EBITDA[1]	**1,010**	**849**	**1,209**	**823**
Lease and Operate	1,080	914	719	636
Turnkey	7	19	569	271
Other	(77)	(84)	(80)	(84)
Underlying EBITDA	**1,010**	**931**	**1,209**	**906**
Lease and Operate	1,080	989	719	711
Turnkey	7	19	569	271
Other	(77)	(76)	(80)	(76)
Profit/(loss) attributable to shareholders	**115**	**121**	**450**	**400**
Underlying profit attributable to shareholders	**115**	**126**	**450**	**405**

1 EBITDA, earnings (profit attributable to shareholders) excluding net financing costs, income tax expense, depreciation, amortization and impairment as well as share of profit/(loss) of equity-accounted investees

General

The Company's primary business segments are 'Lease and Operate' and 'Turnkey'. Additionally, the Company discloses separately non-allocated corporate income and expense items presented in the category 'Other'. Revenue and EBITDA are analyzed by segment, but it should be recognized that business activities are closely related.

During recent years, the Company's awarded lease contracts were systematically classified under IFRS as finance leases for accounting purposes, whereby the fair value of the leased asset is recorded as a Turnkey 'sale' during construction. For the Turnkey segment, this accounting treatment results in the acceleration of recognition of lease revenues and profits into the construction phase of the asset, whereas the asset generates the cash mainly only after construction and commissioning activities have been completed, as that is the moment the Company is entitled to start receiving the lease payments. In the case of an operating lease, lease revenues and profits are recognized during the lease period, in effect more closely tracking cash receipts. Following the implementation of accounting standards IFRS 10 and 11 starting January 1, 2014, it has also become challenging to extract the Company's proportionate share of results. To address these accounting issues, the Company discloses Directional reporting in addition to its IFRS reporting. Directional reporting treats all lease contracts as operating leases and consolidates all co-owned investees related to lease contracts on a percentage of ownership basis. Under Directional, the accounting results more closely track cash-flow generation and this is the basis used by the Management Board of the Company to monitor performance and for business planning. Reference is made to 4.3.2 Operating Segments and Directional Reporting for further detail on the main principles of Directional reporting.

The Management Board, as chief operating decision maker, monitors the operating results of the Company primarily based on Directional reporting. The financial information in this section 4.1 Financial Review is presented both under Directional and IFRS while the financial information presented in note 4.3.2 Operating Segments and Directional Reporting is presented under Directional with a reconciliation to IFRS. For clarity, the remainder of the financial statements are presented solely under IFRS, except where expressly stated otherwise.

4.1.2 FINANCIAL HIGHLIGHTS

The main financial highlights of the year and their associated financial impact are reported in note 4.3.1 Financial Highlights.

4.1.3 FINANCIAL REVIEW DIRECTIONAL

in US$ million	Directional FY 2022	FY 2021
Revenue	**3,288**	**2,242**
Lease and Operate	1,763	1,509
Turnkey	1,525	733
Underlying Revenue	**3,288**	**2,317**
Lease and Operate	1,763	1,584
Turnkey	1,525	733
EBITDA	**1,010**	**849**
Lease and Operate	1,080	914
Turnkey	7	19
Other	(77)	(84)
Underlying EBITDA	**1,010**	**931**
Lease and Operate	1,080	989
Turnkey	7	19
Other	(77)	(76)
Profit/(loss) attributable to shareholders	**115**	**121**
Underlying profit attributable to shareholders	**115**	**126**

in US$ billion	Directional FY 2022	FY 2021
Backlog	30.5	29.5

UNDERLYING PERFORMANCE – DIRECTIONAL

Underlying Directional Revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.
During 2022, Directional Revenue, EBITDA and profit attributable to shareholders were not impacted by any non-recurring transaction. Therefore, Underlying Directional Revenue, EBITDA and profit attributable to shareholders have not been adjusted.

For reference, in 2021:

- the Underlying Directional Revenue and EBITDA included US$75 million related to the final cash received in 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying Directional gross margin and profit attributable to shareholders.
- The Directional EBITDA and profit attributable to shareholders were impacted by US$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

BACKLOG – DIRECTIONAL

Change in ownership scenarios and lease contract duration have the potential to significantly impact the Company's future cash flows, net debt balance as well as the profit and loss statement. The Company therefore provides a pro-forma Directional backlog based on the best available information regarding ownership scenarios and lease contract duration for the various projects.

The pro-forma Directional backlog at the end of 2022 reflects the following key assumptions:

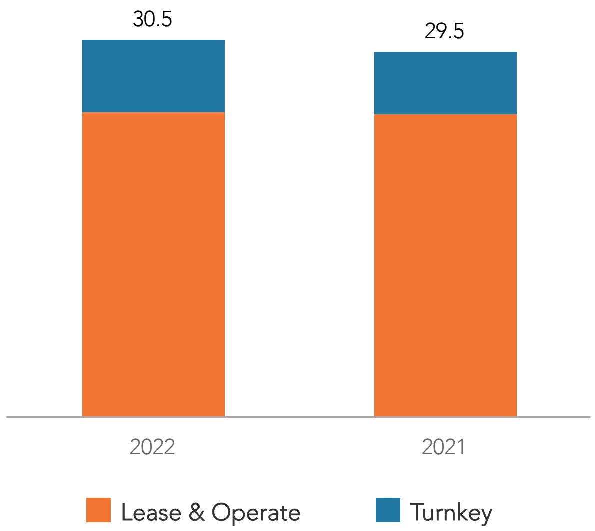
- The FPSO *Liza Destiny* contract covers the basic contractual term of 10 years of lease and operate.
- The FPSO *Liza Unity* and FPSO *Prosperity* contracts cover a maximum period of two years of lease and operate within which the FPSO ownership and operation will transfer to the client.
- The FPSO *ONE GUYANA* contract awarded to the Company in April 2022 covers a maximum period of lease and operate of two years, within which the FPSO ownership and operation will transfer to the client.
- For FPSO *Liza Unity*, FPSO *Prosperity* and FPSO *ONE GUYANA*, the impact of the sale of those 3 FPSO's is reflected in the Turnkey backlog at the end of the maximum two-year period.

- For both FPSO *ONE GUYANA* and FPSO *Prosperity* the pro-forma backlog set out below takes the operation and maintenance scope up to a two-year contractual period into account as it has been agreed in principle, pending a final work order. This affords consistency with prior years and betters reflect the current reality.
- The 13.5% equity divestment in *FPSO Sepetiba* to CMFL has not yet been reflected in the backlog as the transaction remains subject to various approvals, which include the consent from co-owners, lenders and export credit agencies.

The pro-forma Directional backlog at the end of December 2022 increased by US$1 billion to a total of US$30.5 billion. This increase was mainly the result of the awarded contract for the FPSO *ONE GUYANA* project partially offset by the turnover for the period which consumed US$3.3 billion of backlog. The partial 45% divestments to partners related to projects *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, which were concluded in 2022 (see note 4.3.1 Financial Highlights), had no impact on the pro-forma backlog as divestment impact of those two projects was already considered in the 2021 pro-forma Directional backlog. The Company's backlog provides cash flow visibility of 28 years, up to 2050.

in billions of US$	Turnkey	Lease & Operate	Total
2023	0.9	1.9	2.7
2024	1.7	1.9	3.7
2025	1.3	2.2	3.4
Beyond 2025	2.0	18.7	20.7
Total Backlog	**5.9**	**24.7**	**30.5**

Pro-forma Directional Backlog (in billions of US$)



PROFITABILITY – DIRECTIONAL

Accounting treatment of projects under construction

It should be noted that the ongoing EPC works on FPSO *Prosperity* and the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Liza Unity* did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2022 and are classified as operating leases as per Directional accounting principles.

The Company has determined that it is optimal from an operational and financial perspective to retain full ownership as opposed to partnering on these projects. Therefore, under the Company's Directional accounting policy, the revenue and margin recognition on these two FPSO projects is as follows:

- The Company does not recognize any revenue and margin during the Turnkey phase of the project unless defined invoicing (if any) to the client occurred during the construction phase to cover specific construction work and/or services performed before the commencement of the lease. The upfront payments are recognized as revenues and the cost of sales associated with the related construction work and/or services are recognized as costs with no margin during construction.

- The Company will book all revenue and margin associated with the lease and operate contracts related to its 100% share during the lease phase, in line with the cash flows.
- Upon transfer of the FPSO to the client, after reaching the end of the lease period or upon exercising of the purchase option by the client, the Company will book all revenue and margin associated with the transfer in the Turnkey segment.

Therefore, the contribution of the FPSO *Prosperity* and the FPSO *ONE GUYANA* projects to the Directional profit and loss will largely materialize in the coming years, in line with the operating cash flows as per FPSO *Liza Unity*, which started contributing to Directional net income over the period following its start of production as of February 11, 2022.

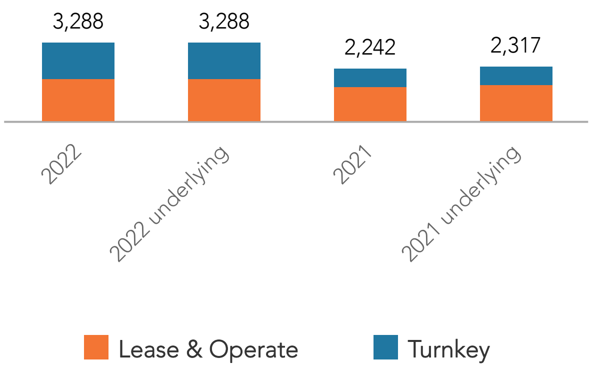
With respect to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão,* considering the partial 45% divestment to partners which was concluded during the period:

- The Company started recognizing revenue as well as margin (the gate progress of completion being reached during the period) associated with the EPC works for all the EPCI-related work performed on these projects so far, to the extent of the partners' ownership in lessor-related SPV's. (i.e. 45% of EPC works).
- The Company will book its share (i.e. 55%) in revenue and margin associated with the lease and operate contracts during the lease phase.

Revenue

Total Directional revenue increased by 47% to US$3,288 million compared with US$2,242 million in 2021, with the increase primarily attributable to the Turnkey segment. Considering the adjustment done in 2021 for the non-recurring item of US$75 million (refer to paragraph 'Underlying Performance') in the Lease and Operate segment, Underlying Directional revenue increased by 42% compared with US$2,317 million for the same period in 2021.

Revenue Directional (in millions of US$)



This variance of the Underlying Directional revenue is further detailed by segment as follows:

Underlying Directional Turnkey revenue increased to US$1,525 million, representing 46% of total underlying 2022 revenue. This compares with US$733 million, or 32% of total Underlying revenue in 2021. This resulted from a ramp-up of Turnkey activities with five FPSOs under construction (and completion of FPSO *Liza Unity*) during the period partially offset by lower contribution from the offshore installation services, following the sale of the SBM Installer which occurred early 2022. Furthermore the partial 45% divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) allowed the Company to recognize revenue for all the EPCI related work performed on these projects so far, to the extent of the partners' ownership in lessor-related SPV's (i.e. 45% of EPC works).

Underlying Directional Lease and Operate revenue was US$1,763 million, an increase versus US$1,584 million in the prior period. This reflects mainly the following items: (i) FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and (ii) increased reimbursable scope, partially offset by (iii) the end of Deep Panuke MOPU lease contract (as the last payments from the client contributed to the Underlying Revenue of previous year), (iv) the end of the *FPSO Capixaba* lease contracts in the first half-year of 2022, and finally (v) lower average straight-lined day rate of *FPSO Kikeh* lease after extension at the end of 2021.

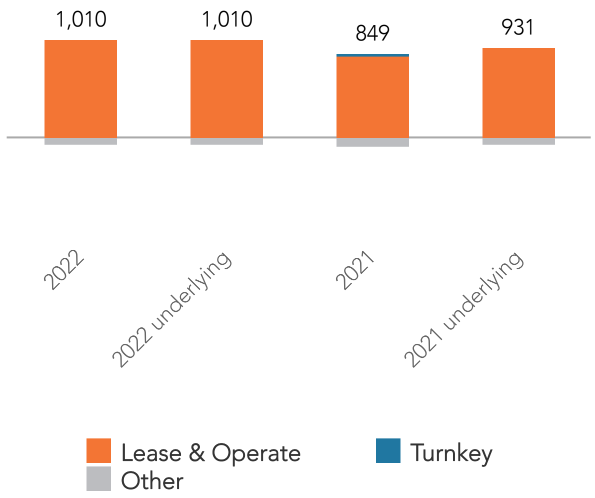
4 FINANCIAL INFORMATION 2022

The shutdown of operations of *FPSO Cidade de Anchieta* only had a limited impact on revenue over the period, due to the extension of the contract (corresponding to the period of shutdown) beyond the original end date of the lease. As a consequence, the total contractual lease revenue remains unchanged, whereas the revenue of the period, recognized on a straight line basis over the remaining lease period, has been slightly impacted.

EBITDA

Directional EBITDA amounted to US$1,010 million, representing a 19% increase compared with US$849 million in 2021 with the increase attributable to the Lease and Operate segment. Adjusted for the non-recurring items (see paragraph 'Underlying Performance' in the same section), Underlying Directional EBITDA amounted to US$1,010 million in 2022, a 8% increase compared with US$931 million in 2021.

EBITDA Directional (in millions of US$)



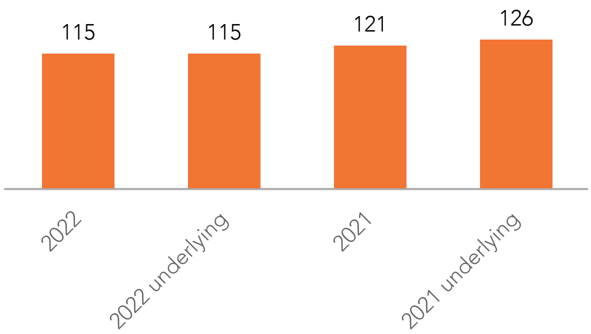
The variance of Underlying Directional EBITDA is further detailed by segment as follows:

- Underlying Directional Turnkey EBITDA decreased from US$19 million in the year-ago period to US$7 million in the current year. Although the Company recorded a significant increase in revenue related to projects under construction, there was not a commensurate impact on EBITDA due to several factors:
  - (i) FPSO *Liza Unity*, FPSO *Prosperity* and FPSO *ONE GUYANA* are 100% owned by the Company. In accordance with the Company policy for Directional reporting, the direct payments received during construction for these units are therefore recognized as revenue without contribution to gross margin;
  - (ii) Following the partial 45% divestment in *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*, the first 25% of progress on the EPCI related work have been recognized without associated margin as per the Company "stage of completion" policy (associated margin being spread over the remaining construction period);
  - (iii) On the Company's overall project portfolio, strategic mitigation measures against inflation have been proving effective on controlling cost and protecting schedule. Nevertheless, parts of the portfolio remain sensitive to the pressure in the global supply chain as a result of the war between Russia and Ukraine and the continuing impact from the COVID-19 pandemic.
- Underlying Directional Lease and Operate EBITDA moved from US$989 million in the year-ago period to US$1,080 million in the current year period. This increase mainly resulted from the same drivers as for the Underlying Lease and Operate revenue: The additional contribution from FPSO *Liza Unity* and increased reimbursable scope was partially offset by (i) the end of Deep Panuke MOPU (as the last payments from the client contributed to the Underlying EBITDA of the year-ago period), (ii) the end of *FPSO Capixaba* lease contracts and associated demobilization costs and (iii) the lower average straight-lined lease day rate of *FPSO Kikeh*. As a result, full-year 2022 Underlying Directional Lease & Operate EBITDA margin was almost stable at 61% compared with 62% in 2021.

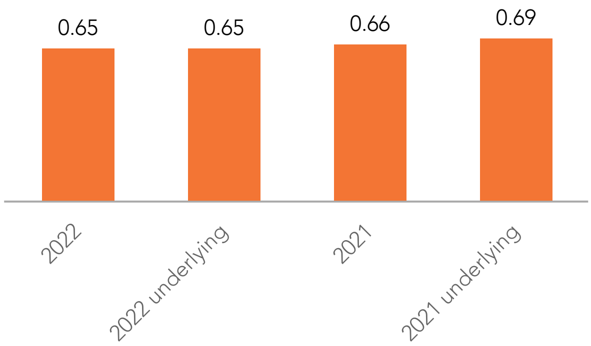
- In relation to *FPSO Cidade de Anchieta,* repair costs of the four tanks which were required for the safe restart of the vessel did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the *FPSO Cidade de Anchieta*. The impairment of US$92 million did not have an impact on EBITDA, but is included in the net income (see below).
- The other non-allocated costs charged to EBITDA remained stable at US$(76) million in the year-ago period and US$(77) million in the current year.

Net income

Net Income Directional (in millions of US$)



Weighted Average Earnings Per Share Directional (in US$)



Underlying Directional depreciation, amortization and impairment increased by US$57 million year-on-year. This primarily resulted from (i) US$92 million *FPSO Cidade de Anchieta* impairment following the shutdown of the vessel and the capitalisation of associated tank repair costs (refer to section 4.3.13 Property Plant and equipment), (ii) FPSO *Liza Unity* joining the operating fleet in February 2022, which marked the beginning of the depreciation of the Unit partially offset by (i) *FPSO Capixaba* and Deep Panuke MOPU leaving the fleet, (ii) *FPSO Kikeh*'s lease extension, which resulted in a lower depreciation charge for the current period.

Directional net financing costs totaled US$(188) million in 2022 compared with US$(171) million in the year-ago period, mainly reflecting the additional interest generated by the FPSO *Liza Unity* project loan partially offset by the scheduled amortization of remaining projects loans of vessels under operation.

The Underlying Directional effective tax rate increased to 45% versus 36% in the year-ago period primarily driven by taxes applied to charter revenues of FPSOs in operation in Guyana and the impairment of *FPSO Cidade de Anchieta*.

As a result, the Company recorded a Directional net profit of US$115 million, or US$0.65 per share, a 9% and 6% decrease respectively when compared with the Underlying Directional net profit of US$126 million, or US$0.69 per share, in the year-ago period. This is mostly due to the *FPSO Cidade de Anchieta* impairment partially offset by strong operating performance.

STATEMENT OF FINANCIAL POSITION – DIRECTIONAL

in millions of US$	2022	2021
Total equity	1,078	604
Net debt[1]	6,082	5,401
Net cash	615	1,059
Total assets	10,769	9,690
Solvency ratio[2]	29.6	28.9

1 Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.
2 Solvency ratio is calculated in accordance with the definition provided in section 4.3.24 Covenants

Shareholders' equity increased by US$474 million from US$604 million at year-end 2021 to US$1,078 million at year-end 2022, mostly due to the following items:

- An increase of the hedging reserves of US$510 million;
- A positive net result of US$115 million in 2022; and
- Dividend distributed to the shareholders decreasing equity by US$180 million;

The movement in hedging reserve is mainly caused by the increase of the marked-to-market value of the interest rate swaps due to increasing market interest rates during the year.

It should be noted that under Directional policy, the contribution to profit and equity of the FPSOs program under construction will largelly materialize in the coming years at Company's share ownership in lessor-related SPV's, subject to project execution performance, in line with the generation of associated operating cash flows.

Net debt increased by US$681 million to US$6,082 million at year-end 2022. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities for FPSO *Liza Unity,* FPSO *Prosperity*, FPSO *ONE GUYANA* and *FPSO Sepetiba* to fund continued investment in growth on these FPSOs under construction. With regards to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, for which 2021 bridge loans were fully drawn in advance of investments in growth, the associated excess of financing cash flow (approximately US$800 million generated as at December 31, 2021), was consumed as a result of progress with construction and the partial 45% divestment to partners, which resulted in the derecognition of a commensurate share of the related cash and debt.

The majority of the Company's debt as at December 31, 2022 consisted of non-recourse project financing (US$3.7billion) in special purpose investees. This non-recourse balance includes the project loan related to FPSO *Liza Unity* for which the pre-completion company guarantee was released on June 2, 2022. The remainder (US$3 billion) comprised of borrowings to support the on-going construction of five FPSOs, which will become non-recourse following project execution finalization and release of the Parent Company Guarantee. The Company's Revolving Credit Facility (RCF) was undrawn at year-end and the net cash balance stood at US$615 million (December 31, 2021: US$1,059 million). Lease liabilities totaled US$47 million (December 31, 2021: US$57 million).

Total assets increased to US$10.8 billion as at December 31, 2022, compared with US$9.7 billion at year-end 2021. This resulted from the substantial investments in property, plant and equipment (mainly FPSO *Prosperity* , *FPSO Sepetiba*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*) and the increase in the derivative assets over the period due to increased marked-to-market value of interest rate swaps compared with year-end 2021, which mainly arose from increasing US market interest rates.

The relevant covenants (solvency ratio and interest cover ratio) applicable for the Company's RCF, undrawn as at year-end 2022, were all met at December 31, 2022. In line with previous years, the Company had no off-balance sheet financing.

The Company's financial position has remained strong as a result of the cash flow generated by the fleet, as well as the positive contribution of the turnkey activities.

CASH FLOW / LIQUIDITIES – DIRECTIONAL

Cash and undrawn committed credit facilities amount to US$3,037 million at December 31, 2022, of which US$1,422 million is considered as pledged to specific project debt servicing related to FPSO *Prosperity*, FPSO *ONE GUYANA* and *FPSO Sepetiba* or otherwise restricted in its utilization.

The consolidated cash flow statement under Directional reporting is as follows:

in millions of US$	2022	2021
EBITDA	**1,010**	**849**
Adjustments for non-cash and investing items		
Addition/(release) provision	46	14
(Gain)/loss on disposal of property, plant and equipment	(9)	(1)
(Gain) / loss on acquisition of shares in investees	(2)	0
Share-based payments	19	27
Changes in operating assets and liabilities		
(Increase)/Decrease in operating receivables	(156)	17
Movement in contract assets	(115)	(42)
(Increase)/Decrease in inventories	(10)	(1)
Increase/(Decrease) in operating liabilities	117	(82)
Income taxes paid	(100)	(66)
Net cash flows from (used in) operating activities	**799**	**715**
Capital expenditures	(1,342)	(1,483)
(Addition) / repayments of funding loans	6	(6)
Cash flows from changes in interests of subsidiaries	(307)	-
Cash receipts from sale of investments in joint ventures	0	53
Other investing activities	44	20
Net cash flows from (used in) investing activities	**(1,600)**	**(1,415)**
Additions and repayments of borrowings and lease liabilities	717	1,945
Dividends paid to shareholders	(178)	(165)
Share repurchase program	-	(178)
Interest paid	(181)	(224)
Net cash flows from (used in) financing activities	**359**	**1,377**
Foreign currency variations	(3)	(2)
Net increase/(decrease) in cash and cash equivalents	**(444)**	**676**

The Company generated strong operating cash flows mainly as a result of FPSO *Liza Unity* joining the fleet and the operating cash recognized following the divestment of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*. This was partially offset by the *FPSO Cidade de Anchieta* shut down as well as *FPSO Capixaba* and Deep Panuke MOPU leaving the fleet.

Cash generated from the strong operating cash flows and drawdowns on project financings together with some of the Company's existing cash was primarily used to:

- Invest in the five FPSOs under construction, the Fast4Ward® new build multi-purpose hull and the *FPSO Cidade de Anchieta* shutdown-associated repair costs impacting capital expenditures under investing activities;
- Transfer partial excess of cash in *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* SPVs to partners following the 45% divestment of shares;
- Return funds to the shareholders through dividends; and
- Service the Company's non-recourse debt and interest in accordance with the respective repayment schedules.

As a result, cash and cash equivalents decreased from US$1,059 million at year-end 2021 to US$615 million at year-end 2022.

4.1.4 FINANCIAL REVIEW IFRS

	IFRS	
in US$ million	FY 2022	FY 2021
Revenue	**4,913**	**3,747**
Lease and Operate	1,414	1,270
Turnkey	3,499	2,477
Underlying Revenue	**4,913**	**3,822**
Lease and Operate	1,414	1,345
Turnkey	3,499	2,477
EBITDA	**1,209**	**823**
Lease and Operate	719	636
Turnkey	569	271
Other	(80)	(84)
Underlying EBITDA	**1,209**	**906**
Lease and Operate	719	711
Turnkey	569	271
Other	(80)	(76)
Profit/(loss) attributable to shareholders	**450**	**400**
Underlying profit attributable to shareholders	**450**	**405**

UNDERLYING PERFORMANCE

Underlying IFRS Revenue and EBITDA are adjusted for the non-recurring events during a financial period to enable comparison of normal business activities for the current period in relation to the comparative period.
During 2022, IFRS Revenue, EBITDA and profit attributable to shareholders were not impacted by any non-recurring transaction. Therefore, Underlying IFRS Revenue, EBITDA and profit attributable to shareholders have not been adjusted.
For reference, in 2021:

- the Underlying IFRS Revenue and EBITDA included US$75 million related to the final cash received in 2021 under the final settlement signed with the client following the redelivery of the Deep Panuke MOPU in July 2020. Considering the associated depreciation of the vessel, this transaction only negligibly impacted the Underlying Directional gross margin and profit attributable to shareholders.
- The EBITDA based on IFRS accounting policies and profit attributable to shareholders were impacted by US$(8) million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

PROFITABILITY

Accounting treatment of projects under construction

In contrast to Directional, the construction of FPSO *Prosperity* and the FPSO *ONE GUYANA* and finalized EPC works on FPSO *Liza Unity* contributed to both IFRS Turnkey revenue and gross margin over the period. This is because these contracts are classified as finance leases as per IFRS 16 and are therefore accounted for as a direct sale under IFRS.

The same treatment applied to the construction of *FPSO Sepetiba*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* which fully contributed to both IFRS Turnkey revenue and gross margin over the period given these contracts are classified as finance lease. Under Directional, the contribution to Turnkey revenue and gross margin for these projects is limited to the portion of the sale to partners in the special purpose entity owning the units (i.e. respectively 35.5%, 45% and 45%).

Revenue

Total Underlying IFRS revenue increased by 29% to US$4,913 million compared with US$3,822 million in 2021.

This increase was mainly driven by the Turnkey segment, with five FPSOs under construction and completion of FPSO *Liza Unity* qualifying for finance lease accounting in the current period, slightly offset by a lower contribution from offshore installation services following the sale of the SBM Installer, which occurred early 2022.

Underlying IFRS Lease and Operate revenue slightly increased by 5% to US$1,414 million compared with US$1,345 million in the year-ago period. This increase is mostly driven by (i) FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and (ii) increased reimbursable scope partially offset by (iii) the end of the Deep Panuke MOPU lease contract (since the last payments from the client contributed to the Underlying IFRS Revenue of previous year), (iv) the end of *FPSO Capixaba* contracts in the first half year 2022 and finally (v) regular declining profile of interest revenue from finance leases.

As under Directional, the shutdown of operations of *FPSO Cidade de Anchieta* (which is classified as operating lease under IFRS as well) only had limited impact on revenue over the period, due to the extension of the contract (corresponding to the period of shutdown) beyond the original end date of the lease. As a consequence, the total contractual lease revenue remains unchanged, whereas the revenue of the period, recognized on a straight line basis over the remaining lease period, has been slightly impacted.

EBITDA

Underlying EBITDA based on IFRS accounting policies amounted to US$1,209 million, representing a 33% increase compared with US$906 million in the year-ago period.

- Underlying Turnkey EBITDA increased from US$271 million in the year-ago period to US$569 million, supported by the same drivers as the increase in the IFRS Turnkey revenue as well as due to the successful close-out of the construction activities of FPSO *Liza Unity*, delivered over the first quarter of 2022. The Underlying Turnkey EBITDA margin stood at 16% % of Turnkey revenue, despite the negative effects of the pandemic and the Russia-Ukraine war on the macro-environment.
- Underlying Lease and Operate EBITDA for the current period slightly increased by 1% to US$719 million versus US$711 million in the same period prior year. This resulted from the same drivers as the slight increase in IFRS Lease and Operate Revenue.

As under Directional, in relation to *FPSO Cidade de Anchieta* (which is also classified as an operating lease under IFRS), repair costs of the four tanks which were required for the safe restart of the vessel did not impact the Lease and Operate EBITDA as they met the criteria of capitalization under IAS16 and therefore have been recognized as an increase in the Property, plant and equipment value of the *FPSO Cidade de Anchieta*.

Net income

2022 underlying consolidated IFRS net income attributable to shareholders stood at US$450million, an increase of US$45 million from the previous year. The increase in the Underlying EBITDA under IFRS linked to the strong operating performance was partially offset by:

- An increase in depreciation, amortization and impairment primarily explained by US$92 million *FPSO Cidade de Anchieta* impairment, following the shutdown of the vessel and the capitalisation of associated tank repair costs (refer to paragraph 4.3.13 Property Plant and equipment), partially offset by *FPSO Capixaba* and Deep Panuke MOPU (which were classified as operating lease under IFRS) leaving the fleet.
- An increase in financing costs following the additional drawdowns on (i) project finance facilities for FPSO *Liza Unity*, FPSO *Prosperity*, and *FPSO Sepetiba* and (ii) the new loan achieved for FPSO *ONE GUYANA.*
- A decrease in share of profits in associates profit, mainly driven by the 2021 additional six-year extension for the lease and operate contracts of the *FPSO Kikeh*. As a result of the revised terms and conditions, the lease contract of *FPSO Kikeh* remained classified as a finance lease under IFRS and the Company recognized a profit of US$76 million in 2021, corresponding to its share of the increase in the discounted value of future lease payments.

STATEMENT OF FINANCIAL POSITION

in millions of US$	2022	2021	2019	2018	2017
Total equity	4,914	3,537	3,462	3,613	3,612
Net debt[1]	7,881	6,681	5,209	4,416	3,818
Net cash	683	1,021	414	506	718
Total assets	15,889	13,211	11,085	10,287	9,992

1 Net debt is calculated as total borrowings (including lease liabilities) less cash and cash equivalents.

Total equity increased from US$3,537 million at December 31, 2021 to US$4,914 million. Notwithstanding the dividend distributed to the shareholders of US$180 million, this increase mainly resulted from (i) the positive result over the current

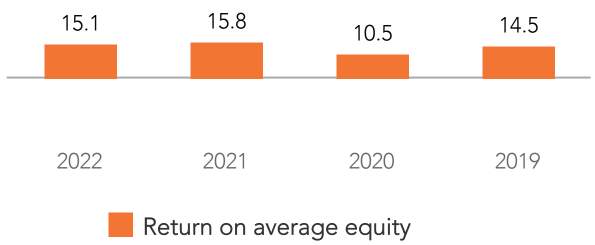
period, (ii) capital contribution from non-controlling interest in special purpose entities and (iii) the increase of the hedging reserves. The movement in hedging reserve is mainly caused by the increase of the marked-to-market value of interest rate swaps due to increasing market interest rates during the year.
Net debt increased by US$1,201 million to US$7,881 million at year-end 2022. While the Lease and Operate segment continues to generate strong operating cash flow, the Company drew on project finance facilities for FPSO *Liza Unity* during its construction phase, FPSO *Prosperity*, FPSO *ONE GUYANA* and *FPSO Sepetiba* to fund continued investment in growth on these FPSOs under construction. With regards to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* for which 2021 bridge loans were fully drawn in advance of investments in growth, the associated excess of financing cash flow generated (approximately US$800 million as of December 31, 2021), was consumed as a result of progress made on investments in the two units during the current year.

Half of the Company's debt as of December 31, 2022, consisted of non-recourse project financing (US$4.5 billion) in special purpose investees. The remainder (US$4 billion) comprised borrowings to support the ongoing construction of five FPSOs which will become non-recourse following project execution finalization and release of the related Parent Company Guarantee. The Revolving Credit Facility (RCF) was undrawn at year-end and the net cash balance stood at US$683 million (December 31, 2021: US$1,021 million). Lease liabilities totaled US$46 million as of December 31, 2022.

Total assets increased to US$15.9 billion as of December 31, 2022, compared with US$13.2 billion at year end 2021. This primarily resulted from the increase of contract assets related to the FPSO projects under construction and the increase of derivative financial instruments (mainly caused by the increase of the marked-to-market value of interest rate swaps due to increasing market interest rates during the year). These variations were partially offset by a reduction of the gross amount of the finance lease receivables, in line with the repayment schedules, the regular depreciation of PP&E as well as the decrease in the net cash balance.

RETURN ON AVERAGE EQUITY

Return on average equity (ROAE) measures the performance of the Company based on the average equity attributable to the shareholders of the parent company. ROAE is calculated as Underlying profit attributable to shareholders divided by the annual average of equity attributable to shareholders of the parent company.



2022 ROAE stood at 15.1%, above the past three-year average of 13.6%. This is driven by a higher underlying profit attributable to shareholders, mainly explained by the increase in the Turnkey activity.

4.1.5 OUTLOOK AND GUIDANCE

The Company's 2023 Directional revenue guidance is above US$2.9 billion of which around US$1.9 billion is expected from the Lease and Operate segment and above US$1 billion from the Turnkey segment.

2023 Directional EBITDA guidance is above US$1 billion for the Company.

This guidance considers the currently foreseen impacts from both the pandemic and the war between Russia and Ukraine on projects and fleet operations. The Company highlights that the direct and indirect effects of these events could continue to have a material impact on the Company's business and results and the realization of the guidance for 2023.

4.2 CONSOLIDATED FINANCIAL STATEMENTS

4.2.1 CONSOLIDATED INCOME STATEMENT

in millions of US$	Notes	2022	2021
Revenue from contracts with customers		4,383	3,262
Interest revenue from finance lease calculated using the effective interest method		530	486
Total revenue	*4.3.2/4.3.3*	**4,913**	**3,747**
Cost of sales	*4.3.5*	(3,731)	(2,826)
Gross margin		**1,182**	**922**
Other operating income/(expense)	*4.3.4/4.3.5*	28	6
Selling and marketing expenses	*4.3.5*	(16)	(31)
General and administrative expenses	*4.3.5*	(154)	(146)
Research and development expenses	*4.3.5/4.3.7*	(35)	(29)
Net impairment gains/(losses) on financial and contract assets	*4.3.5/4.3.8*	15	12
Operating profit/(loss) (EBIT)		**1,020**	**734**
Financial income	*4.3.9*	12	3
Financial expenses	*4.3.9*	(385)	(304)
Net financing costs		**(373)**	**(301)**
Share of profit/(loss) of equity-accounted investees	*4.3.29*	12	110
Profit/(loss) before income tax		**660**	**543**
Income tax expense	*4.3.10*	(104)	(71)
Profit/(loss)		**555**	**472**
Attributable to shareholders of the parent company		450	400
Attributable to non-controlling interests	*4.3.30*	105	72
Profit/(loss)		**555**	**472**

Earnings/(loss) per share

	Notes	2022	2021
Weighted average number of shares outstanding	*4.3.11*	177,906,466	183,717,155
Basic earnings/(loss) per share in US$	*4.3.11*	2.53	2.18
Fully diluted earnings/(loss) per share in US$	*4.3.11*	2.50	2.16

4.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in millions of US$	2022	2021
Profit/(loss) for the period	**555**	**472**
Cash flow hedges	654	(18)
Foreign currency variations	2	(2)
Items that are or may be reclassified to profit or loss	**656**	**(21)**
Remeasurements of defined benefit liabilities	7	7
Items that will never be reclassified to profit or loss	**7**	**7**
Other comprehensive income/(expense) for the period, net of tax	**664**	**(14)**
Total comprehensive income/(expense) for the period, net of tax	**1,219**	**459**
Of which		
- on controlled entities	1,197	342
- on equity-accounted entities	22	116
Attributable to shareholders of the parent company	976	349
Attributable to non-controlling interests	243	110
Total comprehensive income/(expense) for the period, net of tax	**1,219**	**459**

4.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in millions of US$	Notes	31 December 2022	31 December 2021
ASSETS			
Property, plant and equipment	4.3.13	314	396
Intangible assets	4.3.14	117	86
Investment in associates and joint ventures	4.3.29	290	361
Finance lease receivables	4.3.15	5,468	5,843
Other financial assets	4.3.16	151	82
Deferred tax assets	4.3.17	12	13
Derivative financial instruments	4.3.20	465	14
Total non-current assets		**6,818**	**6,795**
Inventories	4.3.18	25	14
Finance lease receivables	4.3.15	1,725	339
Trade and other receivables	4.3.19	795	839
Income tax receivables		18	7
Contract assets	4.3.3	5,681	4,140
Derivative financial instruments	4.3.20	145	32
Cash and cash equivalents	4.3.21	683	1,021
Assets held for sale	4.3.13	0	25
Total current assets		**9,071**	**6,416**
TOTAL ASSETS		**15,889**	**13,211**
EQUITY AND LIABILITIES			
Issued share capital		48	51
Share premium reserve		1,007	1,034
Treasury shares		(42)	(69)
Retained earnings		2,179	1,910
Other reserves		204	(347)
Equity attributable to shareholders of the parent company	4.3.22	**3,397**	**2,579**
Non-controlling interests	4.3.30	1,517	957
Total Equity		**4,914**	**3,537**
Borrowings and lease liabilities	4.3.23	6,873	5,928
Provisions	4.3.24	309	235
Deferred tax liabilities	4.3.17	38	19
Derivative financial instruments	4.3.20	25	162
Other non-current liabilities	4.3.25	127	132
Total non-current liabilities		**7,371**	**6,476**
Borrowings and lease liabilities	4.3.23	1,691	1,773
Provisions	4.3.24	178	149
Trade and other payables	4.3.25	1,501	1,111
Income tax payables		41	40
Derivative financial instruments	4.3.20	192	126
Total current liabilities		**3,603**	**3,198**
TOTAL EQUITY AND LIABILITIES		**15,889**	**13,211**

4.2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in millions of US$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2022		**51**	**1,034**	**(69)**	**1,910**	**(347)**	**2,579**	**957**	**3,537**
Profit/(loss) for the period		-	-	-	450	-	**450**	105	**555**
Foreign currency translation		(3)	-	4	-	1	**2**	(0)	**2**
Remeasurements of defined benefit provisions		-	-	-	-	7	**7**	-	**7**
Cash flow hedges		-	-	-	-	516	**516**	139	**654**
Total comprehensive income for the period		**(3)**	**-**	**4**	**450**	**524**	**976**	**243**	**1,219**
IFRS 2 vesting cost of share based payments		-	-	-	-	19	**19**	-	**19**
Re-issuance treasury shares on the share based scheme		(0)	-	22	1	(19)	**4**	-	**4**
Purchase of treasury shares		-	-	-	-	-	**-**	-	**-**
Cash dividend		-	-	-	(178)	-	**(178)**	(40)	**(218)**
Transaction with non-controlling interests	*4.3.30*	-	-	-	(4)	-	**(4)**	357	**353**
Other	*4.3.22*	-	(26)	-	-	26	**-**	-	**-**
At 31 December 2022		**48**	**1,007**	**(42)**	**2,179**	**204**	**3,397**	**1,517**	**4,914**

in millions of US$	Notes	Issued share capital	Share premium reserve	Treasury shares	Retained earnings	Other reserves	Attributable to shareholders	Non-controlling interests	Total Equity
At 1 January 2021		**58**	**1,034**	**(51)**	**1,811**	**(296)**	**2,556**	**905**	**3,462**
Profit/(loss) for the period		-	-	-	400	-	**400**	72	**472**
Foreign currency translation		(5)	-	5	0	(2)	**(2)**	0	**(2)**
Remeasurements of defined benefit provisions		-	-	-	-	7	**7**	-	**7**
Cash flow hedges		-	-	-	-	(57)	**(57)**	38	**(18)**
Total comprehensive income for the period		**(5)**	**-**	**5**	**400**	**(52)**	**349**	**110**	**459**
IFRS 2 vesting cost of share based payments		-	-	-	-	20	**20**	-	**20**
Re-issuance treasury shares on the share based scheme		-	-	20	5	(20)	**5**	-	**5**
Purchase of treasury shares		-	-	(178)	-	-	**(178)**	-	**(178)**
Share cancellation	*4.3.22*	(2)	-	136	(134)	-	**0**	-	**0**
Cash dividend		-	-	-	(165)	-	**(165)**	(126)	**(291)**
Transaction with non-controlling interests	*4.3.30*	-	-	-	(8)	-	**(8)**	68	**60**
At 31 December 2021		51	1,034	(69)	1,910	(347)	**2,579**	957	**3,537**

4.2.5 CONSOLIDATED CASH FLOW STATEMENT

in millions of US$	Notes	2022	2021
Cash flow from operating activities			
Profit/(loss) before income tax		**660**	**543**
Adjustments to reconcile profit before taxation to net cash flows:			
Depreciation and amortization		85	112
Impairment		105	(23)
Net financing costs		373	302
Share net income of associates and joint ventures		(12)	(110)
Share based compensation		19	27
Net gain on sale of Property, Plant and Equipment		(9)	(1)
(Increase)/Decrease in working capital:			
- (Increase)/Decrease Trade and other receivables		(25)	(139)
- (Increase)/Decrease Contract assets		(3,023)	(1,887)
- (Increase)/Decrease Inventories		(10)	128
- Increase/(Decrease) Trade and other payables		303	13
Increase/(Decrease) Other provisions		142	24
Reimbursement finance lease assets		439	316
Income taxes paid		(96)	(62)
Net cash flows from (used in) operating activities		**(1,049)**	**(755)**
Cash flow from investing activities			
Investment in property, plant and equipment		(41)	(14)
Investment in intangible assets	4.3.14	(41)	(47)
Additions to funding loans	4.3.16	(13)	(3)
Redemption of funding loans	4.3.16	27	5
Interest received		9	1
Dividends received from equity-accounted investees		92	43
Proceeds from disposal of property, plant and equipment	4.3.13	34	25
Purchase of interests in equity-accounted investees		(0)	(6)
Net cash flows from (used in) investing activities		**67**	**5**
Cash flow from financing activities			
Equity funding from/repayment to non-controlling interests	4.3.30	357	80
Additions to borrowings and loans	4.3.23	1,536	3,765
Repayments of borrowings and lease liabilities	4.3.23	(779)	(1,730)
Dividends paid to shareholders and non-controlling interests		(217)	(292)
Payments from/to non-controlling interests for change in ownership	4.3.30	0	(0)
Share repurchase program		-	(178)
Increase in other non-current financial liabilities		-	52
Interest paid		(252)	(340)
Net cash flows from (used in) financing activities		**646**	**1,359**
Net increase/(decrease) in cash and cash equivalents		**(335)**	**609**
Net cash and cash equivalents as at 1 January		1,021	414
Net increase/(decrease) in net cash and cash equivalents		(335)	609
Foreign currency variations		(3)	(2)
Net cash and cash equivalents as at 31 December		**683**	**1,021**

The reconciliation of the net cash and cash equivalents as at December 31, 2022 with the corresponding amounts in the statement of financial position is as follows:

Reconciliation of net cash and cash equivalents as at 31 December

in millions of US$	31 December 2022	31 December 2021
Cash and cash equivalents	683	1,021
Net cash and cash equivalents	**683**	**1,021**

4.2.6 GENERAL INFORMATION

SBM Offshore N.V. has its registered office in Amsterdam, the Netherlands, and is located at Evert van de Beekstraat 1-77, 1118 CL, Schiphol, the Netherlands. SBM Offshore N.V. is the holding company of a group of international marine technology-oriented companies. The Company globally provides services in the offshore oil and gas industry and new energy sources.

