2022 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

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:

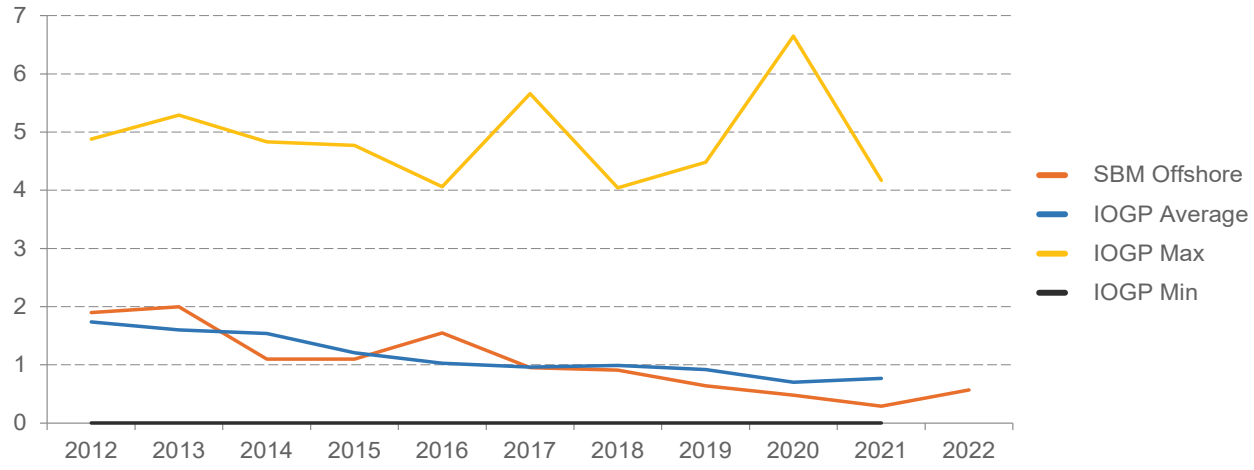
- Started rolling out the Serious Injuries and Fatalities (SIF) Prevention program and its related initiatives.
- Continued rolling out the Hazards and Effects Management Process (HEMP) in operation and execution scopes. The HEMP is the name of SBM Offshore's approach to manage the risk of Major Accident 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.

