

2022
ANNUAL
REPORT



TRUE.
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- 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.

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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 vendors⁵, 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

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.

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.

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

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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