The Company is registered at the Dutch Chamber of Commerce under number 24233482 and is listed on the Euronext Amsterdam stock exchange.

The consolidated financial statements for the year ended December 31, 2022 comprise the financial statements of SBM Offshore N.V., its subsidiaries and interests in associates and joint ventures (together referred to as 'the Company'). They are presented in millions of US dollars, except when otherwise indicated. Figures may not add up due to rounding.

The consolidated financial statements were authorized for issue by the Supervisory Board on February 22, 2023.

4.2.7 ACCOUNTING PRINCIPLES

A. ACCOUNTING FRAMEWORK

The consolidated financial statements of the Company have been prepared in accordance with, and comply with, International Financial Reporting Standards ('IFRS') and interpretations adopted by the European Union, which were effective for the financial year beginning January 1, 2022 and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

The Company financial statements included in section 4.4 are part of the 2022 financial statements of SBM Offshore N.V.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE AS OF JANUARY 1, 2022

The Company has adopted the following new standards as of January 1, 2022:

- Amendments to IFRS 3 – 'Reference to the Conceptual Framework for Financial Reporting';
- Amendments to IAS 16 – 'Property, Plant and Equipment - Proceeds before Intended Use';
- Amendments to IAS 37 – 'Onerous Contracts - Cost of Fulfilling a Contract'; and
- Annual Improvements to IFRS Standards 2018-2020 (IFRS 1, IFRS 9 and IAS 41)

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the consolidated financial statements of the Company as there were no transaction falling within IFRS 3 during the 2022 financial period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the consolidated financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the consolidated financial statements of the Company.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Company as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the consolidated financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Company as it does not have assets in scope of IAS 41.

STANDARDS AND INTERPRETATIONS NOT MANDATORILY APPLICABLE TO THE COMPANY AS OF JANUARY 1, 2022

The following standards and amendments published by the IASB and endorsed by the European Union are not mandatorily applicable as of January 1, 2022:

- Amendments to IFRS 17 – 'Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information';
- Amendments to IAS 1 – ‘Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies’;
- Amendments to IAS 8 – 'Definition of Accounting Estimates'; and
- Amendments to IAS 12 – 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction';

The Company continued its evaluation of the impact of the IAS 12 Income Taxes amendment which was issued in May 2021 and is effective 1 January 2023. Balances affected by the amendment are the deferred tax assets and liabilities recognized in respect of right-of-use assets, lease liabilities and demobilization provisions.

In prior financial periods, the use of the initial recognition exemption was allowed and as of 1 January 2023 this will no longer be possible. The analysis performed would result in recognition of additional deferred tax assets and deferred liabilities on the balance sheet of US$11 million each with an insignificant impact on the opening retained earning balance of less than US$1 million. This assessment is performed based on the balance sheet positions affected by the amendment as per December 31, 2022 and current tax legislations.

Regarding the remaining amendments, the Company does not expect a material impact on the financial statements due to their future adoption.

Other new standards and amendments have been published by the IASB but have not been endorsed yet by the European Commission. Early adoption is not possible until European Commission endorsement. Those which may be relevant to the Company are set out below:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Deferral of Effective Date;

The Company does not expect a significant effect on the financial statements due to the adoption of the remaining amendments. Other standards and amendments are not relevant to the Company.

B. CRITICAL ACCOUNTING POLICIES

Critical accounting policies involving a high degree of judgement or complexity, or areas where assumptions and estimates are material, are disclosed in the paragraphs below.

(a) Use of estimates and judgement

When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome in the income statement. The actual outcome may differ from these estimates and assumptions due to changes in facts and circumstances. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates:

Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognized in the financial statements are:

The measurement and recognition of revenues on construction contracts based on the input method:

Revenue of the Company is measured and recognized based on the input method (i.e. costs incurred). Costs and revenue at completion are reviewed periodically throughout the life of the contract. This requires a large number of estimates, especially of the total expected costs at completion, due to the complex nature of the Company's construction contracts. Judgement is also required for the accounting of contract modifications and claims from clients where negotiations or discussions are at a sufficiently advanced stage. Costs and revenue (and the resulting gross margin) at completion reflect, at each reporting period, the Management's current best estimate of the probable future benefits and obligations associated with the contract. The policy for measurement of transaction price including variable considerations (i.e. claims, performance-based incentives) is included below in the point (d) Revenue.

In case a contract meets the definition of an onerous contract as per IAS 37, provisions for anticipated losses are made in full in the period in which they become known.

Impairments:

Assumptions and estimates used in the discounted cash flow model and the adjusted net present value model to determine the value in use of assets or group of assets (e.g. discount rates, residual values and business plans) are subject to uncertainty. There is a possibility that changes in circumstances or in market conditions could impact the recoverable amount of the asset or group of assets.

The anticipated useful life of the leased facilities under an operating lease:
Management uses its experience to estimate the remaining useful life of an asset. The actual useful life of an asset may be impacted by an unexpected event that may result in an adjustment to the carrying amount of the asset.

Uncertain income tax treatment:
The Company is subject to income taxes in multiple jurisdictions. Significant judgement is required in determining the Company's overall income tax liability. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company takes into account the following considerations when determining the liabilities related to uncertain income tax treatment:
- When necessary, the Company engages with local tax advisers which provide advice on the expected view of tax authorities on the treatment of judgmental areas of income tax;
- The Company considers any changes in tax legislation and knowledge built based on prior cases to make an estimate/ judgement on whether or not to provide for any tax payable; and
- The Company takes into account any dispute resolutions, case law and discussions between peer companies and the tax authorities on similar cases over an uncertain tax treatment.

The Company consistently monitors each issue around uncertain income tax treatments across the group in order to ensure that the Company applies sufficient judgement to the resolution of tax disputes that might arise from examination by relevant tax authorities of the Company's tax position.

The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The income tax liabilities include any penalties and interest that could be associated with a tax audit issue. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will influence the income tax and deferred tax provisions in the period in which such determination is made.

The Company's exposure to litigation and non-compliance:
The Company identifies and provides analysis on a regular basis of current litigation and measures, when necessary, provisions based on its best estimate of the expenditure required to settle the obligations, taking into account information available and different possible outcomes at the reporting date.

The warranty provision:
A warranty provision is accrued during the construction phase of projects, based on historical warranty expenditure per product type. At the completion of a project, a warranty provision (depending on the nature of the project) is therefore provided for and reported as provision in the statement of financial position. Following the acceptance of a project the warranty provision is released over the warranty period. For some specific claims formally notified by the customer and which can be reliably estimated, an amount is provided in full and without discounting. An overall review of the warranty provision is performed by Management at each reporting date. Nevertheless, considering the specificity of each asset, actual warranty expenditures could vary significantly from one project to another and therefore differ materially from initial statistical warranty provision provided at the completion of a said project.

The timing and estimated cost of demobilization:
The estimated future costs of demobilization are reviewed on a regular basis and adjusted when appropriate. Nevertheless, considering the long-term expiry date of the obligations, these costs are subject to uncertainty. Cost estimates can vary in response to many factors, including for example new demobilization techniques, the Company's own experience on demobilization operations, future changes in laws and regulations, and timing of demobilization operation.

Estimates and assumptions made in determining these obligations, can therefore lead to significant adjustments to the future financial results. Nevertheless, the cost of demobilization obligations at the reporting date represents Management's best estimate of the present value of the future costs required.

Significant estimates and judgements in the context of the COVID-19 pandemic and the Russia-Ukraine war:
During the 2022 financial year, the COVID-19 pandemic, the Russia-Ukraine war and current macroeconomic environment resulted in the Company reassessing significant estimates and judgments. The following key focus areas were identified by the regulator as potentially affected by the current global circumstances:
- Key assumptions used in the impairment test of assets or group of assets;

- Expected credit losses; and
- Additional costs in order to satisfy the performance obligations on some of the construction contracts mainly due to expected delay in the project delivery following lockdown periods in China, international travel restrictions, remote working, pressure on supply chain and general increase in global inflation.

The impact of COVID-19, the Russia-Ukraine war and current economic environment on the impairment of the tangible assets is disclosed in note 4.3.13 Property, Plant and Equipment. Regarding the Company's considerations for estimation of expected credit losses, refer to note 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract Assets. In relation to the impact of additional costs incurred due to these current macroeconomic circumstances when satisfying the Company's performance obligations refer to note 4.3.3 Revenue.

Following the assessments, the company does not expect any significant impact in other areas.

Judgements:
In addition to the above estimates, the Management exercises the following judgements:

Lease classification as Lessor:
When the Company enters into a new lease arrangement, the terms and conditions of the contract are analyzed in order to assess whether or not the Company retains the significant risks and rewards of ownership of the asset subject of the lease contract. To identify whether risks and rewards are retained, the Company systematically considers, among others, all the examples and indicators listed by IFRS 16.63 on a contract-by-contract basis. By performing such analysis, the Company makes significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognized in the consolidated financial statements and its recognition of profits in the future. The most important judgement areas assessed by the Company are (i) determination of the fair value, (ii) determination of the useful life of the asset, (iii) highly specialized nature of an FPSO constructed on behalf of the client and (iv) the probability of the client exercising the purchase or termination option (if relevant).

(b) Leases: accounting by lessor
A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property, plant and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

When assets are leased under a finance lease, the present value of the lease payments is recognized as a finance lease receivable. Under a finance lease, the difference between the gross receivable and the present value of the receivable is recognized as revenue during the lease phase. Lease income is, as of the commencement date of the lease contract, recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The discount rate used to measure the net investment in the lease is the interest rate implicit in the lease. During the construction phase revenue is recognized over time as per IFRS 15 due to the fact the Company is acting as manufacturer lessor (refer to accounting policy (d) Revenue).

(c) Impairment of non-financial assets
Under certain circumstances, impairment tests must be performed. Assets that are subject to amortization or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of an asset's Cash Generating Unit's ('CGU') fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. An impairment loss is recognized for the amount by which the assets or CGU's carrying amount exceeds its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. The Company bases its future cash flows on detailed budgets and forecasts.

Non-financial assets, other than goodwill, that have been impaired are reviewed for possible reversal at financial position date when circumstances which caused the initial impairment have improved or no longer exist.

(d) Revenue

The Company provides design, supply, installation, operation, life extension and demobilization of Floating Production, Storage and Offloading (FPSO) vessels. The vessels are either owned and operated by SBM Offshore and leased to its clients (Lease and Operate arrangements) or supplied on a Turnkey sale basis (construction contracts). Even in the latter case, the vessels can be operated by the Company, under a separate operating and maintenance agreement, after transfer to the clients.

Other products of the Company include: Turret Mooring Systems ('TMS'), Floating Offshore Wind ('FOW'), brownfield and offshore (off)loading terminals. These products are mostly delivered as construction, lease or service type agreements.

Some contracts include multiple deliverables (such as Front-End Engineering Design ('FEED'), engineering, construction, procurement, installation, maintenance, operating services, demobilization). The Company assesses the level of integration between different deliverables and ability of the deliverable to be performed by another party. Based on this assessment the Company concludes whether the multiple deliverables are one, or separate, performance obligation(s).

The Company determines the transaction price for its performance obligations based on contractually agreed prices. The Company has various arrangements with its customers in terms of pricing, but in principle i) the construction contracts have agreed fixed pricing terms, including fixed lump sums and reimbursable type of contracts, ii) the majority of the Company's lease arrangements have fixed lease rates and iii) the operating and service type of contracts can be based on fixed lump sums or reimbursable type of contracts. The Lease and Operate contracts generally include a variable component for which the treatment is described below under 'Lease and Operate contracts'. In rare cases when the transaction prices are not directly observable from the contract, they are estimated based on expected cost plus margin (e.g. based on an operating service component in a lease arrangement).

The Company assesses for each performance obligation whether the revenue should be recognized over time or at a point in time, this is explained more in detail under the below sections 'Construction contracts' and 'Lease and Operate contracts'.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds instalments invoiced to the client, a contract asset is recognized (see note 4.3.3 Revenue). If the instalments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.25 Trade and Other Payables).

Revenue policies related to specific arrangements with customers are described below.

Construction contracts:

The Company under its construction contracts usually provides Engineering, Procurement, Construction and Installation ('EPCI') of vessels. The Company assesses the contracts on an individual basis as per the policy described above. Based on the analysis performed for existing contracts:

- The construction contracts generally include one performance obligation due to significant integration of the activities involved; and
- Revenue is recognized over time as the Company has an enforceable right to payment for performance completed to date and the assets created have no direct alternative use.

Based on these requirements, the Company concludes that, in principle, construction contracts meet the criteria of revenue to be recognized over time. Revenue is recognized at each period based upon the advancement of the work, using the input method. The input method is based on the ratio of costs incurred to date to total estimated costs. Up to the moment that the Company can reasonably measure the outcome of the performance obligation, revenue is recognized to the extent of cost incurred.

Complex projects that present a high-risk profile due to technical novelty, complexity or pricing arrangements agreed with the client are subject to independent project reviews at advanced degrees of completion in engineering. An independent project review is an internal but independent review of the status of a project based upon an assessment of a range of project management and company factors. Until this point, and when other significant uncertainties related to the cost at completion are mitigated, revenue is recognized to the extent of cost incurred.

Due to the nature of the services performed, variation orders and claims are commonly billed to clients in the normal course of business. The variation orders and claims are modifications of contracts that are usually not distinct and are therefore normally considered as part of the existing performance obligation. When the contract modification (including claims) is initially approved by oral agreement or implied by customary business practice, the Company recognizes revenue only to the extent of contract costs incurred. Once contract modifications and claims are approved, the revenue is no longer capped at the level of costs and is recognized based on the input method.

Generally, the payments related to the construction contracts (under EPCI arrangements) are corresponding to the work completed to date, therefore the Company does not adjust any of the transaction prices for the time value of money. However the time value of money is assessed on a contract by contract basis and in case the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction price is adjusted for the identified and quantified financing component.

Furthermore, finance lease arrangements under which the Company delivers a unit to a client are treated as direct sales (see also point (b) above), therefore revenue is recognized over time during the construction period as the present value of the lease payments accruing to the lessor, discounted using a market rate of interest. In order to determine the revenue to be recognized based on this policy, the Company determines the applicable discount rate using a market rate of interest that takes into account among others: time value of money, financing structure and risk profile of a client and project.

Lease and Operate contracts:
The Company provides to its customers possibilities to lease the units under charter contracts. The charter contracts are multi-year contracts and some of them contain options to extend the term of the lease or terminate the lease earlier. Some of the contracts also contain purchase options that are exercisable throughout the lease term.

Charter rates
Charter rates received on long-term operating lease contracts are reported on a straight-line basis over the period of the contract once the facility has been brought into service. The difference between straight-line revenue and the contractual day-rates, which may not be constant throughout the charter, is accounted for as deferred income.

Revenue from finance lease contracts is, as of the commencement date of the lease contract, recognized over the term of the lease using the amortized cost method, which reflects a constant periodic rate of return.

Operating fees
Operating fees are received by the Company for facilitating receipt, processing and storage of petroleum services on board of the facilities which occur continuously through the term of the contract. As such, they are a series of services that are substantially the same and that have the same pattern of transfer to the customer. Revenue is recognized over time based on input methods by reference to the stage of completion of the service rendered either on a straight-line basis for lump sum contracts or in line with cost incurred on reimbursable contracts.

Bonuses/penalties
On some contracts the Company is entitled to receive bonuses (incentives) and incurs penalties depending on the level of interruption of production or processing of oil. Bonuses are recognized as revenue once it is highly probable that no significant reversal of revenue recognized will occur, which is generally the case only once the performance bonus is earned. Penalties are recognized as a deduction of revenue when they become probable. For estimation of bonuses and penalties the Company applies the 'most likely' method, where the Company assesses which single amount is the most likely in a range of possible outcomes.

Contract costs

The incremental costs of obtaining a contract with a customer are recognized as an asset when the costs are expected to be recovered. The Company uses a practical expedient that permits the costs to be expensed to obtain a contract as incurred when the expected amortization period is one year or less. Costs of obtaining a contract that are not incremental are expensed as incurred unless those costs are explicitly chargeable to the customer. Bid, proposal, and selling and marketing costs, as well as legal costs incurred in connection with the pursuit of the contract, are not incremental, as the Company would have incurred those costs even if it did not obtain the contract.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another IFRS standard (e.g. IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset for the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

An asset recognized for contract costs is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Contract assets

Contract assets as defined in IFRS 15 represent the Company's construction work-in-progress. Construction work-in-progress is the Company's right to consideration in exchange for goods and services that the Company has transferred to the customer. The Company's contract assets are measured as accumulated revenue recognized over time based on progress of the project net of installments invoiced to date. The invoiced installments represent the contractually agreed unconditional milestone payments during the construction period and these amounts are classified as trade receivables until the amount is paid. The Company recognizes any losses from onerous contracts under provisions in line with IAS 37. Further the impairment of contract assets is measured, presented and disclosed on the same basis as financial assets that are within the scope of IFRS 9. The Company applies the simplified approach in measuring expected credit losses for contract assets. In case of contract asset balances relating to the finance lease contracts, the Company applies the low credit risk simplification of IFRS 9 for the computation of the expected credit loss. The simplification is applied as the credit risk profile of these balances has been assessed as low.

In prior consolidated financial statements, the Company presented contract assets as Construction work-in-progress in the consolidated statement of financial position as well as the notes to the consolidated financial statements.

Contract liabilities

The Company recognizes a contract liability (see note '4.3.25 Trade and Other Payables') where installments are received in advance of satisfying the performance obligation towards the customer.

(e) Operating segment information

As per IFRS 8, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose segmental operating results are regularly reviewed by the entity's chief operating decision maker, and for which distinct financial information is available.

The Management Board, as chief operating decision maker, monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, gross margin, EBIT and EBITDA, and prepared in accordance with Directional reporting. The Company has two reportable segments:

- The Lease and Operate segment includes all earned day-rates on operating lease and operate contracts.
- The Turnkey segment includes revenues from Turnkey supply contracts and after-sales services, which consist mainly of large production systems, large mooring systems, deep water export systems, fluid transfer systems, tanker loading and discharge terminals, design services and supply of special components and proprietary designs and equipment. The new energy business also forms part of the Turnkey segment, this mainly relates to floating offshore wind solutions.

No operating segments have been aggregated to form the above reportable segments.

The Company's corporate overhead functions do not constitute an operating segment as defined by IFRS 8 'Operating segments' and are reported under the 'Other' section in note 4.3.2 Operating Segments and Directional Reporting.

Operating segment information is prepared and evaluated based on Directional reporting for which the main principles are explained in note 4.3.2 Operating Segments and Directional Reporting.

(f) Demobilization obligations

The demobilization obligations of the Company are either stated in the lease contract or derived from the international conventions and the specific legislation applied in the countries where the Company operates assets. Demobilization costs will be incurred by the Company at the end of the operating life of the Company's facilities.

For operating leases, the net present value of the future obligations is included in property, plant and equipment with a corresponding amount included in the provision for demobilization. As the remaining duration of each lease reduces, and the discounting effect on the provision unwinds, accrued interest is recognized as part of financial expenses and added to the provision. The subsequent updates of the measurement of the demobilization costs are recognized both impacting the provision and the asset.

In some cases, when the contract includes a demobilization bareboat fee that the Company invoices to the client during the demobilization phase, a receivable is recognized at the beginning of the lease phase for the discounted value of the fee. When the receivable is recognized, it is limited to the amount of the corresponding demobilization obligation. These receivables are subject to expected credit loss impairment which are analyzed together with the finance lease receivable using the same methodology.

For finance leases, demobilization obligations are analyzed as a component of the sale recognized under IFRS 15. It is determined whether the demobilization obligation should be defined as a separate performance obligation. In that case, because the demobilization operation is performed at a later stage, the related revenue is deferred until the demobilization operations occur. Subsequent updates of the measurement of the demobilization costs are recognized immediately through deferred revenue, for the present value of the change.

C. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

(a) Distinction between current and non-current assets and liabilities

The Company classifies its assets as current when it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle. Inventory and contract balances are classified as current while the time when these assets are sold or consumed might be longer than twelve months. Financial assets are classified as current when they are realized within twelve months. Liabilities are classified as current when they are expected to be settled within less than twelve months and the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other assets and liabilities are classified as non-current.

(b) Consolidation

The Company's consolidated financial statements include the financial statements of all controlled subsidiaries.

In determining under IFRS 10 whether the Company controls an investee, the Company assesses whether it has i) power over the investee, ii) exposure or rights to variable returns from its involvement, and iii) the ability to use power over investees to affect the amount of return. To determine whether the Company has power over the investee, multiple contractual elements are analyzed, among which i) voting rights of the Company at the General Meeting, ii) voting rights of the Company at Board level and iii) the power of the Company to appoint, reassign or remove other key management personnel.

For investees whereby such contractual elements are not conclusive because all decisions about the relevant activities are taken on a mutual consent basis, the main deciding feature resides then in the deadlock clause existing in shareholders' agreements. In case a deadlock situation arises at the Board of Directors of an entity, whereby the Board is unable to conclude on a decision, the deadlock clause of the shareholders' agreements generally stipulates whether a substantive right is granted to the Company or to all the partners in the entity to buy its shares through a compensation mechanism that is fair enough for the Company or one of the partners to acquire these shares. In case such a substantive right resides with the Company, the entity will be defined under IFRS 10 as controlled by the Company. In case no such substantive right is held by any of the shareholders through the deadlock clause, the entity will be defined as a joint arrangement.

Subsidiaries:
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated using the full consolidation method.

All reciprocal transactions between two controlled subsidiaries, with no profit or loss impact at consolidation level, are fully eliminated for the preparation of the consolidated financial statements.

Interests in joint ventures:
The Company has applied IFRS 11 'Joint Arrangements' to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. In determining under IFRS 11 the classification of a joint arrangement, the Company assesses that all joint arrangements are structured through private limited liability companies incorporated in various jurisdictions. As a result, assets and liabilities held in these separate vehicles are those of the separate vehicles and not those of the shareholders of these limited liability companies. Shareholders have no direct rights to the assets, nor primary obligations for liabilities of these vehicles. As a result the Company classifies its joint arrangements to be joint ventures. Joint ventures are accounted for using the equity method.

Investments in associates:
Associates are all entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies. Investments in associates are accounted for using the equity method.

When losses of an equity-accounted entity are greater than the value of the Company's net investment in that entity, these losses are not recognized unless the Company has a constructive obligation to fund the entity. The share of the negative net equity of these is first accounted for against the loans held by the owner towards the equity-accounted company that forms part of the net investment. Any excess is accounted for under provisions.

Reciprocal transactions carried out between a subsidiary and an equity-accounted entity, are not eliminated for the preparation of the consolidated financial statements. Only transactions leading to an internal profit (e.g. for dividends or internal margin on asset sale) are eliminated applying the percentage owned in the equity-accounted entity.

The financial statements of the subsidiaries, associates and joint ventures are prepared for the same reporting period as the Company and the accounting policies are in line with those of the Company.

(c) Non-derivative financial assets
The Company's financial assets consist of finance lease receivables, loans to joint ventures and associates and trade and other receivables. The accounting policy on trade and other receivables is described separately.

Finance lease receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market.

Loans to joint ventures and associates relate primarily to interest-bearing loans to joint ventures. These financial assets are initially measured at fair value plus transaction costs (if any) and subsequently measured at amortized cost.

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:
- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(d) Borrowings (bank and other loans) and lease liabilities

Borrowings are recognized on settlement date, being the date on which cash is paid or received. They are initially recognized at fair value, net of transaction costs incurred (transaction price), subsequently measured at amortized cost and classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized into the cost of the asset in the period in which they are incurred. Otherwise, borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowings are derecognized when the Company either discharges the borrowing by paying the creditor or is legally released from primary responsibility for the borrowing either by process of law or by the creditor.

Lease liabilities, arising from lease contracts in which the Company is the lessee, are initially measured at the net present value of the following:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Each lease payment is allocated between the lease liability and finance cost. Finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(e) Foreign currency transactions and derivative financial instruments

Foreign currency transactions are translated into the functional currency, the US dollar, at the exchange rate applicable on the transaction date. At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement. At the closing date, non-monetary assets and liabilities stated in foreign currency remain translated into the functional currency using the exchange rate at the date of the transaction.

Translation of foreign currency income statements of foreign operations (except for foreign operations in hyperinflationary economies) into US dollars is converted at the average exchange rate prevailing during the year. Statements of financial position are translated at the exchange rate at the closing date. Differences arising in the translation of financial statements of foreign operations are recorded in other comprehensive income as foreign currency translation reserve. On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and borrowings of such investments, are taken to Company equity. On disposal or partial disposal of a foreign operation, any corresponding cumulative exchange differences are transferred from equity to profit or loss.

Derivative financial instruments held by the Company are aimed at hedging risks associated with market risk fluctuations. The Company uses primarily forward currency contracts, interest rate swaps and commodity contracts to hedge foreign currency risk, interest rate risk and commodity price risk. Further information about the financial risk management objectives and policies is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

A derivative instrument (cash flow hedge) qualifies for hedge accounting when all relevant criteria are met. A cash flow hedge aims at reducing risks incurred by variations in the value of future cash flows that may impact net income. In order for a derivative to be eligible for hedge accounting, the following criteria must be met:

- There is an economic relationship between the hedging instrument and the hedged item.

- The effect of credit risk does not dominate the value changes resulting from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that used for risk management purposes.

All derivative instruments are recorded and disclosed in the statement of financial position at fair value. Purchases and sales of derivatives are accounted for at trade date. Where a portion of a financial derivative is expected to be realized within twelve months of the reporting date, that portion is presented as current; the remainder of the financial derivative as non-current.

Changes in fair value of derivatives designated as cash flow hedge relationships are recognized as follows:
- The effective portion of the gain or loss of the hedging instrument is recorded directly in other comprehensive income, and the ineffective portion of the gain or loss on the hedging instrument is recorded in the income statement. The gain or loss which is deferred in equity, is reclassified to the net income in the period(s) in which the specified hedged transaction affects the income statement.
- The changes in fair value of derivative financial instruments that do not qualify as hedging in accounting standards are directly recorded in the income statement.

The sources of hedge ineffectiveness are:
- The non-occurrence of the hedged item;
- The change in the principal terms of the hedged item;
- The severe change of the credit risk of the Company and, or the derivative counterparty.

When measuring the fair value of a financial instrument, the Company uses market observable data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. Further information about the fair value measurement of financial derivatives is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

(f) Provisions

Provisions are recognized if and only if the following criteria are simultaneously met:
- The Company has an ongoing obligation (legal or constructive) as a result of a past event.
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- The amount of the obligation can be reliably estimated; provisions are measured according to the risk assessment or the exposed charge, based upon best-known facts.

Demobilization provisions relate to estimated costs for demobilization of leased facilities at the end of the respective lease period or operating life.

Warranty provisions relate to the Company's obligations to replace or repair defective items that become apparent within an agreed period starting from final acceptance of the delivered system. These assurance-type warranties are provided to customers on most Turnkey sales. These provisions are estimated on a statistical basis regarding the Company's past experience or on an individual basis in the case of any warranty claim already identified. These provisions are classified as current by nature as it coincides with the production cycle of the Company.

Other provisions include provisions like commercial claims, regulatory fines related to operations and local content penalty. In relation to local content penalty, Brazilian oil and gas contracts typically include local content requirements. These requirements are issued by the Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (ANP) to the winning concessionaire/consortia of auctioned Brazilian exploratory blocks or areas at the end of the bidding round, with the intention to strengthen the domestic Brazilian market and expand local employment. The owning concessionaire/consortia normally contractually passes such requirements on to, among other suppliers, the company delivering the FPSO. For the Company's Brazilian contracts, the Company assesses the execution strategy and may decide that execution of the project in locations other than Brazil is more beneficial. Such a decision takes into account factors such as optimization of overall cost of delivery, quality and timeliness. As a result, following the chosen execution strategy, the Company may expect to not meet entirely the agreed local content requirements. In such circumstances, the expected penalty to be paid, as a result of not meeting the local content requirements, is determined based on management's best estimate and recognized as provision during the construction period. The corresponding cost is expensed over the construction period of the asset.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of such items. The capital value of a facility to be leased and operated for a client is the sum of external costs (such as shipyards, subcontractors and suppliers), internal costs (design, engineering, construction supervision, etc.), third party financial costs including interest paid during construction and attributable overhead.

Subsequent costs are included in an assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The costs of assets include the initial estimate of costs of demobilization of the asset net of reimbursement expected to be received by the client.

Costs related to major overhaul which meet the criteria for capitalization are included in the asset's carrying amount. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate line items of property, plant and equipment. The depreciation charge is calculated based on future anticipated economic benefits, e.g. based on the unit of production method or on a straight-line basis as follows:

- New build Fast4Ward® FPSO up to 30 years (included in vessels and floating equipment);
- Converted tankers FPSO 10-20 years (included in vessels and floating equipment);
- Floating equipment 3-15 years (included in vessels and floating equipment);
- Buildings 30-50 years;
- Other assets 2-20 years;
- Land is not depreciated.

Regarding useful lives for vessels in operation, they are usually aligned with the lease period. Useful lives and methods of depreciation are reviewed at least annually and adjusted if appropriate.

The assets' residual values are reviewed and adjusted, if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses arising on disposals or retirement of assets are determined by comparing any sales proceeds and the carrying amount of the asset. These are reflected in the income statement in the period that the asset is disposed of or retired.

Right-of-use assets related to the Company's lease contracts in which the Company is a lessee are included in Property, plant and equipment. Right-of-use assets and corresponding liabilities are recognized when the leased asset is available for use by the Company. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs; and
- Restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(h) Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary at the date of the acquisition, less accumulated impairment.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of the annual impairment testing.

Patents are recognized at historical cost and patents acquired in a business combination are recognized at fair value at the acquisition date when intangible assets criteria are met and amortized on a straight-line basis over their useful life, generally over 15 years. When applicable, impairment losses are recognized.

Software is recognized at historical cost and is amortized on a straight-line basis over its useful life. The useful life of software is generally between 3 and 5 year, dependent on the type of software.

Research costs are expensed when incurred. In compliance with IAS 38, development costs are capitalized if all of the following criteria are met:
- The projects are clearly defined.
- The Company is able to reliably measure expenditures incurred by each project during its development.
- The Company is able to demonstrate the technical feasibility of the project.
- The Company has the financial and technical resources available to achieve the project.
- The Company can demonstrate its intention to complete, to use or to commercialize products resulting from the project.
- The Company is able to demonstrate the existence of a market for the output of the intangible asset, or, if it is used internally, the usefulness of the intangible asset.

When capitalized, development costs are carried at cost less any accumulated amortization and impairment losses. Amortization begins when the project is complete and available for use. It is amortized over the period of expected future benefit, which is generally between 3 and 5 years.

(i) Assets (or disposal groups) held for sale
The Company classifies assets or disposal groups as being held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

(j) Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Inventories comprise semi-finished, finished products and the Company's Fast4Ward® Multi Purpose Floater ('MPF') valued at cost including attributable overheads and spare parts stated at the lower of purchase price or market value. MPFs under construction are accounted for as inventories until they are allocated to awarded projects and then reclassified from inventories to contract assets.

(k) Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore all classified as current. Trade receivables are recognized initially at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. The Company applies the simplified approach in measuring expected credit losses for trade receivables.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method. Interest income, together with gains and losses when the receivables are derecognized or impaired, is recognized in the income statement.

(l) Impairment of finance lease receivables
For finance lease receivables the Company assumes that the credit risk has not increased significantly since the initial recognition if the finance lease receivable is determined to have a low credit risk at the reporting date (i.e. the Company applies the low credit risk simplification). As a result, if the finance lease receivable is determined to have a low credit risk at the reporting date, the Company recognizes a 12-month expected credit loss.

(m) Cash and cash equivalents
Cash and cash equivalents consist of cash in bank and in hand fulfilling the following criteria: a maturity of usually less than three months, highly liquid, a fixed exchange value and an extremely low risk of loss of value.

(n) Share capital

Ordinary shares and protective preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(o) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the associated tax is also recognized in other comprehensive income or directly in equity.

Income tax expenses comprise corporate income tax due in countries of incorporation of the Company's main subsidiaries and levied on actual profits. Income tax expense also includes the corporate income taxes which are levied on a deemed profit basis and revenue basis (withholding taxes in the scope of IAS 12). This presentation adequately reflects the Company's global tax burden.

(p) Deferred tax

Deferred tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is provided for on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Employee benefits

Pension obligations: the Company operates various pension schemes that are generally funded through payments determined by periodic actuarial calculations to insurance companies or are defined as multi-employer plans. The Company has both defined benefit and defined contribution plans:

- A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.
- A defined contribution plan is a pension plan under which the Company pays fixed contributions to public or private pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions to defined contribution plans and multi-employer plans are recognized as an expense in the income statement as incurred.

The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains and losses and past service costs. The defined benefit obligation is calculated periodically by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that have maturity dates approximating to the terms of the Company's obligations.

The expense recognized within the EBIT comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact on actuarial debt and interest income on plan assets are recognized under the net financing cost.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in comprehensive income.

Share-based payments: within the Company there are four types of share-based payment plans that qualify as equity settled:

- Restricted Share Unit (RSU);
- Short-term Incentive Program of Bonus Shares and Matching Shares;
- Value Creation Stake (VCS); and
- Ownership Shares.

The estimated total amount to be expensed over the vesting period related to share-based payments is determined by (i) reference to the fair value of the instruments determined at the grant date, and (ii) non-market vesting conditions included in assumptions about the number of shares that the employee will ultimately receive. Main assumptions for estimates are revised at statement of financial position date. Total cost for the period is charged or credited to the income statement, with a corresponding adjustment to equity.

When equity instruments vest, the Company issues new shares, unless the Company has Treasury shares in stock.

Any cancellation of matching shares will lead to an accelerated expense recognition of the total fair value, with a corresponding adjustment to equity.

(r) Trade payables

Trade payables are amounts due to suppliers for goods sold or services received in the ordinary course of business. They are generally due for settlement within a maximum of 90 days and are therefore classified as current. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.3.1 FINANCIAL HIGHLIGHTS

Impact of COVID-19 pandemic, Russia-Ukraine war and current economic environment

During 2022, construction activities for the Company's major projects has continued to be impacted by the effects of the pandemic and, in particular, response measures in China.

Even though the Company does not have any significant business activity in Ukraine or Russia, the current war between these two nations also added pressure on price inflation and the global supply chain, notably from (i) rising prices and/or shortage of certain materials and services and (ii) delays in logistics.

Project teams are working closely with both client teams and suppliers to mitigate the impact on project execution. The degree to which these challenges can be mitigated varies from project to project. As at the date of the consolidated financial statement, the ultimate delivery of major projects is not considered at risk, based on currently known circumstances.

Regarding the operation of the fleet, despite the continued challenges brought by the pandemic, the underlying fleet uptime excluding *FPSO Cidade de Anchieta* remained in line with expectations. In order to achieve such results, the Company continued to implement specific measures aimed at preventing the occurrence of COVID-19 cases and minimizing the impact on operations if and when cases were identified.

Implications on 2022 Financial performance

Due to the COVID-19 pandemic and the Russia-Ukraine war, the Company incurred additional costs in order to satisfy its performance obligations on some of its Turnkey projects. This was mainly due to the overall pressure on the global supply chain, delay on project schedules following lockdown periods in China, subsequent acceleration programs negotiated with sub-contractors, international travel restrictions, remote working and a general increase in commodity prices. These costs contributed to the progress of transfer of control of the construction asset to the client over the construction period. When the costs are partially recharged to the Company's clients, it is considered as part of the total consideration for the project, which is recognized as revenue over time. The related amount recognized as revenue during 2022 is 1% of the Company's Turnkey revenue in this period.

On the Lease and Operate segment, the incremental costs from the implementation of additional measures linked to the safe management of the impact of the COVID-19 pandemic have been partially recharged to clients within the contractual terms of reimbursable contracts. The Company, to a certain extent, has inflation adjustment clauses which additionally mitigate the costs linked to overall cost inflation.

Financial risk management

The Company is proactively monitoring challenges caused by the COVID-19 pandemic, the Russia-Ukraine war and the macroeconomic environment. As part of this, the Company regularly assesses liquidity, credit and counterparty risks.

The Company's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company performed analyses on the market, liquidity, interest, foreign exchange, credit, capital management risk and counterparty risks of its clients and financial partners. During 2022, despite the current macroeconomic environment, the Company did not identify increased risks regarding the recoverability of amounts outstanding from clients. The Company manages its exposure to commodity risk through hedge contracts. During 2022, this mainly related to the risk of an increase in fuel prices. For the description, exposure and policies related to these risks, please refer to note 4.3.27 Financial instruments - fair values and risk management .

The analysis on counterparty risks resulted in an assessment of no significant impact reflected in the net impairment on financial and contract assets over the period in section 4.3.8 Net Impairment Gains/(Losses) on Financial and Contract assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company regularly conducts various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion is that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and that it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients, the Company has considerable time under charters to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection. As at December 31, 2022 the Company had a total of US$2.7 billion undrawn credit facilities and unused credit lines, which includes US$1.0 billion under its Revolving Credit Facility.

Impairment of non-financial assets

The current economic landscape impacted by the COVID-19 pandemic and Russia-Ukraine war, along with the imposition of international sanctions, reflects global logistic issues as well as quarantine measures and general increase of supply prices. Despite the fact that the Company does not have significant assets directly impacted by the geopolitical tensions and no operation had to be ceased, the Company assessed the impact on its non-financial assets in order to reflect the latest economic conditions at the balance sheet date, specifically to address increased risk, costs and uncertainty. The impact of the COVID-19 pandemic, the Russia-Ukraine war and the current macroeconomic environment did not result in a specific impairment in the non-financial assets of the Company.

The *FPSO Cidade de Anchieta* expected cost of repair of tanks following the shutdown of the Unit in 2022 led to an impairment which was accounted for US$92 million (refer to note 4.3.13 Property, Plant and Equipment).

FPSO Liza Unity producing and on hire

FPSO *Liza Unity* produced first oil on February 11, 2022 and is formally on hire.

FPSO *Liza Unity* is the first unit with a design based on the Company's industry leading Fast4Ward® program, which incorporates the Company's new build, multi-purpose floater hull combined with several standardized topsides modules.

The FPSO is installed at the Liza field, which is located circa 200 kilometers offshore Guyana in the Stabroek block.

ExxonMobil's subsidiary Esso Exploration and Production Guyana Limited is the operator and holds a 45% interest in the Stabroek Block. Hess Guyana Exploration Ltd. holds a 30% interest and CNOOC Petroleum Guyana Limited, a wholly owned subsidiary of CNOOC Limited, holds a 25% interest.

Divestment of minority interest in FPSO Almirante Tamandaré project

Following the announcement on July 27, 2021, on the signature of the contracts for *FPSO Almirante Tamandaré*, the Company announced on January 25, 2022 that it has entered into a shareholder agreement with its long-standing business partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK).

MC and NYK have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Almirante Tamandaré*. The Company is the operator and will remain the majority shareholder with 55% ownership interest.

FPSO Almirante Tamandaré is currently under construction. The FPSO will be deployed at the Búzios field in the Santos Basin approximately 180 kilometers offshore Rio de Janeiro in Brazil, under a 26.25 year lease and operate contract with Petróleo Brasileiro S.A. (Petrobras).

The divestment is accounted for as a transaction with a minority shareholder. Refer to section 4.3.30 Information on Non-controlling Interests.

Divestment of minority interest in FPSO Alexandre de Gusmão project

Following the announcement on November 30, 2021, on the signature of the contracts for *FPSO Alexandre de Gusmão*, the Company has announced on March 23, 2022 that it has entered into a shareholder agreement with its long standing business partners Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK).

MC and NYK have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Alexandre de Gusmão*. SBM Offshore is operator and will remain the majority shareholder with 55% ownership interest.

FPSO Alexandre de Gusmão is currently under construction. The FPSO will be deployed at the Mero field in the Santos Basin offshore Brazil, 160 kilometers offshore Rio de Janeiro, under a 22.5-year lease and operate contract with Petróleo Brasileiro S.A. (Petrobras). The Mero Unitized field is operated by Petrobras (38,6%) in partnership with Shell Brasil (19,3%), TotalEnergies (19,3%), CNPC (9,65%), CNOOC Limited (9,65%), and Pré-sal Petróleo S.A. – PPSA (3,5%) as the Federal Union representative in non-contracted area.

The divestment is accounted for as a transaction with a minority shareholder. Refer to section 4.3.30 Information on Non-controlling Interests.

Award of contracts for ExxonMobil FPSO ONE GUYANA

Esso Exploration and Production Guyana Limited (EEPGL), an affiliate of ExxonMobil Corporation, confirmed the award of contracts for the Yellowtail development project located in the Stabroek Block in Guyana in April, 2022. Under the contracts, the Company will construct, install and then lease and operate the FPSO *ONE GUYANA* for a period of up to two years, after which the FPSO ownership and operation will transfer to EEPGL. The award follows completion of front-end engineering and design studies, receipt of requisite government approvals and the final investment decision on the project by ExxonMobil and block co-venturers.

The Yellowtail development is the fourth development within the Stabroek block, circa 200 kilometers offshore Guyana.

EEPGL is the operator and holds a 45% interest in the Stabroek block, Hess Guyana Exploration Ltd. holds a 30% interest and CNOOC Petroleum Guyana Limited, a wholly owned subsidiary of CNOOC Limited, holds a 25% interest.

The FPSO *ONE GUYANA's* design is based on the Company's industry leading Fast4Ward® program that incorporates the Company's new build, multi-purpose floater hull combined with several standardized topsides modules. The FPSO will be designed to produce 250,000 barrels of oil per day, will have associated gas treatment capacity of 450 million cubic feet per day and water injection capacity of 300,000 barrels per day. The FPSO will be spread moored in water depth of about 1,800 meters and will be able to store around 2 million barrels of crude oil.

The turnkey phase of the project will be executed by a special purpose company (SPC) established by SBM Offshore and McDermott. SBM Offshore holds 70% and McDermott holds 30% equity ownership in this SPC. The FPSO will be fully owned by SBM Offshore.

AFM appeal of court decision

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US$1 million.

On August 1, 2022 the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023, SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal).

Completion of US$1.75 billion financing for FPSO ONE GUYANA

On July 21, 2022, the Company announced the completion of US$1.75 billion financing for FPSO *ONE GUYANA*. The project financing was secured by a consortium of 15 international banks. The Company expects to draw the loan in full, phased over the construction period of the FPSO. The financing will become non-recourse once the FPSO is completed and the pre-completion guarantee has been released. The project loan is in line with the duration of the charter, hence a two-year tenor post-completion and carries a variable interest rate based on SOFR plus 2.2% margin.