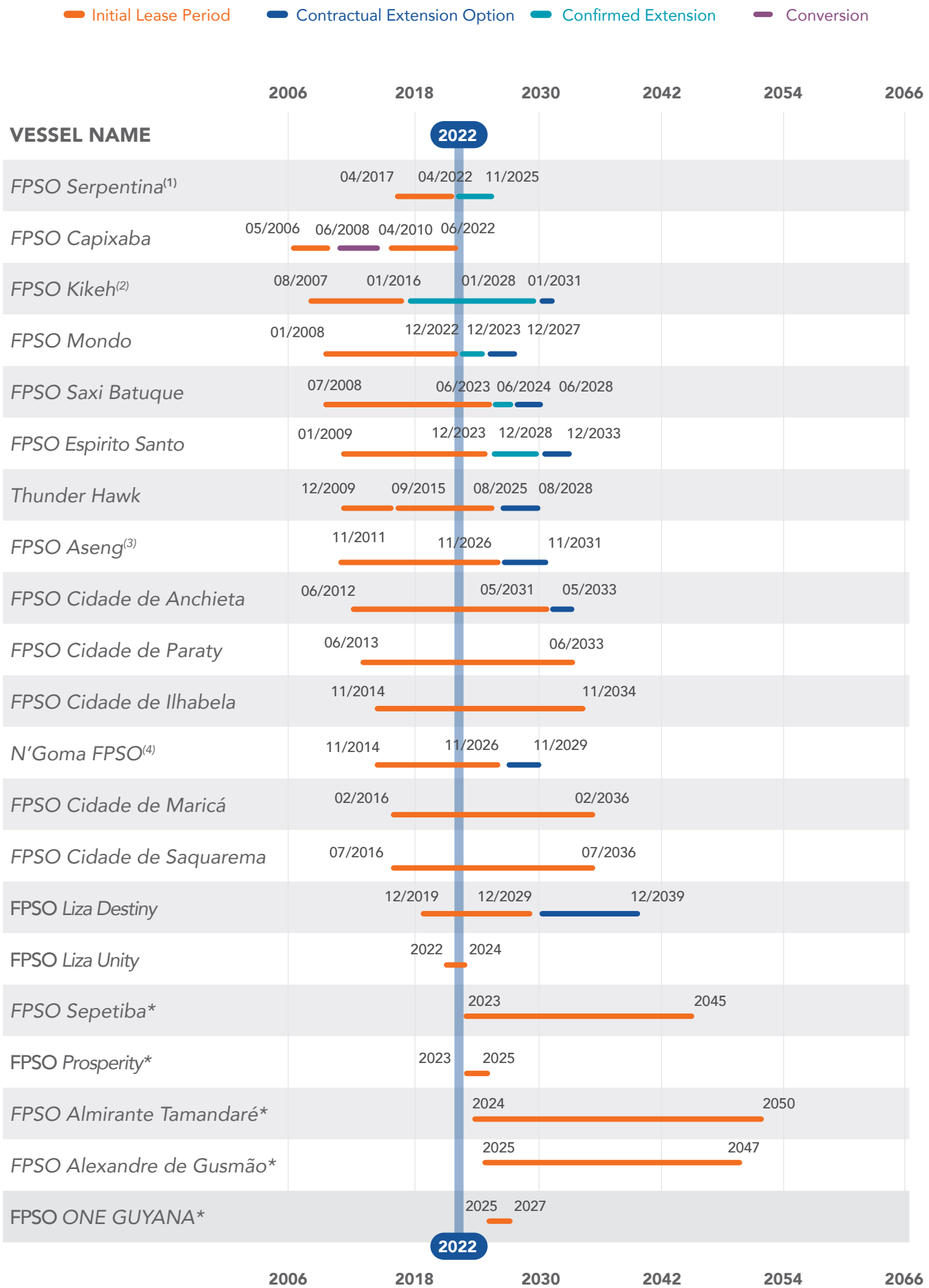
Development of Operations

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



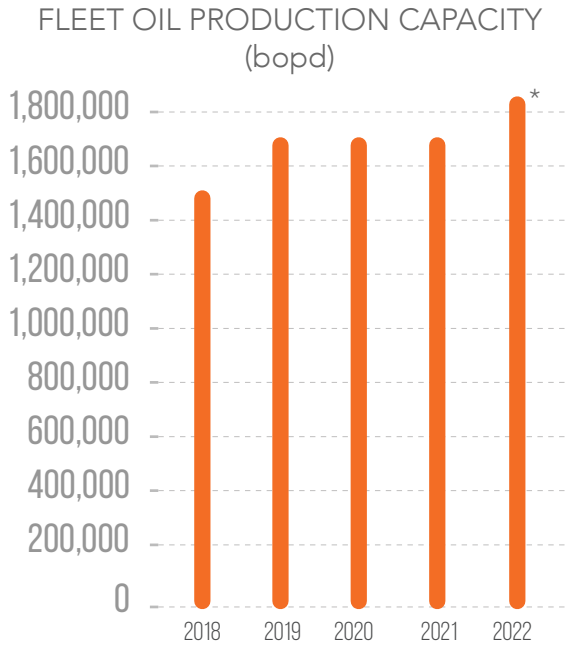
(1) *FPSO Serpentina* is owned by the client and is operated by Gepsing – a subsidiary between SBM Offshore (60%) and GEPetrol (40%)

