

2022
ANNUAL
REPORT



TRUE.
BLUE.
TRANSITION.

1 BUSINESS ENVIRONMENT

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	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 95% Completion of Compulsory Compliance Tasks (onshore) ▪ 115 of reports received under SBM Offshore's Integrity Reporting Policy ▪ 0 confirmed cases of corruption 	<ul style="list-style-type: none"> ▪ No negative impact to SBM Offshore's license to operate ▪ Credibility and reputation for trustworthiness 	8
2. Employee Health, Safety and Security	<ul style="list-style-type: none"> ▪ No Harm, No Defects, No Leaks ▪ 2022: Total Recordable Injury Frequency Rate (TRIFR) <0.15 	HSE and Process Safety Management system, Life365; adopting industry best practices and leading standards	<ul style="list-style-type: none"> ▪ TRIFR: 0.12 ▪ 1 Fatality as a result of work-related injury ▪ 0.04 Rate of Lost Time Injuries (LTI) 	<ul style="list-style-type: none"> ▪ A safer working environment ▪ 12 Tier 1 and 2 incidents with follow-up actions in progress 	3, 8
3. Human Rights	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ 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 	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> ▪ No Harm, No Defects, No Leaks ▪ 2022: Uptime at or above 99% 	Target Excellence program, Right365 and Process Safety Management approach	<ul style="list-style-type: none"> ▪ 91.1% Uptime ▪ Project delivery ▪ Maintained ISO certification ▪ 1 significant operational fine 	<ul style="list-style-type: none"> ▪ 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> A diverse, learning and developing workforce able to deliver energy supply related projects and activities 	4, 8
6. Economic Performance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Underlying EBITDA US\$1,010 million Return to shareholders c. US\$200 million 	<ul style="list-style-type: none"> Resilient returns in volatile times Long-term viability Investment capability for innovation 	8, 9
7. Emissions	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Operational excellence to reduce flare emissions in scope 3 Implementation of emissionZERO® program Managing targets with a science-based approach 	<ul style="list-style-type: none"> 1.42 MMSCF/D average flaring Scope 1, 2, 3 emissions: 6.0 million tonnes GHG intensity 108.79 Tonnes of CO₂ 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 (<i>non-GHG emissions</i>): 17.3k tonnes 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Leveraging data and digital technology to increase lifecycle value 2022: Digitalization milestones – e.g. ERP, project management, operations tooling 	Digital Transformation program	<ul style="list-style-type: none"> 41% increase in data signals 	<ul style="list-style-type: none"> Business Continuity Improved efficiencies Key milestones delivered New business opportunities 	8, 9
9. Innovation	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 23 TRL qualifications 10 innovations reached TRL 4 	<ul style="list-style-type: none"> Contribute to the energy transition Long-term sustainability 	7, 9, 13, 14

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Material Topics	Key Objectives	Management Approach & Key Strategic Elements	Key Outputs	Key Outcomes	SDGs
10. Energy Transition	<ul style="list-style-type: none"> ▪ 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 	<p>New Energies and Services development, emissionZERO®</p> <p>Embedding SDG targets in the business and participation in key ESG ratings</p>	<ul style="list-style-type: none"> ▪ FOW project progress¹ ▪ FOW Joint Venture¹ established ▪ 59% EU Taxonomy eligible R&D 	<ul style="list-style-type: none"> ▪ Decline of future carbon footprint ▪ New business ▪ Support climate change mitigation 	7, 9, 13
11. Market Positioning	<ul style="list-style-type: none"> ▪ 2+ FPSOs per year average between 2019-2030 ▪ 2022: Sustainability performance (SDG score card) ▪ 2022: Participation in key ESG ratings 	<p>FPSO competitiveness through Fast4Ward®, Digitalization, emissionZERO®</p> <p>Embedding SDG targets in the business and participation in key ESG ratings</p>	<ul style="list-style-type: none"> ▪ 6 FPSO Projects under construction ▪ 16 assets in the fleet ▪ 30.5US\$ billion directional pro-forma backlog ▪ 97th percentile² S&P Global ESG rating 	<ul style="list-style-type: none"> ▪ 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.