

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

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.

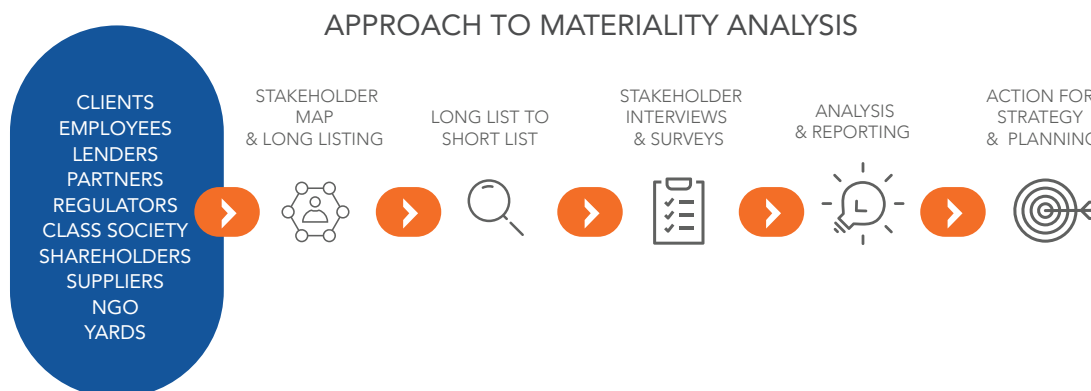
Example engagements during 2022

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.



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-intensive 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

1 BUSINESS ENVIRONMENT

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.

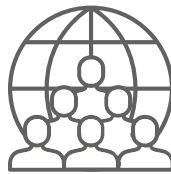
SBM OFFSHORE MATERIAL TOPICS



ENVIRONMENTAL

ENERGY TRANSITION
TOWARDS NET-ZERO

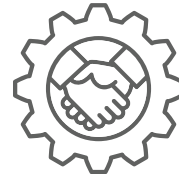
- Energy Transition
- Emissions
- Innovation



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