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

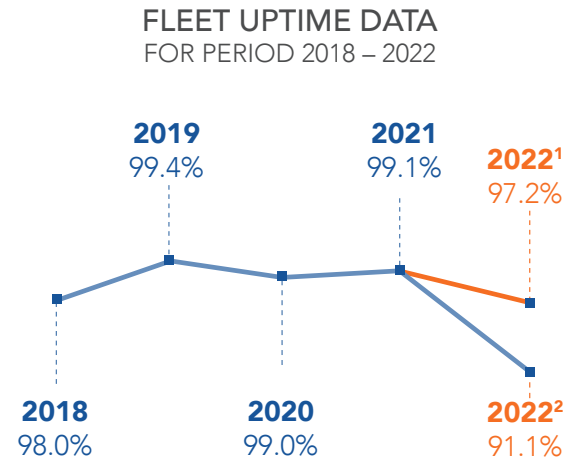
* Under construction

(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

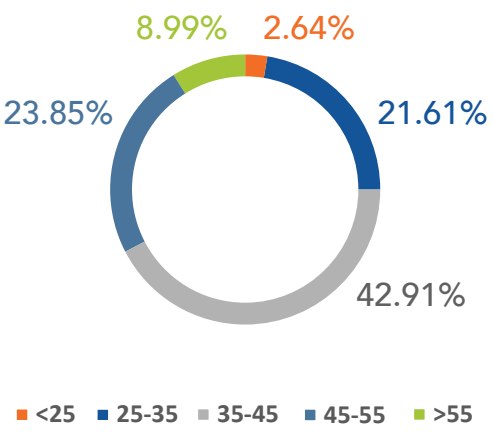
With the continuing digitalization of people management systems, the aim will be to reinforce workforce planning and better anticipate and prepare for future demands. Digital tools will be further rolled out to support virtual reality and e-learning training programs, leveling up SBM Offshore's approach 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