Memorandum of Understanding signed for one additional Fast4Ward® hull

On November 9, 2022, the Company announced that it had signed a Memorandum of Understanding (MoU) for the construction of the Company's seventh hull under its purchase program for Fast4Ward® multi-purpose hulls. The MoU was signed with ExxonMobil Guyana for use on a future cost and CO_2e-intensity competitive FPSO project.

FPSO Cidade de Anchieta

FPSO Cidade de Anchieta was shut down on January 22, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel. As announced on December 20, 2022, the *FPSO Cidade de Anchieta* safely resumed production, following the inspection, repair and certification of four tanks in agreement with the client and approved by Class and local authorities. As announced on November 10, 2022, repair works on the remaining tanks will continue at least until the end of 2023.

In accordance with the contractual terms, the lease period is to be extended by the number of days of shutdown. As the contract is qualified as an operating lease under IFRS 16, the extension of the lease period is considered as a lease reassessment as per IFRS 16. This led to an update of the linearized revenue up to the new end date of the contract and a recognition of an accrued income of US$78 million (refer to note 4.3.16 Other Financial Assets).

The majority of the costs to be incurred for the full scope of the repairs qualify for capitalization, as per IAS 16, as a major overhaul. The total expected cost of repairs resulted in an adverse cash flow and an impairment of US$92 million was accounted for in the 2022 full-year results impacting the net profit for the year (refer to note 4.3.13 Property, Plant and Equipment).

The increase in the non-current portion of other receivables relates to the extension of the lease period for *FPSO Cidade de Anchieta,* which is considered as a lease reassessment as per IFRS 16.

4.3.2 OPERATING SEGMENTS AND DIRECTIONAL REPORTING

OPERATING SEGMENTS

The Company's reportable operating segments as defined by IFRS 8 'Operating segments' are:

- Lease and Operate;
- Turnkey;
- Other.

DIRECTIONAL REPORTING

Strictly for the purposes of this note, the operating segments are measured under Directional reporting, which in essence follows IFRS, but with two main exceptions:

- All lease contracts are classified and accounted for as if they were operating lease contracts under IFRS 16. Some lease and operate contracts may provide for defined invoicing ('upfront payments') to the client occurring during the construction phase or at first-oil (beginning of the lease phase), to cover specific construction work and/or services performed during the construction phase. These 'upfront payments' are recognized as revenues and the costs associated with the construction work and/or services are recognized as 'Cost of sales' with no margin during the construction. As a consequence, these costs are not capitalized in the gross value of the assets under construction.
- All investees related to Lease and Operate contracts are accounted for at the Company's share as if they were classified as joint operations under IFRS 11, whereby all lines of the income statement, statement of financial position and cash flow statement are consolidated based on Company's percentage of ownership (hereafter referred to as 'percentage of ownership consolidation'). Yards and installation vessel related joint ventures remain equity accounted.

In 2022, all other accounting principles remain unchanged compared with applicable IFRS standards.

The above differences to the consolidated financial statements between Directional reporting and IFRS are highlighted in the reconciliations provided in this note on revenue, gross margin, EBIT and EBITDA as required by IFRS 8 'Operating segments'. The Company also provides the reconciliation of the statement of financial position and cash flow statement under IFRS and Directional reporting. The statement of financial position and the cash flow statement under Directional reporting are evaluated regularly by the Management Board in assessing the financial position and cash generation of the Company. The Company believes that these disclosures should enable users of its financial statements to better evaluate the nature and financial effects of the business activities in which it engages, while facilitating the understanding of the Directional reporting by providing a straightforward reconciliation with IFRS for all key financial metrics.

SEGMENT HIGHLIGHTS

The Lease and Operate Directional Revenue and EBITDA increased versus the year-ago period mainly driven by FPSO *Liza Unity* joining the fleet upon successful delivery of the EPCI project during the first quarter 2022 and the increase in reimbursable scope, partially offset by the end of the *FPSO Capixaba* lease contracts in the first half year 2022 and lower average straight-lined day rate of *FPSO Kikeh* lease after extension at the end of 2021.

The Turnkey Directional Revenue and EBITDA increased versus the year-ago period, reflecting the general ramp-up of Turnkey activities with the five FPSO's under construction (and completion of FPSO *Liza Unity* during the period). Furthermore, the partial 45% divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) allowed the Company to recognize revenue for all the EPCI related work performed on these projects so far to the extent of the partners' ownership in lessor related SPV's (i.e. 45% of EPC works).

2022 operating segments (Directional)

	Lease and Operate	Turnkey	**Reported segments**	Other	**Total Directional reporting**
Third party revenue	**1,763**	**1,525**	**3,288**	**-**	**3,288**
Cost of sales	(1,272)	(1,452)	(2,723)	-	(2,724)
Gross margin	**492**	**73**	**565**	**-**	**564**
Other operating income/expense	16	8	24	(3)	**20**
Selling and marketing expenses	0	(16)	(16)	(0)	**(16)**
General and administrative expenses	(28)	(50)	(78)	(75)	**(154)**
Research and development expenses	(5)	(30)	(35)	-	**(35)**
Net impairment gains/(losses) on financial and contract assets	11	2	13	(1)	**12**
Operating profit/(loss) (EBIT)	**484**	**(12)**	**471**	**(80)**	**392**
Net financing costs					(188)
Share of profit of equity-accounted investees					0
Income tax expense					(88)
Profit/(Loss)					**115**
Operating profit/(loss) (EBIT)	484	(12)	471	(80)	**392**
Depreciation, amortization and impairment	596	19	615	3	**618**
EBITDA	**1,080**	**7**	**1,087**	**(77)**	**1,010**
Other segment information :					
Impairment charge/(reversal)	109	1	110	0	**110**

4 FINANCIAL INFORMATION 2022

Reconciliation of 2022 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
Revenue				
Lease and Operate	1,763	(482)	133	1,414
Turnkey	1,525	1,854	120	3,499
Total revenue	**3,288**	1,372	253	**4,913**
Gross margin				
Lease and Operate	492	(52)	111	551
Turnkey	73	500	59	632
Total gross margin	**565**	449	169	**1,182**
EBITDA				
Lease and Operate	1,080	(479)	118	719
Turnkey	7	506	57	569
Other	(77)	-	(2)	(80)
Total EBITDA	**1,010**	26	173	**1,209**
EBIT				
Lease and Operate	484	(42)	120	562
Turnkey	(12)	494	59	540
Other	(80)	-	(2)	(82)
Total EBIT	**392**	451	177	**1,020**
Net financing costs	(188)	(91)	(93)	(373)
Share of profit of equity-accounted investees	0	(0)	12	12
Income tax expense	(88)	(14)	(2)	(104)
Profit/(loss)	**115**	346	94	555
Impairment charge/(reversal)	110	12	(3)	119

The reconciliation from Directional reporting to IFRS comprises two main steps:

- In the first step, those lease contracts that are classified and accounted for as finance lease contracts under IFRS are restated from an operating lease accounting treatment to a finance lease accounting treatment.
- In the second step, the consolidation method is changed i) from percentage of ownership consolidation to full consolidation for those Lease and Operate related subsidiaries over which the Company has control and ii) from percentage of ownership consolidation to the equity method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11.

Impact of lease accounting treatment

For the Lease and Operate segment, the restatement from an operating to a finance lease accounting treatment has the main following impacts for the 2022 period:

- Revenue reduced by US$(482) million. During the lease period, under IFRS, the revenue from finance leases is limited to that portion of charter rates that is recognized as interest using the interest effective method. Under Directional reporting, in accordance with the operating lease treatment, the full charter rate is recognized as revenue, on a straight-line basis. Lease and Operate EBITDA is similarly impacted (reduction of US$(479) million) for the same reasons.
- Gross margin is reduced by US$(52) million. Under IFRS, gross margin and EBIT from finance leases equal the recognized revenue, following the declining profile of the interest recognized using the effective interest method. On the other side, under the operating lease treatment applied under Directional, the gross margin and the EBIT correspond to the revenue less depreciation of the recognized property, plant and equipment, both accounted for on a straight-line basis over the lease period. This resulted in a difference of US$(52) million in 2022.

For the Turnkey segment, the restatement from operating to finance lease accounting treatment had the following impacts over the 2022 period:

- Revenue and gross margin increased by US$1,854 million and US$500 million respectively, mainly due to the accounting treatment of the Company's FPSO's which are currently under construction (FPSO *Prosperity, FPSO Sepetiba, FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and for FPSO *ONE GUYANA)* and accounted for as finance leases under IFRS. Under IFRS, a finance lease is considered as if it were a sale of the asset leading to recognition of revenue during the construction of the asset corresponding to the present value of the future lease payments. This (mostly not-yet-cash) revenue is recognized within the Turnkey segment.
- The impact on Turnkey EBIT and EBITDA is largely in line with the impact on gross margin.

As a result, the restatement from operating to finance lease accounting treatment results in an increase of net profit of US$346 million under IFRS when compared with Directional reporting.

Impact of consolidation methods

The impact of consolidation methods in the above table describes the net impact from:

- Percentage of ownership consolidation to full consolidation for those Lease and Operate-related subsidiaries over which the Company has control, resulting in an increase of revenue, gross margin, EBIT and EBITDA;
- Percentage of ownership consolidation to the equity accounting method for those Lease and Operate related investees that are classified as joint ventures in accordance with IFRS 11, resulting in a decrease of revenue, gross margin, EBIT and EBITDA.

For the Lease and Operate segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT, EBITDA and net profit under IFRS when compared with Directional reporting. This reflects the fact that the majority of the Company’s FPSOs, that are leased under finance lease contracts, are owned by subsidiaries over which the Company has control and which are consolidated using the full consolidation method under IFRS.

For the Turnkey segment, the impact of the changes in consolidation methods results in a net increase of revenue, gross margin, EBIT and EBITDA. This reflects the fact that under IFRS reporting the Company recognizes the full revenue, gross margin, EBIT and EBITDA in the subsidiaries which are are not totally owned by the Company but over which the Company has the control.

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2021 operating segments (Directional)

	Lease and Operate	Turnkey	Reported segments	Other	Total Directional reporting
Third party revenue	**1,509**	**733**	**2,242**	**-**	**2,242**
Cost of sales	(1,032)	(640)	(1,672)	-	(1,672)
Gross margin	**477**	**93**	**570**	**-**	**570**
Other operating income/expense	12	(2)	10	(10)	**1**
Selling and marketing expenses	(1)	(29)	(31)	(0)	**(31)**
General and administrative expenses	(29)	(41)	(70)	(76)	**(146)**
Research and development expenses	(5)	(24)	(29)	(0)	**(29)**
Net impairment gains/(losses) on financial and contract assets	(1)	1	0	2	**2**
Operating profit/(loss) (EBIT)	**452**	**(1)**	**451**	**(85)**	**366**
Net financing costs					(171)
Share of profit of equity-accounted investees					(1)
Income tax expense					(72)
Profit/(Loss)					**122**
Operating profit/(loss) (EBIT)	452	(1)	451	(85)	**366**
Depreciation, amortization and impairment[1]	462	20	482	0	483
EBITDA	**914**	**19**	**933**	**(84)**	**849**
Other segment information					
Impairment charge/(reversal)	(0)	(1)	(1)	0	**(1)**

1 Includes net impairment losses on financial and contract assets.

Reconciliation of 2021 operating segments (Directional to IFRS)

	Reported segments under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
Revenue				
Lease and Operate	1,509	(327)	88	1,270
Turnkey	733	1,786	(42)	2,477
Total revenue	**2,242**	1,459	46	**3,747**
Gross margin				
Lease and Operate	477	48	35	560
Turnkey	93	289	(21)	362
Total gross margin	**570**	337	14	**922**
EBITDA				
Lease and Operate	914	(320)	42	636
Turnkey	19	271	(18)	271
Other	(84)	-	(0)	(84)
Total EBITDA	849	(49)	23	**823**
EBIT				
Lease and Operate	452	55	50	557
Turnkey	(1)	282	(20)	261
Other	(85)	-	1	(84)
Total EBIT	**366**	338	30	**734**
Net financing costs	(171)	(68)	(63)	(301)
Share of profit of equity-accounted investees	(1)	-	111	110
Income tax expense	(72)	(1)	3	(71)
Profit/(loss)	121	268	82	472
Impairment charge/(reversal)	(1)	(14)	4	(11)

Reconciliation of 2022 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	8,196[2]	(7,763)	(2)	432
Investment in associates and joint ventures	6	0	284	289
Finance lease receivables	0	5,739	1,454	7,193
Other financial assets	294[3]	(217)	13	90
Contract assets	170	3,927	1,583	5,681
Trade receivables and other assets	964	(1)	(52)	912
Derivative financial instruments	524	-	86	610
Cash and cash equivalents	615	-	68	683
Assets held for sale	0	0	(0)	0
Total Assets	**10,769**	1,685	3,434	**15,889**
EQUITY AND LIABILITIES				
Equity attributable to parent company	1,080	2,313	4	3,397
Non-controlling interests	(2)	4	1,515	1,517
Equity	**1,078**	2,317	1,519	**4,914**
Borrowings and lease liabilities	6,697[4]	-	1,867	8,564
Provisions	644	(219)	62	487
Trade payable and other liabilities	1,868	(155)	(11)	1,703
Deferred income	265	(258)	(3)	4
Derivative financial instruments	217	-	0	217
Total Equity and Liabilities	**10,769**	1,685	3,434	**15,889**

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

2 Includes US$3,650 million related to units under construction (i.e. FPSOs, Prosperity, Sepetiba, Almirante Tamandaré, ONE GUYANA and Alexandre de Gusmao).

3 Includes US$254 million related to demobilization receivable

4 Includes US$3,706 million non-recourse debt and US$47 million lease liability.

Consistent with the reconciliation of the key income statement line items, the above table details:

- The restatement from the operating lease accounting treatment to the finance lease accounting treatment for those lease contracts that are classified and accounted for as finance lease contracts under IFRS; and
- The change from percentage of ownership consolidation to either full consolidation or equity accounting for investees related to Lease and Operate contracts.

Impact of lease accounting treatment

For the statement of financial position, the main adjustments from Directional reporting to IFRS as of December 31, 2022 are:

- For those lease contracts that are classified and accounted for as finance lease contracts under IFRS, de-recognition of property, plant and equipment recognized under Directional reporting (US$(7,763) million) and subsequent recognition of (i) finance lease receivables (US$5,739 million) and (ii) contract assets (US$3,927 million) for those assets still under construction.
- For operating lease contracts with non-linear bareboat day rates, a deferred income provision is recognized to show linear revenues under Directional reporting. The part of the balance (US$(258) million) is derecognized for the contracts that are classified and accounted for as finance lease contracts under IFRS.
- Restatement of the provisions for demobilization and associated non-current receivable assets, mainly impacting other financial assets (US$(217) million) and provisions (US$(219) million).

As a result, the restatement from operating to finance lease accounting treatment gives rise to an increase of equity of US$2,313 million under IFRS compared with Directional reporting. This primarily reflects the earlier margin recognition on finance lease contracts under IFRS compared to Directional reporting.

Impact of consolidation methods

The above table of statement of financial position also describes the net impact of moving from percentage of ownership consolidation to either full consolidation, for those lease related investees in which the Company has control, or equity accounting, for those investees that are classified as joint ventures under IFRS 11. The two main impacts are:

- Full consolidation of asset-specific entities that mainly comprise finance lease receivables (representing the net present value of the future lease payments to be received) and non-recourse project debts.
- Derecognition of the individual line items from the statement of financial positions for those entities that are equity accounted under IFRS, rolling up in the line item 'Investment in associates and joint ventures'.

Reconciliation of 2022 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**1,010**	26	173	**1,209**
Adjustments for non-cash and investing items	54	67	43	163
Changes in operating assets and liabilities	(164)	(1,755)	(846)	(2,764)
Reimbursement finance lease assets	(0)	421	18	439
Income taxes paid	(100)	0	4	(96)
Net cash flows from (used in) operating activities	**799**	(1,242)	(607)	**(1,049)**
Capital expenditures	(1,342)	1,260	(0)	(82)
Other investing activities	(257)	1	406	149
Net cash flows from (used in) investing activities	**(1,600)**	1,261	406	**67**
Equity payment from/(repayment to) partners	-	-	358	358
Additions and repayments of borrowings and lease liabilities	717	(0)	40	757
Dividends paid to shareholders and non-controlling interests	(178)	-	(39)	(217)
Interest paid	(181)	(20)	(52)	(252)
Share repurchase program	-	-	-	-
Payments from non-controlling interests for change in ownership	0	0	(1)	(0)
Net cash flows from (used in) financing activities	**359**	(20)	306	**646**
Net cash and cash equivalents as at 1 January	1,059	-	(38)	1,021
Net increase/(decrease) in net cash and cash equivalents	(441)	0	106	(335)
Foreign currency variations	(3)	(0)	0	(3)
Net cash and cash equivalents as at 31 December	**615**	-	68	**683**

Impact of lease accounting treatment

At net cash level, the difference in lease accounting treatment is neutral. The impact of the different lease accounting treatment under Directional reporting versus IFRS is limited to reclassifications between cash-flow activities.

A large part of the capital expenditures (US$1,260 million) are reclassified from investing activities under Directional, to net cash flows from operating activity under IFRS, where finance lease contracts are accounted for as construction contracts. Furthermore, the financing costs incurred during the construction of the FPSOs, which are capitalized under Directional as part of asset under construction (and therefore presented in investing activities) are reclassified to financing activities under IFRS.

The impact of the change of lease accounting treatment at EBITDA level is described in further detail in the earlier reconciliation of the Company's income statement.

Impact of consolidation methods

The impact of the consolidation method on the cash flow statement is in line with the impact described for the statement of financial position. The full consolidation of asset specific entities, mainly comprising finance lease receivables and the related non-recourse project debts, results in increased additions and repayments of borrowings under IFRS versus Directional.

Other investing activities (US$406 million) includes the impact of the partial divestment of minority interests in *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* on the cash balance. Under IFRS, the entities continued to be fully consolidated.

Reconciliation of 2021 statement of financial position (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
ASSETS				
Property, plant and equipment and Intangible assets[1]	7,234[2]	(6,750)	(2)	482
Investment in associates and joint ventures	10	-	351	361
Finance lease receivables	0	4,706	1,475	6,182
Other financial assets	281[3]	(209)	19	91
Contract assets	109	3,532	498	4,140
Trade receivables and other assets	926	1	(63)	864
Derivative financial instruments	47	-	-	47
Cash and cash equivalents	1,059	-	(38)	1,021
Assets held for sale	25	-	-	25
Total Assets	**9,690**	1,281	2,241	**13,211**
EQUITY AND LIABILITIES				
Equity attributable to parent company	603	1,969	7	2,579
Non-controlling interests	2	0	956	957
Equity	**604**	1,969	963	**3,537**
Borrowings and lease liabilities	6,460[4]	-	1,241	7,701
Provisions	590	(213)	6	383
Trade payable and other liabilities	1,479	(168)	(15)	1,295
Deferred income	316	(308)	(2)	7
Derivative financial instruments	240	-	48	288
Total Equity and Liabilities	**9,690**	1,281	2,241	**13,211**

1 Under Directional, the cost related to the Brazilian local content penalty is capitalized in line with construction progress of related assets and presented in the Directional statement of financial position under 'Property, plant and equipment and Intangible assets'. Under IFRS the same cost is directly recognized as cost of sales in the IFRS consolidated income statement

2 Includes US$3,310 million related to units under construction.

3 Includes US$246 million related to demobilization receivable.

4 Includes US$2,928 million non-recourse debt and US$57 million lease liability.

Reconciliation of 2021 cash flow statement (Directional to IFRS)

	Reported under Directional reporting	Impact of lease accounting treatment	Impact of consolidation methods	Total Consolidated IFRS
EBITDA	**849**	(49)	23	**823**
Adjustments for non-cash and investing items	41	(28)	51	64
Changes in operating assets and liabilities	(109)	(1,626)	(161)	(1,896)
Reimbursement finance lease assets	(0)	330	(14)	316
Income taxes paid	(66)	(0)	4	(62)
Net cash flows from (used in) operating activities	**715**	(1,373)	(98)	**(755)**
Capital expenditures	(1,483)	1,422	-	(61)
Other investing activities	68	2	(4)	66
Net cash flows from (used in) investing activities	**(1,415)**	1,424	(4)	**5**
Equity payment from/repayment to partners	-	-	80	80
Additions and repayments of borrowings and loans	1,945	-	90	2,035
Dividends paid to shareholders non-controlling interests	(165)	-	(127)	(292)
Interest paid	(224)	(51)	(64)	(340)
Share repurchase program	(178)	-	-	(178)
Payments to non-controlling interests for change in ownership	0	0	53	53
Net cash flows from (used in) financing activities	**1,377**	(51)	32	**1,359**
Net cash and cash equivalents as at 1 January	383	-	31	414
Net increase/(decrease) in net cash and cash equivalents	678	-	(69)	609
Foreign currency variations	(2)	-	(0)	(2)
Net cash and cash equivalents as at 31 December	**1,059**	-	(38)	**1,021**

Deferred income (Directional)

	31 December 2022	31 December 2021
Within one year	61	70
Between 1 and 2 years	46	48
Between 2 and 5 years	87	122
More than 5 years	70	77
Balance at 31 December	**265**	**316**

The Directional deferred income is mainly related to the revenue of those lease contracts, which include a decreasing day-rate schedule. As revenue from lease contract with customers is recognized in the income statement on a straight-line basis with reference to IFRS 16 'Leases', the difference between the yearly straight-line revenue and the contractual day rates is included as deferred income. The deferral will be released through the income statement over the remaining duration of the relevant lease contracts.

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GEOGRAPHICAL INFORMATION

The classification by country is determined by the final destination of the product for both revenues and non-current assets.

The revenue by country is analyzed as follows:

2022 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	807	1,063	1,871	922	2,113	3,035
Guyana	541	338	878	360	1,256	1,615
Angola	230	6	236	3	9	12
Equatorial Guinea	101	1	101	92	(0)	92
Malaysia	47	3	50	0	5	5
The United States of America	33	1	34	33	1	34
France	-	25	25	-	25	25
Mozambique	-	19	19	-	19	19
Nigeria	-	14	14	-	14	14
Norway	-	18	18	-	18	18
Other	4	39	43	4	39	43
Total revenue	**1,763**	**1,525**	**3,288**	**1,414**	**3,499**	**4,913**

2021 geographical information (revenue by country and segment)

	Directional			IFRS		
	Lease and Operate	Turnkey	**Reported segments**	Lease and Operate	Turnkey	**Reported segments**
Brazil	858	246	1,104	983	1,067	2,049
Guyana	237	300	537	159	1,217	1,377
Angola	201	4	205	0	7	8
Equatorial Guinea	102	10	113	96	10	106
Malaysia	79	2	81	1	5	5
The United States of America	31	3	34	31	3	34
France	-	37	37	-	37	37
Mozambique	-	31	31	-	31	31
Nigeria	-	32	32	-	32	32
Norway	-	12	12	-	12	12
Gabon	-	14	14	-	14	14
China	-	11	11	-	11	11
Other	0	32	32	0	32	33
Total revenue	**1,509**	**733**	**2,242**	**1,270**	**2,477**	**3,747**

The non-current assets by country are analyzed as follows:

Geographical information (non-current assets by country)

	31 December 2022		31 December 2021	
	IFRS	DIR	IFRS	DIR
Brazil	5,331	5,351	5,364	4,526
Guyana	628	2,857	716	2,427
Switzerland	264	270	40	79
Angola	242	178	303	211
Malaysia	79	9	92	11
Equatorial Guinea	57	93	75	115
Monaco	25	25	40	40
The United States of America	27	27	36	36
Netherlands	13	13	15	15
Other	152	127	113	89
Total	**6,818**	**8,951**	**6,795**	**7,550**

RELIANCE ON MAJOR CUSTOMERS

Under Directional, two customers each represent more than 10% of the consolidated revenue. Total revenue from these two major customers amounts to US$2,825 million (US$1,823 million and US$1,002 million, respectively). In 2021, the revenue related to the two major customers was US$1,476 million (US$842 million and US$634 million, respectively). In 2022 and 2021, the revenue of these major customers was mainly related to the Lease and Operate segment.

Under IFRS, two customers each represent more than 10% of the consolidated revenue. Total revenue from these major customers amounts to US$4,635 million (US$2,988 million, US$1,647 million respectively). In 2021, two customers accounted for more than 10% of the consolidated revenue (US$3,406 million), respectively for US$1,998 million, US$1,408 million.

4.3.3 REVENUE

The Company's revenue mainly originates from construction contracts and lease and operate contracts. Revenue originating from construction contracts is presented in the Turnkey segment while revenue from lease and operate contracts is presented in the Lease and Operate segment. Around 51% of the Company's 2022 lease and operate revenue is made of charter rates related to lease contracts while the remaining amount originates from operating contracts. The Company recognizes most of its revenue (i.e. more than 95%) over time.

Construction activities continued to experience impacts from the combined effects of the COVID-19 pandemic and indirectly from the war between Russia and Ukraine. The impacts vary from project to project, reflecting global logistic issues as well as ongoing quarantine measures on personnel and material especially in China. Those additional costs affect the progress of transfer of control of the construction asset to the customer over the construction period and have therefore been considered as part of the revenue recognition over time. The related amount recognized as revenue in 2022 is less than 1% of total 2022 revenue.

The Company's policy regarding revenue recognition is described in further detail in note 4.2.7 B. Critical Accounting Policies – (d) Revenue. For the disaggregation of total revenue by country and by segment, please refer to Geographical Information under note 4.3.2 Operating Segments and Directional Reporting.

The Company's construction contracts can last for several years depending on the type of product, scope and complexity of the project while the Company's Lease and Operate contracts are generally multiple-year contracts. As a result, the Company has (partially) outstanding performance obligations to its clients (unsatisfied performance obligations) at December 31, 2022. These unsatisfied performance obligations relate to:

- Ongoing construction contracts, including the construction of vessels under finance leases that still need to be completed;
- Ongoing multiple-year operating contracts. Note that for this specific disclosure on unsatisfied performance obligations, the lease component of the Lease and Operate contracts is excluded (this component being described in further detail in

notes 4.3.13 Property, Plant and Equipment and 4.3.15 Finance Lease Receivables). As noted, some contracts include (performance) bonuses when earned or penalties incurred under the Company's Lease and Operate contracts. The net amount of performance-related payments for 2022 decreased to US$(3) million (2021: US$101 million). This reduction is mostly related to the shutdown of *FPSO Cidade de Anchieta*.

The following table presents the unsatisfied performance obligations as at December 31, 2022 (in billions of US$):

Unsatisfied performance obligations related to:	2022	2021
- constructions contracts including finance leases	5.8	6.0
- operating contracts	10.6	10.0
Total	16.4	16.0

The unsatisfied performance obligations for the committed construction contracts relate mostly to five major construction FPSO contracts. Revenue related to these construction contracts is expected to be recognized over the coming four years in line with the construction progress on these projects.

The unsatisfied performance obligations for the operating contracts relate to i) the Company's vessels leased to clients where the Company is the operator (both operating and finance lease contracts) and ii) one operating contract for operating services on a vessel that is owned by the client. The operating contracts end between 2023 and 2050. The Company will recognize the unsatisfied performance obligation over this period in line with the work performed.

The Company can agree on various payment arrangements which generally reflect the progress of delivered performance obligations. However, if the Company's delivered performance obligation exceeds installments invoiced to the client, a contract asset is recognized (see note 4.3.3 Revenue). If the installments invoiced to the client exceed the work performed, a contract liability is recognized (see note 4.3.25 Trade and Other Payables).

As a result of various commercial discussions with clients, the Company recognized revenue amounting to US$27 million in 2022 (2021: US$6 million) originating from performance obligations satisfied in previous periods.

Lease revenue recognized for leases where the Company is the lessor, for both operating and finance leases, relates to fixed and variable lease payments. Most of the Company's revenue from lease contracts is based on fixed day rates. To the extent that lease payments are dependent on an index or a rate, they are excluded from the initial recognition of the lease payments receivable. The impact related to a change in index or a rate is recognized in the consolidated income statement when a change occurs.

Contract assets

During the period ended December 31, 2022, the Company completed construction of FPSO *Liza Unity* marking first oil date on February 11, 2022. As of that date, the lease of FPSO *Liza Unity* commenced and the contract asset related to this unit was reclassified to finance lease receivables (refer to notes 4.3.1 Financial Highlights and 4.3.15 Finance Lease Receivables).

As a result, the contract asset balance as at December 31, 2022, of US$5,681 million (2021: US$4,140 million) decreased in relation to FPSO *Liza Unity*. This is more than offset by an increase in contract assets related to progress made during the period on the construction of *FPSO Sepetiba*, FPSO *Prosperity*, *FPSO Almirante Tamandaré*, *FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*.

Regarding information about expected credit losses recognized for contract assets, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

Contract liabilities

Contract liabilities of US$42 million comprise the amounts of those individual contracts for which the total installments invoiced exceed the revenue recognized over time. Contract liabilities are reclassified to other current liabilities (see note 4.3.25 Trade and Other Payables).

The 'Contract liability' relates mainly to one of the Company's renewable projects and other minor construction projects. The Company recognized revenue of US$57 million during the period, which was included in the contract liability as per December 31, 2021.

4.3.4 OTHER OPERATING INCOME AND EXPENSE

	2022	2021
Insurance claim income	-	16
Gains from sale of financial participations, property, plant and equipment	9	2
Other operating income	28	1
Total other operating income	**37**	**19**
Other operating expenses	(6)	(12)
Impairment of other assets and onerous contracts	(2)	-
Restructuring expenses	0	(1)
Total other operating expense	**(8)**	**(13)**
Total	**28**	**6**

In 2022, the total other operating income mainly includes:

- US$9 million gain realized from the disposal of the SBM Installer, sold to the buyer on January 19, 2022, for the amount of US$35 million and previously classified as an asset held for sale; and
- an insurance recovery of US$27 million in respect of one of the Brazilian units

Other operating expense includes a provision for a US$1 million fine. Refer to section 4.5.6 Provisions for further details.

4.3.5 EXPENSES BY NATURE

The table below sets out expenses by nature for all items included in EBIT for the years 2022 and 2021:

	Note	2022	2021
Expenses on construction contracts		(2,367)	(1,732)
Employee benefit expenses	*4.3.6*	(740)	(669)
Vessels operating costs		(412)	(413)
Depreciation, amortization and impairment		(189)	(88)
Selling expenses		(4)	(16)
Other costs		(218)	(114)
Total expenses		**(3,930)**	**(3,032)**

In 2022 'Expenses on construction contracts' continued to increase as a result of the further ramp-up of activity on Turnkey projects as the Company has five FPSO’s under construction, which now includes the awarded FPSO *ONE GUYANA.*

'Employee benefit expenses' increased mainly due to the ramp-up of activity on Turnkey projects.

'Vessel operating costs' remained stable, mainly as a result of FPSO *Liza Unity* first oil at the beginning of 2022 and offset by the impact of *FPSO Capixaba* and SBM Installer leaving the fleet.

The increase of 'Depreciation, amortization and impairment' in comparison to 2021 mainly relates to the impairment of US$92 million of *FPSO Cidade de Anchieta* due to the additional costs required for tank repairs following the shutdown in 2022 (refer to note 4.3.13 Property, Plant and Equipment).

Expenses related to short-term leases and leases of low value assets amounted to US$1 million in 2022 (2021: US$4 million).

The increase during 2022 in 'Other costs' is mainly driven by the overall ramp-up of activities impact on consultancy and contractor fees, currency exchange differences and by uncertain tax position other than corporate income tax which were released during 2021.

4.3.6 EMPLOYEE BENEFIT EXPENSES

Information with respect to employee benefits expenses are detailed as follows:

	Note	2022	2021
Wages and salaries		(370)	(353)
Social security costs		(48)	(49)
Contributions to defined contribution plans		(33)	(35)
Contributions to defined benefit plans		1	(2)
Share-based payment cost		(24)	(27)
Contractors' costs		(178)	(139)
Other employee benefits		(88)	(64)
Total employee benefits	*4.3.5*	**(740)**	**(669)**

Wages and salaries increased due to FPSO *Liza Unity* joining the fleet and the increased activity due to the projects under construction. This was partially offset by *FPSO Capixaba* no longer contributing to the fleet.

Contractors costs include expenses related to contractor staff not on the Company's payroll. The increase in contractors' costs compared with previous year reflects the general ramp-up of Turnkey activities and the Company's strategy of aiming to maintain flexibility in its workforce management. Other employee benefits mainly include commuting, training, expatriate and other non-wage compensation costs.

DEFINED CONTRIBUTION PLAN

The contributions to defined contribution plans includes Company participation in the Merchant Navy Officers Pension Fund (MNOPF). The MNOPF is a defined benefit multi-employer plan, which is closed to new members. The fund is managed by a corporate Trustee, MNOPF Trustees Limited, and provides defined benefits for nearly 22,440 (2021: 22,830) Merchant Navy Officers and their dependents out of which approximately 29 (2021: 29) are SBM Offshore former employees.

The Trustee apportions its funding deficit between Participating Employers, based on the portions of the Fund's liabilities, which were originally accrued by members in service with each employer. When the Trustee determines that contributions are unlikely to be recovered from a Participating Employer, it can re-apportion the deficit contributions to other Participating Employers.

Entities participating in the MNOPF are exposed to the actuarial risk associated with the current and former employees of other entities through exposure to their share of the deficit of those other entities' default. As there is only a notional allocation of assets and liabilities to any employer, the Company is accounting for the MNOPF in its financial statements as if it was a defined contribution scheme. There are no contributions to the plan agreed at present.

DEFINED BENEFIT PLANS AND OTHER LONG-TERM BENEFITS

The employee benefits provisions recognized in accordance with accounting principles, relate to:

	Note	2022	2021
Pension plan		(3)	2
Lump sums on retirement		6	9
Defined benefit plans		**3**	**11**
Long-service awards		12	16
Other long-term benefits		**12**	**16**
Employee benefits provisions	*4.3.24*	**15**	**26**

The defined benefit plan provision is partially funded as follows:

Benefit asset/liability included in the statement of financial position

	31 December 2022			31 December 2021		
	Pension plans	Lump sums on retirement	Total	Pension plans	Lump sums on retirement	Total
Defined benefit obligation	22	6	29	33	9	**42**
Fair value of plan assets	(25)	-	(25)	(31)	-	**(31)**
Benefit (asset)/liability	**(3)**	**6**	**3**	**2**	**9**	**11**

The main assumptions used in determining employee benefit obligations for the Company's plans are shown below:

Main assumptions used in determining employee benefit obligations

in %	2022	2021
Discount rate	2.50-4.25	0.25-1.25
Inflation rate	2.00	2.00
Discount rate of return on plan assets during financial year	2.50	0.25
Future salary increases	1.00 - 3.00	1.00 - 3.00
Future pension increases	-	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

REMUNERATION OF THE KEY MANAGEMENT PERSONNEL OF THE COMPANY

The remuneration of the key management personnel of the Company paid during the year, including pension costs and performance related Short-Term Incentives (STI), amounted to US$15 million (2021: US$20 million). There are no loans outstanding to the members of the key management or guarantees given on behalf of members of the key management.

The performance-related part of the remuneration of the Management Board, comprising Value Creation Stake and STI components, was 60% (2021: 67%). The Management Board's remuneration decreased in 2022 versus 2021, mainly explained by (i) the decrease from 4 to 3 members, (ii) a lower STI and (iii) the decreased EUR to USD conversion rate.

The decreased remuneration of other key personnel is mainly related to the decreased EUR to USD conversion rate and one member of the Executive Committee joining the management board. An additional member was added to the executive Committee at the end of the year to return to a total of 7 members (2021: 7).

The total remuneration and associated costs of the Management Board and other key management personnel (members of the Executive Committee) is specified as follows:

Remuneration key management personnel

in thousands of US$	Base salary	STI[1]	Share-based compensation[2]	Other[3]	Pensions[4]	Total remuneration
Management Board Members						
2022	3,036	1,864	4,634	546	728	10,808
2021	3,109	3,486	5,818	630	840	13,883
Other key personnel[5]						
2022	2,124	517	1,075	379	336	4,430
2021	2,757	836	1,637	601	368	6,198
Total 2022	**5,159**	**2,382**	**5,709**	**925**	**1,064**	**15,238**
Total 2021	**5,866**	**4,341**	**7,455**	**1,231**	**1,209**	**20,082**

1 For the Management Board this represents the actual STI approved by the Supervisory Board, which has been accrued over the calendar year, payment of which will be made in the following year.

2 This share-based compensation represents the period expense of share-based payments in accordance with IFRS 2.

3 Consisting of social charges, lease car expenses, and other allowances.

4 This represents company contributions to defined contribution pension plans; in case of absence of a qualifying pension scheme such contribution is paid gross, withholding wage tax at source borne by the individuals.

5 The definition of 'Other key personnel' is aligned with the Executive Committee, as disclosed on the Company's website.

The table above represents the total remuneration in US dollars, being the reporting currency of the Company.

As at December 31, 2022 there are no unvested shares of current and former Management Board members. The total number of vested shares held by current and former Management Board members are reported in note 4.3.22 Equity Attributable to Shareholders.

SHORT-TERM INCENTIVE PROGRAM OF THE MANAGEMENT BOARD

The Short-Term Incentive Program is based upon short-term operational performance, which includes three sets of Performance Indicators as noted below:

- Profitability;
- Growth;
- Sustainability Performance.

The Supervisory Board may adjust the outcome of the STI down by 10%. Any such adjustment would be reported in the Remuneration Report. No such reduction has been made for 2022 or 2021.

For 2022 (equal to 2021), the Supervisory Board concluded that the Company’s performance indicators had outcomes ranging from threshold to maximum. For the year 2022, a total of seven performance indicators were established (2021: seven). The Company’s performance resulted in performance of 85% (2021: 133%) of salary for the CEO and 64% (2021: 100%) for the other Management Board members.

VALUE CREATION STAKE SHARES OF THE MANAGEMENT BOARD

Under the Remuneration Policy 2022, the members of the Management Board are entitled to a Value Creation Stake, being a number of shares determined by a four-year average share price (volume weighted). These shares vest immediately upon the award date, and must be retained for five years from the vesting date, or – in the event of retirement or termination – two years.

Number of issued shares	2022	2021
Total	317,510	313,239

The number of shares granted is based upon 175% of the individual’s base salary and determined by the 4-year average volume-weighed share price (VWAP) over the years 2018 through 2021 (2021: 2017 through 2020), being EUR14.61 (2021: EUR14.69). The grant date fair value of these shares upon issue was EUR13.15, being the opening share price of January 3, 2022 (2021: EUR15.71).

An additional grant was performed following the AGM on April 6, 2022. The grant date fair value was EUR15.20.

RESTRICTED SHARE UNIT (RSU) PLANS

The number of shares granted under the RSU plan in 2022 was 803,320 (2021: 754,450), with the three-year employment period starting on January 1, 2022 (2021: January 1, 2021).

The annual RSU award is based on individual performance. The RSU plans themselves have no performance condition, only a service condition, and will vest at the end of three years' continuing service. The fair value is determined based on the share price at the grant dates, with an adjustment for the present value of the expected dividends during the vesting period.

	2022	2021
RSU grant date fair value per share	€ 11.44	€ 11.89

For RSUs, a vesting probability (based on expectations on, for example, the number of employees leaving the Company before the vesting date of their respective RSU plan) of 5% is assumed. The Company periodically reviews this estimate and aligns to the actual forfeitures.

OWNERSHIP SHARES

Ownership Shares is an annual award in shares to compensate the overall STI target reduction of 3-6% of annualized gross salary under the Company's 2019 STI plan awarded to employees based on seniority. The Ownership Shares have no performance conditions, only a service condition. The Ownership Shares are subject to a three-year holding requirement after the grant date. This means that a fixed population of onshore employees, based on seniority in the Company, are eligible to the Ownership Shares equal to 4-8% of annualized gross salary.

The total number of Ownership Shares that vested during 2022 was 96,333 shares (2021: 90,189). The fair value of the Ownership Shares is measured at the opening share price of January 3, 2022.

	2022	2021
Ownership Shares grant date fair value per share	€ 13.15	€ 14.21

MATCHING SHARES

Under the STI plans for the management and staff of the Company, 20% of the STI is or can be paid in shares. Subject to a vesting period of four years, an identical number of shares (matching shares) will be issued to participants, assuming a probability of 95%. The Company periodically reviews this estimate and aligns to the actual forfeitures. The grant date fair value is measured indirectly, based on the grant date price of the equity instrument, with an adjustment for the present value of the expected dividends during the vesting period.

The assumptions included in the calculation for the matching shares are:

	2022	2021
Matching shares grant date fair value per share	€ 11.75	€ 13.40

TOTAL SHARE-BASED PAYMENT COSTS

The amounts recognized in operating profit for all share-based payment transactions have been summarized by taking into account both the provisional awards for the current year and the additional awards related to prior years. Total share-based compensation has slightly decreased in comparison to 2021.

2022 (in thousands of US$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	13,327	5,840	**19,167**
Total expenses 2022	**13,327**	**5,840**	**19,167**

2021 (in thousands of US$)	Performance shares and RSU/Value Creation Stake	Matching shares	Total
Instruments granted	15,153	4,523	**19,676**
Total expenses 2021	**15,153**	**4,523**	**19,676**

Rules of conduct with regard to inside information are in place to ensure compliance with the act on financial supervision. For example, these rules forbid the exercise of options or other financial instruments during certain periods, more specifically when an employee is in possession of price-sensitive information.

The movement in the outstanding number of shares which could potentially vest at a point in time under the Company share-based payment plans is illustrated in the following table.

in number of shares	2022	2021
Outstanding at 1 January	**2,910,725**	**2,530,336**
Granted	1,629,422	1,734,267
Vested	(1,125,632)	(1,090,015)
True-up at vesting		
Cancelled or forfeited	(350,436)	(263,863)
Total movements	**153,354**	**380,389**
Outstanding at 31 December	**3,064,079**	**2,910,725**

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board amounted to EUR658,000 (2021: EUR656,000) and can be specified as follows:

	2022			2021		
in thousands of EUR	Basic remuneration	Committees	Total	Basic remuneration	Committees	Total
Total	**580**	**78**	**658**	**579**	**77**	**656**

There are no share-based incentives granted to the members of the Supervisory Board. Nor are there any loans outstanding to the members of the Supervisory Board or guarantees given on behalf of members of the Supervisory Board.

