

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

2 PERFORMANCE REVIEW AND IMPACT

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