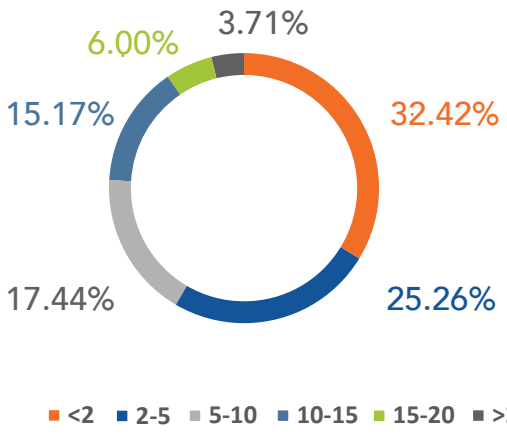
41.20



GLOBAL HEADCOUNT BY SENIORITY RANGE

SENIORITY AVERAGE

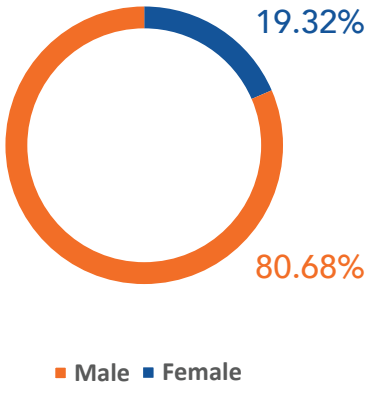
8.35



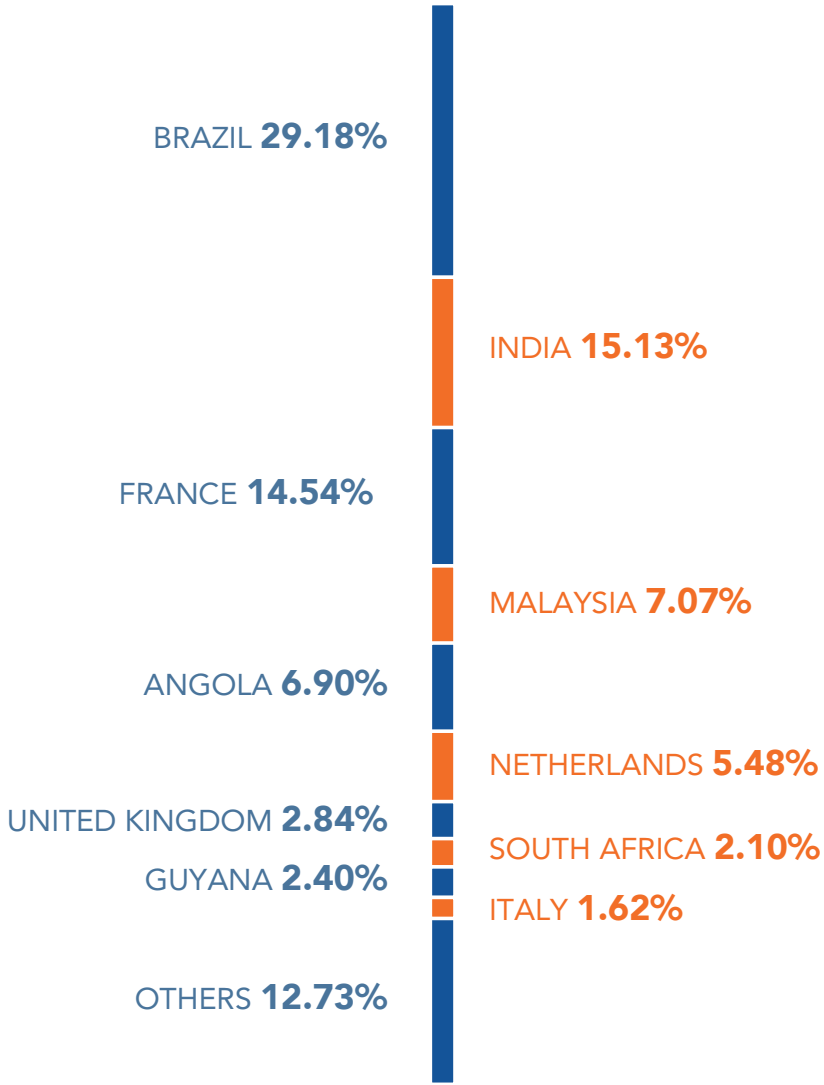
GLOBAL HEADCOUNT PER GENDER

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.

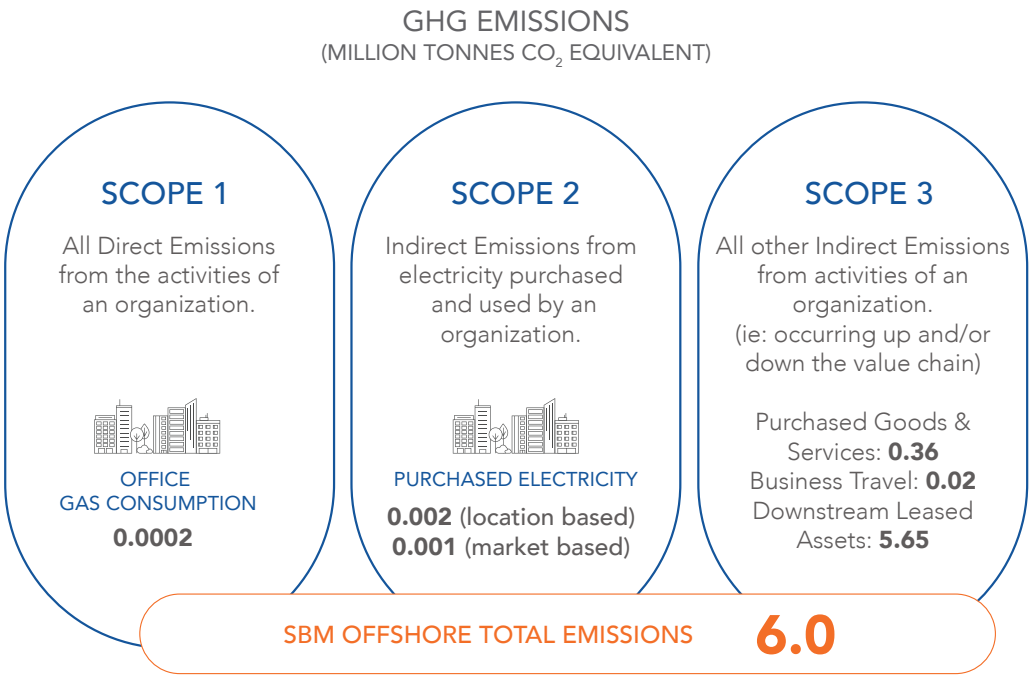
SBM Offshore focuses on GHG emissions while also addressing other emissions – such as emissions to water

[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.



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.