NUMBER OF EMPLOYEES

Number of employees (by operating segment)

	2022		2021	
By operating segment:	Average	Year-end	Average	Year-end
Lease and Operate	2,072	2,172	1,872	1,971
Turnkey	2,110	2,221	1,898	1,999
Other	549	576	496	522
Total excluding employees working for JVs and associates	**4,731**	**4,969**	**4,265**	**4,492**
Employees working for JVs and associates	529	530	532	527
Total	**5,259**	**5,499**	**4,797**	**5,019**

Number of employees (by geographical area)

	2022		2021	
By geographical area:	Average	Year-end	Average	Year-end
the Netherlands	471	518	430	424
Worldwide	4,260	4,451	3,836	4,068
Total excluding employees working for JVs and associates	**4,731**	**4,969**	**4,265**	**4,492**
Employees working for JVs and associates	529	530	532	527
Total	**5,259**	**5,499**	**4,797**	**5,019**

The figures exclude fleet personnel hired through crewing agencies as well as other agency and freelance staff for whom expenses are included within other employee benefits. The increase in headcount is primarily due to the further ramp-up of activity on Turnkey projects, as the Company has five FPSO's under construction.

4.3.7 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to US$35 million (2021: US$29 million) and mainly relate to the internal projects for Renewables development costs, energy transition costs related to emissionZERO® and 'Digital FPSO'.

The amortization of development costs recognized in the statement of financial position is allocated to cost of sales when the developed technology is used through one or several projects. Otherwise, it is allocated to research and development expenses.

4.3.8 NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL AND CONTRACT ASSETS

In the context of the COVID-19 pandemic and the Russia-Ukraine war, during 2022 a range of possible impacts that could arise from the general economic downturn, the pressure on price inflation and other governmental actions consequent of the geopolitical situation was anticipated. In response to these effects, the Company (i) reassessed whether there is a significant increase in credit risk related to its financial assets as of December 31, 2022 and (ii) updated estimates in terms of 'probability of default' and 'loss given default' in order to determine the expected credit losses.

Finance Lease Receivables

There was no payment default on any finance lease contracts over the period. In addition, despite the overall economic downturn, the Company concluded that the counterparties of the finance lease receivables still have a strong capacity to meet their contractual cash flow obligations based on existing contractual arrangements, which include parent company guarantees. Based on the available forward-looking information related to the oil price, it is also assumed that none of the assets leased under the Company's finance lease contracts would become uneconomical to operate for clients.

Therefore, the Company concludes that (i) the credit risk has not increased significantly since the initial recognition of the finance lease receivable, and (ii) the finance lease receivables still have a low credit risk as of December 31, 2022. As a result, the Company recognizes a 12-month expected credit loss.

Contract assets and Trade Receivables

As for the finance leases, there was no payment default (including overdue of more than 90 days) on any significant trade receivables over the period. The Company performed, as usual, a detailed analysis of the credit risks associated with significant trade receivables balances as at the reporting date. This did not result in any specific significant increase in credit risks related to its outstanding contract assets and trade receivables.

Other Financial Assets

Overall, the reassessment of the expected credit losses of other financial assets resulted in a limited impact.

During the year, the following gains/(losses) related to credit risks were recognized:

	2022	2021
Impairment losses		
- Movement in loss allowance for trade receivables	1	0
- Movement in loss allowance for contract assets	0	3
- Movement in loss allowance for finance lease receivables	(0)	1
(Impairment)/impairment reversal losses on financial lease receivables	-	-
- Movement in loss allowance for other assets	(0)	2
(Impairment)/impairment reversal losses on other financial assets	14	7
Net impairment gains/(losses) on financial and contract assets	**15**	**12**

During the year 2022 the Company recognized a US$15 million net impairment gain on financial and contract assets mainly attributable to the reversal of an impairment which was previously recognized for a funding loan provided to an equity accounted entity (December 31, 2021: gain of US$12 million).

4.3.9 NET FINANCING COSTS

	2022	2021
Interest income on loans & receivables	0	1
Interest income on investments	10	1
Net foreign exchange gain	-	-
Other financial income	2	1
Financial income	**12**	**3**
Interest expenses on financial liabilities at amortized cost	(352)	(202)
Interest expenses on hedging derivatives	(28)	(99)
Interest expenses on lease liabilities	(2)	(2)
Interest addition to provisions	(1)	(1)
Net cash flow hedges ineffectiveness	(1)	-
Other financial expenses	(0)	0
Financial expenses	**(385)**	**(304)**
Net financing costs	**(373)**	**(301)**

The company has increased its debt (see note 4.3.23 Borrowings and Lease Liabilities) in order to finance its ongoing construction program of five FPSOs.

Therefore, the increase in net financing costs is mainly due to: (i) higher interest expenses as a result of the Company's project financing obtained for projects under construction, mostly the project financing of FPSO *ONE GUYANA, FPSO Sepetiba,* FPSO *Prosperity* and bridge loans for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*.

4.3.10 INCOME TAX EXPENSE

The relationship between the Company's income tax expense and profit before income tax (referred to as 'effective tax rate') can vary significantly from period to period considering, among other factors: (i) changes in the blend of income that is taxed based on revenues versus profit; (ii) the different statutory tax rates in the location of the Company's operations and (iii) the possibility to recognize deferred tax assets on tax losses to the extent that suitable future taxable profits will be available.

Some of the taxes are withholding taxes (paid on revenues). The assessment of whether the withholding tax is in scope of IAS 12 is judgmental; the Company performed this assessment in the past and some of the withholding taxes that the Company pays in certain countries qualify as income taxes as it creates an income tax credit or it is considered as deemed profit taxation.

Consequently, income tax expense does not change proportionally with profit before income taxes. Significant decreases in profit before income tax typically lead to a higher effective tax rate, while significant increases in profit before income taxes can lead to a lower effective tax rate, subject to the other factors impacting income tax expense noted above. Additionally, where a deferred tax asset is not recognized on a loss carry forward, the effective tax rate is impacted by the unrecognized tax loss.

The components of the Company's income taxes were as follows:

Income tax recognized in the consolidated Income Statement

	Note	2022	2021
Corporation tax on profits for the year		(85)	(73)
Adjustments in respect of prior years		(1)	14
Movements in uncertain tax positions		3	3
Total current income tax		**(83)**	**(56)**
Deferred tax	*4.3.17*	(20)	(14)
Total		**(104)**	**(71)**

The Company's operational activities are subject to taxation at rates, which range up to 35% (2021: 35%).

For the year ended December 31, 2022, the respective tax rates, the change in the blend of income tax based on income withholding tax and deemed profit assessment versus income tax based on net profit, the unrecognized deferred tax asset on certain tax losses, tax-exempt profits and non-deductible costs resulted in an effective tax on continuing operations of 16% (2021: 16%).

The reconciliation of the effective tax rate is as follows:

Reconciliation of total income tax charge

	2022		2021	
	%		%	
Profit/(Loss) before income tax		**660**		**543**
Share of profit of equity-accounted investees		12		110
Profit/(Loss) before income tax and share of profit of equity-accounted investees		**648**		**433**
Income tax using the domestic corporation tax rate (25,8% for the Netherlands)	25,8%	(167)	25%	(108)
Tax effects of :				
Different statutory taxes related to subsidiaries operating in other jurisdictions	(9%)	57	(8%)	34
Withholding taxes and taxes based on deemed profits	5%	(33)	10%	(45)
Non-deductible expenses	10%	(64)	7%	(30)
Non-taxable income	(19%)	125	(21%)	91
Adjustments related to prior years	0%	(1)	(3%)	14
Adjustments recognized in the current year in relation to deferred income tax of previous year	(0%)	3	2%	(11)
Effects of unrecognized and unused current tax losses not recognized as deferred tax assets	4%	(27)	4%	(18)
Movements in uncertain tax positions	(0%)	3	(1%)	3
Total tax effects	**(10%)**	**63**	**(9%)**	**38**
Total of tax charge on the Consolidated Income Statement	**16%**	**(104)**	**16%**	**(71)**

Similar to last year, the effective tax was impacted by unrecognized deferred tax assets concerning Brazil, USA, Switzerland, Luxembourg, Monaco and the Netherlands.

Details of the withholding taxes and other taxes are as follows:

Withholding taxes per country

Withholding Tax and Overseas Taxes (per location)	2022 Withholding tax	2021 Withholding tax
Brazil	(20)	(23)
Guyana	(12)	(20)
Other	(1)	(2)
Total withholding and overseas taxes	**(33)**	**(45)**

Brazil withholding tax

The Company incurred less withholding tax charge in 2022 due to the shutdown of *FPSO Cidade de Anchieta*.

Guyana and other withholding tax

The Company's construction and lease activities related to Guyana are subject to Guyanese withholding tax. In 2022, more withholding tax was used to offset tax calculated on net profit in Guyana and in the United Kingdom leading to a relative decrease of withholding tax in 2022 compared to prior year.

TAX RETURNS AND TAX CONTINGENCIES

The Company files federal and local tax returns in several jurisdictions throughout the world. Tax returns in the major jurisdictions in which the Company operates are generally subject to examination for periods ranging from three to six years. Tax authorities in certain jurisdictions are examining tax returns and in some cases have issued assessments. The Company believes there is a sound basis for its tax positions in those jurisdictions. The Company provides for taxes that it considers probable of being payable as a result of these audits and for which a reasonable estimate may be made. While the Company cannot predict or provide assurance as to the final outcome of these proceedings, the Company does not expect the ultimate liability to have a material effect on its consolidated statement of financial position or results of operations, although it could have a significant adverse effect on its consolidated cash flows.

Each year management completes a detailed review of uncertain tax positions across the Company and makes provisions based on the probability of the liability arising. The principal risks that arise for the Company are in respect of permanent establishment, transfer pricing and other similar international tax issues. In common with other international groups, the difference in alignment between the Company's global operating model and the jurisdictional approach of tax authorities often leads to uncertainty on tax positions.

As a result of the above, in the period, the Company recorded a net tax decrease of US$4 million in respect of ongoing tax audits and in respect of the Company's review of its uncertain tax positions. This decrease is primarily in relation to uncertain tax positions on corporate income tax. However it is possible that the ultimate resolution of the tax exposures could result in tax charges that are materially higher or lower than the amount provided.

The Company conducts operations through its various subsidiaries in a number of countries throughout the world. Each country has its own tax regimes with varying nominal rates, deductions and tax attributes. From time to time, the Company may identify changes to previously evaluated tax positions that could result in adjustments to its recorded assets and liabilities. Although the Company is unable to predict the outcome of these changes, it does not expect the effect, if any, resulting from these adjustments to have a material effect on its consolidated statement of financial position, results of operations or cash flows.

IMPACT OF THE GLOBE PILLAR TWO MODEL RULES

In December 2021, the OECD released the GloBE Pillar Two model rules, also referred to as the 'Global Anti-Base Erosion' or 'GloBE' rules, which subsequently led to the issuance of the draft proposal for a GloBE Directive by the European Commission. These rules aim to ensure large multinational enterprises (MNEs) pay a minimum amount of tax on income arising in each jurisdiction in which they operate through introducing a global minimum corporate income tax rate set at 15%. The GloBE rules are intended to be implemented as part of an agreed-upon common approach, introduced via domestic tax law and expected to be effective as from January 1, 2024. The Dutch government issued its draft proposal of the Minimum Taxation Act 2024 in October 2022 for consultation while on December 15, 2022, the Council of the European Union formally adopted the directive implementing the minimum taxation at EU level.

The Company is in scope of the GloBE Pillar Two model rules. Upon adoption of the Dutch Minimum Taxation Act 2024 (with the anticipated effective date of January 1,2024), these rules may have a financial impact due to the Company's presence in a limited number of jurisdictions where the GloBE effective tax rate is below 15%. Per the GloBE rules, SBM Offshore N.V. is regarded the Ultimate Parent Entity (UPE) and will be subject to the 'Qualified Income Inclusion Rule' (IIR). As a result, the Company may be liable to pay a Top-up Tax on the activities in The Netherlands and other jurisdictions, thereby potentially increasing the Company's current income tax expense for the year and as a consequence an increase of the Company's effective tax rate. Furthermore, the adoption of the rules will lead to increased implementation costs for the Company. The Company is in the process of assessing the potential prospective financial impact as a result of the GloBE rules. It should be noted that the impact can only be finally determined when final legislation is enacted whereas this is still under consultation in various jurisdictions.

4.3.11 EARNINGS/(LOSS) PER SHARE

The basic earnings per share for the year amounted to US$2.53 (2021: US$2.18); the fully diluted earnings per share amounted to US$2.50 (2021: US$2.16). Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings/(loss) per share amounts are calculated by dividing the net profit/loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the potential dilutive shares into ordinary shares.

The following reflects the share data used in the basic and diluted earnings per share computations:

Earnings per share

	2022	2021
Earnings attributable to shareholders (in thousands of US$)	450,137	400,297
Number of shares outstanding at January 1 (excluding treasury shares)	176,622,557	185,314,742
Average number of treasury shares transferred to employee share programs	1,283,909	1,247,857
Average number of shares repurchased / cancelled	-	(2,845,444)
Weighted average number of shares outstanding	**177,906,466**	**183,717,155**
Impact shares to be issued	-	-
Weighted average number of shares (for calculations basic earnings per share)	**177,906,466**	**183,717,155**
Potential dilutive shares from stock option scheme and other share-based payments	1,965,043	1,927,813
Weighted average number of shares (diluted)	**179,871,509**	**185,644,968**
Basic earnings per share in US$	2.53	2.18
Fully diluted earnings per share in US$	2.50	2.16

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements, except for the issuance of Value Creation Stake shares for the Management Board, Ownership Shares for the Company's senior management and the Matching Shares and RSUs that have vested on January 1, 2023 (see note 4.3.6 Employee Benefit Expenses).

4.3.12 DIVIDENDS PAID AND PROPOSED

The Company's dividend policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash-flow position. As part of the Company's regular planning process, following review of its cash-flow position and forecast, the Company proposes to pay out a dividend of US$1.10 per share, equivalent to c.US$200[1]million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 13, 2023. This represents an increase of 10% compared to the US$1 dividend per share paid in 2022.

[1] Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2022.

4.3.13 PROPERTY, PLANT AND EQUIPMENT

The line item 'Property, plant and equipment' consists of property, plant and equipment owned by the Company and right-of-use assets:

Property, plant and equipment (summary)

	31 December 2022	31 December 2021
Property, plant and equipment excluding leases	274	351
Right-of-use assets	40	45
Total	**314**	**396**

PROPERTY, PLANT AND EQUIPMENT OWNED BY THE COMPANY

The movement of the Property, plant and equipment during the year 2022 is summarized as follows:

2022

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	63	1,741	83	4	**1,891**
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	**(1,540)**
Book value at 1 January	**25**	**295**	**28**	**4**	**351**
Additions	0	13	5	79	**97**
Disposals	-	(0)	(0)	(0)	**(0)**
Depreciation	(5)	(47)	(11)	-	**(63)**
Impairment	-	(108)	-	-	**(108)**
Foreign currency variations	(1)	0	(1)	(0)	**(2)**
Other movements	0	65	2	(67)	**(0)**
Total movements	**(6)**	**(78)**	**(5)**	**12**	**(77)**
Cost	60	1,813	78	16	**1,967**
Accumulated depreciation and impairment	(41)	(1,596)	(56)	-	**(1,693)**
Book value at 31 December	**19**	**217**	**23**	**16**	**274**

2021

	Land and buildings	Vessels and floating equipment	Other fixed assets	Assets under construction	Total
Cost	67	2,751	93	11	**2,922**
Accumulated depreciation and impairment	(35)	(2,335)	(61)	(0)	**(2,431)**
Book value at 1 January	**32**	**416**	**32**	**11**	**490**
Additions	0	0	4	(0)	**4**
Disposals	0	(23)[1]	0	0	**(23)**
Depreciation	(6)	(74)	(11)	-	**(91)**
Impairment	-	(0)	-	0	**0**
Foreign currency variations	(2)	(0)	(2)	0	**(3)**
Other movements	1	(23)[2]	4	(6)	**(24)**
Total movements	**(6)**	**(121)**	**(4)**	**(6)**	**(138)**
Cost	63	1,741	83	4	**1,891**
Accumulated depreciation and impairment	(38)	(1,446)	(55)	-	**(1,540)**
Book value at 31 December	**25**	**295**	**28**	**4**	**351**

1 Disposals mainly relate to the sale of the Gene vessel
2 Other movements mainly relate to the reclassification of the DSCV Installer as Asset Held For Sale

During the 2022 period, the following main events occurred regarding owned property, plant and equipment:

- US$63 million of annual depreciation charges, following the normal depreciation schedule;
- US$ 97 million additions mainly related to capitalized major overhaul costs related to repair work performed on *FPSO Cidade de Anchieta* as well as additional capitalization of costs related to a reassessment of the decommissioning provision of *FPSO Capixaba*;
- US$(108) million impairment recognized mainly explained by US$92 million related to *FPSO Cidade de Anchieta* (see below) and US$15 million related to *FPSO Capixaba* (see below).

Property, plant and equipment at year-end comprises of:
- One (2021: two) integrated floating production, storage and offloading systems (FPSOs) (namely *FPSO Cidade de Anchieta*) consisting of a converted tanker, a processing plant and one mooring system. This FPSO is leased to third parties under an operating lease contract;
- The residual value of *FPSO Capixaba* under decommissioning;
- One semi-submersible production platform, the *Thunder Hawk* (2021: one), leased to third parties under an operating lease contract;

The depreciation charge for the semi-submersible production facility *Thunder Hawk* is calculated based on its future anticipated economic benefits, resulting in a depreciation plan based on the unit of production method. All other property, plant and equipment is depreciated on a straight-line basis.

Company-owned property, plant and equipment with a carrying amount of US$195 million (2021: US$253 million) has been pledged as security for liabilities, mainly for external financing.

No interest has been capitalized during the financial year as part of the additions to property, plant and equipment (2021: nil).

Impairment of FPSO Capixaba

An impairment assessment of *FPSO Capixaba* was performed in anticipation of the decommissioning of the asset. The revised estimation of the costs expected for the demobilization activities (largely driven by an increased consumption of marine diesel) and the reassessment of the residual value of the asset resulted in adverse cash flows. An impairment of US$15 million has therefore been accounted for in the 2022 full-year results. The impairment test is not significantly impacted by the discount rate used in the impairment test due to the short-term nature of cash flows. As at the end of 2022, the vessel has been fully depreciated following the end of the lease period. The remaining value corresponds to the residual value of the asset.

Impairment of FPSO Cidade de Anchieta

FPSO Cidade de Anchieta was shut down from January 22, 2022, until December 17, 2022, following observation of oil near the vessel. Adequate anti-pollution measures were immediately deployed and were effective and inspections quickly identified oil leaks from two tanks. A repair program has been implemented to repair the four tanks required for the safe restart of the vessel in agreement with the client and approved by Class and local authorities as well as for the repair of other tanks for which works will continue at least until the end of 2023. The total expected net cost of repairs resulted in an adverse cash flow and an impairment of US$92 million was accounted for in the 2022 full year results within the Lease and Operate segment.

The recoverable amount of the vessel was determined using its value in use. Significant estimates are part of the impairment calculation:
- If the discount rate (8.8%) used in the impairment test were to vary by +/- 1%, the impairment would change by +/- US$11 million;
- If the cash outflow were to vary by +/- US$20 million, the impairment would change by +/- US$18 million;
- If the cash inflow were to vary by +/- US$20 million, the impairment would change by -/+ US$19 million;
- If the timing of some cash inflow would vary by one year, the impairment would change by + US$8 million.

RIGHT-OF-USE ASSETS

As of December 31, 2022, the Company leases buildings and cars. The movement of the right-of-use assets during the year 2022 is summarized as follows:

2022

	Buildings	Other fixed assets	Total
Book value at 1 January	**44**	**1**	**45**
Additions	12	1	**13**
Disposals	-	(0)	**(0)**
Depreciation	(14)	(1)	**(15)**
Impairment	-	-	**-**
Foreign currency variations	(2)	(0)	**(2)**
Other movements	(1)	(0)	**(1)**
Total movements	**(5)**	**0**	**(4)**
Cost	72	3	**75**
Accumulated depreciation and impairment	(33)	(2)	**(35)**
Book value at 31 December	**39**	**1**	**40**

2021

	Buildings	Other fixed assets	Total
Book value at 1 January	**52**	**1**	**52**
Additions	9	1	**10**
Disposals	(1)	0	**(1)**
Depreciation	(12)	(1)	**(12)**
(Impairment)/impairment reversal	(0)	-	**(0)**
Foreign currency variations	(3)	(0)	**(3)**
Other movements	(1)	-	**(1)**
Total movements	**(8)**	**0**	**(8)**
Cost	86	2	**88**
Accumulated depreciation and impairment	(42)	(1)	**(43)**
Book value at 31 December	**44**	**1**	**45**

During the year 2022, the main movements regarding right-of-use assets related to US$15 million of depreciation charges partially offset by the lease of additional office space in Brazil and Guyana.

Office leases

Significant contracts under buildings relate to the lease of offices. The remaining contract periods of the Company's office rentals vary between one and ten years and most of the contracts include extension options between three and five years. The extension options have been taken into account in the measurement of lease liabilities when the Company is reasonably certain to exercise these options. The lease agreements do not impose any covenants.

OPERATING LEASES AS A LESSOR

The category 'Vessels and floating equipment' mainly relates to facilities leased to third parties under various operating lease agreements which terminate between 2025 and 2031. Leased facilities included in the 'Vessels and floating equipment' amount to:

Leased facilities included in the vessels and floating equipment

	31 December 2022	31 December 2021
Cost	1,813	1,741
Accumulated depreciation and impairment	(1,596)	(1,447)
Book value at 31 December	**217**	**294**

As of December 31, 2022, the units included under leased facilities are *FPSO Cidade de Anchieta* and the semi-submersible production facility *Thunder Hawk*. The book value of the leased facilities included in the vessels and floating equipment has decreased by US$77 million, mainly due to the impairment on asset *FPSO Cidade de Anchieta*.

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

Nominal values of the future expected bareboat receipts

	31 December 2022	31 December 2021
Within 1 year	113	146
2 years	111	109
3 years	104	107
4 years	91	100
5 years	91	90
After 5 years	306	313
Total	**816**	**865**

A number of agreements have extension options, which have not been included in the above table.

Outstanding purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as at December 31, 2022.

4.3.14 INTANGIBLE ASSETS

2022

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	34	25	67	19	**145**
Accumulated amortization and impairment	(25)	(15)	-	(19)	**(59)**
Book value at 1 January	**9**	**11**	**67**	**0**	**86**
Additions	4	3	34	-	**41**
Amortization	(3)	(4)	-	-	**(7)**
(Impairment)/impairment reversal	-	(2)	-	-	**(2)**
Total movements	**1**	**(3)**	**34**	**-**	**31**
Cost	38	28	100	19	**185**
Accumulated amortization and impairment	(29)	(20)	-	(19)	**(68)**
Book value at 31 December	**9**	**8**	**100**	**0**	**117**

2021

	Development costs	Software	Intangible assets under construction	Patents	Total
Cost	29	24	31	19	**103**
Accumulated amortization and impairment	(20)	(14)	-	(19)	**(54)**
Book value at 1 January	**8**	**10**	**31**	**0**	**50**
Additions	5	4	36	-	**46**
Amortization	(5)	(4)	-	-	**(9)**
Total movements	**0**	**(0)**	**35**	**-**	**36**
Cost	34	25	67	19	**145**
Accumulated amortization and impairment	(25)	(15)	-	(19)	**(59)**
Book value at 31 December	**9**	**11**	**67**	**0**	**86**

The increase in 'Intangible assets under construction' mainly relates to costs capitalized relating to the design and implementation of the new global ERP system, the capitalization of software licenses and other capital expenditures related to the IT infrastructure upgrade project.

Amortization of development costs is included in 'Research and development expenses' in the income statement in 2022 for US$3 million (2021: US$5 million).

Amortization of software is included in 'General and administrative expenses' in the income statement in 2022 for US$4 million (2021: US$4 million).

4.3.15 FINANCE LEASE RECEIVABLES

The reconciliation between the total gross investment in the lease and the net investment in the lease at the statement of financial position date is as follows:

Finance lease receivables (reconciliation gross/net investment)

	31 December 2022	31 December 2021
Gross receivable	10,330	9,729
Less: unearned finance income	(3,137)	(3,547)
Total	**7,193**	**6,182**
Of which		
Current portion	1,725	339
Non-current portion	5,468	5,843

As of December 31, 2022, finance lease receivables relate to the finance lease of:
- FPSO *Liza Unity*, which started production in February 2022 for a charter of 2 years;
- FPSO *Liza Destiny*, which started production in December 2019 for a charter of 10 years;
- *FPSO Cidade de Marica*, which started production in February 2016 for a charter of 20 years;
- *FPSO Cidade de Saquarema*, which started production in July 2016 for a charter of 20 years;
- *FPSO Cidade de Ilhabela*, which started production in November 2014 for a charter of 20 years;
- *FPSO Cidade de Paraty*, which started production in June 2013 for a charter of 20 years;
- *FPSO Aseng*, which started production in November 2011 for a charter of 15 years;
- *FPSO Espirito Santo*, which started production in January 2009 for a charter of 15 years until December 2023, and which was extended in December 2020 until December 2028.

The increase in finance lease receivable is driven by FPSO *Liza Unity* which started production in February 2022 partially offset by redemptions as per the payment plans.

Unguaranteed residual values
Included in the gross receivable is an amount related to unguaranteed residual values (i.e. scrap value of units). The total amount of unguaranteed residual values at the end of the lease term amounts to US$53 million as of December 31, 2022, (2021: US$69 million). The 2022 reassessment of unguaranteed residual values resulted in an impairment increase of US$9 million due to the decrease of scrap value of units.

As per the contractual terms, gross receivables should be invoiced to the lessee within the following periods:

Finance lease receivables (gross receivables invoiced to the lessee within the following periods)

	31 December 2022	31 December 2021
Less than 1 year	2,221	802
Between 1 and 2 years	804	802
Between 2 and 5 years	2,389	2,415
More than 5 years	4,916	5,711
Total Gross receivable	**10,330**	**9,729**

The significant increase in the gross receivable 'Less than 1 year' relates to the anticipated exercising of a purchase option related to one of the leased units.

The following part of the net investment in the lease is included as part of the current assets within the statement of financial position:

Finance lease receivables (part of the net investment included as part of the current assets)

	31 December 2022	31 December 2021
Gross receivable	2,221	802
Less: unearned finance income	(496)	(463)
Current portion of finance lease receivable	**1,725**	**339**

The maximum exposure to credit risk at the reporting date is the carrying amount of the finance lease receivables taking into account the risk of recoverability. The Company performed an assessment, which concluded that the credit risk for these receivables has not increased significantly since the initial recognition. The Company does not hold any collateral as security.

Outstanding purchase and termination options

The finance lease contracts of *FPSO Aseng*, FPSO *Liza Destiny* and FPSO *Liza Unity*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early. If the client had exercised the purchase option for *FPSO Aseng* as of December 31, 2022 this would have resulted in a gain for the Company, while the exercise of the early termination option under which the Company would retain the vessel, would have resulted in a near breakeven result. If the client had exercised the purchase option for FPSO *Liza Destiny* as of December 31, 2022 this would have resulted in a near breakeven result for the Company while the exercise of the early termination option under which the Company would retain the vessels would have resulted in a gain. If the client had exercised the purchase option or early termination option for FPSO *Liza Unity* as of December 31, 2022 this would have resulted in a gain for the Company.

The finance lease contract of *FPSO Espirito Santo* includes a call option for the client to terminate the contract early without obtaining the underlying asset. The exercise of the early termination option would have resulted in a loss for the Company as of December 31, 2022.

The finance lease contracts of FPSO *Prosperity* and FPSO *ONE GUYANA* (all under construction as per December 31, 2022) contain options for the client to purchase the underlying asset or terminate the contract early. These options are exercisable at any time starting from the delivery date of the vessel.

4.3.16 OTHER FINANCIAL ASSETS

The breakdown of the non-current portion of other financial assets is as follows:

	31 December 2022	31 December 2021
Non-current portion of other receivables	106	38
Sublease receivables	-	2
Non-current portion of loans to joint ventures and associates	45	42
Total	**151**	**82**

The increase in non-current portion of other receivables relates to the extension of the lease period for *FPSO Cidade de Anchieta* which is considered as a lease reassessment as per IFRS 16. This leads to an update of the linearized revenue up to the new end date of the contract which led to the recognition of an accrued income of US$78 million (out of which US$69 million is classified as non-current).

The current portion of (i) other receivables and sublease receivables and (ii) loans to joint ventures and associates is included within the 'Trade and other receivables' in the statement of financial position.

In relation to the exposure to credit risk at the reporting date on the carrying amount of the interest-bearing loans, non-current portion of other receivables and sublease receivable, please refer to note 4.3.8 Net Impairment Gains/(Losses) on

Financial and Contract Assets and note 4.3.27 Financial Instruments – Fair Values and Risk Management for the risk of recoverability (i.e. for expected credit losses). The Company does not hold any collateral as security.

The breakdown of loans to joint ventures and associates is presented below.

LOANS TO JOINT VENTURES AND ASSOCIATES

	Notes	31 December 2022	31 December 2021
Current portion of loans to joint ventures and associates	4.3.19	7	9
Non-current portion of loans to joint ventures and associates		45	42
Total	4.3.31	**52**	**51**

The balance of loans to joint ventures and associates has remained stable compared with the year-ago period.

The maximum exposure to credit risk at the reporting date is the carrying amount of the loans to joint ventures and associates, taking into account the risk of recoverability. The Company does not hold any collateral as security.

4.3.17 DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities and associated net positions are summarized as follows:

Deferred tax positions (summary)

	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	0	-	0	-	-	-
Tax losses	6	-	6	6	-	6
Other	6	38	(32)	7	18	(11)
Book value at 31 December	**12**	**38**	**(26)**	**13**	**18**	**(5)**

All movements between the opening and closing balances were recognized in the income statement.

Movements in net deferred tax positions

		2022	2021
	Note	Net	Net
Deferred tax at 1 January		**(5)**	**9**
Deferred tax recognized in the income statement	4.3.10	(20)	(14)
Foreign currency variations		(1)	(1)
Total movements		**(21)**	**(15)**
Deferred tax at 31 December		**(26)**	**(5)**

Expected realization and settlement of deferred tax positions is within 8 years. The current portion of the net deferred tax position as of December 31, 2022 amounts to US$0.4 million. The deferred tax losses are expected to be recovered based on the anticipated profit in the applicable jurisdiction. The Company has US$27 million (2021: US$18 million) of deferred tax assets unrecognized in 2022 due to current tax losses not valued. The term in which these unrecognized deferred tax assets could be settled depends on the respective tax jurisdiction and ranges from five years to an unlimited period of time.

The non-current portion of deferred tax assets amounts to US$9 million (2021: US$10 million). On a cumulative basis a total amount of US$220 million at the end of 2022 (2021: US$257 million) corresponds to deferred tax assets basis unrecognized on temporary differences, unused tax losses and tax credits.

Deferred tax in connection with unused tax losses carried forward, temporary differences and tax credits:

	31 December 2022	31 December 2021
Unused tax losses carried forward, temporary differences and tax credits not recognized as a deferred tax asset	220	257
Unused tax losses carried forward, temporary differences and tax credits recognized as a deferred tax asset	12	13
Total	**232**	**270**

Expiry date on deferred tax assets unrecognized on temporary differences, unused tax losses and tax credits:

	31 December 2022	31 December 2021
Within one year	24	21
More than a year but less than 5 years	11	12
More than 5 years but less than 10 years	8	3
More than 10 years but less than 20 years	22	60
Unlimited period of time	156	161
Total	**220**	**257**

Deferred tax assets per location are as follows:

Deferred tax positions per location

	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Guyana	-	36	(36)	-	18	(18)
Monaco	2	-	2	3	-	3
Switzerland	7	-	7	7	-	7
the Netherlands	3	-	3	3	-	3
Other	0	2	(2)	-	-	-
Book value at 31 December	**12**	**38**	**(26)**	**13**	**18**	**(5)**

4.3.18 INVENTORIES

	31 December 2022	31 December 2021
Materials and consumables	9	11
Goods for resale	4	3
Multi-purpose floaters under construction	13	-
Total	**25**	**14**

Multi-purpose floaters ('MPFs') under construction relate to the ongoing EPC phase of any Fast4Ward® new-build hulls. Fast4Ward® hulls remain in inventory until they are allocated to a specific FPSO contract.

The increase of the inventory balance at year-end 2022 relates to the new multi-purpose hull for use on a future FPSO project. As per December 31, 2022, the Company has one MPF under construction for use on a future FPSO project.

4.3.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables (summary)

	Note	31 December 2022	31 December 2021
Trade debtors		308	407
Other accrued income		198	187
Prepayments		149	138
Accrued income in respect of delivered orders		0	12
Other receivables		75	51
Taxes and social security		57	36
Current portion of loan to joint ventures and associates	4.3.16	7	9
Total		**795**	**839**

The decrease in 'Trade debtors' of US$(99) million is mainly due to the collection of upfront payment for FPSO *ONE GUYANA* and to the end of the lease of *FPSO Capixaba*. This was partially offset by an increase in receivable balance related to FPSO *Prosperity.*

The increase in 'Other accrued income' is mainly due to FPSO *Liza Unity* joining the fleet, partially offset by the end of the lease of *FPSO Capixaba.*

The increase in prepayments of US$11 million is mainly related to advance payments to yards related to the new multi-purpose floater hull ('MPF').

The increase in 'Other receivables' mainly relate to advance payments made in relation to the Brazilian fleet.

The carrying amounts of the Company's trade debtors are distributed in the following countries:

Trade debtors (countries where Company's trade debtors are distributed)

	31 December 2022	31 December 2021
Angola	48	27
Brazil	17	64
Guyana	208	279
Equatorial Guinea	11	16
The United States of America	3	3
Malaysia	4	2
Australia	1	2
Other	16	15
Total	**308**	**407**

The trade debtors balance is the nominal value less an allowance for estimated impairment losses as follows:

Trade debtors (trade debtors balance)

	31 December 2022	31 December 2021
Nominal amount	312	412
Impairment allowance	(4)	(5)
Total	**308**	**407**

The allowance for impairment represents the Company's estimate of losses in respect of trade debtors. The allowance related to credit risk for significant trade debtors is built on specific expected loss components that relate to individual exposures. Furthermore, the Company uses historical credit loss experience as well as forward-looking information to determine a 1% expected credit loss rate on individually insignificant trade receivable balances. The creation and release for impaired trade debtors due to credit risk are reported in the line item 'Net impairment losses on financial and contract assets' of the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The aging of the nominal amounts of the trade debtors are:

Trade debtors (aging of the nominal amounts of the trade debtors)

	31 December 2022		31 December 2021	
	Nominal	Impairment	Nominal	Impairment
Not past due	236	(3)	352	(5)
Past due 0-30 days	9	(0)	27	(0)
Past due 31-120 days	6	(0)	11	(0)
Past due 121- 365 days	33	(0)	13	(0)
More than one year	27	(0)	11	(0)
Total	**312**	**(4)**	**413**	**(5)**

Not past due are those receivables for which either the contractual or 'normal' payment date has not yet elapsed. Past due are those amounts for which either the contractual or the 'normal' payment date has passed. Amounts that are past due but not impaired relate to a number of Company joint ventures and independent customers for whom there is no recent history of default, or the receivable amount can be offset by amounts included in current liabilities.

For the closing balance and movements during the year of allowances on trade receivables, please refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.20 DERIVATIVE FINANCIAL INSTRUMENTS

Further information about the financial risk management objectives and policies, the fair value measurement and hedge accounting of financial derivative instruments is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

In the ordinary course of business and in accordance with its hedging policies as of December 31, 2022, the Company held multiple forward exchange contracts designated as hedges of expected future transactions for which the Company has firm commitments or forecasts. Furthermore, the Company held several interest rate swap contracts designated as hedges of interest rate financing exposure. The most important floating rate is the US$ 3-month LIBOR. Details of interest percentages of the long-term debt are included in note 4.3.23 Borrowings and Lease Liabilities. Lastly, the Company held commodity contracts in order to hedge against the fluctuation on operating cash flows and future earnings resulting from movement in commodity prices.

The fair value of the derivative financial instruments included in the statement of financial position is summarized as follows:

Derivative financial instruments

	31 December 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps cash flow hedge	490	28	463	13	157	(144)
Forward currency contracts cash flow hedge	50	103	(53)	14	94	(80)
Forward currency contracts fair value through profit and loss	69	85	(15)	19	37	(18)
Commodity contracts cash flow hedge	-	2	(2)	-	-	-
Total	**610**	**217**	**393**	**47**	**288**	**(242)**
Non-current portion	465	25	440	14	162	(148)
Current portion	145	192	(47)	32	126	(94)

The movement in the net balance of derivative assets and liabilities of US$635 million over the period is mostly related to the significant increased marked-to-market value of interest rate swaps, which mainly arises from increasing US market interest rates.

An ineffective portion arising from cash flow hedges was recognized in the income statement in 2022 for US$1 million (2021: none, refer to note 4.3.9 Net Financing Costs). The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the statement of financial position.

No ineffectiveness was recognized due to the IBOR transition, refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.21 NET CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash and bank balances	109	662
Short-term investments	573	358
Cash and cash equivalent	**683**	**1,021**
Net cash and cash equivalent	**683**	**1,021**

The decrease of the Cash and bank balances mainly relates to the significant progress in the projects under construction and the related use of cash from the financing facilities secured in 2021, partially covered by the additional project financing granted for FPSO *ONE GUYANA* and the cash generated by Lease and Operate business segment.

The cash and cash equivalents dedicated to debt and interest payments (and therefore restricted) amounted to US$235 million as per December 31, 2022 (2021: US$152 million). Short-term investment deposits are made for varying periods of up to one year, usually less than three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents held in countries with restrictions on currency outflow (Angola, Brazil, Equatorial Guinea, Ghana and Nigeria) amounted to US$21 million (2021: US$23 million). These restrictions do not limit the liquidity of the cash balances.

Further disclosure about the fair value measurement is included in note 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.22 EQUITY ATTRIBUTABLE TO SHAREHOLDERS

For a consolidated overview of changes in equity reference is made to the Consolidated Statement of Changes in Equity.

ISSUED SHARE CAPITAL

The authorized share capital of the Company is two hundred million euros (EUR200,000,000). This share capital is divided into four hundred million (400,000,000) ordinary shares with a nominal value of twenty-five eurocents (EUR0.25) each and four hundred million (400,000,000) protective preference shares, with a nominal value of twenty-five euro cents (EUR0.25) each. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

During the financial year the movements in the outstanding number of ordinary shares are as follows:

number of shares	2022	2021
Outstanding at 1 January	**180,671,305**	**188,671,305**
Treasury shares cancelled	-	(8,000,000)
Outstanding 31 December	**180,671,305**	**180,671,305**

All outstanding shares have been fully paid.

TREASURY SHARES

A total number of 2,616,650[2] treasury shares are still reported in the outstanding ordinary shares as at December 31, 2022 and are held predominantly for employee share programs. During 2022, a total of 1,400,258 shares were transferred to employee share programs.

ORDINARY SHARES

In terms of ordinary shares, 1,648,665 shares were held by members of Management Board, in office as at December 31, 2022 (December 31, 2021: 2,073,278) as detailed below:

Ordinary shares held in the Company by the Management Board

	Shares subject to conditional holding requirement	Other shares	Total shares at 31 December 2022	Total shares at 31 December 2021
Bruno Chabas	344,526	910,338	1,254,864	1,191,070
Douglas Wood	174,217	89,792	264,009	228,316
Øivind Tangen[1]	34,938	94,854	129,792	79,300
Philippe Barril[2]	n/a	n/a	n/a	317,962
Erik Lagendijk[3]	n/a	n/a	n/a	256,630
Total	**553,681**	**1,094,984**	**1,648,665**	**2,073,278**

1 Management Board member since April 6, 2022
2 Management Board member until August 31, 2022
3 Management Board member until April 6, 2022

Only one member of the Supervisory Board (Sietze Hepkema) holds shares in the Company (256,333 shares as at December 31, 2022), resulting from his previous position as a member of the Management Board.

[2] As per the Dutch Act on Conversion of bearer shares, all bearer shares still outstanding at December 31, 2020 have been converted into registered shares held by the Company as per January 1, 2021 and accordingly the aforementioned shares are currently reported as part of the Treasury shares. A shareholder who hands in a bearer share certificate to the Company before January 2, 2026 is entitled to receive from the Company a replacement registered share. A shareholder may not exercise the rights vested in a share until the shareholder has handed in the corresponding bearer share certificate(s) to the Company.

OTHER RESERVES

The other reserves comprises the hedging reserve, actuarial gains/losses, the foreign currency translation reserve and IFRS 2 reserves. The movement and breakdown of the other reserves can be stated as follows (all amounts are expressed net of deferred taxes):

	Hedging reserve Forward currency contracts	Hedging reserve Interest rate swaps	Actuarial gain/(loss) on defined benefit provisions	Foreign currency translation reserve	IFRS 2 Reserves	Protective share reserve	Total other reserves
Balance at 1 January 2021	**62**	**(276)**	**-**	**(105)**	**25**	**-**	**(296)**
Cash flow hedges							
Change in fair value	(173)	101	-	-	-	-	(72)
Transfer to financial income and expenses	(0)	9	-	-	-	-	8
Transfer to construction contracts and property, plant and equipment	(8)	-	-	-	-	-	(8)
Transfer to operating profit and loss	15	-	-	-	-	-	15
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	20	-	20
IFRS 2 vested share-based payments	-	-	-	-	(20)	-	(20)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
Foreign currency variations							
Foreign currency variations	-	-	-	(2)	(3)	-	(5)
Mergers and acquisitions	-	-	-	3		-	3
Balance at 31 December 2021	**(104)**	**(167)**	**7**	**(105)**	**22**	**-**	**(347)**
Cash flow hedges							
Change in fair value	(78)	473	-	-	-	-	394
Transfer to financial income and expenses	1	12	-	-	-	-	12
Transfer to construction contracts and property, plant and equipment	62	-	-	-	-	-	62
Transfer to operating profit and loss	48	-	-	-	-	-	48
IFRS 2 share-based payments							
IFRS 2 vesting costs for the year	-	-	-	-	19	-	19
IFRS 2 vested share-based payments	-	-	-	-	(19)	-	(19)
Actuarial gain/(loss) on defined benefit provision							
Change in defined benefit provision due to changes in actuarial assumptions	-	-	7	-	-	-	7
Foreign currency variations							
Foreign currency variations	-	-	-	2	(1)	-	1
Mergers and acquisitions	-	-	-	(0)		-	(0)
Other movements							
Reclassification						26	26
Balance at 31 December 2022	**(72)**	**317**	**15**	**(103)**	**21**	**26**	**204**

The hedging reserve consists of the effective portion of cash flow hedging instruments related to hedged transactions that have not yet occurred, net of deferred taxes. The increased fair value of interest rate swaps mainly arises from increasing market interest rates whereas the increased fair value of forward currency contracts is mainly driven by the variation of the US$ exchange rate versus the hedged currencies.

