

2022
ANNUAL
REPORT



TRUE.
BLUE.
TRANSITION.

1 BUSINESS ENVIRONMENT

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 | | FINANCIAL | |
|-----------------------------------|---|--|---|
| Climate Change | ↑ | Funding | ↑ |
| Geopolitical events | ↑ | COMPLIANCE RISKS | |
| Technological developments | — | Changes in laws and regulations | ↑ |
| Portfolio | — | Governance, transparency and integrity | — |
| Competitiveness | — | | |
| Third parties | — | | |
| OPERATIONAL | | | |
| Process safety events | — | | |
| Project execution | ↑ | | |
| Transformation | — | | |
| Cybersecurity and data protection | — | | |
| Human capital | ↑ | | |
| Supply Chain constraints | ↑ | | |

RISK EXPOSURE *

* 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. |

1 BUSINESS ENVIRONMENT

| 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 emissions¹, and for scope 3 – Downstream Leased Assets; a 50% reduction of GHG intensity² and zero routine flaring³ (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.