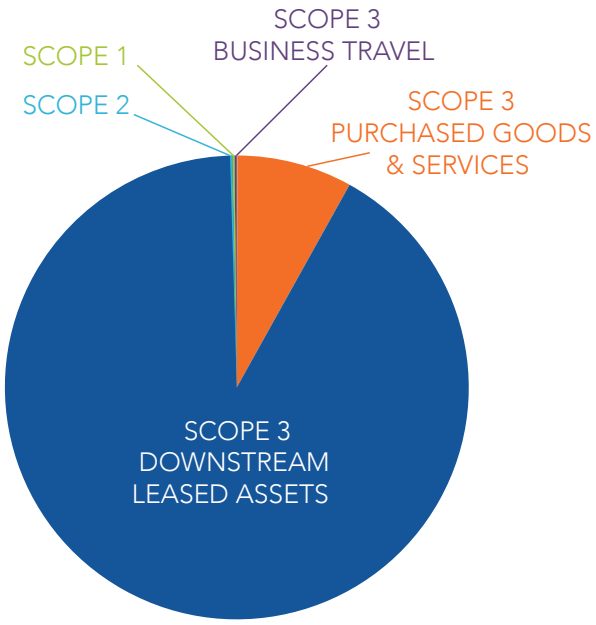
Scope 3 – Downstream Leased Assets

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,

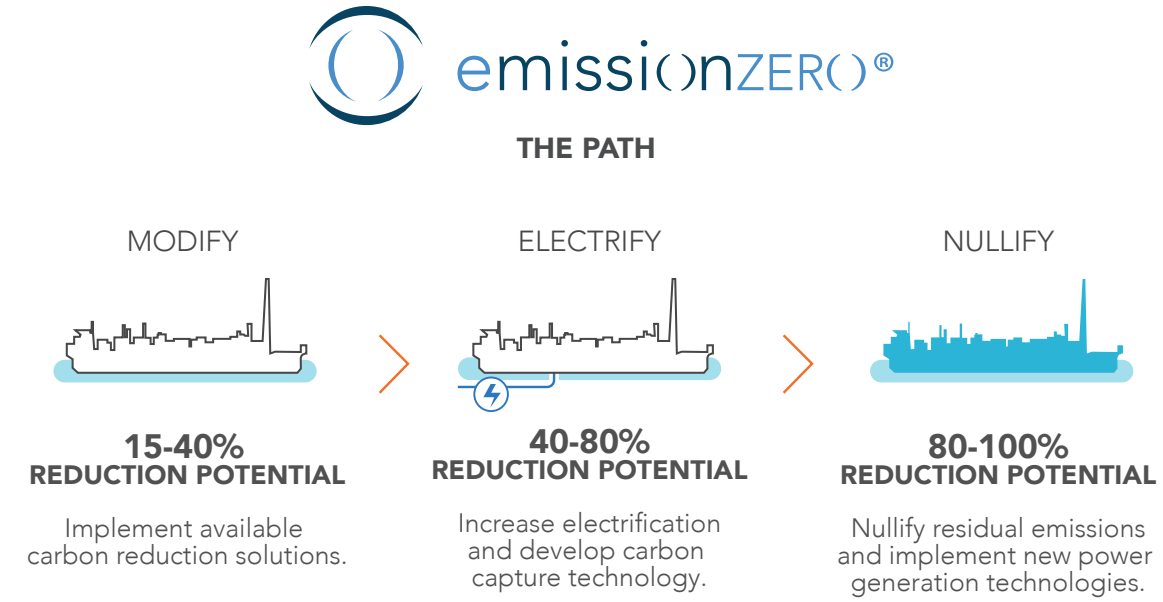
[14] Excluding Thunder Hawk, as SBM Offshore does not provide operational services

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:

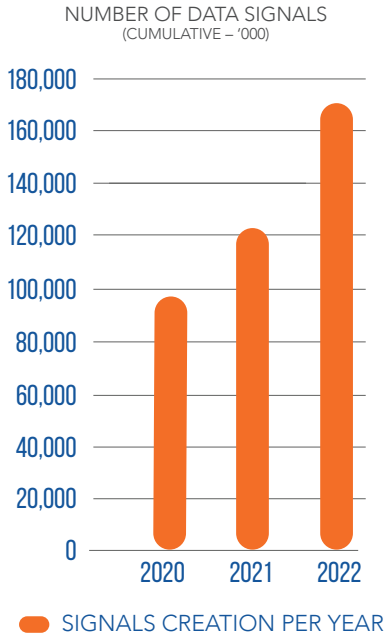
- Deployment of the new ERP system in Brazil.
- Deployment of the Incident Management ERP module.