Actuarial gain/(loss) on defined benefits provisions includes the impact of the remeasurement of defined benefit provisions.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

The Management Board, with the approval of the Supervisory Board, has granted a call option to Stichting Continuiteit SBM Offshore to acquire a number of preference shares. As of October 1, 2022 and with reference to articles 5.5 and 5.6 of the Articles of Association of the Company, a 'Protective Preference Shares´ reserve has been created at the expense of the share premium reserve at the level of the Company. If and when Stichting Continuiteit SBM Offshore would exercise the call option to acquire preference shares, these preference shares may also be paid-up from the reserve of the Company.

The Company's total equity as at December 31, 2022 is US$3,397 million, out of which US$1,860 million relates to legal reserves and US$26 million relates to the statutory reserves (December 31, 2021: Total equity of US$2,579 million out of which US$1,211 million relates to legal reserves and US$0 million to the statutory reserves). For more information, reference is made to note 4.5.5 Shareholders' Equity.

4.3.23 BORROWINGS AND LEASE LIABILITIES

The line item 'Borrowings and lease liabilities' in the consolidated statement of financial position is further detailed as follows:

Borrowings and lease liabilities (summary)

	31 December 2022	31 December 2021
Borrowings	6,839	5,891
Lease liabilities	33	37
Total Non-current portion of Borrowings and lease liabilities	**6,873**	**5,928**
Borrowings	1,678	1,754
Lease liabilities	13	19
Total Current portion of Borrowings and lease liabilities	**1,691**	**1,773**

BORROWINGS

The movement in bank interest bearing borrowings is as follows:

	2022	2021
Non-current portion	5,891	4,335
Add: current portion	1,754	1,216
Remaining principal at 1 January	**7,645**	**5,551**
Additions	1,642	3,941
Redemptions	(759)	(1,711)
Transaction and amortized costs	(10)	(137)
Total movements	**872**	**2,094**
Remaining principal at 31 December	**8,517**	**7,645**
Less: Current portion	(1,678)	(1,754)
Non-current portion	**6,839**	**5,891**
Transaction and amortized costs	216	207
Remaining principal at 31 December (excluding transaction and amortized costs)	**8,734**	**7,851**
Less: Current portion	(1,710)	(1,790)
Non-current portion	**7,023**	**6,061**

The additions in borrowings of US$1,642 million relate mainly to drawdowns on (i) project finance facilities for FPSO *Liza Unity*, FPSO *Prosperity*, and *FPSO Sepetiba* and (ii) the new loan achieved for FPSO *ONE GUYANA*.

For further disclosures about the fair value measurement we refer to note 4.3.27 Financial Instruments – Fair Values and Risk Management.

The Company has no 'off-balance sheet' financing through special purpose entities. All long-term debt is included in the consolidated statement of financial position.

The borrowings, excluding the amount of transaction and amortized costs, have the following forecast repayment schedule:

	31 December 2022	31 December 2021
Within one year	1,710	1,790
Between 1 and 2 years	1,657	1,429
Between 2 and 5 years	3,010	1,903
More than 5 years	2,357	2,729
Balance at 31 December	**8,734**	**7,851**

The borrowings by entity are as follows:

Loans and borrowings per entity

Entity name	Project name or nature of loan	% Ownership	% Interest[1]	Maturity	Net book value at 31 December 2022 Non-current	Current	Total	Net book value at 31 December 2021 Non-current	Current	Total
Project Finance facilities drawn:										
Tupi Nordeste Sarl	FPSO Cidade de Paraty	63.13	5.50%	15-Jun-23	-	72	72	72	123	195
SBM Baleia Azul Sarl	FPSO Cidade de Anchieta	100.00	5.50%	15-Sep-27	163	39	202	202	37	239
Alfa Lula Alto Sarl	FPSO Cidade de Marica	61.00	5.40%	17-Dec-29	672	121	793	793	114	908
Beta Lula Central Sarl	FPSO Cidade de Saquarema	61.00	4.20%	15-Jun-30	820	102	922	922	96	1,018
Guyana Deep Water UK Limited	FPSO Liza Destiny	100.00	Libor + 1.65%	18-Dec-29	474	67	541	541	65	606
Guyana Deep Water II UK Limited	FPSO Liza Unity	100.00	Libor + 1.50%	07-Feb-24	1,140	(4)	1,136	972	(6)	966
Senior secured notes										
Guara Norte Sarl	FPSO Cidade de Ilhabela	75.00	5.20%	15-Jun-34	720	44	764	764	40	805
Guaranteed project finance facilities drawn:										
Guyana Deep Water III UK Limited	FPSO Prosperity	100.00	4.10%	29-Aug-25	965	(4)	960	619	(4)	615
Mero 2 Owning B.V.	FPSO Sepetiba	64.50	4.30%	15-Jun-38	1,410	(14)	1,397	959	(15)	944
Guyana Deep Water IV UK Limited	FPSO ONE GUYANA	100.00	5.10%	31-jul-27	426	-	426	-	-	-
Bridge loan facility										
Tamandare Owning B.V.	FPSO Almirante Tamandaré	55.00	Libor + 0.6%	29-Mar-23	(3)	635	632	-	635	635
Mero 4 Owning B.V.	FPSO Alexandre de Gusmão	55.00	Libor + 0.75%	23-Jun-23	(2)	620	618	-	620	620
Revolving credit facility:										
SBM Holding Inc	Corporate Facility	100.00	Variable	13-Feb-26	(0)	(1)	(1)	(1)	(1)	(2)
Other:										
OS Installer Limited	SBM Installer	100.00	3.20%	19-Jan-22	-	-	-	0	48	48
Brazilian Deepwater Production B.V.	FPSO Espirito Santo	51.00	Libor + 1.05%	31-Jan-29	47	-	47	46	-	46
Brazilian Deepwater Production Contractors Ltd.	FPSO Espirito Santo	51.00	3.00%	31-Dec-28	5	-	5	-	-	-
Other		100.00			2	-	2	2	-	2
Net book value of loans and borrowings					**6,839**	**1,678**	**8,517**	**5,891**	**1,754**	**7,645**

1 % interest per annum on the remaining loan balance.

For the project finance facilities, the respective vessels are mortgaged to the banks or to note holders.

The Company has available facilities resulting from (i) the undrawn RCF, (ii) the undrawn portion of *FPSO Sepetiba*, FPSO *Prosperity* and FPSO *ONE GUYANA* project facilities and (iii) short-term credit lines.

Expiry date of the undrawn facilities and unused credit lines

	2022	2021
Expiring within one year	274	249
Expiring beyond one year	2,452	2,113
Total	**2,726**	**2,362**

The RCF in place as of December 31, 2022 has a maturity date of February 13, 2026. The US$1 billion facility was secured with a selected group of 11 core relationship banks, increasing to 13 banks as per 2022 and has an uncommitted option to increase the RCF by an additional US$500 million. The Company does not have any other extension option remaining.

When needed, the RCF allows the Company to finance EPC activities / working capital, bridge any long-term financing needs, and/or finance general corporate purposes. On December 23, 2021 the RCF was amended by means of an amendment and restatement agreement to reflect a dedicated green funding tranche. By creating this green tranche, US$50 million of the RCF may only be used to fund activities that comply with the Green Loan Principles (primarily activities related to renewable energy projects) and the remaining US$950 million can be used in the following proportions:

- EPC activities / working capital – 100% of the facility;
- General Corporate Purposes – up to 50% of the facility;
- Refinancing project debt – 100% of the facility but limited to a period of 18 months

The pricing of the RCF is currently based on LIBOR, and it includes provisions for the replacement of LIBOR with a compounded reference rate. The margin is adjusted in accordance with the applicable leverage ratio ranging from a minimum level of 0.50% p.a. (0.40% for the green tranche) to a maximum of 1.50% p.a. (1.40% for the green tranche). The margin also includes a Sustainability Adjustment Mechanism whereby the margin may increase or decrease by 0.05% based on the absolute change in the Company performance as measured and reported by Sustainalytics[3]. The Company's Sustainability performance in 2022 allows the 0.05% margin decrease to remain applicable for 2023.

COVENANTS

The following key financial covenants apply to the RCF as agreed with the respective lenders on February 13, 2019, and unless stated otherwise, relate to the Company's consolidated financial statements:

- **Solvency**: Consolidated IFRS Tangible Net Worth divided by Consolidated IFRS Tangible Assets must be > 25%;
- **Interest Cover Ratio**: Consolidated Directional Underlying EBITDA divided by Consolidated Directional Net Interest Payable must be > 4.0.

The **Lease Backlog Cover Ratio (LBCR)** is used to determine the **maximum funding availability** under the RCF. The maximum funding availability is determined by calculating the net present value of the future contracted net cash after debt service of a defined portfolio of operational offshore units in the directional backlog. The maximum theoretical amount available under the RCF is then determined by dividing this net present value by 1.5. The actual availability under the RCF will be the lower of this amount and the applicable Facility Amount. As at December 31, 2022 additional headroom above the US$1 billion capacity under the RCF exceeded US$650 million.

For the purpose of covenants calculations, the following simplified definitions apply:

- **IFRS Tangible Net Worth:** Total equity (including non-controlling interests) of the Company in accordance with IFRS, excluding the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income, dividends declared, value of intangible assets and deferred taxes.
- **Consolidated IFRS Tangible Assets:** The Company's total assets (excluding intangible assets) in accordance with the IFRS consolidated statement of financial position less the marked-to-market valuation of currency and interest derivatives undertaken for hedging purposes by the Company through other comprehensive income.
- **Consolidated Directional Underlying EBITDA:** Consolidated profit of the Company adjusted for net interest payable, tax and depreciation of assets and impairments, any exceptional or extraordinary items, and by adding back (i) the

[3] Sustainalytics is a provider of Environmental, Social and Governance and Corporate Governance research and ratings.

annualized production EBITDA for units which started operations during the financial year, and (ii) the acquisition annualized EBITDA for units acquired during the financial year.

- **Consolidated Directional Net Interest Payable:** All interest and other financing charges paid up, payable (other than capitalized interest during a construction period and interest paid or payable between wholly owned members of the Company) or incurred by the Company less all interest and other financing charges received or receivable by the Company, as per Directional reporting.

Covenants

	2022	2021
IFRS Tangible Net Worth	4,494	3,780
Consolidated IFRS Tangible Assets	15,161	13,079
Solvency ratio	29.6%	28.9%
Adjusted (Directional) Underlying EBITDA	1,036[1]	935[2]
Consolidated Directional Net Interest Payable	190	170
Interest cover ratio	5.5	5.5

1 No exceptional items impact 2022 EBITDA. Adjusted Directional Underlying EBITDA includes the annualized production EBITDA for FPSO Liza Unity

2 Exceptional items restated in 2021 Consolidated Directional Underlying EBITDA were mainly related to the US$77 million anticipated revenue recognition following the early redelivery of the Deep Panuke MOPU. In addition, the 2021 Consolidated Directional Underlying EBITDA did not include the US$8 million relating to the penalty order against the Company issued by Swiss public prosecutor in November 2021.

The Leverage ratio based on reported Directional figures, is used to determine the pricing only.

The Company monitors its financial and non-financial covenants for borrowings which are included in the consolidated financial statement continously throughout the year. None of the borrowings in the statement of financial position were in default as at the reporting date or at any time during the period.

LEASE LIABILITIES

The lease liabilities mostly relate to the leasing of office buildings as of December 31, 2022.

The movement in the lease liabilities is as follows:

	2022	2021
Principal recognized at 1 January	**56**	**71**
Additions	13	10
Redemptions	(20)	(20)
Foreign currency variations	(3)	(4)
Other	-	-
Total movements	**(10)**	**(15)**
Remaining principal at 31 December	**46**	**56**
Of which		
Current portion	13	19
Non-current portion	33	37

The movements in lease liabilities over the period were mainly related to increase due to the extension of lease contract for offices and the regular redemptions and foreign currency translations.

The maturity of the lease liabilities is analyzed in section 4.3.27 financial instruments - fair values and risk management (paragraph dedicated to liquidity risk).

The total cash outflow for leases in 2022 was US$23 million, which includes redemptions of principal and interest payments. Total interest for the period amounted to US$2 million.

4.3.24 PROVISIONS

The movement and type of provisions during the year 2022 are summarized as follows:

Provisions (movements)

	Demobilisation	Warranty	Employee benefits	Other	Total
Balance at 1 January 2022	**121**	**54**	**26**	**182**	**383**
Arising during the year	42	39	0	96	178
Unwinding of interest	1	-	0	-	1
Utilized	(44)	(2)	(1)	(8)	(55)
Released to profit	(1)	(5)	(2)	(3)	(11)
Other movement	(0)	(0)	(9)	0	(9)
Balance at 31 December 2022	119	86	15	266	487
of which :					
Non-current portion	79	-	15	215	309
Current portion	41	86	-	52	178

Demobilization

The provision for demobilization relates to the costs for demobilization of the vessels and floating equipment at the end of the respective operating lease periods. The obligations are valued at net present value, and a yearly basis interest is added to this provision. The recognized interest is included in the line item 'Financial expenses' of the consolidated income statement (refer to note 4.3.9 Net Financing Costs).

The movement in the provision for demobilization relates mainly to the reassessment of the costs on the ongoing demobilization of *FPSO Capixaba* and the decrease is due to its utilization in relation to the progress of the decommissioning activities.

Expected outflow within one year is US$41 million and amounts to US$53 million between one and five years, and US$26 million after five years.

Warranty

For most Turnkey sales, the Company gives warranties to its clients. Under the terms of the contracts, the Company undertakes to make good, by repair or replacement, defective items that become apparent within an agreed period starting from the final acceptance by the client. The increase of the warranty provision consists of new provisions accrued on projects under construction over the period.

Other

Other provisions mainly relate to claims, regulatory fines related to operations, onerous contracts and planned local content penalty on construction projects. The latter was the main driver of the increase in Other provisions during 2022.

4.3.25 TRADE AND OTHER PAYABLES

Trade and other payables (summary)

	Notes	31 December 2022	31 December 2021
Trade payables		204	151
Accruals on projects		933	593
Accruals regarding delivered orders		15	27
Other payables		88	91
Contract liability	4.3.3	42	64
Pension taxation		9	8
Taxation and social security costs		81	76
Current portion of deferred income		3	6
Other non-trade payables		125	95
Total	4.3.27	**1,501**	**1,111**

The 'trade payables' and 'accruals on projects' together increased due to the higher Turnkey project activities during 2022, mainly related to *FPSO Alexandre de Gusmão* and FPSO *ONE GUYANA*.

For 'Contract liability' refer to note 4.3.3. Revenue where the movement in contract liabilities is explained.

Payables related to 'Taxation and social security' concerns uncertain tax positions related mainly to various taxes other than corporate income tax.

'Other non-trade payables' include mostly interest payable and the short-term portion of the outstanding payments related to the Leniency Agreement and the settlement with Brazilian Federal Prosecutor’s Office (Ministério Público Federal – ’MPF’). The long-term portion of the outstanding payments related to these agreements is presented in the line item ‘Other non-current liabilities’ in the Company’s statement of financial position.

The line item ‘Other non-current liabilities’ in the consolidated statement of financial position (refer to 4.2.3 Consolidated Statement of Financial Position) also includes a prepayment of US$52 million relating to the future potential participation of partners to charter contracts.

The contractual maturity of the trade payables is analyzed in the liquidity risk section in 4.3.27 Financial Instruments – Fair Values and Risk Management.

4.3.26 COMMITMENTS AND CONTINGENCIES

PARENT COMPANY GUARANTEES

SBM Offshore N.V., as the parent company, is committed to fulfill various types of obligations arising from customer contracts, such as full performance and warranty obligations.

In the past, the parent company has issued guarantees for contractual obligations in respect of several Group companies, including equity-accounted joint ventures, with respect to long-term lease and operate contracts. The few remaining guarantees still active as of December 31, 2022 relate to the Deep Panuke MOPU unit, *Thunder Hawk* semi-submersible platform, *FPSO Mondo and FPSO Saxi Batuque*. These have been signed prior to 2010.

BANK GUARANTEES

As of December 31, 2022, the Company has provided bank guarantees to unrelated third parties for an amount of US$327million (2021: US$348 million). No liability is expected to arise under these guarantees.

The Company holds in its favor US$716 million of bank guarantees from unrelated third parties. No withdrawal under these guarantees is expected to occur.

COMMITMENTS

As at December 31, 2022, the remaining contractual commitments for acquisition of intangible assets, property, plant and equipment and investment in leases amounted to US$2,201 million (December 31, 2021: US$1,600million). Investment commitments have increased principally due to the progress made on the construction of FPSO *Prosperity*, *FPSO Sepetiba, FPSO Alexandre de Gusmão, FPSO Almirante Tamandaré* and FPSO *ONE GUYANA*.

CONTINGENT LIABILITY

As at December 31, 2022 the Company did not identify any contingent liabilities.

4.3.27 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

This note presents information about the Company's exposure to risk resulting from its use of financial instruments, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further qualitative disclosures are included throughout these consolidated financial statements.

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The Company uses the following fair value hierarchy for financial instruments that are measured at fair value in the statement of financial position, which require disclosure of fair value measurements by level:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classification and fair values

			31 December 2022		31 December 2021	
	Notes	Fair value level	Total book value	Total fair value	Total book value	Total fair value
Financial assets measured at amortized cost						
Finance lease receivables	*4.3.15*	3	7,193	7,219	6,182	6,586
Loans to joint ventures and associates	*4.3.16*	3	52	51	51	49
Total			**7,244**	**7,270**	**6,233**	**6,635**
Financial liabilities measured at amortized cost						
US$ project finance facilities drawn	*4.3.23*	2	8,679	8,678	7,850	7,825
Lease liabilities		3	46	46	56	56
Other debt	*4.3.23*	2	54	54	2	2
Total			**8,780**	**8,778**	**7,908**	**7,883**

Additional information

- In the above table, the Company has disclosed the fair value of each class of financial assets and financial liabilities for which the book value is different than fair value in a way that permits the information to be compared with the carrying amounts.
- There are financial assets and financial liabilities measured at fair value, namely the interest rate swaps, forward currency contracts and commodity contracts which are classified at a Level 2 on the fair value hierarchy. Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The carrying amount for these financial assets and liabilities approximates the fair value as at December 31, 2022.
- The Company has not disclosed the fair values for financial instruments such as short-term trade receivables and payables, because their carrying amounts are a reasonable approximation of fair values as the impact of discounting is insignificant.
- Classes of financial instruments that are not used are not disclosed.
- No instruments were transferred between Level 1 and Level 2.
- No instruments were transferred between Level 2 and Level 3.

- None of the instruments of the Level 3 hierarchy are carried at fair value in the statement of financial position.
- No financial instruments were subject to offsetting as of December 31, 2022 and December 31, 2021.

The effects of the foreign currency related hedging instruments on the Company's financial position and performance including related information are included in the table below:

Effect of the foreign currency, interest swaps and commodity contracts related hedging instruments

	2022	2021
Foreign currency forwards		
Carrying amount	(53)	(80)
Notional amount	(3,343)	(2,845)
Maturity date	30-8-2023	2-8-2024
Hedge ratio	100%	100%
Change in discounted spot value of outstanding hedging instruments since 1 January	27	(158)
Change in value hedged rate for the year (including forward points)	(27)	158
Interest rate swaps		
Carrying amount	463	(144)
Notional amount	7,253	5,715
Maturity date	22-5-2031	12-4-2033
Hedge ratio	94%	92%
Change in discounted spot value of outstanding hedging instruments since 1 January	606	207
Change in value hedged rate for the year (including forward points)	(606)	(207)
Commodity contracts		
Carrying amount	(2)	
Notional amount	59	
Maturity date	22-12-2023	
Hedge ratio	100%	
Change in discounted spot value of outstanding hedging instruments since 1 January	(2)	
Change in value hedged rate for the year (including forward points)	2	

MEASUREMENT OF FAIR VALUES

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

	Level 2 and level 3 instruments	Level 3 instruments	
Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial instrument measured at fair value			
Interest rate swaps	Income approach – Present value technique	Not applicable	Not applicable
Commodity contracts	Income approach – Present value technique	Not applicable	Not applicable
Forward currency contracts	Income approach – Present value technique	Not applicable	Not applicable
Financial instrument not measured at fair value			
Loans to joint ventures and associates	Income approach – Present value technique	▪ Forecast revenues ▪ Risk-adjusted discount rate (5%-11%)	The estimated fair value would increase (decrease) if: ▪ the revenue was higher (lower) ▪ the risk-adjusted discount rate was lower (higher)
Finance lease receivables	Income approach – Present value technique	▪ Forecast revenues ▪ Risk-adjusted discount rate (4%-9%)	The estimated fair value would increase (decrease) if: ▪ the revenue was higher (lower) ▪ the risk-adjusted discount rate was lower (higher)
Loans and borrowings	Income approach – Present value technique	Not applicable	Not applicable
Other long-term debt	Income approach – Present value technique	Not applicable	Not applicable

DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the period in which the cash flows associated with the cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for interest rate swaps are estimated using the forward rates as at the reporting date.

Cash flows

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2022					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)
31 December 2021					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)

The following table indicates the period in which the cash flows hedges are expected to impact profit or loss and the carrying amounts of the related hedging instruments.

Expected profit or loss impact

	Carrying amount	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
31 December 2022					
Interest rate swaps (USD LIBOR 3 Months)	463	19	254	212	486
Forward currency contracts	(53)	(58)	(9)	-	(67)
Commodity contracts	(2)	(1)	(1)	-	(2)
31 December 2021					
Interest rate swaps (USD LIBOR 3 Months)	(144)	(48)	(73)	(40)	(162)
Forward currency contracts	(80)	(24)	(16)	-	(41)

Interest rate swaps

Gains and losses recognized in the hedging reserve in equity on interest rate swap contracts will be continuously released to the income statement until the final repayment of the hedged items (please refer to note 4.3.22 Equity Attributable to Shareholders).

Forward currency contracts

Gains and losses recognized in the hedging reserve on forward currency contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. This is mainly within twelve months from the statement of financial position date unless the gain or loss is included in the initial amount recognized in the carrying amount of fixed assets, in which case recognition is over the lifetime of the asset. If the gain or loss is included in the initial amount recognized in the carrying amount of the cost incurred on construction contracts then the recognition is over time.

Commodities

Gains and losses recognized in the hedging reserve on commodity contracts are recognized in the income statement in the period or periods during which the hedged transaction affects the income statement. If the hedged transaction subsequently results in the recognition of non-financial assets (such as inventory, asset under construction) or non-financial liability, the gain or loss is included in the initial cost or other carrying amount of the asset. In such case, this amount is recognized in profit or loss at the same time as the hedged item affects profit or loss.

LOSS ALLOWANCE ON FINANCIAL ASSETS AND CONTRACT ASSETS

The movement of loss allowance during the year 2022 is summarized as follows:

	Finance lease receivable		Contract assets		Trade receivables		Other financial assets	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening loss allowance as at 1 January	**(0)**	**(1)**	**(1)**	**(4)**	**(3)**	**(3)**	**(108)**	**(114)**
Increase in loss allowance recognized in profit or loss during the year	(0)	(0)	(1)	(2)	(1)	(4)	-	(3)
Receivables written off during the year as uncollectible	-	-	-	-	-	-	-	-
Unused amount reversed	0	1	1	5	2	4	14	9
At 31 December	**(0)**	**(0)**	**(1)**	**(1)**	**(1)**	**(3)**	**(95)**	**(108)**

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risks (including currency risk, interest rate risk and commodity risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures. The Company buys and sells derivatives in the ordinary course of business and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set in the Company policy. Generally, the Company seeks to apply hedge accounting in order to manage volatility in the income statement and statement of comprehensive income. The purpose is to manage the interest rate, currency and commodity price risk arising from the Company's operations and its sources of finance. Derivatives are only used to hedge closely correlated underlying business transactions.

The Company's principal financial instruments, other than derivatives, comprise trade debtors and creditors, bank loans and overdrafts, cash and cash equivalents (including short-term deposits) and financial guarantees. The main purpose of these financial instruments is to finance the Company's operations. Trade debtors and creditors result directly from the business operations of the Company.

Financial risk management is carried out by a central treasury department under policies approved by the Management Board. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries and the Chief Financial Officer (CFO) during the quarterly Asset and Liability Committee. The Management Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. It is, and has been throughout the year under review, the Company's policy that no speculation in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from transactional currency exposures, primarily with respect to the euro, Singapore dollar, and Brazilian real. The exposure arises from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the currency exposure once the Company has entered into a firm commitment of a project contract.

For foreign currency risk, the principle terms of the forward currency contract (notional and settlement date) and the future expense or revenue (notional and expected cash flow date) are identical. The Company has established a hedge ratio of 1:1 for all its hedging relationships.

The main Company's exposure to foreign currency risk is as follows based on notional amounts:

Foreign exchange risk (summary)

	31 December 2022			31 December 2021		
in millions of local currency	EUR	SGD	BRL	EUR	SGD	BRL
Fixed assets	133	-	274	57	-	84
Current assets	99	3	606	82	3	398
Long-term liabilities	(105)	-	(685)	(19)	-	(577)
Current liabilities	(183)	(9)	(1,251)	(166)	(6)	(743)
Gross balance sheet exposure	**(55)**	**(6)**	**(1,055)**	**(46)**	**(3)**	**(837)**
Estimated forecast sales	27	-	-	40	-	-
Estimated forecast purchases	(1,673)	(383)	(1,779)	(977)	(237)	(2,542)
Gross exposure	**(1,701)**	**(388)**	**(2,834)**	**(983)**	**(240)**	**(3,379)**
Forward exchange contracts	1,831	390	2,799	1,000	241	3,281
Net exposure	**130**	**1**	**(35)**	**17**	**1**	**(97)**

The increase of the EUR and SGD exposure results from FPSO *ONE GUYANA* under construction in 2022. The decrease of the BRL exposure is the result of progress on *FPSO Sepetiba*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*.

The estimated forecast purchases relate to project expenditure and overhead expenses for up to three years. The main currency exposures of overhead expenses and Brazilian operations are hedged at 100% for the coming year, between 66% and 100% for the year after, and between 33% and 100% for the subsequent year depending on internal review of the foreign exchange market conditions.

Foreign exchange risk (exchange rates applied)

	2022	2021	2022	2021
	Average rate		Closing rate	
EUR 1	1.0530	1.1827	1.0666	1.1326
SGD 1	0.7253	0.7442	0.7459	0.7413
BRL 1	0.1939	0.1856	0.1892	0.1795

The sensitivity on equity and the income statement resulting from a change of 10% of the US dollar's value against the following currencies at December 31, would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2021.

Foreign exchange risk (sensitivity)

	Profit or loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
31 December 2022				
EUR	(0)	0	(189)	189
SGD	(0)	0	(29)	29
BRL	(0)	0	(33)	33
31 December 2021				
EUR	0	(0)	(108)	108
SGD	(0)	0	(18)	18
BRL	(0)	0	(43)	43

As set out above, by managing foreign currency risk the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in foreign currency rates would have an impact on consolidated earnings.

Interest rate risk

The Company's exposure to risk from changes in market interest rates relates primarily to the Company's long-term debt obligations with a floating interest rate. In respect of controlling interest rate risk, the floating interest rates of long-term loans are hedged by fixed rate swaps for the entire maturity period. The revolving credit facility is intended for the fluctuating needs of construction financing and bears interest at floating rates, which is also swapped for fixed rates when exposure is significant.

For interest rate risk, the principle terms of the interest rate swap (notional amortization, rate-set periods) and the financing (repayment schedule, rate-set periods) are identical. The Company has established a hedge ratio of 1:1, as the hedging layer component matches the nominal amount of the interest rate swap for all its hedging relationships.

Interest rate benchmark reform

The reform and replacement of benchmark interest rates such as USD LIBOR 3M and other interbank offered rates ('IBORs') has become a priority for global regulators. On 5 March 2021, LIBOR's administrator (IBA) set out clear end-dates for new use of USD LIBOR and its cessation as a representative rate:

- December 31, 2021: cessation of USD LIBOR 1W and 2M tenors; deadline for most of new contract to use USD LIBOR as sole reference;
- June 30, 2023: cessation of remaining USD LIBOR tenors.

To transition existing contracts and agreements that reference USD LIBOR to Secured Overnight Financing Rate ('SOFR') as the benchmark for US$ denominated derivatives and loans, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition.

The Company's Treasury department is progressing on SBM Offshore's IBOR transition plan with the support of the Company's Legal department. The greatest change will be amendments to the contractual terms of the USD LIBOR-referenced floating-rate debt and the associated interest rate swaps and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models.

In 2021 the Company has started hedging future debt interest rate risk with SOFR interest rate derivatives. For the FPSO *Prosperity* financing (maturing beyond 30 June 2023), IBOR transition to SOFR principles have been agreed with lenders.

For the FPSO *ONE GUYANA* financing (closed on July 21, 2022) the project loan carries a variable interest rate based on SOFR plus margin.

Relief applied

The Company has applied the following reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in September 2019:

- When considering the 'highly probable' requirement, the Company has assumed that the USD LIBOR 3M interest rate on which the Company's hedged debt is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Company has assumed that the USD LIBOR interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by LIBOR reform.
- The Company has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

Reliefs that were introduced by the amendments made to IFRS 9 Financial Instruments in August 2020 are applied once amendments to financial contracts become effective:

- Changes in the basis for determining contractual cash flows of financial assets and financial liabilities will be reviewed and reflected in updated effective interest rate once they become effective.
- Company will amend the formal designation of a hedging relationship to reflect the changes that are required by the reform. The reform is not expected to result in a discontinuation of the hedge or designation of a new hedging relationship. When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group will deem that the hedging reserve recognized in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Assumptions made
The counterparties to the Company's interest rate swaps are also counterparties to the floating loan they are hedging. It is then assumed that the result of the negotiations with external banks and the implementation of SOFR will not have material impacts on the Company's future financial results.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments (excluding transaction costs) was:

Interest rate risk (summary)

	2022	2021
Fixed rate instruments		
Financial assets	7,232	6,233
Financial liabilities	(985)	(1,058)
Total	**6,247**	**5,174**
Variable rate instruments (USD LIBOR 3 Months)		
Financial assets	12	51
Financial liabilities (USD LIBOR 3 Months)	(6,317)	(6,793)
Financial liabilities (SOFR)	(1,432)	-
Financial liabilities (future) (USD LIBOR 3 Months)	(652)	(1,788)
Financial liabilities (future) (SOFR)	(1,368)	(730)
Total	**(9,757)**	**(9,259)**

Interest rate risk (exposure)

	2022	2021
Variable rate instruments (USD LIBOR 3 Months)	(6,957)	(8,529)
Variable rate instruments (SOFR)	(2,800)	(730)
Less: Reimbursable items (USD LIBOR 3 Months)	1,681	1,746
Less: Reimbursable items (SOFR)	321	-
Less: IRS contracts (USD LIBOR 3 Months)	4,774	4,985
Less: IRS contracts (SOFR)	2,479	730
Exposure	**(502)**	**(1,798)**

Interest rate risk (sensitivity)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2022				
Variable rate instruments (USD LIBOR 3 Months)	(5)	5	-	-
Variable rate instruments (SOFR)	-	-	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	211	(211)
Interest rate swap (SOFR)	-	-	95	(95)
Sensitivity (net)	**(5)**	**5**	**306**	**(306)**
31 December 2021				
Variable rate instruments (USD LIBOR 3 Months)	(18)	18	-	-
Interest rate swap (USD LIBOR 3 Months)	-	-	270	(270)
Interest rate swap (SOFR)	-	-	54	(54)
Sensitivity (net)	**(18)**	**18**	**324**	**(324)**

The exposure of US$502 million is primarily arising from the bridge loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*. The interest rate exposure arising from the bridge loans is mainly offset by the Cash and Cash Equivalents at December 31, 2022.

The sensitivity on equity and the income statement resulting from a change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2021.

At December 31, 2022, it is estimated that a general increase of 100 basis points in interest rates would decrease the Company's profit before tax for the year by approximately US$5 million (2021: decrease of US$18 million) mainly related to the exposure on the bridge loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* and the residual exposure on un-hedged financial liabilities.

As set out above, the Company aims to reduce the impact of short-term market price fluctuations on the Company's earnings. Over the long-term however, permanent changes in interest rates could have an impact on consolidated earnings.

Commodity risk

Commodity exposure is defined by the Company as the risk of realizing adverse effects on operating cash flows and future earnings resulting from movement in commodity prices. The Company establishes hedge strategies in order to limit their commodity risk exposure in the following:

- Oil exposure is mostly associated to transportation fuels emerging from to the Company's prospective contract awards, construction contracts, and future decommissioning.
- Aluminum, steel, copper and iron ore exposures arise from the construction, refurbishment, repair of the products embedded in the Company's prospective contract awards, construction contracts and operation contracts.

Incoming lease payments following the Company's contractual arrangements with its clients are not impacted by the oil price.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's other financial assets, trade and other receivables (including committed transactions), derivative financial instruments and cash and cash equivalents.

Credit risk

	2022		2021	
Rating	Assets	Liabilities	Assets	Liabilities
AA	55	(34)	2	(33)
AA-	231	(93)	21	(95)
A+	227	(63)	16	(142)
A	69	-	2	(13)
BBB	1	-	-	(1)
Non-investment grade	-	-	0	(0)
Derivative financial instruments	**583**	**(190)**	**40**	**(283)**
AAA	116	-	223	-
AA	51	-	5	-
AA-	311	-	187	-
A+	178	-	534	-
A	10	-	50	-
A-	0	-	0	-
Non-investment grade	16	-	22	-
Cash and cash equivalents and bank overdrafts	**683**	**-**	**1,020**	**-**

The Company maintains and reviews its policy on cash investments and limits per individual counterparty are set to:

- BBB- to BBB+ rating: US$25 million or 10% of cash available.
- A- to A+ rating: US$75 million or 20% of cash available.
- AA- to AA+ rating: US$100 million or 20% of cash available.
- Above AA+ rating: no limit.

As per December 31, 2022, cash investments above AA+ rating do not exceed US$100 million per individual counterparty. Cash held in banks rated A+ has been diversified in cash investments above AA+ rating since year-end.

Cash held in banks rated AA- is mainly linked to cash pledged to loan reimbursements to those same banks. Cash held in banks rated below A- is mainly related to the Company's activities in Brazil (US$16 million). Cash held in Angola has significantly decreased since 2021 following cash repatriation.

For trade debtors the credit quality of each customer is assessed, taking into account its financial position, past experience and other factors. Bank or parent company guarantees are negotiated with customers. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Management Board. At the date of the financial statements, there are two customers that have an outstanding balance with a percentage over 10% of the total of trade and other receivables. Reference is made to note 4.3.19 Trade and Other Receivables for information on the distribution of the receivables by country and an analysis of the ageing of the receivables. Furthermore, limited recourse project financing removes a significant portion of the credit risk on finance lease receivables.

For other financial assets, the credit quality of each counterpart is assessed taking into account its credit agency rating when available or a comparable proxy.

Regarding loans to joint ventures and associates, the maximum exposure to credit risk is the carrying amount of these instruments. As the counterparties of these instruments are joint ventures, the Company has visibility over the expected cash flows and can monitor and manage credit risk that mainly arises from the joint venture's final client.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In 2022, the Company again conducted various liquidity scenarios, financial stress tests and sensitivity analyses. The conclusion remained that the Company's lease portfolio and the existing financing facilities and overall financing capacity are sufficient to ensure that the Company will continue as a going concern in the foreseeable future and it can sustain future growth plans. Furthermore, under its Lease and Operate contractual arrangements with clients the Company has considerable time under charters in which to deal with disruptions from events outside the Company's control, thus providing it with considerable financial protection. To date, the Company has been able to manage the COVID-19 situation without the need to use such protection.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves based on expected cash flows. Flexibility is secured by maintaining availability under committed credit lines.

The table below analyses the Company's non-derivative financial liabilities, derivative financial liabilities and derivative financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The future interest cash flows for borrowings and derivative financial instruments are based on the USD LIBOR/SOFR 3-month rates as at the reporting date.

Liquidity risk 2022

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2022					
Borrowings		2,110	5,885	2,908	10,902
Lease liabilities		13	25	8	46
Derivative financial liabilities		201	52	-	253
Derivative financial assets		(365)	(254)	(185)	(805)
Trade and other payables	4.3.25	1,501	-	-	1,501
Total		**3,459**	**5,708**	**2,730**	**11,897**

Liquidity risk 2021

	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
31 December 2021					
Borrowings		1,017	4,648	3,156	8,821
Lease liabilities		19	34	4	56
Derivative financial liabilities		121	107	40	268
Derivative financial assets		(34)	(16)	-	(50)
Trade and other payables	4.3.25	1,111	-	-	1,111
Total		**2,234**	**4,772**	**3,200**	**10,207**

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain a capital structure which optimizes the Company's cost of capital while at the same time ensuring diversification of sources of external funds.

The Company generally uses its corporate revolving credit facility (RCF, US$1 billion) to bridge financing requirements on projects under construction prior to putting a dedicated project finance facility in place. When a project finance facility is arranged and draw-downs have started, the RCF is repaid and a corporate guarantee from the Company is put in place for the construction period. When the project facility is drawn in full and the associated FPSO is producing, the corporate guarantee is recovered and the project finance becomes non-recourse debt.

As per December 31, 2022, all the debt associated with operating FPSOs is non-recourse.

The Company has limited appetite to decrease the existing debt in its structure, as this would involve breakage cost, through winding down the hedges and it would decrease the Company's return on equity. From time to time, it may decide to refinance existing facilities in order to increase and/or extend the tenor of leverage subject to sufficient charter tenor and income.

Given the non-recourse nature of a large part of its debt, the Company monitors its capital risk based on the Lease Backlog Cover Ratio, which is also used by the bank consortium supporting the Company's RCF. Generally, this ratio is calculated as the net present value of the future contracted net cash, after deducting the project finance debt and interest payments, of a selected group of FPSO owning entities divided by 1.5 (see note 4.3.23 Borrowings and Lease Liabilities).

The gearing ratios at December 31, 2022 and 2021 were as follows:

Capital risk management

	2022	2021
Total borrowings and lease liabilities	8,564	7,701
Less: net cash and cash equivalents	683	1,021
Net debt	**7,881**	**6,681**
Total equity	4,914	3,537
Total capital	**12,795**	**10,217**
Gearing ratio	61.6%	65.4%

Climate related risks

The Company has adopted two climate change scenarios to future-proof current strategy and take appropriate action. The scenarios are based on the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) data, as explained in section 5.1.4 Taskforce for Climate-related Disclosure (TCFD):

- A Steady Climate Change Scenario with a positive impact on climate change, but which falls short of meeting the Paris Agreement goals.
- A Bold Climate Action Scenario providing for strong commitment towards targets, as per the Paris Agreement.

Through its strategy process the Company tests the resilience of its portfolio and business model against each of these scenarios. Financial and non-financial information are aligned in order to ensure that financial impact of climate related risks is identified. The Company assessed the physical and transitional risk which are disclosed in 1.4.3 Climate Change Risk & Opportunity from a financial statement perspective. Based on the reasonable and supportable information available to date and the outcome of risk assessments, the Company did not identify any circumstances which had an impact on impairment of non-financial assets, provisions nor contingent liabilities and assets in the 2022 consolidated financial statements.

Although climate related risks are key drivers of the Company strategy, budgeting exercise, capital allocation and prospects selection, the Company did not experience any significant impact on the financial result of the period.

The risks will however remain key points of attention for areas such as impairment testing, estimation of remaining useful life, expected credit losses and provisions for future periods.

Other risks

In respect of controlling political risk, the Company has a policy of thoroughly reviewing risks associated with contracts, whether Turnkey or long-term leases. Where political risk cover is deemed necessary and available in the market, insurance is obtained.

4.3.28 LIST OF GROUP COMPANIES

In accordance with legal requirements a list of the Company's entities that are included in the consolidated financial statements of SBM Offshore N.V. has been deposited at the Chamber of Commerce in Amsterdam.

4.3.29 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The Company has several joint ventures and associates:

Entity name	Partners	Joint venture/ Associate	% of ownership	Country registration	2022 main reporting segment	Project name
Sonasing Xikomba Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO N'Goma
OPS-Serviços de Produção de Petróleos Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations

Entity name	Partners	Joint venture/ Associate	% of ownership	Country registration	2022 main reporting segment	Project name
OPS-Serviços de Produção de Petróleos Ltd. Branch	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Angola	Lease & Operate	Angola operations
Sonasing Sanha Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO Sanha
Sonasing Kuito Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Angola Offshore Services Limitada	Joint venture	50.00	Bermuda	Lease & Operate	FPSO Kuito
Sonasing Mondo Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	90.00	Bermuda	Lease & Operate	FPSO Mondo
Sonasing Saxi Batuque Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.;	Joint venture	90.00	Bermuda	Lease & Operate	FPSO Saxi-Batuque
OPS Production Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.	Joint venture	50.00	Bermuda	Lease & Operate	Angola operations
Anchor Storage Ltd.	Maersk group	Joint venture	49.00	Bermuda	Lease & Operate	Nkossa II FSO
Gas Management (Congo) Ltd.	Maersk group	Joint venture	49.00	Bahamas	Lease & Operate	Nkossa II FSO
Malaysia Deepwater Floating Terminal (Kikeh) Ltd.	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	FPSO Kikeh
Malaysia Deepwater Production Contractors Sdn Bhd	Malaysia International Shipping Corporation Behard	Joint venture	49.00	Malaysia	Lease & Operate	FPSO Kikeh
Floventis Energy Limited	CIERCO LTD.	Joint venture	70.00	United Kingdom	Turnkey	Cierco
Llŷr Floating Wind Limited	CIERCO LTD.	Joint venture	70.00	Scotland	Turnkey	Cierco
CADEMO Corporation	CIERCO LTD.	Joint venture	70.00	United states of America	Turnkey	Cierco
Normand Installer S.A.	The Solstad group	Joint venture	49.90	Switzerland	Turnkey	Normand Installer
SBM Ship Yard Ltd.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; Daewoo Shipbuilding & Marine Engineering Co. Ltd.	Associate	33.33	Bermuda	Turnkey	Angolan yard
PAENAL - Porto Amboim Estaleiros Navais Ltda.	Sociedad Nacional de Combustiveis de Angola Empresa Publica -Sonangol E.P.; SBM Shipyard	Associate	30.00	Angola	Turnkey	Angolan yard

The Company has no joint operation as per definition provided by IFRS 11 ‘Joint arrangements’.

The movements in investments in associates and joint ventures are as follows:

	Note	2022	2021
Investments in associates and joint ventures at 1 January		**361**	**282**
Share of profit of equity-accounted investees	*4.2.1*	12	110
Dividends		(92)	(43)
Cash flow hedges		9	6
Capital increase/(decrease)		-	6
Foreign currency variations		1	0
Share in negative net equity reclassification to loans to joint ventures and associates		(1)	-
Investments in associates and joint ventures at 31 December		**290**	**361**

Share of profit in equity-accounted investees

As at 5 August 2022, due to the approval from Bermuda Monetary Authority, the Company increased its shareholding in the investees for *FPSO Saxi Batuque* and *FPSO Mondo*. The Company now owns 90% (previously 50%) of the issued shares of the investees. Although this shareholding represents a significant portion of the issued shares, the transaction did not impact the assessment of joint control, therefore the investees shall continue to be recognized as an equity-accounted investee and the impact on the consolidated financial statement has been assessed as not significant.

