

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

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.

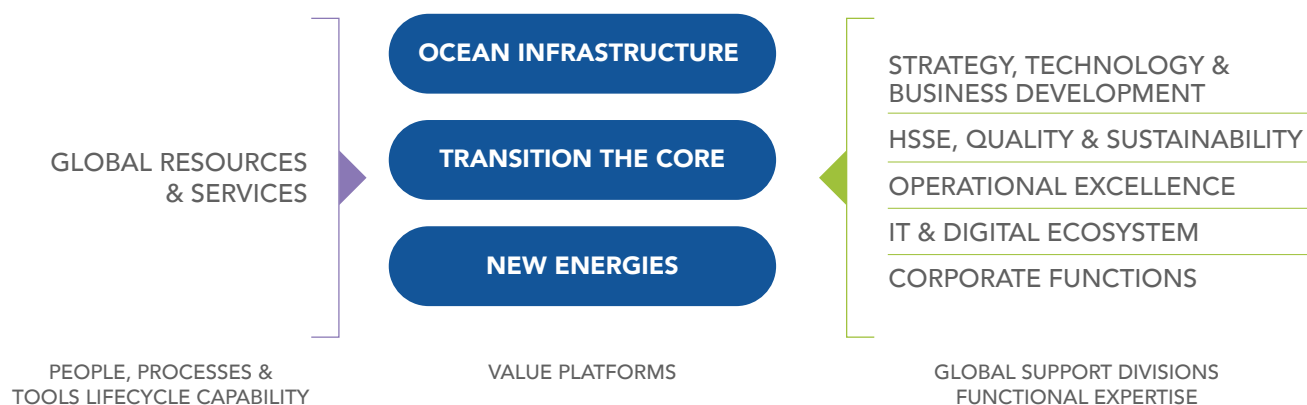
At SBM Offshore, there is a belief that there is a value-premium for investing in the future. Business activities are organized to maximize the societal and financial values of SBM Offshore's stakeholders.

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

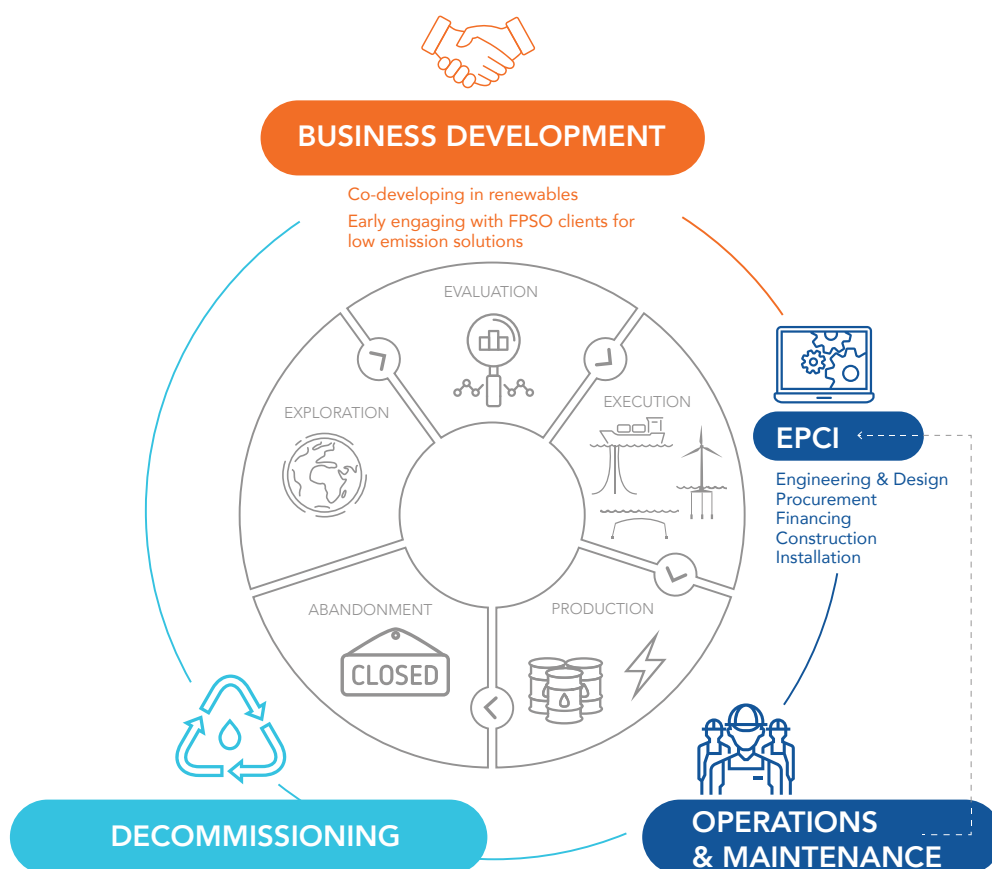
SBM Offshore engages in Research and Development (R&D). Business Development works on early market opportunities and Product Development on further improvement of SBM Offshore's solutions and the commercial management of prospects. After commercial success, the Project Execution phase begins, during 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