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:

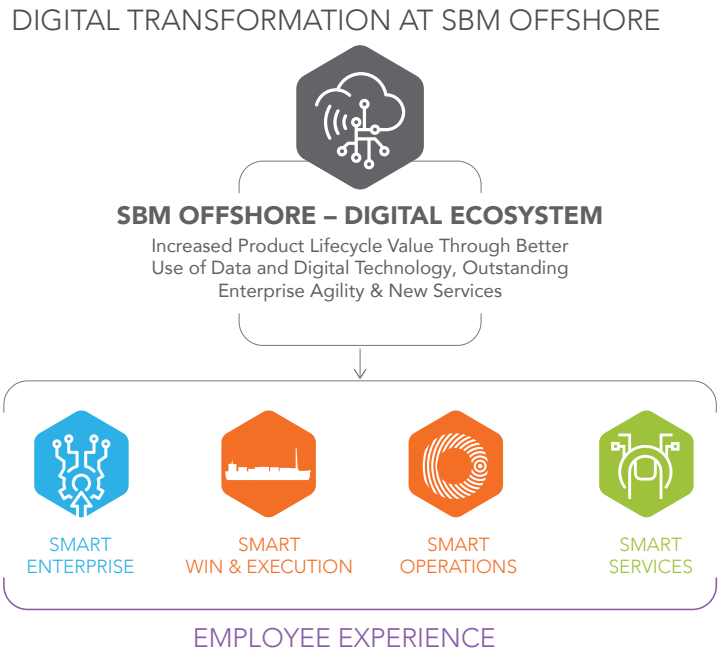
- Deployment of six new intelligent agents (artificial intelligence), supporting operational optimization and targeting new value creation.
- Fleet deployment of the Abnormal Behaviors Tracking Tool.



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.



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

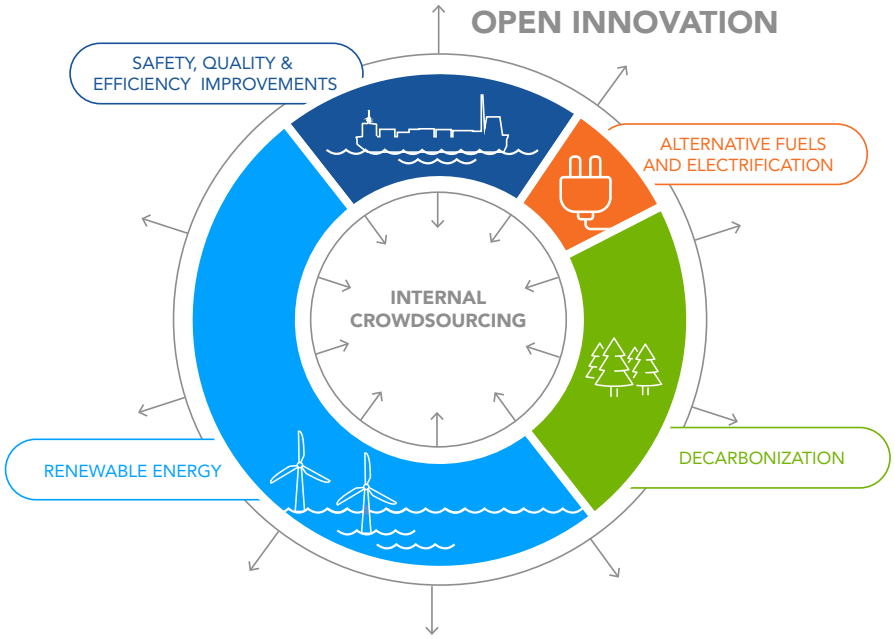
The key objective of innovation at SBM Offshore is to bring valuable new solutions to market that support SBM Offshore's energy transition strategy. All parts of the organization are encouraged to contribute to innovations in their field of expertise, from ideation to final implementation.

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).



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.