Outstanding purchase and termination options in finance lease contracts – Joint ventures and associates

The finance lease contracts of *FPSO N'Goma*, *FPSO Saxi Batuque* and *FPSO Mondo*, where the Company is the lessor, include call options for the client to purchase the underlying asset or to terminate the contract early.

The exercise of the purchase option on FPSOs *N'Goma*, *Saxi Batuque* and *Mondo* as per December 31, 2022 would have resulted in a gain or a near breakeven result for the Company. The exercise of the option to terminate the contract early, in which case the Company retains ownership of the vessel, would result in a near break-even result.

The following tables present the figures at 100%.

Information on significant joint arrangements and associates - 2022

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	722	448	102	259	227	88	155	55
Angola operations	Angola	178	4	10	28	7	172	-	236
FPSO Kikeh	Malaysia	189	117	6	-	5	36	30	74
Angolan yard	Angola	57	(0)	48	556	556	34	(0)	1
Non material joint ventures/associates		70	49	12	101	67	42	-	0
Total at 100%		**1,217**	**618**	**178**	**944**	**862**	**372**	**184**	**367**

Information on significant joint arrangements and associates - 2021

Project name	Place of the business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends paid	Revenue
FPSO N'Goma	Angola	909	570	182	325	307	83	-	64
Angola operations	Angola	127	4	14	28	28	104	-	179
FPSO Kikeh	Malaysia	208	144	7	-	5	32	88	212
Angolan yard	Angola	74	0	53	539	539	38	-	4
Non material joint ventures/associates		92	75	7	168	163	8	-	1
Total at 100%		**1,410**	**794**	**263**	**1,059**	**1,041**	**265**	**88**	**460**

The bank interest-bearing loans and other borrowings held by joint ventures and associates are as follows:

Information on loans and borrowings of joint ventures and associates

				Net book value at 31 December 2022			Net book value at 31 December 2021		
Entity name	% Ownership	% Interest	Maturity	Non-current	Current	Total	Non-current	Current	Total
US$ Project Finance facilities drawn:									
Sonasing Xikomba Ltd	50.00	4.00%	15-05-2026	190	69	259	259	65	325
Normand Installer SA	49.90	Libor + 2.1%	15-02-2023	-	22	22	22	5	27
Loans from subsidiaries of SBM Offshore N.V.[1]				293	7	300	358	-	358
Loans from other shareholders of the joint ventures and associates				341	6	346	333	-	333
Loans from other joint ventures[2]				255	-	255	245	-	245
Net book value of loans and borrowings				**1,079**	**103**	**1,182**	**1,217**	**70**	**1,288**

1 Please refer to note 4.3.16 'Loans to joint-ventures and associates' for presentation of the carrying amount of these loans in the Company's Consolidated Statement of financial position.

2 Mainly loans from the joint ventures SBM Shipyard Ltd to the JV PAENAL - Porto Amboim Estaleiros Navais Ltda.

Aggregated information on joint ventures and associates

	2022	2021
Net result at 100%	(18)	187

Reconciliation equity at 100 % with investment in associates and joint ventures

	2022	2021
Equity at 100%	(18)	104
Partner ownership	141	88
Share in negative net equity reclassification to loans to joint ventures and associates	166	168
Investments in associates and joint ventures	**290**	**361**

4.3.30 INFORMATION ON NON-CONTROLLING INTERESTS

The Company has several jointly owned subsidiaries:

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Aseng Production Company Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng
Gepsing Ltd.	GE Petrol	60.00	Cayman island	Lease & Operate	FPSO Aseng / FPSO Serpentina
Gepsing Ltd - Equatorial Guinea Branch	GE Petrol	60.00	Equatorial Guinea	Lease & Operate	FPSO Aseng / FPSO Serpentina
Brazilian Deepwater Production Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production Contractors Ltd.	Malaysia International Shipping Corporation Behard	51.00	Bermuda	Lease & Operate	FPSO Espirito Santo
Brazilian Deepwater Production B.V.	Malaysia International Shipping Corporation Behard	51.00	The Netherlands	Lease & Operate	FPSO Espirito Santo
Operações Marítimas em Mar Profundo Brasileiro Ltda	owned by Brazilian Deepwater Production Contractors (see information above)	51.00	Brazil	Lease & Operate	FPSO Espirito Santo

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Alfa Lula Alto S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Marica
Alfa Lula Alto Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Alfa Lula Alto S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Marica
Beta Lula Central S.à.r.l.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Luxembourg	Turnkey	FPSO Cidade de Saquarema
Beta Lula Central Holding Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Bermuda	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Beta Lula Central S.à r.l. (Brazilian branche)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	61.00	Brazil	Lease & Operate	FPSO Cidade de Saquarema
Tupi Nordeste S.à.r.l.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Luxembourg	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Operações Marítimas Ltda.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Brazil	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste Holding Ltd.	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	FPSO Cidade de Paraty
Tupi Nordeste S.à r.l. (Brazilian branche)	Nippon Yusen Kabushiki Kaisha; Itochu Corporation	63.13	Bermuda	Lease & Operate	FPSO Cidade de Paraty
Guara Norte S.à.r.l.	Mitsubishi Corporation	75.00	Luxembourg	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Holding Ltd.	Mitsubishi Corporation	75.00	Bermuda	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte Operações Marítimas Ltda.	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	FPSO Cidade de Ilhabela
Guara Norte S.à r.l. (Brazilian branche)	Mitsubishi Corporation	75.00	Brazil	Lease & Operate	FPSO Cidade de Ilhabela
Mero 2 Operacoes Maritima Ltd.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Brazil	Lease & Operate	FPSO Sepetiba
Mero 2 Operacoes Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	Switzerland	Lease & Operate	FPSO Sepetiba
Mero 2 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
Mero 2 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
MERO 2 B.V. (Brazilian Branch)	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	64.50	The Netherlands	Lease & Operate	FPSO Sepetiba
YTSM JV S.A.	CB&I Nederland B.V.	70.00	Switzerland	Lease & Operate	FPSO ONE GUYANA
SBM Nauvata Private Limited	Nauvata Engineering Private Limited	51.00	India	Turnkey	Engineering services
Tamandare Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Almirante Tamandaré
Tamandare B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Almirante Tamandaré

Entity name	Partners	% of ownership	Country registration	2022 main reporting segment	Project name
Tamandare Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	FPSO Almirante Tamandaré
Tamandaré Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	FPSO Almirante Tamandaré
MERO 4 Owning B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Alexandre de Gusmão
MERO 4 B.V.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	The Netherlands	Lease & Operate	FPSO Alexandre de Gusmão
Mero 4 Operations Holding S.A.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Switzerland	Lease & Operate	FPSO Alexandre de Gusmão
Mero 4 Operações Marítimas Ltda.	Mitsubishi Corporation; Nippon Yusen Kabushiki Kaisha	55.00	Brazil	Lease & Operate	FPSO Alexandre de Gusmão

Transaction with non-controlling interests

The US$357 million reported in 4.2.4 Consolidated Statement of Changes in Equity mainly relates to multiple equity contributions from the partners in the subsidiaries Mero 2, Mero 4 and Tamandaré related to respectively *FPSO Sepetiba*, *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*.

Divestments

Mitsubishi Corporation (MC) and Nippon Yusen Kabushiki Kaisha (NYK) have acquired a respective 25% and 20% ownership interest in the special purpose companies related to the lease and operation of the *FPSO Alexandre de Gusmão* and *FPSO Almirante Tamandaré*. This has been accounted as an equity transaction with shareholders.

Information on non-controlling interests (NCI)

Included in the consolidated financial statements are the following items that represent the Company's interest in the revenues, assets and loans of the partially owned subsidiaries.

Figures are presented at 100% before elimination of intercompany transactions.

2022

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	124	57	16	0	0	30	9	93
FPSO Espirito Santo	Brazil	130	66	15	114	114	76	7	45
FPSO Cidade de Marica	Brazil	1,577	1,388	71	793	675	174	-	190
FPSO Cidade de Saquarema	Brazil	1,557	1,405	39	922	820	145	10	202
FPSO Cidade de Paraty	Brazil	1,058	901	58	92	0	126	-	156
FPSO Cidade de Ilhabela	Brazil	1,366	1,201	63	764	720	95	14	185
FPSO Sepetiba	Brazil	2,105	170	28	1,397	1,500	151	-	219
FPSO Almirante Tamandaré	Brazil	1,296	-	41	632	56	663	-	1,019
FPSO Alexandre de Gusmão	Brazil	1,002	-	15	618	62	652	-	880
FPSO ONE GUYANA	Guyana	196	1	0	-	10	190	-	492
Non material NCI		18	4	2	4	3	7	-	0
Total 100%		**10,428**	**5,192**	**347**	**5,335**	**3,959**	**2,309**	**40**	**3,482**

2021

Project name	Place of business	Total assets	Non-current assets	Cash	Loans	Non-current liabilities	Current liabilities	Dividends to NCI	Revenue
FPSO Aseng / FPSO Serpentina	Equatorial Guinea	140	75	3	0	-	33	11	97
FPSO Espirito Santo	Brazil	131	76	9	93	94	48	-	51
FPSO Cidade de Marica	Brazil	1,603	1,435	61	907	839	176	11	200
FPSO Cidade de Saquarema	Brazil	1,555	1,430	25	1,018	962	136	13	198
FPSO Cidade de Paraty	Brazil	1,079	965	27	215	93	158	-	145
FPSO Cidade de Ilhabela	Brazil	1,387	1,247	29	804	764	73	91	191
FPSO Sepetiba	Brazil	1,644	-	24	944	1,066	267	-	484
Non material NCI		38	27	5	5	4	5	0	(0)
Total 100%		**7,578**	**5,255**	**183**	**3,986**	**3,821**	**897**	**127**	**1,367**

Reference is made to note 4.3.23 Borrowings and Lease Liabilities for a description of the bank interest-bearing loans and other borrowings per entity.

The risks associated with interests in subsidiaries, join ventures and associated are described in section 4.3.27 Financial Instruments - Fair Values and Risk Management. The risks identified are deemed to be inherent to the operations of the Company as a whole and includes the risk profiles of interests in other entities.

Included in the consolidated financial statements are the following items that represent the aggregate contribution of the partially owned subsidiaries to the Company consolidated financial statements:

Interest in non-controlling interest (summary)

	2022	2021
Net result	105	72
Accumulated amount of NCI	1,517	957

Reconciliation equity at 100 % with Non-controlling interests on partially owned subsidiaries

	2022	2021
Equity at 100%	4,159	2,860
Company ownership	(2,642)	(1,902)
Accumulated amount of NCI	**1,517**	**957**

4.3.31 RELATED PARTY TRANSACTIONS

During 2022, the Company made equity contributions towards investees related to *FPSO Almirante Tamandaré, FPSO Sepetiba* and *FPSO Alexandre de Gusmão* (combined US$440 million) projects. There were no other major related party transactions requiring additional disclosure in the consolidated financial statements.

For relations with Supervisory Board members, Management Board members and other key personnel reference is made to note 4.3.6 Employee Benefit Expenses.

The Company has transactions with joint ventures and associates which are recognized as follows in the Company's consolidated financial statements:

Related party transactions

	Note	2022	2021
Revenue		16	12
Cost of sales		(17)	(16)
Loans to joint ventures and associates	*4.3.16*	52	51
Trade receivables		70	41
Trade payables		12	16
Lease liabilities		-	(0)

The Company has provided loans to joint ventures and associates such as shareholder loans and funding loans at rates comparable to the commercial rates of interest.

During the period, the Company entered into trading transactions with joint ventures and associates on terms equivalent to those that prevail in arm's-length transactions.

Additional information regarding the joint ventures and associates is available in note 4.3.29 Investment in Associates and Joint Ventures.

4.3.32 INDEPENDENT AUDITOR'S FEES AND SERVICES

Fees included in other operating costs related to PwC, the 2022 and 2021 Company's external independent auditor, are summarized as follows:

in thousands of US$	2022	2021
Audit of financial statements	2,883	2,768
Out of which:		
- invoiced by PwC Accountants N.V.	1,849	1,822
- invoiced by PwC network firms	1,034	946
Tax advisory services by PwC network firms	66	33
Other assurance services	165	136
Total	**3,114**	**2,937**

In both 2022 and 2021, the other assurance services were mainly related to the review of the Company sustainability report. No other non-assurance services were conducted.

4.3.33 EVENTS AFTER END OF REPORTING PERIOD

DIVIDEND

The Company's dividend policy is to maintain a stable dividend, which grows over time. Determination of the dividend is based on the Company's assessment of its underlying cash flow position. As part of the Company's regular planning process, following review of its cash flow position and forecast, the Company proposes to pay out a dividend of US$1.10 per share, equivalent to c.US$200[4] million, to be paid out of retained earnings. This dividend will be proposed at the Annual General Meeting on April 13, 2023. This represents an increase of 10% compared to the US$1 dividend per share paid in 2022.

PRE-FUNDING AGREEMENT

In December 2022 the Company entered into a pre-funding agreement relating to future potential financing of the holding company of *FPSO Cidade de Ilhabela*. In January 2023 the Company received a US$125 million payment in relation to this pre-funding agreement while final funding agreement is expected to be signed during the course of 2023. This transaction is in line with the Company's aim to diversify its sources of debt and equity funding and to accelerate equity cashflow from the backlog.

[4] Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date. The amount disclosed is based on the number of shares outstanding less the treasury shares held at December 31, 2022.

4.4 COMPANY FINANCIAL STATEMENTS

4.4.1 COMPANY BALANCE SHEET

Company balance sheet

Before appropriation of profit	Notes	31 December 2022	31 December 2021
ASSETS			
Investment in Group companies	4.5.1	3,299	2,582
Total financial fixed assets		**3,299**	**2,582**
Deferred tax asset	4.5.2	3	3
Total non-current assets		**3,302**	**2,585**
Other receivables	4.5.3	102	4
Cash and cash equivalents	4.5.4	1	1
Total current assets		**103**	**5**
TOTAL ASSETS		**3,405**	**2,590**
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Issued share capital		48	51
Share premium reserve		1,007	1,034
Treasury shares		(42)	(69)
Legal reserves	4.5.5	1,860	1,211
Statutory reserves	4.5.5	26	-
Retained earnings	4.5.5	48	(48)
Profit of the year	4.4.2	450	400
Shareholders' equity	4.5.5	**3,397**	**2,579**
Provisions	4.5.6	1	0
Total non-current liabilities		**1**	**0**
Other current liabilities	4.5.7	7	11
Total current liabilities		**7**	**11**
TOTAL EQUITY AND LIABILITIES		**3,405**	**2,590**

4.4.2 COMPANY INCOME STATEMENT

Company income statement

For the years ended 31 December	Note	2022	2021
Revenue	4.5.8	5	7
General and administrative expenses	4.5.9	(33)	(36)
Operating profit/(loss) (EBIT)		**(28)**	**(29)**
Other operating expense	4.5.6	(1)	0
Financial expenses	4.5.10	(0)	(0)
Profit/(Loss) before income tax		**(29)**	**(29)**
Income tax (expense)/income		-	-
Result of Group companies	4.5.1	479	429
Profit/(Loss) after income tax		**450**	**400**

4.4.3 GENERAL

The Company financial statements are part of the 2022 financial statements of SBM Offshore N.V. Reference is made to section 4.2.6 General Information for additional details on the Company.

SBM Offshore N.V. costs mainly comprise of management activities and cost of the headquarters office at Schiphol of which part is recharged to Group companies.

PRINCIPLES FOR THE MEASUREMENT OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The stand-alone financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). SBM Offshore N.V. uses the option provided in section 2:362 (8) of the Dutch Civil Code in that the principles for the recognition and measurement of assets and liabilities and determination of result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of SBM Offshore N.V. are the same as those applied for the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. The consolidated financial statements are prepared according to the standards set by the International Accounting Standards Board and adopted by the European Union (referred to as EU-IFRS). Reference is made to the notes to the consolidated financial statements ('4.2.7 Accounting Principles') for a description of these principles.

Investments in group companies, over which control is exercised, are stated on the basis of the net asset value.

Results on transactions, involving the transfer of assets and liabilities between SBM Offshore N.V. and its participating interests or between participating interests themselves, are not incorporated insofar as they are deemed to be unrealized.

4.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

4.5.1 INVESTMENT IN GROUP COMPANIES

The movements in the item Investment in Group companies are as follows:

	2022	2021
Balance at 1 January	2,582	2,567
Loans issued to subsidiary	-	7
Investments net value	**2,582**	**2,574**
Result of Group companies	479	429
Capital contributions	-	5
Capital repayments	(159)	-
Dividends received	(121)	(373)
Other changes[1]	520	(53)
Foreign currency variations	(2)	0
Movements	**717**	**8**
Balance at 31 December	3,299	2,582
Loans issued to subsidiary	-	0
Investments net value at 31 December	**3,299**	**2,582**

1 Mainly relates to Cash flow hedges and transaction with non-controlling interests (please refer to note 4.2.4 'Company's Consolidated Statement of changes in equity).

An overview of the information on principal subsidiary undertakings required under articles 2: 379 of the Dutch Civil Code is given below. The subsidiaries of SBM Offshore N.V. are the following (all of which are 100% owned):

- SBM Offshore Holding B.V., Amsterdam, the Netherlands
- SBM Holding Inc. S.A., Marly, Switzerland
- SBM Holding Luxembourg S.à.r.l, Luxembourg, Luxembourg
- SBM Schiedam B.V., Rotterdam, the Netherlands
- SBM Holland B.V., Rotterdam, the Netherlands
- FPSO Capixaba Holding B.V., 's-Gravenhage, the Netherlands

4.5.2 DEFERRED TAX ASSETS

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. For more details refer to note 4.4.3 General.

A deferred tax asset is recognized for tax losses of the fiscal unity which can be carried forward and are expected to be recovered based on anticipated future taxable profits within the Dutch fiscal unity. Due to a change in tax legislation, as of 2022, the tax losses of the fiscal unity incurred between 2014-2018 can be carried forward indefinitely. Commercially this has not resulted in a different valuation, the deferred tax asset for tax losses brought forward from prior years amounts to US$3 million (2021: US$3 million).

4.5.3 OTHER RECEIVABLES

	31 December 2022	31 December 2021
Trade receivables	0	0
Amounts owed by Group companies	100	3
Other debtors	2	1
Total	**102**	**4**

Other receivables fall due in less than one year. The fair value of the receivables reasonably approximates the book value, due to their short-term character.

As at December 31, 2022 the Company has a receivable due from SBM Holding Inc. S.A. (the cash pool leader of SBM Offshore group) amounting to US$100 million (2021: payable amounting to US$2 million). The lending conditions applied to the outstanding amounts between the cash pool leader and the Company are as follows:

- Fixed fee: The cash pool leader charges a handling fee of 0.075% to the Company; and
- Interest rate: Any receivable and payable balance that is outstanding for more than 90 days is subject to an interest rate of 0.50% (2021: 0.25%). Depending on whether it is a receivable or a payable balance, it will be either in favor of the Company or in favor of the cash pool leader.

Intercompany receivable from group companies outside of the cash pool are free of interest. In respect of repayment, no formal agreements have been made.

4.5.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at SBM Offshore N.V.'s free disposal.

4.5.5 SHAREHOLDERS' EQUITY

The shareholders' equity in the parent company financial statements equals the equity attributable to common shareholders presented in the consolidated financial statements, except for legal and statutory reserves. The currency translation reserve, cash flow hedging reserve, capitalized development expenditure and investees equity non-distributable reserve are legal reserves that are required by Dutch law. Furthermore on the statutory reserves, pursuant to the Company's Articles of Association, a 'Protective Preference Shares' reserve is required to be maintained by the Company.

Legal reserve

	31 December 2022	31 December 2021
Investees equity non-distributable	1,609	1,511
Capitalized development expenditure	109	75
Translation reserve	(102)	(105)
Cash flow hedges	244	(270)
Total	**1,860**	**1,211**

The 'Investees equity non-distributable' legal reserve relates mainly to non-distributable profits generated by the co-owned entities (refer to note 4.3.29 Investment in Associates and Joint Ventures and 4.3.30 Information on Non-controlling Interests). The agreed principle in the applicable shareholders' agreements is that the shareholders shall procure that any available reserves are distributable after paying any expenses due and taking into account co-owned entity and applicable legal requirements. However, as unanimous decision of shareholders agreements in most of the co-owned entities is required to distribute the profits generated, the equity of these entities is classified as a non-distributable reserve under Dutch guidelines for financial reporting. On a regular basis the Company ensures that dividends are approved by the partners and distributed accordingly to the shareholders.

The legal reserve for 'investees equity non-distributable' and 'capitalized development expenditure' are formed by withdrawal from the distributable retained earnings. In the event of depreciation or impairment, the capitalized development expenditure will be reduced by adding it to the retained earnings reserves in the amount of the depreciation or impairment.

If either the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions from the retained earnings cannot be made to the Company's shareholders equivalent to the amount of that negative balance.

Statutory reserve

The Management Board, with the approval of the Supervisory Board, has granted a call option to Stichting Continuiteit SBM Offshore to acquire a number of preference shares. As of October 1, 2022 and with reference to articles 5.5 and 5.6 of the Articles of Association of the Company, a 'Protective Preference Shares' reserve amounting to US$26 million (2021: US$0 million) has been created at the expense of the share premium reserve at the level of the Company. If and when Stichting Continuiteit SBM Offshore would exercise the call option to acquire preference shares, these preference shares may also be paid-up from the reserve of the Company. In addition to the legal reserves, distributions to the Company's shareholders are restricted to the amount of the statutory reserves.

Retained earnings

The 'Retained earnings' also includes the 'IFRS 2 share-based payments' amounting to US$21 million (2021: US$22 million). The 'IFRS 2 share-based payments' granted but still unvested are non-distributable by nature.

The Company's total equity as at December 31, 2022 is US$3,397 million, out of which US$1,860 million relates to legal reserves and US$26 million relates to the statutory reserves (December 31, 2021: Total equity of US$2,579 million out of which US$1,211 million relates to legal reserves and US$0 million to the statutory reserves). For more information on the dividends on common shares, reference is made to note 4.3.12 Dividends paid and proposed.

For an explanation of the shareholders' equity, reference is made to note 4.2.4 Consolidated Statement of Changes in Equity and note 4.3.22 Equity Attributable to Shareholders.

PROPOSED APPROPRIATION OF RESULT

With the approval of the Supervisory Board, it is proposed that the result shown in SBM Offshore N.V. income statement be appropriated as follows (in US$):

Appropriation of result

	2022
Profit/(Loss) attributable to shareholders	450
In accordance with note 4.6.1 to be transferred to the 'Retained earnings'	450
At the disposal of the General Meeting of Shareholders	**-**

It is proposed that US$1.10 per share out of retained earnings is distributed among the shareholders. Please refer to note 4.3.33 Events After End of Reporting Period.

4.5.6 PROVISIONS

On June 21, 2022 the district court in Rotterdam delivered its decision in the case between the Company and the AFM (Dutch Authority for the Financial Markets) relating to certain public disclosures made by the Company in the period from 2012-2014. The court has honored the position of the Company in relation to two disclosures and reduced the fine to US$1 million.

On August 1, 2022 the AFM filed an appeal with the Trade and Industry Appeals Tribunal (College van Beroep voor het bedrijfsleven) against the Rotterdam District Court's ruling in respect of alleged violations 1 and 2 (the principal appeal). On January 5, 2023 SBM Offshore filed its response to the AFM's appeal and additionally, filed an appeal with the Trade and Industry Appeals Tribunal against the Rotterdam District Court's ruling in respect of alleged violations 3 and 4 (the incidental appeal).

4.5.7 OTHER CURRENT LIABILITIES

	31 December 2022	31 December 2021
Trade payables	0	1
Amounts owed to Group companies	-	2
Taxation and social security costs	0	0
Other liabilities	7	8
Total current liabilities	**7**	**11**

The other current liabilities fall due in less than one year. The fair value of other current liabilities approximates the book value, due to their short-term character.

Intercompany payable from group companies outside of the cash pool balances are free of interest. As at December 31, 2022 the Company has a receivable due from SBM Holding Inc. S.A., reference is made to note 4.5.3 Other Receivables for the applicable lending conditions. In respect of repayment, no formal agreements have been made.

4.5.8 REVENUE

The revenue comprises of management fees charged to Group company Single Buoy Moorings Inc. S.A. which is the main EPC contractor.

4.5.9 GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Employee Benefits	(26)	(28)
Other costs	(7)	(8)
Total	**(33)**	**(36)**

The employee benefits include the Management Board remuneration, and recharge of other personnel costs at the headquarters, as well as share-based payments for the entire Group. For further details on the Management Board remuneration, reference is made to note 4.3.6 Employee Benefit Expenses.

The other costs include audit fees, legal, compliance, corporate governance and investor relation costs. For the audit fees reference is made to note 4.3.32 Independent Auditor's Fees and Services.

4.5.10 FINANCIAL EXPENSES

The financial expenses relate mainly to foreign currency results and interest expenses charged by Group companies to SBM Offshore N.V.

4.5.11 COMMITMENTS AND CONTINGENCIES

COMPANY GUARANTEES

SBM Offshore N.V. has issued performance guarantees for contractual obligations to complete and deliver projects in respect of several Group companies, and fulfillment of obligations with respect to long-term lease/operate contracts. Furthermore, the Company has issued parent company guarantees in respect of several Group companies' financing arrangements. Please refer to note 4.3.26 Commitments and Contingencies.

FISCAL UNITY

SBM Offshore N.V. is head of a fiscal unity in which all Dutch entities are included, except for the entities that are held by SBM Holding Inc. S.A. and the joint venture entities. All tax liabilities and tax assets are transferred to the fiscal unity parent, however all members of the fiscal unity can be held liable for all tax liabilities concerning the fiscal unity.

Corporate income tax is levied at the head of the fiscal unity based on the fiscal results allocated by the members to SBM Offshore N.V., taking into account an allocation of the benefits of the fiscal unity to the different members. The settlement amount, if any, is equal to the corporate income tax charge included in the Company income statement.

4.5.12 DIRECTORS REMUNERATION

For further details on the Directors remuneration, reference is made to note 4.3.6 Employee Benefit Expenses of the consolidated financial statements.

4.5.13 NUMBER OF EMPLOYEES

The members of the Management Board are the only employees of SBM Offshore N.V.

4.5.14 INDEPENDENT AUDIT FEES

For the audit fees relating to the procedures applied to SBM Offshore N.V. and its consolidated group entities by accounting firms and an external independent auditor, reference is made to note 4.3.32 Independent Auditor's Fees and Services of the consolidated financial statements.

4.5.15 EVENTS AFTER END OF REPORTING PERIOD

For information about the subsequent events, reference is made to section 4.3.33 Events After End of Reporting Period of the notes to the consolidated financial statements.

Schiphol, the Netherlands
February 22, 2023

Management Board
Bruno Chabas, Chief Executive Officer
Øivind Tangen, Chief Operating Officer
Douglas Wood, Chief Financial Officer

Supervisory Board
Roeland Baan, Chairman
Bernard Bajolet, Vice-Chairman
Ingelise Arntsen
Sietze Hepkema
Hilary Mercer
Cheryl Richard
Jaap van Wiechen

4.6 OTHER INFORMATION

4.6.1 APPROPRIATION OF RESULT

ARTICLES OF ASSOCIATION GOVERNING PROFIT APPROPRIATION

With regard to the appropriation of result, article 29 of the Articles of Association states:

1. When drawing up the annual accounts, the Management Board shall charge such sums for the depreciation of SBM Offshore N.V.'s fixed assets and make such provisions for taxes and other purposes as shall be deemed advisable.
2. Any distribution of profits pursuant to the provisions of this article shall be made after the adoption of the annual accounts from which it appears that the same is permitted. The Company may make distributions to the Shareholders and to other persons entitled to distributable profits only to the extent that its shareholders' equity exceeds the sum of the amount of the paid and called up part of the share capital and the reserves which must be maintained under the law. A deficit may be offset against the statutory reserves only to the extent permitted by law, with the proviso that a deficit shall not be offset against the Protective Preference Shares Reserve.
3. a. The profit shall, if sufficient, be applied first in payment to the holders of Protective Preference Shares in accordance with subparagraph b. of this article 29 paragraph 3.
   b. For Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6, the payment shall be one thousand euro (EUR 1,000) for the aggregate outstanding Protective Preference Shares paid-up in accordance with the provisions of article 5 paragraph 6. In all other instances, the payment shall be a percentage of the compulsory amount paid on the Protective Preference Shares other than in accordance with article 5 paragraph 6 as at the commencement of the financial year for which the distribution is made. The percentage referred to above shall be equal to the average of the Euribor interest charged for loans with a term of twelve (12) months, as published by the administrator of EURIBOR, the European Money Markets Institute (EMMI) or any other person that takes over the administration of EURIBOR, or in absence of EURIBOR as benchmark, another interest benchmark that is officially determined, appointed or recommended as replacement of twelve (12) months EURIBOR by (i) the European Central Bank, or another supervising authority, or in absence of this, (ii) the EMMI, aforementioned or its legal successor(s) - weighted by the number of days for which this interest was applicable - during the financial year for which the distribution is made, increased by at most five hundred (500) basis points. .
   c. If in the course of the financial year for which the distribution is made the compulsory amount to be paid on the Protective Preference Shares has been decreased or, pursuant to a resolution for additional payments, increased, then the distribution shall be decreased or, if possible, increased by an amount equal to the aforementioned percentage of the amount of the decrease or increase as the case may be, calculated from the date of the decrease or from the day when the additional payment became compulsory, as the case may be.
   d. If in the course of any financial year Protective Preference Shares have been issued, the dividend on Protective Preference Shares for that financial year shall be decreased proportionately up to the day of issue, with a part of a month to be regarded as a full month.
   e. If the profit for a financial year is being determined and if in that financial year one or more Protective Preference Shares have been cancelled , the persons who according to the shareholders' register referred to in article 12 at the time of such cancellation were recorded as the holders of these Protective Preference Shares, shall have an inalienable right to a distribution of profit as described hereinafter. The profit which, if sufficient, shall be distributed to such a person shall be equal to the amount of the distribution to which he would be entitled pursuant to the provisions of this paragraph if at the time of the determination of the profits he had still been the holder of the Protective Preference Shares referred to above, calculated on a time-proportionate basis for the period during which he held Protective Preference Shares in that financial year, with a part of a month to be regarded as a full month. In respect of an amendment of the provisions laid down in this paragraph, the reservation referred to in section 2:122 of the Dutch Civil Code is hereby explicitly made.
   f. If in any one financial year the profit referred to above in subparagraph a. is not sufficient to make the distributions referred to in this article, then the provisions of this paragraph and those laid down hereinafter in this article shall in the subsequent financial years not apply until the deficit has been made good.
   g. Further payment out of the profits on the Protective Preference Shares shall not take place.
4. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine each year what part of the profits shall be transferred to the reserves, after the provisions of the preceding paragraph have been applied.
5. The residue of the profit shall be at the disposal of the General Meeting.
6. The General Meeting may only resolve to distribute any reserves, other than the Protective Preference Shares Reserve, upon the proposal of the Management Board, subject to the approval of the Supervisory Board.

4.6.2 CALL OPTION GRANTED TO STICHTING CONTINUÏTEIT SBM OFFSHORE (THE FOUNDATION)

The Management Board, with the approval of the Supervisory Board, has granted a call option to the Foundation to acquire a number of preference shares in the Company's share capital. The protective preference shares can be issued as a protective measure as described in note 3.2.8 Stichting Continuïteit SBM Offshore.

4.6.3 INDEPENDENT AUDITOR'S REPORT

To: the general meeting and the Supervisory Board of SBM Offshore N.V.

Report on the financial statements 2022

Our opinion

In our opinion:

- the consolidated financial statements of SBM Offshore N.V. together with its subsidiaries ('the Group') give a true and fair view of the financial position of the Group as at 31 December 2022 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the Company financial statements of SBM Offshore N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of SBM Offshore N.V., Amsterdam as included in sections 4.2 up to and including 4.5. The financial statements include the consolidated financial statements of the Group and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the following statements for 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The Company financial statements comprise:

- the Company balance sheet as at 31 December 2022;
- the Company income statement for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the Company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of SBM Offshore N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Overview and context

SBM Offshore N.V. serves the offshore oil and gas industry by supplying engineered products, vessels and systems, as well as offshore oil and gas production services. This includes the construction and the leasing and operating of large and complex offshore floating production, storage and offloading vessels (FPSOs). The Group is comprised of several components and, therefore, we considered our group audit scope and approach as set out in the section 'The scope of our group audit'. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition impacts of climate-related risks.

In paragraph 4.2.7 of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant judgements, estimation of uncertainty and the related higher inherent risks of material misstatement in construction contracts, we consider this as key audit matter, as set out in the section 'Key audit matters' of this report.

In 2022, FPSO *Cidade de Anchieta* was shut down from January 22, 2022 until December 17, 2022 following observation of oil near the vessel. As a result of this event and based on the management assessment, an impairment was accounted for in the 2022 year-end results. Given the magnitude of the amounts involved, the complex nature of the impairment assessment and the significant judgements and estimates applied by the management, we considered this as key audit matter as well.

SBM Offshore N.V. assessed the possible effects of climate change and its plans to meet the emissionZERO® commitments on its financial position. In paragraph 1.4.2, 1.4.3 of the annual report and 4.3.27 of the consolidated financial statements, the management board reflects on climate-related risk and opportunities. Management concluded that the climate change has no impact on the carrying amounts of assets and liabilities as of December 31, 2022. It is management's assessment that the future estimates and judgements underlying the carrying amounts of assets or liabilities will be influenced by its response to and assessment of climate related risks. We discussed management's assessment and governance thereof and evaluated the potential impact on the financial position including underlying assumptions and estimates. During the audit we involved our sustainability specialists to assess the climate related risks. Based on our discussions and evaluation as described above, we had no indication that climate change is a key audit matter or that it impacted our key audit matters.

Other areas of focus, that were not considered as key audit matters, were the lease classification of awarded contracts, valuation of finance lease receivables, segment reporting disclosure and accounting for uncertain tax positions. There were also internal control matters identified relating to the IT environment and IT migration to the new ERP system ('IFS') that required additional audit effort, but these were not considered key audit matters.

We ensured that the audit teams at both group and component level included the appropriate skills and competences which are needed for the audit of a Company providing floating production solutions to the offshore energy industry over the full product lifecycle. We included members with relevant industry expertise and specialists in the areas of IT, corporate income tax, valuation, sustainability and employee benefits in our audit team. We also involved forensics specialists in our assessment of fraud risk factors.

The outline of our audit approach was as follows:

Materiality

- Overall materiality: US$30 million

Audit scope

- We conducted audit work in three locations on four components.
- We conducted the group audit from the Netherlands. Site visits were conducted in one country – Monaco. We also held virtual meetings.
- Audit coverage: 100% of consolidated revenue, 99% of consolidated total assets and 91% of consolidated profit before tax.

Key audit matters

- Estimates and judgements in construction contracts
- Estimates and judgements in impairment assessment of FPSO *Cidade de Anchieta*

Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	US$30 million (2021: US$27 million).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 5% of profit before income tax. Our calculated overall materiality, based on the actual results of the company, would be US$33 million. In agreement with the supervisory board, we maintained the level of US$30 million as included in our audit plan.
Rationale for benchmark applied	We used this benchmark and the rule of thumb (%), based on our analysis of the common information needs of users of the financial statements, including factors such as the headroom on covenants and the financial position of the Group. On this basis, we believe that profit before tax is an important metric for the financial performance of the Group.
Component materiality	To each component in our audit scope, we, based on our judgement, allocated materiality that is less than our overall group materiality. The range of materiality allocated across components was between US$27 million and US$21 million.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above US$10 million (2021: US$10 million) for balance sheet reclassifications and US$3.0 million for profit before tax impact (2021: US$2.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

SBM Offshore N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of SBM Offshore N.V.

We tailored the scope of our audit to ensure that we, in aggregate, provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its components, the accounting processes and controls, and the markets in which the components of the Group operate. In establishing the overall group audit strategy and plan, we determined the type of work required to be performed at component level by the group engagement team and by each component auditor.

The group audit focused on two components in Monaco (Turnkey as well as Operations), the treasury shared service center in Marly, Switzerland and one other component (Group Corporate Departments) located in Amsterdam, the Netherlands. The Turnkey as well as Operations components in Monaco were subject to audits of their complete financial information as those components are individually financially significant to the Group.

The processes and financial statement line items managed by the treasury shared service center in Marly, Switzerland, were subject to specified audit procedures. For the Group Corporate Departments component in Amsterdam, the group engagement team performed audit work on specified balances to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	***100%***
Total assets	***99%***
Profit before tax	***91%***

None of the remaining components represented more than 1% of total group revenue or total group assets. For those remaining components we performed, among other things, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

For the components in Monaco and the treasury shared service center in Marly, Switzerland, we used component auditors who are familiar with the local laws and regulations to perform the audit work. The audit was performed both remotely and at client offices. For the key meetings and audit procedures both the group and component engagement teams visited the client offices. For remote audit procedures we used video conferencing and digital sharing of screens and documents.

Where component auditors performed the work, we determined the level of involvement we needed to have in their work to be able to conclude whether we had obtained sufficient and appropriate audit evidence as a basis for our opinion on the consolidated financial statements as a whole.

We issued instructions to the component audit teams in our audit scope. These instructions included amongst others our risk analysis, materiality and the scope of the work. We explained to the component audit teams the structure of the Group, the main developments that were relevant for the component auditors, the risks identified, the materiality levels to be applied and our global audit approach. We had individual calls with each of the in-scope component audit teams both during the year and upon conclusion of their work. During these calls, we discussed the significant accounting and audit issues identified by the component auditors, their reports, the findings of their procedures and other matters, that could be of relevance for the consolidated financial statements.

The group engagement team visited both the Turnkey as well as Operations components in Monaco given the importance of these components for the consolidated financial statements as a whole and judgements involved in the estimates in construction contracts (refer to the respective key audit matter). For the components in Monaco, we reviewed selected working papers of the respective component auditors. For the treasury shared service center in Marly, Switzerland, the group audit team held virtual meetings. We remotely reviewed selected working papers of the respective component auditor.

In addition to the work on the Group Corporate Departments component, the group engagement team performed the audit work on the group consolidation, financial statement disclosures and a number of complex accounting matters at the head office. These included impairment assessments, accounting implication assessments of lease extensions and modifications as well as business combinations, share-based payments, taxes including deferred taxes and uncertain tax provisions and directional reporting as part of the segment reporting disclosures.

By performing the procedures outlined above at the components, combined with additional procedures exercised at group level, we have been able to obtain sufficient and appropriate audit evidence on the Group's financial information, to provide a basis for our opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control. This included the management board's risk assessment process, the management board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the management board and the supervisory board whether they are aware of any actual or suspected fraud.

As part of our process of identifying fraud risks, we, in co-operation with our forensic specialists, evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	*Our audit work and observations*
Management override of controls	
Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: ▪ The appropriateness of journal entries and other adjustments made in the preparation of the financial statements. ▪ Estimates. ▪ Significant transactions, if any, outside the normal course of business for the entity.	Where relevant to our audit, we evaluated the design of the internal control measures that are intended to mitigate the risk of management override of controls and assessed the effectiveness of the measures in the processes generating journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of the segregation of duties. We performed journal entry testing procedures on the following criteria: unexpected account combinations, unusual words, unusual times and unexpected users. In addition, we also tested manual consolidation adjustments. With regard to management's accounting estimates, we evaluated key estimates and judgements for bias, including retrospective reviews of prior year's estimates. We performed substantive audit procedures for the estimates in revenue and construction contracts. Please refer to key audit matters, sections "Key audit matters Estimates and judgements in construction contracts" and "Estimates and judgements in impairment assessment of FPSO *Cidade de Anchieta*". Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition – construction contracts	
Given the listed status of SBM Offshore N.V., the significant shareholdings of management in SBM Offshore N.V. as a result of share-based payment plans and financial targets for management, the complex nature of the Company's construction contracts and the significant judgements and estimates, the revenue recognition of construction contracts was particularly subject to the risk of a material misstatement due to fraud. The determination of the turnkey segment result based on over time recognition is an exercise requiring significant judgement and management could use this estimate in order to manipulate the figures to shift between year(s). Due to this, we deem the risk significant for the cut-off and accuracy assertion for revenue.	Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Company's internal project reviews. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. With respect to the satisfaction of the performance obligations over time and the cut-off and accuracy for individual projects under construction, we examined, discussed, and challenged project documentation on the status, progress and forecasts with management, legal, finance and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Company, subcontractors and clients and responses thereto. In addition, we performed substantive procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, we evaluated whether there were indications of possible management bias. We performed audit procedures in respect to the significant accounting estimates. Please refer to section "Key audit matters". In addition, at the end of the year, we conducted specific substantive audit procedures regarding the cut-off of construction contracts to determine that there were no shifts in results per individual project and/or between the current and next financial year. Finally, we performed journal entry testing procedures on the following criteria: unexpected account combinations. Our audit procedures did not identify any material misstatements in the information provided by management in the financial statements. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – construction contracts.

Identified fraud risks	*Our audit work and observations*
Risk of fraud in revenue recognition – lease and operate	
Although the lease contracts and many of the operate contracts itself specify specific day-rates per vessel and periodic operating fees (and therefore the revenue is very predictable and relatively certain) there are elements in which management could manipulate the lease and operate revenue, such as the recognition of maluses. We consider accuracy, existence and occurrence as assertions relevant for the risk of fraud in revenue recognition for lease & operate revenues.	Where relevant to our audit, we assessed the design of the internal control measures and the effectiveness of these measures in the processes for recording costs and revenues relating to the lease and operate contracts. This includes gaining an understanding of the underlying contracts, malus arrangements and key performance indicators like up- and downtime to determine the possible impact on the revenue recognition. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. With respect to the satisfaction of the performance obligations for individual contracts, we examined, discussed, and challenged SBM Offshore N.V. on the recognition of maluses with management, legal, finance, and technical staff of the Company. We evaluated and substantiated the outcome of these discussions by examining the completeness of recognized claims and maluses by the Company and responses thereto, performing substantive procedures such as obtaining corroborating evidence, evaluation of vessels report. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias. Finally, we performed journal entry testing procedures on the following criteria: unexpected account combinations. Our audit procedures did not identify any material misstatement in the information provided by management in the financial statements. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to revenue recognition – lease and operate.
Risk of bribery and corruption	
The company operates in countries with a higher risk of corruption based on the Corruption Perception Index of Transparency International. For this reason, we paid particular attention to the risk of the payment of bribes by and at the initiative of agents in transactions concluded using agents.	Where relevant to our audit, we assessed the design and effectiveness of the internal control measures with respect to contracts with clients and agents and the review of the work by agents. We concluded that we, in the context of our audit, could rely on the internal control procedures relevant to this risk. We held various meetings with management and other SBM Offshore N.V. staff to discuss the risk of bribery and corruption. Amongst others we spoke to the group compliance and legal director, internal audit director, CFO, COO and CEO. We assessed that no new contracts with agents have been agreed in 2022. In addition, and amongst others we performed the following procedures: ▪ Where applicable, we evaluated minutes of meetings held to identify potential transactions with agents and by agents itself; ▪ Where applicable, we assessed whether the commission is calculated correctly, paid correctly and completely to a bank account held by the agent as well as whether the transactions are at arm's length;

Identified fraud risks	Our audit work and observations
	▪ Evaluated internal audit reports and internal reporting's to the audit committee; ▪ Reviewed whistleblower notifications and follow up procedures by management. Finally, we selected journal entries based on specific risk criteria and performed substantive audit procedures. Our audit procedures did not identify any material misstatement in the information provided by management in the financial statements. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the risk of bribery and corruption.

We reviewed lawyer's letters and correspondence with regulators, where applicable. We incorporated an element of unpredictability in our audit. During the audit we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

Audit approach going concern

As disclosed in paragraph 4.3.27 in the financial statements. Management performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks).

Our procedures to evaluate the management's going concern assessment included, amongst others:

- Considerations whether management's going concern assessment included all relevant information of which we are aware as a result of our audit and inquiring with management regarding management's most important assumptions underlying its going concern assessment;
- Evaluating management's current operating plan including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- Analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- Performing inquiries of management as to its knowledge of going concern risks beyond the period of management's assessment.

Our procedures did not result in outcomes contrary to the management's assumptions and judgements used in the application of the going concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

In current year, we considered that "Complex lease accounting" was not a key audit matter, as the Group did not incur complex lease transactions that required significant judgements in the application of lease accounting from a lessor perspective by management.

Key audit matter	*Our audit work and observations*
Estimates and judgements in construction contracts *Note 4.2.7 and 4.3.3 to the consolidated financial statements* The accounting for contracts with customers under IFRS 15 'Revenue from contracts with customers' is complex and dependent on the specific arrangements between the Group and its clients as agreed upon in the contracts. Given the unique nature of each separate project and contract, management performed a contract analysis on a case-by-case basis to determine the applicable accounting and revenue recognition. Significant management judgement applied in identifying the performance obligations and determining whether they are distinct, the method of revenue recognition as either point in time or over time, contract modifications and variable consideration, are complex and subjective. Based on our risk assessment the most critical and judgemental estimates to determine satisfaction of the performance obligations over time is the estimate of the cost to complete and the measurement of progress towards complete satisfaction of the performance obligation, including the subjectivity and estimation uncertainty in the assessment of remaining risks and contingencies that a project is or could be facing. In 2022 the Group continued to face COVID-19, global macroeconomic turmoil and operational challenges. These include price inflation of materials and services, yard closures and supplier capacity constraints. The degree to which these challenges influenced the cost to complete varied from project to project and can be significant. Given the magnitude of the amounts involved (US$3.5 billion of turnkey revenue and US$5.7 billion of construction work-in-progress), the complex nature of the Company's construction contracts and the significant judgements and estimates, these areas were particularly subject to the significant risk of misstatement related to either error or fraud. Based on the above considerations we considered this area to be a key audit matter.	We assessed whether the satisfaction of the performance obligations to be recognized as revenue recognition should be as either point in time or over time. We performed look-back procedures as part of our risk assessment procedures by comparing the estimates included in the current projects with past projects of similar nature and previous estimates of the same project, as this provides insight in the ability of management to provide reliable estimates. The outcome of these look-back procedures confirmed our understanding and risk assessment related to project estimates. We gained an understanding of processes, evaluated and tested the relevant controls the Group designed and implemented within its process to record costs and revenues relating to construction contracts. This includes project forecasting, measurement of the progress towards complete satisfaction of the performance obligation to determine the timing of revenue recognition and the Group's internal project reviews. We found that we, in the context of our audit, could rely on these internal control procedures. With respect to the satisfaction of the performance obligations over time we examined project documentation on the status, progress and forecasts of projects under construction and discussed and challenged those with management, finance and technical staff of the Group. We evaluated and substantiated the outcome of these discussions by examining modifications of contracts, where applicable, such as claims and variation orders between the Group, subcontractors and clients and responses thereto. In addition, we performed procedures such as a detailed evaluation of forecasts and ongoing assessment of management's judgement on issues, evaluation of budget variances and obtaining corroborating evidence, evaluation of project contingencies and milestones and recalculation of the progress towards complete satisfaction of the performance obligation. In addition, as part of our substantive audit procedures we evaluated whether there were indications of possible management bias. Our audit procedures did not indicate material findings with respect to the estimates and judgements in construction contracts.
Estimates and judgements in impairment assessment of FPSO Cidade de Anchieta *Note 4.2.7 and 4.3.13 to the consolidated financial statements* The assessment of impairment under IAS 36 "Impairment of Assets" requires a detailed analysis and is dependent on multiple significant management judgements and estimates, that are applied in determination of asset's value in use. In 2022, FPSO *Cidade de Anchieta* was shut down from January 22, 2022 until December 17, 2022 following observation of oil near the vessel. A repair program has been implemented to repair the 4 tanks required for the safe restart of the vessel as well as for the repair of other tanks for which work will continue at least until the end of 2023.	We assessed management's accounting paper on the impairment calculation and related assumptions for the FPSO *Cidade de Anchieta*. As part of our evaluation of the accounting paper we performed the following: ▪ reconciliation of the estimates applied in the impairment calculation to underlying documents such as contracts and historical information; ▪ accuracy of the impairment model applied.

Key audit matter	*Our audit work and observations*
Management prepared an impairment assessment analysis and concluded that the total expected cost of repairs will result in an adverse cash flow. An impairment of US$92 million was accounted for in the 2022 year-end results. Based on our risk assessment the most critical and judgemental estimates to determine value in use of FPSO *Cidade de Anchieta* are related to: ▪ Recoverability of insurance claims (cash inflow). ▪ Expected repair costs for the remaining tanks (cash outflow). ▪ Timing of the related cash in- and outflows. We consider this area to be a key audit matter given the magnitude of the amounts involved, the complex nature of the impairment assessment and the significant judgements and estimates applied by the management.	In addition, we performed substantive audit procedures to substantiate the impairment calculation: ▪ the appropriate application of IAS 36; ▪ substantive testing of the relevant cash outflows and timing thereof, amongst others: testing of the historical repair costs in relation to the expected repair costs for the remaining tanks; ▪ substantive testing of the relevant cash inflows and the timing thereof, amongst other: reconciliation to underlying contracts; ▪ evaluated whether there were indications of possible management bias, and; ▪ reviewed the sensitivity analysis prepared by management. Our audit procedures did not indicate material findings with respect to the estimates and judgements made in impairment assessment.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 and regarding the remuneration report required by the sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 and section 2:135b subsection 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were nominated as auditors of SBM Offshore N.V. on 13 November 2013 by the Supervisory Board and appointed through the passing of a resolution by the shareholders at the annual meeting held on 17 April 2014. Our appointment has been renewed on 7 April 2021 for a period of three years by the shareholders. Our appointment represents a total period of uninterrupted engagement of nine years.

European Single Electronic Format (ESEF)

SBM Offshore N.V. has prepared the annual report, including the financial statements, in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the (partially) marked-up consolidated financial statements, as included in the reporting package by SBM Offshore N.V., complies, in all material respects, with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the management board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion on whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:
- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

Services rendered

The services, in addition to the audit, that we have provided to the Company or its controlled entities, for the period to which our statutory audit relates, are disclosed in note 4.3.32 to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the Company's ability to continue as a going-concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The management board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 22 February 2023
PricewaterhouseCoopers Accountants N.V.

A.A. Meijer RA

Appendix to our auditor's report on the financial statements 2022 of SBM Offshore N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect, we also issue an additional report to the audit committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

4.7 KEY FIGURES

Key IFRS financial figures

	2022	2021	2020	2019	2018
Turnover (US$ million)	**4,913**	3,747	3,496	3,391	2,240
Results (US$ million)					
Net profit/(loss) (continuing operations)	**555**	472	327	511	344
Dividend	**200**[1]	178	165	150	75
Operating profit (EBIT)	**1,020**	734	605	742	603
EBITDA	**1,209**	823	1,043	1,010	838
Underlying Operating profit (EBIT)	**1,020**	739	692	767	607
Underlying profit attributable to shareholders	**450**	405	277	391	247
Shareholders' equity at 31 December	**3,397**	2,579	2,556	2,748	2,634
Capital employed	**13,142**	10,470	8,956	8,217	7,617
Net debt	**7,881**	6,681	5,209	4,416	3,818
Capital expenditure	**151**	49	75	68	40
Depreciation, amortization and impairment	**189**	88	439	268	235
Number of employees (average)	**5,259**	4,797	4,507	4,259	4,103
Employee benefits	**740**	669	614	575	519
Ratios (%)					
Shareholders' equity / (total assets -/- current liabilities)	**28**	26	30	32	32
Current ratio (current assets / current liabilities)	**252**	201	149	137	128
Return on average capital employed	**8.6**	7.6	8.1	9.7	7.6
Return on average shareholders' equity	**15.1**	15.8	10.5	14.5	9.6
Operating profit (EBIT) / net turnover	**20.8**	19.6	17.3	21.9	26.9
Net profit/(loss) / net turnover	**11.3**	12.6	9.4	15.1	15.3
Net debt / total equity	**160**	189	150	122	106
Enterprise value / EBITDA	**10.1**	12.5	9.3	8.9	9.4
Information per Share (US$)					
Net profit/(loss)[2]	**2.53**	2.18	1.00	1.84	1.04
Dividend	**1.10**[3]	1.00	0.89	0.81	0.37
Shareholders' equity at 31 December	**18.80**	14.28	13.55	13.83	12.81
Share price (EUR)[4]					
- 31 December (2022: 30 December)	**14.66**	13.10	15.57	16.59	12.93
- highest close	**15.65**	16.33	17.30	18.35	16.81
- lowest close	**12.07**	11.85	10.35	12.80	10.72
Price / earnings ratio	**6.3**	6.7	18.9	10.1	14.4
Number of shares outstanding (x 1,000)	**180,671**	180,671	188,671	198,671	205,671
Market capitalization (US$ million)	**2,825**	2,680	3,604	3,703	3,044
Volume of traded shares (x 1,000)	**122,922**	172,550	231,004	223,570	269,134
New shares issued in the year (x 1,000)	**-**	-	-	-	-

1 Based on the number of shares outstanding less the number of treasury shares held at year-end times the dividend per share. Total dividend amount depends on number of shares entitled to dividend as of Ex-dividend date.

2 Calculated based on weighted average shares outstanding

3 The dividend that will be proposed to the Annual General Meeting to be paid out in 2023

4 Source: Euronext data on share prices, market capitalization and volume of traded shares

Key Directional financial figures

	2022	2021	2020	2019	2018
Turnover (US$ million)	**3,288**	2,242	2,368	2,171	1,703
Lease and Operate	**1,763**	1,509	1,699	1,315	1,298
Turnkey	**1,525**	733	669	856	406
EBIT (US$ million)	**392**	366	254	418	533
Lease and Operate	**484**	452	438	369	418
Turnkey	**(12)**	(1)	(100)	25	225
Other	**(80)**	(85)	(83)	23	(109)
EBITDA (US$ million)	**1,010**	849	1,021	921	995
Net Profit (US$ million)	**115**	122	39	235	301

TRUE.
BLUE.
TRANSITION.

CHAPTER 5
NON FINANCIAL INFORMATION

5 NON-FINANCIAL INFORMATION

5.1 SCOPE OF NON-FINANCIAL INFORMATION

5.1.1 REPORTING ABOUT NON-FINANCIAL INFORMATION

This annual report has been prepared in accordance with the latest GRI Standards, the revised 2021 Universal Standards. SBM Offshore has used the GRI Standards to determine material aspects for this year's Annual Report. SBM Offshore has expanded the number of KPIs from 'text claim' to limited assurance, most notably related to Human Rights and Retaining and Developing Employees.

5.1.2 MATERIALITY METHODOLOGY

SBM Offshore conducts a materiality analysis according to the GRI Standards in order to include the topics in the Annual Report that can reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders.

For SBM Offshore, it is critical to understand the context of the Company and the interest SBM Offshore's stakeholders take and the impact SBM Offshore has on them, the environment and society. This understanding is raised through continuous dialogue and through SBM Offshore's Materiality Analysis. Insight is obtained through materiality interviews and risk identification, which aim to validate SBM Offshore's strategy and derive an updated overview of topics with high stakeholder interest and impacts (Material Topics).

UPDATE MATERIAL TOPICS

SBM Offshore conducted the following steps to assess the material topics, in order to ensure that the Annual Report contains the level of information required by stakeholders.

- Step 1: Stakeholder Map and Long Listing of Topics
- Step 2: Short Listing of Topics with SBM Offshore Stakeholder Group Owners
- Step 3: Stakeholder Interviews and Surveys
- Step 4: Analysis and Reporting
- Step 5: Action for Strategy and Planning

As part of Step 1, SBM Offshore considered frameworks such as GRI and SASB and looked at peers, clients and best practice. The basis for identifying and selecting stakeholders for engagement during this process resides in the importance of these stakeholders to SBM Offshore and their interest in the SBM Offshore's activities. Above includes Management Board approval process as part of Step 4.

PROCESS

Every four years, SBM Offshore executes a revision of its Materiality Analysis. This was done in 2020. In the years in between, SBM Offshore conducts interviews based on the same list of key and material topics, asking stakeholders for changes in rankings and for any potential additional topics emerging.

In 2022, SBM Offshore applied GRI 2021 guidance to ensure even better understanding of the context surrounding the company, including economic, environmental and societal impacts. The following steps were taken to ensure this.

- Understanding of SBM Offshore's context – as per strategic planning process, leveraging external economic sources and leveraging existing guidance on potential environmental and societal impacts inherent to the industry.
- Engagement with key stakeholders and senior management to revalidate areas of impact (as per materiality process).
  - For stakeholders this was done through video calls with the same stakeholders as in 2021. In these meetings, topic rankings from 2021 were discussed to feed prioritization. Stakeholders were asked for any additional topics emerging in the past year, which was not the case.
  - Senior engagement was performed in two meetings, discussing and validating the list of areas and mapping them based on impact on economics, environment and society.
- A workshop with risk management to validate the potential positive and adverse impacts with identified risks for each of the material topics.
- Validation of disclosures with senior management as part the Annual Report.

The outcomes of these steps are explained in section 1.2.2 . As in previous years, material topics are key inputs to strategy planning and target setting for the business – definitions and indicators are explained in the tables below.

Material Topics definitions (alphabetical order)

Digitalization	Develop secure digital applications to generate new business, improve operational excellence and reduce cost base through process redefinition, IT integration, IT infrastructure and development of digital services.
Economic performance	Economic value generated by considering total lifecycle and operating costs in order to be able to distribute to stakeholders, including employees, shareholders and capital providers.
Emissions	Manage scope 1, 2 and 3 emissions (GHG and Non-GHG emissions, such as methane, NOx, SOx emissions, etc.) to reduce them as much as possible.
Employee health, safety and security	Providing a safe, secure and reliable work environment for all employees, promoting good health, adequately protecting them from infectious diseases and providing a secure work environment.
Energy transition	Maintain leading market position throughout the energy transition, through portfolio management, sustainable development and adaptation to external trends.
Ethics and compliance	Being a trustworthy organisation by complying with rules, regulations and SBM Offshore's code of conduct, including anti-corruption policies, procedures and mechanisms.
Human Rights	Providing a work environment for employees in which basic human rights for all employees are respected and maintained. Ensure social dialogue with regards to labor conditions and impacts on communities.
Innovation	Development of new technologies, particularly low and non-carbon technologies, to maintain a leading position and support the energy transition.
Market positioning	SBM Offshore's position in the market and global presence, engaging in emerging markets, adapting to present and future market developments and product differentiation.
Operational excellence and quality	Achieving operational excellence and delivering projects and operations safely, on time and at high quality in all areas of SBM Offshore's business and supply chain.
Retaining and developing employees	Providing a healthy work environment for employees, with training and education, regular performance feedback and enabling them to grow through SBM Offshore with meaningful employment.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Digitalization	1. % increase of data signals	1. The number of signals captured that are uploaded in SBM Offshore's Operational Intelligence and Performance Optimization Center, compared against previous year. The scope of this KPI includes active FPSOs and excludes projects under construction, Thunder Hawk (no operation services from SBM Offshore) and *FPSO Serpentina* (not a downstream leased asset).
Economic performance	1. Underlying EBITDA in US$ million 2. Return to shareholders in US$ million	1. US$ million Earnings Before Interest, Tax, Depreciation and Amortization – Directional. 2. The amount of dividends and share repurchase amounts per year.
Emissions	1. MMSCF/D Average Flaring 2. Scope 1, 2 and 3 GHG emissions 3. GHG emissions intensity 4. GJenergy use 5. Other significant air emissions *(non-GHG emissions)* 6. Oil in water discharge to % below IOGP average	1. The volumes of gas flaring in scope 3 – Downstream Leased Assets – Standard Cubic Feet (per day). 2. Greenhouse Gas emissions for the various scopes in CO_2 equivalents 3. GHG in tonnes per million tonnes of oil and gas production (scope 3 – Downstream Leased Assets). 4. Energy consumption in Gigajoules (GJ). 5. Non-Greenhouse Gas emissions, which are CO (Carbon Monoxide), NOx (Nitrogen Oxides), SO_2 (Sulfur Dioxide) and VOCs (Volatile Organic Compounds), in tonnes per million tonnes. 6. Oil in Produced Water per hydrocarbon production in tonnes per million tonnes. (This KPI applies to the units operated by SBM Offshore which are part of the CSR scope (i.e. *FPSO Serpentina* and Thunder Hawk are excluded).

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Employee health, safety and security	1. Total Recordable Injury Frequency Rate (TRIFR) 2. Fatalities as a result of work-related injury 3. Rate of Lost Time Injuries (LTI)	1. Recordable work-related injuries/exposure hours. 2. Fatalities are cases that involve one or more persons who died as a result of a work-related incident. 3. An injury sustained by an employee that leads to loss of productive work in the form of absenteeism or delays.
Energy transition	1. % EU Taxonomy eligible R&D	1. R&D expenditure by Group Technology on EU Taxonomy eligible activities, divided by the total R&D expediture.
Ethics and compliance	1. % completion of Compulsory Compliance Tasks 2. # of reports received under SBM Offshore's Integrity Reporting Policy 3. # of confirmed cases of corruption	1. The percentage of targeted employees that completed compulsory tasks (excl. Paenal workforce). 2. The number of reports received under SBM Offshore's Integrity Reporting Policy. 3. The number of corruption cases confirmed.
Human Rights	1. % of key project personnel trained 2. % of vendors who have been screened on human rights questionnaire 3. % of vendors signing supply chain charter 4. # of yards that have completed desktop screening 5. # of worker welfare audits 6. % e-Learning completion	1. The total number of key project personnel trained divided by total key project personnel. Key Project Personnel are personnel with the following functions: Commissioning and Completions Manager, Contracts Manager, Delivery manager – Mooring, Delivery Manager – Topsides, Delivery Manager – Vessel, Delivery Manager Topsides Brazil, HSSE Manager, Project Construction Manager, Project Director, Project Manager, Topsides Construction Manager. Additional key positions included are any contractors for key personnel positions and additional members of the HSSE team. The total list of Key Project Personnel is based on the list provided by the GRS system and people who joined prior to October 31, 2022. 2. The percentage of vendors that have been screened with the human rights questionnaire. For high-risk vendors assessment of risk is based on specific criteria, e.g. country risk, as well as expert judgement from within SBM Offshore. 3. The percentage of vendors qualified that signed SBM Offshore's supply chain charter (qualified vendors between 1-1-2020 to 31-12-2022). 4. The number of yards that have completed desktop screening (desktop screenings have to be assessed by SBM Offshore in 2022 related to prospect yards). 5. The number of worker welfare audits (worker welfare audit has to be completed in 2022 and that it relates to yards with ongoing activities). 6. The percentage of targeted employees who have completed a human rights e-learning course (based on all onshore staff and offshore leadership staff employed at year-end).
Innovation	1. # of Technology Readiness Level (TRL) qualifications 2. # of innovations reached TRL 4	1. The number of technologies that progressed in SBM Offshore's qualification process. 2. The number of innovations that have reached market readiness.
Market positioning	1. # of FPSO Projects under construction 2. # of assets in the fleet 3. Directional pro-forma backlog in US$ billion 4. Sustainability performance	1. The number of projects under construction. 2. The number of assets under lease and/or operation. 3. Backlog is the undiscounted revenue over the firm portion of the contracts. 4. Target achievement versus SDG-linked objectives and rankings in ESG ratings: S&P Global Rating.
Operational excellence and quality	1. % Uptime 2. # of significant operational fines 3. Certifications	1. The percentage of hours an asset is operating compared with total hours of operation. This does not include planned maintenance and shutdown. The uptime for FPSO *Liza Unity* has been included from July onwards. 2. The number of significant operation fines of a regulatory and/or administrative nature which exceed US$500,000. 3. The completion of certifications for assets and operations, including ISO9001, ISO14001, OHSAS 18001/ISO 45001, ISM, ISPS, CLASS.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Retaining and developing employees	1. Gender pay gap 2. % under collective bargaining 3. # of new hires 4. # of average training hours 5. Employee turnover rate (%) 6. % of performance appraisals completion	1. The average compa-ratio female/average compa-ratio male. 2. The percentage of SBM Offshore employees (direct hires, no contractors) covered by collective bargaining agreements. 3. Total number and rate of new employee hires during the reporting period, by age group, gender and region. 4. The average number of total training hours per employee in the current year. 5. The number of employees who have left SBM Offshore in the current year (between January 1 and December 31 of the current year) compared with the aggregate of the headcount on December 31 of the previous year and December 31 of the current year; divided by 2, with the result multiplied by 100. 6. The percentage of perfomance appraisals completed for permanent, temporary (only from Brazil and the Netherlands) and JV staff (apart from *FPSO Kikeh*) of all employees that joined SBM Offshore before October 1, 2021 and were still with SBM Offshore on December 31, 2021 (5.2.4).

5.1.3 STAKEHOLDER ENGAGEMENT

SBM Offshore maintains open and active engagement with its external stakeholders through regular business interactions, including the Annual General Meeting, analyst and investor roadshows/meetings, analyst webcast presentations, press releases, website updates, surveys and desktop research.

The feedback obtained during the Materiality Analysis, explained in section 1.2, forms a key element of the backbone of SBM Offshore's stakeholder engagement program. The program is complemented by other interactions with stakeholders, in order to validate findings, and the feedback received feeds into management's approach to Materiality and long-term value creation.

Would you like to participate in SBM Offshore's 2022 Stakeholder Engagement or provide feedback for the 2022 Stakeholder Engagement? Please write to SBM Offshore at sustainability@sbmoffshore.com.

5.1.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

MANAGEMENT APPROACH

Mitigating the impacts of climate change while meeting the needs of the future by facilitating the energy transition are key for SBM Offshore. The Climate Change Risk and Opportunity assessment is embedded in the portfolio of the COO and CFO. The Global Sustainability Director – who reports into the COO-line – prepares Climate Change scenarios and the Group Risk & Control Manager – ultimately reporting to the CFO – embeds Climate Risks and Opportunities into SBM Offshore's risk management processes and systems. This has been done with risk management professionals and SBM Offshore's Group Strategy and Sustainability teams first, followed by validation with business owners and the Risk Assurance Committee. Any financial impacts identified in the process are disclosed in chapter 4 of this report.

Frameworks from the TCFD have been used to structure the assessment, more specifically, the TCFD's Technical Supplement. SBM Offshore has applied the following steps:

1. Ensuring Governance to integrate Climate Change Scenario analysis into Strategic Planning and Enterprise Risk Management.
2. Assessment of the Materiality of Climate Change-related risks and opportunities with business and functional experts.
3. Identification and definition of the range of Climate Change scenarios.
4. Evaluation of business impact per scenario together with business owners.
5. Identification of potential responses.
6. Documentation in a Climate Change outcome presentation and embedding in SBM Offshore's ERM system as well as Disclosure as per this Annual Report and internal presentations.

The outcome is used to future-proof the current strategy against Physical and Transitional Climate Change-related risks and opportunities. Identified risks and opportunities are embedded in SBM Offshore's Risk Management approach, explained in section 3.6 and SBM Offshore's Strategic Planning processes.

RISK MANAGEMENT

Climate Change risks and opportunities are identified and assessed against SBM Offshore's strategy in SBM Offshore's risk breakdown structure. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations that are part of SBM Offshore's portfolio. The Group Risk Manager facilitates the process of bottom-up Climate Change risk reporting to the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the review in the RAC results in heat-maps of risks, which are presented in a quarterly Risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board alongside the measurement of SBM Offshore's Risk Appetite Statements and the latest Risk profile.

SCENARIO PLANNING

SBM Offshore has defined two Climate Change scenarios to future-proof current strategy and take subsequent action based on IEA and IPCC data:

1. A **Steady** Climate Change Scenario based on the IEA's Stated Policy Scenario (STEPS) and the IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have a positive impact on climate change, but falls short of meeting Paris Agreement goals.
2. A **Bold** Climate Action Scenario based on theIEA's net-zero Emissions (NZE) scenario and the IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for strong commitment towards targets as per the Paris Agreement.

5.1.5 EU TAXONOMY DISCLOSURE

The following disclosures are excluded from auditor assurance.

At this point, EU regulation is effective for objectives on climate change mitigation and climate change adaptation, with further delegated acts to be published at a later stage. SBM Offshore is strongly committed to facilitating the Energy Transition. This is evidenced by the Material Topics of Energy Transition, Emissions and Innovation. Objectives and performance for these topics are explained in sections 2.1.7 , 2.1.9 and 2.1.10. The following disclosures are excluded from independent auditor assurance.

EU TAXONOMY ELIGIBILITY

The evaluation of the eligibility of SBM Offshore's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 KPIs, which are Turnover, CAPEX and OPEX. It was performed through a methodological approach consisting of:

1. extracting the total denominator for the 3 KPIs from the financial reporting and consolidation system used to prepare 2022 IFRS consolidated financial statements,
2. identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
3. documenting and assessing for each of those economic activities their 'eligibility' for the first two environmental objectives: 'Climate Change Mitigation' and 'Climate Change Adaptation' included in the EU taxonomy, in order to determine the numerator of each of the 3 KPIs.

- **Turnover** considered for this analysis covers all the business activities of SBM Offshore as at December 31, 2022 and the denominator can be reconciled with the 2022 IFRS Total revenue recognized pursuant to IAS1 and disclosed in note 4.3.2 of the consolidated financial statements. It consists of the Revenues from Turnkey and Lease and Operate activities. A considerable part of this business relates to services to the industry of oil and gas extraction. Even if this part of SBM Offshore's business is addressing the net-zero path – e.g. through decarbonization and digitalization – it cannot be considered eligible for the EU Taxonomy as it is today. The only eligible part of the Turnover therefore relates to SBM Offshore's renewable energy products and services (EU Taxonomy activity: Manufacture of renewable energy technologies).
- **CAPEX** consists of additions to tangible and intangible assets during the financial year 2022 considered before depreciation, amortization and any re-measurements recognized by SBM Offshore pursuant to IAS16, IFRS16 and IAS38. The denominator can be reconciled with the sum of the lines 'Additions' disclosed in notes 4.3.13 and 4.3.14 of the consolidated financial statements. The majority of CAPEX is associated with services to the industry of oil and gas extraction and is therefore non-eligible for the EU Taxonomy – even if part of the CAPEX improves the energy efficiency and emissions profiles of these activities. The eligible part of CAPEX comes mainly from capitalized cost of the Wave Energy Converter, explained in section 2.1.9 and sustainability investments in offices (EU Taxonomy activities: Close to market research, development and innovation and installation, maintenance and repair of energy-efficient equipment).
- **OPEX,** according to the EU Taxonomy, is determined by the direct non-capitalized costs of research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third-party outsources that are necessary to ensure the continued and effective functioning of such assets (EU Taxonomy activity: Close to market research, development and innovation).

The economic activities identified currently contribute to one environmental objective being climate change mitigations, but would they contribute to several environmental objectives than the numerator would only take into account the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

Maintenance and repair costs covering operating leased FPSOs is a service provided by SBM Offshore to its lessees. These expenses are direct 'cost of sales' (reported as such in the Consolidated Income Statement under IFRS) related to services already included in Turnover KPI as revenue from contracts with customers. To avoid double counting, these 'cost of sales' are therefore not included in the OPEX KPI.

The eligible part of OPEX relates mainly to R&D activities into non-carbon solutions as explained in section 2.1.9. Other items are non-capitalized investments into increased energy efficiency of office buildings.

Table 1 provides the basis for the numerator and denominator of EU Taxonomy eligibility and alignment for respectively Turnover, CAPEX and OPEX, whereas Table 2 shows the actual KPI related to the EU Taxonomy eligible activities.

Table 1 – KPI definitions

	Turnover	CAPEX	OPEX
Eligible Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU Taxonomy-eligible economic activities.	Capital expenditure that is related to assets or processes associated with the EU Taxonomy-eligible activities.	Operating expenditure that is related to assets or processes associated with the EU Taxonomy-eligible activities.
Aligned Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU Taxonomy-aligned economic activities.	Capital expenditure that is related to assets or processes associated with the EU Taxonomy-aligned activities, part of the 'CAPEX-plan' below, or related to the purchase of output from EU Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS related to assets or processes associated with the EU Taxonomy-aligned activities, including training and other human resources adaptation needs and direct non-capitalized costs that represent research and development, part of the 'CAPEX-plan' or related to the purchase of output from EU Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual renovation measures, provided that such measures are implemented and operational within 18 months.
Denominator	Revenues recorded in the Consolidated Income Statement under IFRS as per Revenue Accounting policy described in section 4.2.7 of the consolidated financial statements.	Additions to tangible and intangible assets recorded in the Consolidated Statement of Financial Position under IFRS during the financial year, considered before depreciation, amortization and any re-measurements.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to R&D, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as Cost of Sales), and any other direct expenditures relating to the day-to-day servicing of assets of PP&E.

There is no CAPEX or OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures included in numerator of CAPEX or OPEX.

Table 2 – EU Taxonomy Eligibility

	Turnover		CAPEX		OPEX	
	2022	2021	2022	2021	2022	2021
Taxonomy-Eligible Activities (%)	0.5	1.0	0.5	0.2	43	30.5
Taxonomy-Non-Eligible Activities (%)	99.5	99.0	99.5	99.8	57	69.5
Total (in millions of US$)	4,913	3,747	151	59	41	41

The key changes between 2022 and 2021 are explained by an increase in overall turnover reducing the relative eligible turnover. Increases in eligible CAPEX and OPEX improved the absolute and relative KPI's for eligible activities.

EU TAXONOMY ALIGNMENT

The above-mentioned activities have been screened for alignment with the EU Taxonomy along the following topics:

1. Significant contribution to environmental objectives
2. Do No Significant Harm Principles (DNSH)
3. Minimum Social Safeguards (MSS)

Significant contribution to environmental objectives

As per Taxonomy – Annex 1 – Climate Change Mitigation – the activity 'Manufacture of renewable energy technologies' is mentioned to comply, stating 'The economic activity manufactures renewable energy technologies'.

For the associated R&D activities (Close to market research, development and innovation) – SBM Offshore considered the following relevant as the R&D:

- Provides for products dedicated to one or more economic activities defined in Annex 1 – Climate Change Mitigation.
- Enables renewable energy solutions to meet the criteria for substantial contribution to climate change mitigation, while doing no significant harm to other environmental objectives. This has been assumed for the R&D that enables and improves products currently under construction and/or with turnover – i.e. Floating Offshore Wind and Wave Energy.
- Delivers products that allow new energy solutions to substantially improve their technological and economic feasibility in order to facilitate their scaling up.
- Is focused on the development of equally low- or lower-emission products at lower cost. This is the case as SBM Offshore is investing in leaner versions of Floating Offshore Wind and Wave Energy Converters that have zero mechanical parts, hence lowering the cost of maintenance and failure offshore.
- Enables activities for which SBM Offshore or its clients already have permits from competent authorities – i.e. the Floating Offshore Wind project and the Wave Energy Converter demonstrator currently under construction.

The activity 'installation, maintenance and repair of energy efficient equipment' (Activity 7.3) has a significant contribution due to installation of low water and energy use kitchen and sanitary water fittings, which comply with technical specifications set out in Appendix E of Annex 1, Climate Change Delegated Act.

Do No Significant Harm Principles (DNSH)

For the manufacture of renewable energy technologies, SBM Offshore has assessed the DNSH principles of its eligible activities, analyzing impacts and mitigations for Climate Change Adaptation, Water and Marine Resources, Biodiversity and Ecosystems, Transition to Circular Economy and Pollution Prevention and Control. Whilst SBM Offshore feels confident it meets the requirements for alignment, action needs to be taken to further engage with clients and the supply chain to fully understand the quality of mitigating measures for pollution; for example, the certification of sourced products to meet certain requirements under Pollution Prevention.
As the 'Close to market research, development and innovation' activity is looking to improve the technologies currently deployed in FOW and WEC projects, SBM Offshore assumes this activity meets the DNSH principles, and is aiming to align any EU Taxonomy-eligible products currently in R&D stages.

For the activity 'Installation, maintenance and repair of energy efficient equipment', SBM Offshore has accepted non-alignment at this stage, due to the complexity of the assessment compared to the materiality of the topic. CAPEX in this field represents a small portion of the subsequent KPI, at the same time, procurement is done with reputable suppliers, leading to a low risk of doing significant harm to the topics mentioned above.

Minimum Social Safeguards (MSS)

There are no convictions or ongoing cases in 2022. SBM Offshore has policies, processes and systems in place that focus on compliance with human rights, labor rights, taxation, fair competition and anti-corruption. This is explained further in sections 2.1.1, 2.1.3 , 5.2.4 and on SBM Offshore's ESG website. As part of EU Taxonomy alignment, an assessment has been conducted of these processes on:

1. The embedding of responsible business conduct in policies, management systems and due diligence processes.
2. The management of adverse impacts.
3. The process of grievance, remediation and follow-up.

Further work will be needed to further document the processes, as explained under 'Future'. Table 3 provides the basis for the numerator and denominator of EU Taxonomy alignment for, respectively, Turnover, CAPEX and OPEX, whereas tables 4-6 show the complete KPI disclosure the EU Taxonomy. For comparability with the previous year, refer to table 2.

FUTURE

SBM Offshore takes pride in being able to demonstrate eligibility and partial alignment on its activities, due to strong policies, systems, processes and capabilities. SBM Offshore welcomes technical guidance to further grow its sustainable business and manage targets for the energy transition. Expectation is that maturation is needed – internally and externally – to completely validate and audit the alignment to the Taxonomy. Therefore SBM Offshore will manage a 'CAPEX plan' to ensure alignment, within a period of five years, of its eligible activities as explained above. The following actions will be key, with an associated budget estimate of US$300,000:

- Executing climate change risk and vulnerability assessment for all eligible activities
- Embedding regulatory compliance against EU Taxonomy on projects – mainly assessing and documenting on Do No Significant Harm principles, most notably:
  - Circularity
  - Biodiversity mitigations
  - Demonstrating 'no harmful substances' being brought to market via eligible activities
- Training for EU Taxonomy on R&D & project staff
- Reporting and IT implementation

The CAPEX plan aims either to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned. The plan is disclosed above and approved by the management body.

Table 3 – EU Taxonomy Alignment

	Aligned			Eligible (not-aligned)			Total denominators		
Values in millions of US$	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX
ACTIVITY									
3.1 Manufacture of renewable energy technologies	-	-	-	25	0.0	-	4,913	151	41
7.3 Installation, maintenance and repair of energy efficient equipment	-	-	-	-	0.05	-	4,913	151	41
9.1 Close to market research, development and innovation	-	-	-	-	0.67	18	4,913	151	41
Total	-	-	-	25	0.73	18	4,913	151	41

Table 4 – EU Taxonomy Alignment – Turnover

Turnover			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute Turnover	Proportion of Turnover	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
3.1 Manufacture of renewable energy techologies	25	0.5	0.5	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**25**	**0.5**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
Turnover of Taxonomy-non-eligible activities (B)	4,888	99.5											
Total (A + B)	**4,913**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

Table 5 – EU Taxonomy Alignment – CAPEX

CAPEX			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute CAPEX	Proportion of CAPEX	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
7.3 Installation, maintenance and repair of energy efficient equipment	0.05	0.04	0.04	0	N	N	N	N	N	N	Y	E	
9.1 Close to market research, development and innovation	0.67	0.4	0.4	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**0.73**	**0.5**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
CAPEX from Taxonomy-non-eligible activities (B)	150	99.5											
Total (A + B)	**151**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

Table 6 – EU Taxonomy Alignment – OPEX

OPEX			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute OPEX	Proportion of OPEX	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
9.1 Close to market research, development and innovation	18	43	43	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**18**	**43**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
OPEX from Taxonomy-non-eligible activities (B)	24	57											
Total (A + B)	**41**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

5 NON-FINANCIAL INFORMATION

5.2 REPORTING BOUNDARIES

SBM Offshore not only reports on impacts it causes, but also on impacts it contributes to, and impacts that are linked to its activities. In each of the following paragraphs, SBM Offshore elaborates in detail on the boundaries of SBM Offshore's material topics, which are consistent with the boundaries in the previous year. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

5.2.1 HEALTH, SAFETY AND SECURITY REPORTING

SBM Offshore's people work in demanding roles and conditions, with different risks to manage. The Health, Safety and Security (HSS) performance indicators boundaries take into account:

- Employees, which include all direct hires, part-time employees, locally-hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for SBM Offshore.
- Contractors, which include any person employed by a contractor or contractor's subcontractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore.

Until 2021, HSS incidents were reported and managed through SBM Offshore's incident management tool (SRS – Single Reporting System), which is a web-based reporting system that is used to collect data on all incidents occurring in all locations where SBM Offshore operates. In 2021, SBM Offshore developed and began using the IFS Incident Management/Corrective Action Preventive Action (IM/CAPA) module for Brazil operations. In 2022, the IFS IM/CAPA module was rolled out to Guyana, Angola and Malaysia operations as well as projects. It will be further rolled out to the remaining company locations to replace SRS.

Safety incidents are reported based on the incident classifications as defined by the IOGP Report 2021s-June 2022. Health incidents are reported based on the occupational illnesses classification given in IOGP Report Number 393-2007. The main type of work-related injury categories are related to manual handling injuries and slips, trips and falls – e.g. walking at same level and stairs. Investigations, based on the type, criticality and severity of the event, are performed by specifically identified personnel using methods such as TapRoot® and 5 Whys.

Employees are provided with HSS training to familiarize themselves with SBM Offshore's health, safety, and security rules and regulations. The training topics are based on the hazards identified through the above identification process as well as the regulatory requirements. The promotion of a speak-up culture – as described in section 2.1.1 – contributes to the identification process. Inclusion and non-retaliation are part of the Speak Up Policy.

5.2.2 ENVIRONMENTAL REPORTING

ATMOSPHERIC EMISSIONS

Emissions reported in SBM Offshore's records include:

- Scope 1 – Direct Emissions
- Scope 2 – Purchased Electricity
- Scope 3 – Business Travel
- Scope 3 – Purchased Goods and Services
- Scope 3 – Downstream Leased Assets

For all reported emissions goes that CO_2 equivalency is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO_2 that would have the same Global Warming Potential (GWP), when measured over a specified timescale (generally, 100 years).

Scope 1 – Direct Emissions

For the Natural Gas consumed in offices, SBM Offshore takes an operational control view and uses conversion factors from the Dutch Emission Authority and the website Co_2emissiefactoren.nl.

Scope 2 – Purchased Electricity

Scope 2 comprises GHG emissions from energy purchased for offices (market-based and location-based).

The reporting scope includes all locations where the headcount is over 10 and yards over which SBM Offshore has full operational control. SBM Offshore reports onshore emissions data for the following locations: Amsterdam, Houston, Kuala Lumpur, Marly, Monaco, Rio de Janeiro, Schiedam, Shanghai, Carros lab, Georgetown, Bangalore, Brazil Shorebases, Luanda Shorebase and Malabo Shorebase. The Singapore office is excluded as SBM Offshore has no visibility on energy breakdown usages as the energy is included in the lease.

For the purchased electricity usage, SBM Offshore uses conversion factors to calculate CO_2 equivalents from energy consumed (kWh). Sources used for these conversion factors are, amongst others, the European Environmental Agency, the European Investment Bank and the Association of Issuing Bodies.

Scope 3 – Business Travel

This scope entails GHG emissions from flights invoiced and paid for via SBM Offshore's standard travel system in 2022 and the data covers all operating companies. Data accuracy increased due to better information from travel agencies for multi-legged flights. Business travel is determined based on flight data communicated by travel agencies, including mileage per invoice date and a calculated extrapolation of data for the last two weeks of the year. In a few cases where mileage data is missing, it is completed with mileage from a similar route. The GHG emissions relating to business flights are based on third-party documentation on distances and the conversion to CO_2-equivalent is based on CO_2emissiefactoren.nl.

Scope 3 – Purchased Goods and Services

This category consists of GHG emissions associated with the procurement of (capital) goods and services for FPSO projects (hereafter 'projects') that SBM Offshore is executing on behalf of its clients. The following parts of an FPSO are considered in the calculations of the GHG emissions for this category:

- Hull (in Fast4ward® this is MPF) – the marine structure of an FPSO .
- Topsides – the processing facility of an FPSO. Other parts of the FPSO (mooring structure, integration etc.) are not accounted for in this initial GHG calculation due to the data limitations and the limited percentage they add in weight as-build.

SBM Offshore calculates the GHG emissions of its projects via the GHG protocol's average data method. In this phase of raising understanding of emissions during project (EPC) stage, SBM Offshore has chosen a pragmatic approach to assess which components and materials used in projects contribute most to GHG emissions. The outcome of the analysis is initially focused on identifying GHG hot spots. Once these GHG hotspots are identified, SBM Offshore can increase the accuracy of the GHG inventory via supplier engagement and, with that, abate emissions.

Estimated weight topside

For Topsides the breakdown in materials is based on proposal estimates and not actuals. SBM Offshore used two variants, one for the Guyana and one for the Brazil field, as the basis for calculation for all topsides.

Estimated weight MPF

For MPF, the breakdown in materials is based on latest actuals. The MPF's are, based on the Fast4Ward®, sister hulls and are similar in design and weight. Since the hulls are based on the same design the same material weights are assumed for each FPSO project that uses the MPF.

To derive the total GHG emission related to projects under construction, SBM Offshore uses the completion rates in a given year. The percentage completed in a given year determines the total allocated emissions in that year.

Calculations for MPF and Topside were done as follows:

1. Break down MPF/Topside into their components.
2. Analyze materials and weights for each component.
3. Retrieve GHG conversion factors of the materials for each component.
4. Apply the following calculations:
    a. Gross/estimated component weight X GHG conversion – GHG emissions per component.
    b. SUM GHG emissions of each component – GHG emissions per project.
    c. GHG emissions per project X annual completion – GHG emissions per projects for the year.
    d. SUM GHG emissions projects for the year – GHG emissions for all projects for the year.
5. SUM GHG emissions for all Item types – Total GHG emissions for scope 3.1 Procured (Capital) Goods and Services.

SBM Offshore applies the following standards and sources for the above calculations:

- GHG Protocol – Scope 3 Corporate Value Chain Accounting & Reporting Standard.
- Conversion factors from the ecoinvent Database to convert volumes and weights to GHG emissions for the various procured (capital) goods and services.
- SBM Offshore Project Weight Control Reports for the various Items.

Scope 3 – Downstream Leased Assets

SBM Offshore reports on emission from assets producing and/or storing hydrocarbons under lease contracts. GHG emissions come from the energy consumed (steam boilers, gas turbines and diesel engines) and from gas flared.

The environmental performance of SBM Offshore is reported by region or management area: Brazil, Angola, North America & Caribbean, Asia & Equatorial Guinea. Based on the criteria stated above, SBM Offshore reports on the environmental performance for the following 15 units:

- Brazil – *FPSO Espirito Santo*, *FPSO Capixaba*, *FPSO Cidade de Paraty*, *FPSO Cidade de Anchieta*, *FPSO Cidade de Ilhabela*, *FPSO Cidade de Marica*, *FPSO Cidade de Saquarema*
- Angola – *FPSO Mondo*, *FPSO Saxi Batuque* and *N'Goma FPSO*
- North America & Caribbean – FPSO *Liza Destiny*, FPSO Liza Unity, *Thunder Hawk* (*Note that SBM Offshore does not provide operation and maintenance services to *Thunder Hawk,* hence the annual flare target mentioned in section 2.1.7 and the water discharge target mentioned in section 2 .2. do not apply)
- Asia & Equatorial Guinea – *FPSO Kikeh, FPSO Aseng*

The environmental offshore performance reporting methodology was chosen according to the performance indicators relative to Greenhouse Gas Protocol, GRI Standards, IOGP and IPIECA guidelines. This includes:

- Greenhouse Gases, referred to as GHG which are N_2O (Nitrous Oxide), CH_4 (Methane) and CO_2 (Carbon Dioxide).

- GHG emissions per hydrocarbon production from flaring and energy generation.
- Non-Greenhouse Gases which are CO (Carbon Monoxide), NO_x (Nitrogen Oxides), SO_2 (Sulphur Dioxide) and VOCs (Volatile Organic Compounds).
- Gas flared per hydrocarbon production.
- Energy consumption per hydrocarbon production.
- Oil in Produced Water per hydrocarbon production.

The calculation of air emissions from offshore operations units uses the method as described in the EEMS-Atmospheric Emissions Calculations (Issue 1.810a) recommended by Oil & Gas UK. SBM Offshore reports some of its indicators as a weighted average, calculated pro rata over the volume of hydrocarbon production per region. This is in line with the IOGP Environmental Performance Indicators. The GHG-intensity figures in sections 2.1.7. and 5.3.2. use hydrocarbon production as a denominator, being the standard metric used in the industry.

OFFSHORE ENERGY CONSUMPTION

The energy used to produce oil and gas covers a range of activities, including:

- Driving pumps producing the hydrocarbons or reinjecting produced water.
- Heating produced oil for separation.
- Producing steam.
- Powering compressors to reinject produced gas.
- Driving turbines to generate electricity needed for operational activities.

The main source of energy consumption of offshore units is fuel gas and marine gas oil: the calculation of their volumes in Gigajoules being a function of calorific values and conversion factors from Oil and Gas UK. The energy intensity figures in section 5.3.2. use hydrocarbon production as a denominator, being the standard metric used in the industry.

OIL IN PRODUCED WATER DISCHARGES

Produced water is a high volume liquid discharge generated during the production of oil and gas. After extraction, produced water is separated and treated (de-oiled) before discharge to surface water. The quality of produced water is most widely expressed in terms of its oil content. Limits are imposed on the concentration of oil in the effluent discharge stream or discharge is limited where reinjection back into the reservoir is permitted.

The overall efficiency of the oil in water treatment and, as applicable, reinjection can be expressed as tonnes of oil discharged per million tonnes of hydrocarbon produced.

Incidental environmental releases to air, water or land from the offshore operations units are reported using the data recorded in theSBM Offshore Incident Management tool. SBM Offshore has embedded a methodology for calculating the estimated discharge and subsequent classification within the Incident Management tool.

CHANGES IN REPORTING

As part of continuous improvement, SBM offshore regularly reviews and updates as required its environmental emissions calculations methodology. In 2022, the following updates were made which are contributing to increased accuracy in emissions monitoring:

- Gas density updates for each vessel's gas stream, where available.
- Fuel Gas Calorific Value update (required for energy consumption calculation in GJ).
- Global Warming Potential updates (GWP) to align with IPCC's Sixth Assessment Report (2022).

5.2.3 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO_2 or compressed air).

A Tier 1 or Tier 2 PSE is defined as an LOPC from a process system that meets criteria defined in API RP 754.

LOPC events are reported in SBM Offshore's Reporting System as highlighted in sections 2.1.2 and 5.3. This system includes a built-in calculation tool to assist the user in determining the release quantity of LOPC events. All LOPCs are analysed to identify those considered to be PSEs as per API RP 754. Process Safety KPIs used by SBM Offshore include the number of Tier 1 and the number of Tier 2 PSEs.

SBM Offshore encourages employees and contractors to report the PSE Tier 3 (minor LOPC, precursors, etc.), using them as a basis for leading initiatives aiming at minimizing the probability of major events occurring.

5.2.4 HUMAN RESOURCES REPORTING

SBM Offshore's Human Resources (HR) data covers the global workforce and is broken down by region (continents) and employment type. The performance indicators report on the workforce status at year-end December 31, 2022. They include all staff assigned on unlimited or fixed-term contracts, employee new hires and departures, the total number of locally-employed staff from agencies and all crew working on board the offshore operations units and shore bases.

HEADCOUNT, TURNOVER, EQUAL REMUNERATION AND NATIONALIZATION

Human Resources considers:

- a 'Direct Hire' employee as a staff member holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Direct hires are recorded on the payroll, directly paid by one entity of SBM Offshore (including Joint Ventures). Direct Hires perform mainly managerial, engineering and support activities.
- a 'Contractor' as an individual performing work for or on behalf of SBM Offshore. A contractor is not recognized as an employee under national law or practice (contractors do not form part of any of SBM Offshore's companies' payroll. Contractors issue invoices for services rendered). Contractors work on projects using their expertise to perform engineering or technical activities, especially on site.
- a 'Subcontractor' as an individual excluded from the Headcount because subcontractors are not considered as staff in the HR headcount breakdown structure. Subcontractors are managed as a temporary service and are not covered by HR processes and policies. Yet, SBM Offshore has rigorous processes and procedures in place for subcontractors.

SBM Offshore includes the BRASA Yard in Brazil and the PAENAL Yard in Angola in its reporting scope, based on partial ownership and operational control, including human resource activities and social responsibility for the employees.

SBM Offshore's headcount figures are based on the count of the number of people, as individuals, that are working for SBM Offshore at a specific given time. Headcount includes all types of staff independently from their contract or their work schedule. The Annual Report figures are based on the headcount at December 31, 2022.

In principle, reporting on headcount includes the Contractors, while turnover only includes Direct Hires (no Contractors). Turnover has been calculated as the number of employees who have left SBM Offshore in 2022 (between January 1 and December 30, 2022) compared with the aggregate of the headcount on December 31, 2021 and December 31, 2022; divided by 2, with the result multiplied by 100.

Concerning Equal Remuneration, we only consider Direct Hires (excluding Joint Ventures and Internships) and the breakdown concerns Monaco, the Netherlands, Brazil, Malaysia, Switzerland and Porto. The Gender Pay Gap has been calculated as such: average compa-ratio female/ average compa-ratio male.

For fleet operations, engagement and development of the local workforce are the main indicators for successful implementation of the local content development plan. SBM Offshore monitors the percentage of local workforce (excluding Contractors) – the percentage of nationalization per region (the majority of SBM Offshore's offshore population are located in Brazil, Angola and Guyana, as shown below) – and invests in training to increase or maintain the targeted level of nationals. For example, specific programs in the countries mentioned below focus on education and training of nationals to facilitate them entering the workforce with the required level of qualifications and knowledge.

- 89% of Brazilian direct hire workforce consists of Brazilian nationals.
- 82% of Angolan direct hire workforce consists of Angolan nationals.
- 48% of Guyanese direct hire workforce consists of Guyana nationals.

PERFORMANCE MANAGEMENT

In order to ensure personal development and the optimal management of performance within SBM Offshore, SBM Offshore conducts annual performance reviews for all employees. Globally, SBM Offshore uses a common system to rate and evaluate all employees. For the reporting on Performance Appraisals, SBM Offshore included all Permanent Staff, Temporary (only from Brazil and the Netherlands) and JV Staff (apart from *FPSO Kikeh*) of all employees that joined SBM Offshore before October 1, 2021 and that were still with SBM Offshore on December 31, 2021.

COLLECTIVE BARGAINING

Within SBM Offshore, three entities conduct a yearly bargaining process: Angola, Brazil and the Schiedam entity in the Netherlands. In the other entities of SBM Offshore, direct hire employees are commonly represented by internal representatives that are elected on yearly basis and according to the respective countries' labor practices. In the few places where employee representation is not organized, SBM Offshore considers the employee handbook as a valid labor agreement between the employee and the employer.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following threshold is considered (subject to final assessment by Management Board on a case-by-case basis): operational fines of a regulatory and/or administrative nature which exceed US$500,000.

5 NON-FINANCIAL INFORMATION

5.3 NON-FINANCIAL INDICATORS

5.3.1 HEALTH, SAFETY AND SECURITY

Health, Safety & Security

	Year to Year		2022 – By Operating Segment	
	2022	2021	Offshore	Onshore
Exposure hours				
Employee[1]	19,277,860	15,657,445	5,217,070	10,582,744
Contractor[2]	33,591,887	28,463,290	3,478,046	33,591,887
Total Exposure hours	52,869,747	44,120,735	8,695,116	44,174,631
Fatalities (work related)				
Employee	0	0	0	0
Contractor	1	0	0	1
Total Fatalities	1	0	0	1
Fatality Rate (Total)[3]	0.004	0	0	0.005
Injuries				
Serious work-related Injury Employee[4]	0	0	0	0
Serious work-related Injury Contractor[5]	1	0	1	0
Serious work-related Injury Rate Employee[6]	0	0	0	0
Serious work-related Injury Rate Contractor[6]	0.006	0	0.02	0
Serious work-related Injury Rate (Total)[7]	0	0	0	0
Total Recordable Injury **Employee**	4	9	3	1
Total Recordable Injury **Contractor**	27	4	15	12
Total Recordable Injury Rate **Employee**[8]	0.04	0.11	0.12	0.02
Total Recordable Injury Rate **Contractor**[8]	0.16	0.03	0.86	0.07
Total Recordable Injury Frequency Rate (Total)[8]	0.12	0.06	0.41	0.06
Occupational Illness				
Employee	0	0	0	0
Contractor	0	0	0	0
Total Recordable Occupational Illness Frequency Rate (Employees only)[9]	0.00	0	0.00	0

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

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

3 Fatalities per 200,000 exposure hours.

4 Work-related injury that results in an injury from which the Employee cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, excluding fatality.

5 Work-related injury that results in an injury from which the Contractor cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months, excluding fatality.

6 Serious work-related injuries per 200,000 exposure hours.

7 Total Serious work-related injuries per 200,000 exposure hours.

8 Recordable injuries per 200,000 exposure hours.

9 Occupational illnesses per 200,000 exposure hours.

Process Safety

	Year to Year		2022 – Regional Breakdown			
	2022	2021	Brazil	Africa	Guyana / North America	Asia
API 754 Classified Materials (by TIER)						
Tier 1 incidents (number)	**4**	1	2	1		1
Tier 2 incidents (number)	**8**	3	3	1	2	2

5.3.2 ENVIRONMENT

	Year to Year		2022 – Regional Breakdown				
	2022	2021	Brazil	Angola	North America & Caribbean	Asia & Equatorial Guinea	Europe
Number of offshore units (vessels)	15	14	7	3	3	2	
Fleet Production							
Hydrocarbon Production (tonnes)	51,956,883	47,276,422	28,158,745	5,300,318	16,017,160	2,480,660	
Scope 1 Emissions							
GHG Scope 1 (tonnes of CO_2 Eq)	172	237	0	0	0	0	172
Scope 2 Emissions							
GHG Scope 2 (location based) (tonnes of CO_2 Eq)[1]	2,140	2,115	51	54	685	518	833
GHG Scope 2 (market based) (tonnes of CO_2 Eq)	1,280	848	11	54	685	494	36
Scope 3 Emissions							
Scope 3 – Downstream Leased Assets							
Total Carbon dioxide (CO_2 in tonnes)	5,276,289	4,903,739	2,210,799	1,068,462	1,397,242	599,786	
Total Methane (CH_4 in tonnes)	10,191	9,290	2,421	2,729	3,846	1,195	
Total Nitrous oxide (N_2O in tonnes)	337	315	155	63	80	38	
Total GHG emissions Downstream Leased Assets (tonnes of CO_2 Eq)	**5,652,555**	**5,247,253**	**2,320,702**	**1,161,802**	**1,526,527**	**643,524**	
Total GHG Emissions per Hydrocarbon Production[2]	108.79	110.99	82.41	219.19	95.31	259.42	
Other / Air Pollution – Non Greenhouse Gas Emissions (in tonnes)							
Carbon monoxide (CO in tonnes)	7,139	6,481	2,535	1,579	2,201	823	
Nitrogen oxides (NOx in tonnes)	8,840	7,902	4,183	1,560	2,107	989	
Sulphur dioxides (SO_2 in tonnes)	218	127	141	32	34	12	
Volatile organic compounds (VOCs in tonnes)	1,071	970	239	293	413	126	
Scope 3 – Purchased Goods & Service[3]	**356,056**	**370,124**					
Scope 3 – Business Travel[4]	**22,635**	**10,919**	**8,515**			**724**	**13,396**
Total GHG Emissions[3]	**6,032,698**	**5,629,144**					
Flaring							
Total Gas Flared per hydrocarbon production[5]	9.71	9.73	3.70	26.67	12.45	23.97	
Flaring emissions vs Total Emissions	30%	29%	15%	40%	43%	31%	
Energy							
Offshore Energy Processed (1) (GJ)	62,399,131	65,036,820	30,453,789	9,801,642	15,238,976	6,904,724	
Onshore Energy Consumed (2) (GJ)	26,082	29,033	1,872	456	4,978	2,796	15,980
Total Energy Processed & Consumed (1) + (2) (GJ)	**62,425,214**	**65,065,853**					
Offshore Energy per production (GJ per tonne of HC production)	1.20	1.38	1.08	1.85	0.95	2.78	
Discharges							
Quantity of oil in produced water discharges[6]	3.44	4.49	0.59	8.82	0.68	42.12	

1 Due to data cleaning as part of the transition to an integrated emissions dashboard, Scope 2 Emissions values for 2021 have changed. In Angola, SBM Offshore's joint venture operations moved to another building during the year for which emission data is not yet available

2 Tonnes of CO_2 Eq / 1,000 Tonnes HC Production

3 Tonnes of CO_2 Eq

4 Tonnes of CO_2 Eq. Split per region is based on travel agency sources. Due to data aggregation in these sources, some regional data has been consolidated under region 'Europe'

5 Tonnes / 1,000 Tonnes HC Production

6 Tonnes of Oil in Produced Water / 10^6 Tonnes HC Production

5.3.3 HUMAN RESOURCES

Headcount by Direct Hire and by Contractor

	Total			Ratios
	Grand Total	Direct Hire	Contractor	% of Contractor Employees
Africa	822	671	151	18%
Asia	2,052	1,319	733	36%
Europe	1,952	1,576	376	19%
North America	30	29	1	3%
South America	2,217	1,904	313	14%
Grand Total	**7,073**	**5,499**	**1,574**	**22%**

Direct Hire by employee contract and employee type

	Permanent Male Employees	Permanent Female Employees	Temporary Male Employees	Temporary Female Employees	Part-Time Male Employees	Part-Time Female Employees	% of Part-Time Employees
Africa	597	74	0	0	0	0	0%
Asia	980	177	143	19	0	0	0%
Europe	1,093	404	51	28	36	64	6%
North America	23	6	0	0	0	0	0%
South America	1,519	282	48	55	16	16	2%
Grand Total	**4,212**	**943**	**242**	**102**	**52**	**80**	**2%**

Direct Hires New Joiners Headcount

	Total New Hires	
	Total New Hire Headcount	New Hire Ratio
Africa	71	10%
Asia	425	28%
Europe	251	15%
North America	1	3%
South America	388	18%
Grand Total	**1,136**	**18%**

Direct Hires Turnover Headcount

	Total Turnover	
	Total Turnover Headcount	Total Turnover Rate
Africa	52	8%
Asia	216	18%
Europe	174	11%
North America	4	12%
South America	205	11%
Grand Total	**651**	**12%**

Direct Hires Performance Appraisals

	Male %	Female %	Total % [1]
Performance Appraisals Completed – Onshore (2021)	99%	99%	99%
Performance Appraisals Completed – Offshore (2021)	100%	98%	100%

1 An appraisal is considered completed when it has been given a rating.

Direct Hires Collective Bargaining

	%
Percentage of Employees covered by Collective Bargaining Agreements	77% [1]

1 In case trade unions are not present in a Country, we consider the employee handbook as valid labor agreement between the employee and the employer.

Direct Hires Equal Remuneration - Global Overview

	Count Male	Count Female	Avg Compa Ratio Male	Avg Compa Ratio Female	Pay Gap
Overall	2,554	773	105	101	0.96 [1]

1 The Pay Gap calculation is obtained doing the average of Compa ratio between Male and Female.
The population in scope for this Annual Report is limited to only 'Permanent' and 'Temporary' employees for Brazil, Malaysia, Monaco & France, Netherlands, Switzerland and Portugal.

Direct Hires Equal Remuneration by Country

	Count Male	Count Female	Avg Compa Ratio Male	Avg Compa Ratio Female	Pay Gap
Brazil	1,253	246	107	105	0.98
Malaysia	241	100	110	99	0.90
Monaco & France	599	254	102	100	0.98
Netherlands	392	123	101	102	1.00
Portugal	31	23	106	97	0.92
Switzerland (Local)	38	27	90	94	1.04

Direct Hires Equal Remuneration by Age Range

	Count Male	Count Female	Avg Compa Ratio Male	Avg Compa Ratio Female	Pay Gap
Under 30	127	82	97	99	1.02
30 - 50	1,925	618	104	101	0.97
Over 50	502	73	113	111	0.99

Direct Hires Equal Remuneration by organizational level

	Count Male	Count Female	Avg Compa Ratio Male	Avg Compa Ratio Female	Pay Gap
Non-management	1,409	534	105	102	0.96
Junior Management	753	179	105	100	0.95
Middle Management	367	54	104	104	1.00
Top Management	25	6	119	108	0.91

Direct Hires Equal Remuneration by organizational function

	Count Male	Count Female	Avg Compa Ratio Male	Avg Compa Ratio Female	Pay Gap
Business Support	65	167	101	101	1.00
Construction & Operations	1,273	124	107	104	0.97
Engineering	456	90	103	96	0.93
Executive Management & Legal	26	25	109	106	0.97
Finance, Tax and IT	237	158	101	101	1.00
Project Management	109	39	101	109	1.08
Quality, Health, Risk & Safety	85	48	109	102	0.94
Strategy & Development	145	59	102	100	0.98
Supply Chain	158	63	103	100	0.97

5.3.4 5-YEAR KEY SUSTAINABILITY FIGURES

	2022	2021	2020	2019	2018
Health, Safety and Security					
TRIFR (rate)	0.12	0.06	0.1	0.13	0.18
Serious injuries & Fatalities (number)[1]	2	n/a	n/a	n/a	n/a
Total consolidated exposure hours[2]	52.87	44.12	35.16	34.58	27.32
Environment					
Total GHG Emissions Offshore per production[3]	108.79	110.99	120.35	115.53	116.59
Flaring per production	9.71	9.73	13.86	12.77	12.66
Offshore energy consumption[4]	62,399,131	65,036,820	64,806,711	60,720,811	62,044,614
Human Resources[5]					
Total Employees[6]	7,073	6,426	5,527	5,530	4,740
Total Direct Hires[6]	5,499	5,019	4,574	4,439	4,079
Total Contractors[6]	1,574	1,407	953	1,091	661
Contractors / Direct Hires Ratio[6]	22%	22%	17%	20%	14%
Total of Females in Direct Hire Workforce	19%	19%	20%	22%	19%
Part-time Workforce	2%	2%	3%	2%	3%
Employee Rates[5]					
Turnover	12%	14%	13%	13%	10%
Appraisals					
Performance Appraisals Completed	99%	99%	97%	93%	96%

1 Serious injuries and Fatalities prevention program launched in 2022. From 2018 to 2021, the historical data is limited to number of Fatalities. There was 1 work related fatality in 2018, 1 in 2019, and 0 in 2020 and 2021.

2 in million hours

3 tonnes of GHG emissions per thousand tonnes of hydrocarbon production

4 GJ = gigajoule, energy from fuel gas and marine gas oil

5 does not include construction yards except if specified otherwise

6 including construction yards

5.4 GRI CONTENT INDEX

This annual report has been prepared in accordance with the latest GRI Standards, the revised 2021 Universal Standards. Considering the GRI Principles and the opportunity to prioritize and emphasize the most material information to produce a concise, relevant and clear report. SBM Offshore welcomes any engagement on sustainability and contact details can be found in 5.1.3.

	Disclosure	Reference/direct answer	GRI sector standard
Statement of use	Statement of use	SBM Offshore has reported the information cited in this GRI content index for the period January 1 to December 31, 2022 in accordance with the GRI Standards 2021.	
GRI 1: GRI used	GRI used	GRI 1: Foundation 2021	
Applicable GRI Sector Standard(s)	GRI Sector Standard used	GRI 11: Oil and Gas sector 2021	
GRI 2: General Disclosures 2021			
1. The organization and its reporting practices			
2-1	Organizational details	SBM Offshore N.V, 1.2.1, 5.5, 5.6, 6.2	
2-2	Entities included in the organization's sustainability reporting	4.3.2, 5.1.5, 5.2	
2-3	Reporting period, frequency and contact point	Calendar year 2022, 6.2	
2-4	Restatements of information	5.1, 5.2	
2-5	External assurance	3.2.7, 5.6	
2. Activities and workers			
2-6	Activities, value chain and other business relationships	1.2.1, 2.1.4	
2-7	Employees	2.1.5, 5.2.4, 5.3.3	
2-8	Workers who are not employees	5.2.4, 5.3.3	
3. Governance			
2-9	Governance structure and composition	3.2, 3.3	
2-10	Nomination and selection of the highest governance body	3.2.2, 3.2.3, 3.3	
2-11	Chair of the highest governance body	3.3	
2-12	Role of the highest governance body in overseeing the management of impacts	3.2	
2-13	Delegation of responsibility for managing impacts	2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.1.5, 2.1.6, 2.1.7, 2.1.8, 2.1.9, 2.1.10, 2.1.11, 3.2.1, 3.2.2	
2-14	Role of the highest governance body in sustainability reporting	3.3	
2-15	Conflicts of interest	3.2.9	
2-16	Communication of critical concerns	3.6	
2-17	Collective knowledge of the highest governance body	3.3	
2-18	Evaluation of the performance of the highest governance body	3.3	
2-19	Remuneration policies	3.3	
2-20	Process to determine remuneration	3.3	
2-21	Annual total compensation ratio	3.4	

5 NON-FINANCIAL INFORMATION

	Disclosure	Reference/direct answer	GRI sector standard
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	1.1.1	
2-23	Policy commitments	2.1.1, 2.1.2, 2.1.3, 2.1.4, 2.2, 3.7	
2-24	Embedding policy commitments	2.1.2, 2.1.3	
2-25	Processes to remediate negative impacts	2.1.1, 2.1.2, 2.1.3, 3.2.9	
2-26	Mechanisms for seeking advice and raising concerns	2.1.1, 2.1.2, 2.1.3, 3.2.9	
2-27	Compliance with laws and regulations	2.1.4.1, 5.2.5	
2-28	Membership associations	2.1.1, 2.1.3	
5. Stakeholder Engagement			
2-29	Approach to stakeholder engagement	1.2.2, 5.1.2	
2-30	Collective bargaining agreements	1.1.3, 5.2.4, 5.3.3	

MATERIAL TOPICS

	Disclosure	Reference /direct answer	GRI sector standard
Disclosures and guidance about SBM Offshore's material topics			
GRI 3: Material topics 2021			
3-1	Process to determine material topics	1.2.2, 5.1.2, 5.1.3	
3-2	List of material topics	1.2.2, 5.1.2	
Material Topic: *Ethics and Compliance*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.1, 3.6.2	
3-3	Additional sector recommendations	2.1.1, 3.6.2	11.20.1
205-1	Operations assessed for risks related to corruption	1.4.1, 1.4.2, 2.1.1, 3.6.2	11.20.2
205-2	Communication and training about anti-corruption policies and procedures	2.1.1, 2.1.4.3 All staff, including senior management, are required to follow training on anti-corruption as this subject is part of SBM Offshore's code of conduct – which is publicly available for every employee. A further split is deemed non-material.	11.20.3
205-3	Confirmed incidents of corruption and actions taken	1.1.3, 2.1.1	11.20.4
205-3	Additional sector disclosures	3.5	11.20.6
Material Topic: *Employee Health, Safety and Security*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.2	
403-1	Occupational health and safety management system	2.1.2, 3.8.1, 5.2.1, 5.2.3	11.9.2
403-2	Hazard identification, risk assessment, and incident investigation	2.1.2, 5.2.1, 5.2.3	11.9.3
403-3	Occupational health services	2.1.2, 5.2.1,	11.9.4
403-4	Worker participation, consultation, and communication on occupational health and safety	5.2.1,5.2.2, 5.2.3	11.9.5
403-5	Worker training on occupational health and safety	5.2.1	11.9.6
403-6	Promotion of worker health	2.1.2, 2.1.5, 2.2, 5.2.1	11.9.7
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.1.2, 5.2.1	11.9.8
403-8	Workers covered by an occupational health and safety management system	2.1.2, 5.2.1, 5.3.1	11.9.9
403-9	Work-related injuries	2.1.2, 5.2.1, 5.3.1	11.9.10

	Disclosure	Reference /direct answer	GRI sector standard
Material Topic: *Human rights*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.3	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.1.3	11.12.2
414-1	New suppliers that were screened using social criteria	2.1.3, 2.1.4.3	11.10.8, 11.12.3
414-2	Negative social impacts in the supply chain and actions taken	2.1.3, 2.1.4.3	11.10.9
Own indicator	% e-Learning completion	2.1.1, 2.1.3, 5.1.2	
Material Topic: *Operational Excellence and Quality*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.4	
306-3	Significant spills	2.1.4.4, 4.3.1, 5.3.2	11.8.2
306-3a	Additional sector disclosures	2.1.2	11.8.3
Own indicator	% Uptime	1.1.3, 1.3.3, 2.1.4, 5.1.2	
Own indicator	Certifications (as noted in the Certification and Classification tables)	2.1.4, 5.1.2	
Material Topic: *Retaining and Developing Employees*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.5	
401-1	New employee hires and employee turnover	2.1.5, 5.3.3	11.10.2
404-1	Average hours of training per year per employee	2.1.1, 2.1.3, 2.1.5	11.10.6, 11.11.4
404-2	Programs for upgrading employee skills and transition assistance programs	1.1.3, 2.1.3 Re. 404-2b, SBM Offshore makes efforts to support people as part of any exit procedure, which differ per country. An example of a global transition can be read here	11.10.7
404-3	Percentage of employees receiving regular performance and career development reviews	1.1.3, 2.1.5, 5.2.4, 5.3.3	
405-1	Diversity of governance bodies and employees	3.1, 5.3.3	11.11.5
405-2	Ratio of basic salary and remuneration of women to men	2.1.5, 5.3.3	11.11.6
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Item not a salient-issue following due diligence. For more information on collective bargaining and salient issues: 2.1.3, 5.2.4	11.13.2
Material Topic: *Economic performance*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.6	
201-1	Direct economic value generated and distributed	2.1.6	11.14.2
201-2	Financial implications and other risks and opportunities due to climate change	1.4.2, 1.4.3	11.2.2
201-3	Defined benefit plan obligations and other retirement plans	4.3	
203-2a	Significant indirect economic impacts	2.2	11.14.5
Material Topic: *Emissions*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.7	
305-1	Direct (scope 1) GHG emissions	2.1.7, 5.2.2, 5.3.2	11.1.5
305-2	Energy indirect (scope 2) GHG emissions	2.1.7, 5.2.2, 5.3.2	11.1.6
305-3	Other indirect (scope 3) GHG emissions	2.1.7, 5.2.2, 5.3.2	11.1.7
305-4	GHG emissions intensity	2.1.7	11.1.8
305-5	Reduction of GHG emissions	1.1.3, 1.3.3, 2.1.7, 2.1.9	11.2.3

5 NON-FINANCIAL INFORMATION

	Disclosure	Reference /direct answer	GRI sector standard
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.2.2, 5.3.2	11.3.2
Own indicator	Oil in water discharge to % below IOGP average	1.1.3, 2.1.7, 2.2, 5.1.2, 5.2.2	
Own indicator	MMSCF/D Average flaring	1.1.3, 2.1.7, 2.2, 5.1.2	
Emissions Related: *Energy*			
302-1	Energy consumption within the organization	1.2.1, 2.1.7, 5.2.2, 5.3.2, 5.3.4	11.1.2
302-2	Energy consumption outside of the organization	5.2.2	11.1.3
302-3	Energy intensity	2.1.7, 5.2.2, 5.3.2 Energy intensity in offices considered non-material due to focus on absolute volume targets and low relative volumes.	11.1.4
Material Topic: *Digitalization*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.8	
Own indicator	% increase of data signals	1.1.3, 1.3.3, 2.1.8, 5.1.2	
Material Topic: *Innovation*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.9	
Own indicator	# of Technology Readiness Level (TRL) qualifications	1.1.3, 2.1.9, 5.1.2	
Own indicator	# of innovations reached TRL 4 (market readiness)	1.1.3, 1.3.3, 2.1.9, 5.1.2	
Material Topic: *Energy transition*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.10	
Own indicator	% of EU Taxonomy eligible R&D	1.1.3, 1.3.3, 2.1.10, 5.1.2	
Own indicator	FOW project progress	1.1.3	
Own indicator	FOW Joint venture established	1.1.3	
Material Topic: *Market positioning*			
3-3	Management of material topics	1.2.2, 1.4.1, 2.1.11	
Own indicator	# of FPSO Projects under construction	1.1.3, 2.1.11, 5.1.2	
Own indicator	# of assets in the fleet	1.1.3, 2.1.11, 5.1.2	
Own indicator	Percentile S&P Global ESG rating	1.1.3, 1.3.3, 2.1.11, 2.2, 5.1.2	
Own indicator	Directional pro-forma backlog in US$ billion	1.1.3, 5.1.2	

OTHER TOPICS

Other GRI 2021 Topical Standards determined as not material to SBM Offshore, as per materiality process explained in sections 1.2.2 and 5.1.2. In the table below you will find information related to the non-material topics mentioned in the report. Furthermore, to prioritize the most material information to produce a concise, relevant and clear report, not applicable sector standards from GRI 11 Oil & Gas (click here to access website) have been excluded, being: 11.2.4, 11.3.3, 11.8.3, 11.9.11, 11.10.3-5, 11.11.2-3, 11.11.7, 11.14.3-6.

GRI Sector Standards	Reference/direct answer
GRI 11 – 11.4 Biodiversity	The topic is addressed and managed in Environmental Impact Assessment by clients of SBM Offshore. Further information can be found in the following section: 2.2.
GRI 11 – 11.5 Waste	Information can be found in the following sections: 2.1.7, 2.2. Waste management on downstream leased assets are under the responsibility of clients of SBM Offshore.
GRI 11 – 11.6 Water and effluents	The topic is addressed and managed in Environmental Impact Assessment by clients of SBM Offshore. Further information can be found in the following section: 2.1.7.
GRI 11 – 11.7 Closure and rehabilitation	The topic is addressed as part of SBM Offshore's approach to asset decomissioning. Further information from current decommissionings can be found in section: 2.1.4.4.
GRI 11 – 11.15 Local communities	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore. Further information can be found in the following section: 2.2.
GRI 11 – 11.16 Land and resource rights	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore and associated permitting processes.
GRI 11 – 11.17 Rights of Indigenous Peoples	The topic is addressed and managed in Stakeholder Engagement by clients of SBM Offshore.
GRI 11 – 11.18 Conflict and security	SBM Offshore does not conduct business in (major) war conflict areas
GRI 11 – 11.21 Payments to governments	The topic is addressed in SBM Offshore's approach to ethics and compliance (see Material Topics) and embedded in the Code of Conduct and Anti-Bribery and Corruption Policy.
GRI 11 – 11.22 Public policy	The topic is addressed in SBM Offshore's approach to ethics and compliance (see Material Topics) and embedded in the Code of Conduct and Anti-Bribery and Corruption Policy.

5.5 CERTIFICATION AND CLASSIFICATION TABLES

Complementing sections 2.1.4 and 3.8, the below tables map the compliance and certification of SBM Offshore entities and (onshore and offshore) sites with the following international certification standards and codes:

- ISO 9001: Quality Management System
- ISO 14001: Environmental Management System
- OHSAS 18001: Occupational Health & Safety Management System
- Class: Vessel Classification
- ISM: International Safety Management
- ISPS: International Ship & Port Facility Security Code
- GEMS: SBM Offshore's Group Enterprise Management System

OFFICES & WORKSITES	ISO 9001	ISO 14001	OHSAS 18001/ISO 45001	ISM
Corporate Offices				
Amsterdam (Netherlands)	Certified			
Monaco	Certified			
Offices				
Rio de Janeiro (Brazil)	Certified			
Monaco	Certified			
Schiedam (Netherlands)	Certified			
Kuala Lumpur (Malaysia)	Certified			
Shanghai (China)	Certified			
Imodco				
Monaco	Certified			
SBM Nauvata Joint Venture				
Bengaluru (India)	Certified			
Construction Sites				
PAENAL (Angola)	Certified		Certified	
Operations Offices				
Monaco (Management Office)	Certified	Compliant	Compliant	Certified
Angola		Compliant	Compliant	Certified
Brazil		Compliant	Compliant	Certified
Equatorial Guinea		Compliant	Compliant	Certified
Guyana		Compliant	Compliant	Certified
Malaysia		Certified	Compliant	Certified

Certified: certified by accredited third party
Compliant: verified as compliant by independent, qualified third party

OFFSHORE PRODUCTION FLEET	ISO 9001	ISO 14001	OHSAS 18001/ISO 45001	CLASS	ISM	ISPS
Angola						
FPSO Mondo		Compliant	Compliant	Classed	Certified	Certified
FPSO Saxi Batuque		Compliant	Compliant	Classed	Certified	Certified
N'Goma FPSO		Compliant	Compliant	Classed	Certified	Certified
Brazil						
FPSO Capixaba		Compliant	Compliant	Classed	Certified	Certified
FPSO Espirito Santo		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Anchieta		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Paraty		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Ilhabela		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Maricá		Compliant	Compliant	Classed	Certified	Certified
FPSO Cidade de Saquarema		Compliant	Compliant	Classed	Certified	Certified
FPSO Sepetiba		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
FPSO Almirante Tamandaré		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
FPSO Alexandre de Gusmão		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
Equatorial Guinea						
FPSO Aseng		Compliant	Compliant	Classed	Certified	Certified
FPSO Serpentina		Compliant	Compliant	Classed	Certified	Certified
Guyana						
Liza Destiny		Ongoing	Ongoing	Classed	Certified	Certified
Liza Unity		Compliant	Compliant	Classed	Certified	Certified
Prosperity		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
ONE GUYANA		*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*	*Ongoing*
Malaysia						
FPSO Kikeh		Certified	Compliant	Classed	Certified	Certified

OFFSHORE INSTALLATION FLEET	ISO 9001	ISO 14001	OHSAS 18001/ISO 45001	CLASS	ISM	ISPS
Normand Installer	Certified	Certified	Certified	Classed	Certified	Certified

Certified: certified by accredited third party
Compliant: verified as compliant by independent, qualified third party
Classed: certified by classification society

5 NON-FINANCIAL INFORMATION

5.6 LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

To: the management board and the supervisory board of SBM Offshore N.V.

Assurance report on the sustainability information 2022

Our conclusion

Based on our review, nothing has come to our attention that causes us to believe that the sustainability information included in the annual report 2022 of SBM Offshore N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 31 December 2022, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'Reporting criteria' of our report.

What we have reviewed

We have reviewed the sustainability information included in the following sections of the annual report for 2022 (hereafter: the sustainability information):

- Chapter 1: Business Environment;
- Chapter 2: Performance Review and Impact;
- Chapter 5: Non-Financial Information, except for chapter 5.1.5 EU taxonomy disclosure

A review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' (assurance engagements relating to sustainability reports), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence and quality control

We are independent of SBM Offshore N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of ethics for professional accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of ethics for professional accountants, a regulation with respect to rules of professional conduct).

PwC applies the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria, as disclosed in chapter '5.1.1 Reporting about non-financial information', '5.1.2 Materiality methodology' and '5.2 Reporting Boundaries' of the annual report.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities, and over time.

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. As discussed in chapter 1.4.3 Climate change risk and opportunity, the sustainability information includes information based on climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future climate-related impacts. Inherent to this prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the management board and the supervisory board for the sustainability information

The management board of SBM Offshore N.V. is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section 'Reporting criteria' including selecting the reporting criteria, the identification of stakeholders, and determining the material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in '5.1.1 Reporting about non-financial information', '5.1.2 Materiality methodology' and '5.2 Reporting Boundaries' of the annual report.

Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance to determine the plausibility of the sustainability information. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things, the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board.
- Through inquiries, obtaining a general understanding of the control environment, processes and information relevant to the preparation of the sustainability information, but not for the purpose of obtaining assurance evidence about their implementation or testing their operating effectiveness.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. Those other procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results.
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Obtaining assurance evidence that the sustainability information reconciles to underlying records of the company.
  - Reviewing, on a limited test basis, relevant internal and external documentation.
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level.
- Reconciling the relevant financial information to the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our review.
- Evaluating the overall presentation, structure and content of the sustainability information.
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Rotterdam, 22 February 2023

PricewaterhouseCoopers Accountants N.V.

drs. A.A. Meijer RA

TRUE.
BLUE.
TRANSITION.

CHAPTER 6
ADDITIONAL INFORMATION

6 ADDITIONAL INFORMATION

6.1 Glossary

Term	Definition
A&RC	Appointment and Remuneration Committee
AGM	Annual General Meeting
API	American Petroleum Institute
bopd	Barrels of Oil Per Day
CALM	Catenary Anchor Leg Mooring
CAPEX	Capital Expenditure
CDP	Carbon Disclosure Project
CGCO	Chief Governance and Compliance Officer
CMFL	China Merchants Financial Leasing
CMHI	China Merchants Heavy Industry Co. Ltd.
DNSH	Do No Significant Harm
DSCV	Diving Support and Construction Vessel
E&I	Electrical and Instrumentation
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortization
EPC	Engineering Procurement and Construction
EPCI	Engineering Procurement Construction and Installation
ERM	Enterprise Risk Management
ERP	Enterprise, Resource, Planning
ESG	Environmental, Social and Governance
Euribor	Euro Interbank Offered Rate
FEED	Front-End Engineering and Design
FID	Final Investment Decision
FLNG	Floating Liquefied Natural Gas
FOW	Floating Offshore Wind
FPSO	Floating Production Storage and Offloading
FSO	Floating Storage and Offloading
GEMS	Global Enterprise Management System
GHG	Greenhouse Gases
GJ	Gigajoules
GRI	Global Reporting Initiative
GTS	Group Technical Standards
GW	gigawatt
HEMP	Hazards and Effects Management Process
HR	Human Resources
HSS	Health, Safety & Security
HSSE	Health, Safety, Security & Environment
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rates

Term	Definition
ICOFR	Internal Control Over Financial Reporting
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IFS	Industrial and Financial Systems
IOGP	International Association of Oil and Gas Producers
IP	Intellectual Property
IPCC	Intergovernmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
ISM	International Safety Management
ISO	International Organization for Standardization
ISPS	International Ship and Port Facility Security
JV	Joint Venture
KPI	Key Performance Indicator
LIBOR	London Interbank Offered Rate
LOPC	Loss of Primary Containment
LTI	Long-Term Incentive
LUCY	Let Us Connect You
MNOPF	Merchant Navy Officers Pension Fund
MOPU	Mobile Offshore Production Unit
MoU	Memorandum of Understanding
MPF	Multi-Purpose Floater
MW	megawatt
NES	New Energies & Services
NGOs	Non-Governmental Organizations
NOx	Nitrous Oxides
O&M	Operations and Maintenance
OECD	Organization for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Assessment Series
OIFR	Occupational Illness Frequency Rate
OPEX	Operating Expenditure
PFC	Production Field Center
PP&E	Property, Plant & Equipment
PSE	Process Safety Events
PSM	Process Safety Management
PV	Photovoltaic
R&D	Research and Development
RAC	Risk Assurance Committee
RCF	Revolving Credit Facility

Term	Definition
ROAE	Return on average equity
RP	Remuneration Policy
RSU	Restricted Share Unit
SASB	Sustainability Accounting Standards Board
SDG	United Nations Sustainable Development Goals
SIF	Serious Injuries and Fatalities
SOFR	Secured Overnight Financing Rate
SOx	Sulphur Oxides
SRS	Single Reporting System
STI	Short-Term Incentive
SWS	Shangahi Waigaoquiao Shipbuilding
TCFD	Task Force on Climate-Related Financial Disclosures
TLP	Tension-Leg Platform
TMS	Turret Mooring System
TRIFR	Total Recordable Injury Frequency Rate
TRL	Technology Readiness Level
UN	United Nations
WEC	Wave Energy Converter

6 ADDITIONAL INFORMATION

6.2 ADDRESSES & CONTACT DETAILS

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COLOPHON
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Company and our business
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www.sbmoffshore.com