

2022
ANNUAL
REPORT



TRUE.
BLUE.
TRANSITION.

2 PERFORMANCE REVIEW AND IMPACT

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

Environmental, social and governance-related topics are foundational to SBM Offshore's strategy and consequently drive its strategy development and performance management process. It is the role of every SBMer to contribute positively to this. SBM Offshore is further embedding sustainability in the business by, for example, increasing low-carbon products and promoting local voluntary projects for positive impact.

SBM Offshore leverages the UN SDG framework to steer on positive impact. It has identified nine SDGs to which it can contribute with the most impact, and which are most material to its business. SBM Offshore strives to embed the selected SDG topics within the organization and targets are built with inputs and commitments from different business entities, such as business development, HSSE and operations, as part of business plans and budgets.

A sustainability team is providing guidance to drive positive local impacts aligned with the SDG framework and impacts mentioned in chapter 2. The team reports into the portfolio of the Chief Operating Officer (COO). SBM Offshore has sustainability ambassadors in various countries working with local colleagues and communities.

SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). As part of projects, SBM Offshore applies guidance by the World Bank and works within Environmental Impact Assessments and Stakeholder Engagement outcomes conducted by its clients.

2022 PERFORMANCE

SBM Offshore has built on previous years' efforts and commitments to increase its positive impact on selected SDG targets. This performance program is linked to SBM Offshore's Short-Term Incentive (STI) scheme. An overview of SBM Offshore's contribution towards the SDGs is provided in the SDG table. Overall SBM Offshore is pleased with (over)performance on most of the SDG-linked targets set in 2022. Although SBM Offshore aims for completion of all targets, challenges are part of the journey for improvement and sustainability. SBM Offshore had set the target for 100% completed office sustainability actions, as part of SDG 7. This target has not been met this year due to challenges with cost approval processes in Brazil, local waste segregation infrastructure and accomplishing the action of segregating waste in Guyana. SBM Offshore in Guyana is currently looking for alternative ways to successfully segregate and recycle waste. Nevertheless,

SBM Offshore was able to contribute to positive impact through the provision of renewable power in the Guyana office, with the installation of a 175 kWp solar system. Whilst SBM Offshore takes action on life below water, the performance on the target related to SDG 14 was inhibited by unforeseen complexity in contracting agreements to share ocean data. SBM Offshore remains committed to this and equivalent projects, as demonstrated in the target for 2023.

Further progress has been made in 2022 on target setting and actions taken for SDG 10 and 12, which were added to the program at the end of 2021. SBM Offshore has underlined the importance of diversity and inclusion and achieved 0.96 gender pay gap. As well as the recycling of MOPU *Deep Panuke* (2.1.4.4), SBM Offshore has undertaken initiatives to analyze the level of circularity in FPSOs, leading to further insights into and target setting for operational waste.

SBM Offshore has set intermediate targets to support net-zero by 2050 (SDG 13, 1.4.3) for its FPSO business and has also taken action on biodiversity. The importance of biodiversity to ecosystems and economies has prompted SBM Offshore to develop initiatives such as the installation of reef balls as part of a decommissioning project in Nova Scotia, Canada, and investment in a pilot to provide ocean data to marine researchers in Brazil.

SBM Offshore takes pride in its continuous improvement approach and will apply the knowledge gained from its performance in future target setting. This has led to positive and improving ratings in sustainability benchmarks, as per the following table.

Ranking of SBM Offshore in Sustainability Benchmarks

Benchmark	2022	2021	Comment
CDP	A-	B	'Implementing current best practices'
(A to D-)			
S&P Global, score	75	75	#2 in industry
(out of 100)			
Sustainalytics, ESG risk	14.5	18.5	'Low risk', #1 in industry
(0-40+, lower scores indicate better performance)			

Local impact

SBM Offshore has sustainability ambassadors in Brazil, Guyana, Malaysia, China, India, the Netherlands, Monaco, USA, Switzerland and Angola. They engage with local employees on the topic, organize SDG-related activities for positive impact and are part of SBM Offshore's effort to embed sustainability in the business with local initiatives.

A few examples of the actions taken by sustainability ambassadors are highlighted below.

In Guyana SBM Offshore further continued its technical, financial and advisory support, in light of SDG 3 'Good Health and Well-Being', with Plympton Farms. This agricultural project is turning barren earth into lucrative farmland, creating stable jobs for residents in remote areas of the country. SBM Offshore aided in constructing greenhouse structures. The project is further set to help reduce SBM Offshore's environmental footprint associated with food production and imports by providing FPSOs with quality, fresh locally grown food rather than imported food. The farm supplied approximately 1,188 kg of fresh farm produce in 2022 to FPSOs *Liza Unity* and *Liza Destiny*.

To further support local economic growth, SDG 8 'Decent Work and Economic Growth' and act on the need for sustainable income generation and a diversification of Guyana's economy, SBM Offshore provided support to Hubu Aquafarm to boost production of shrimp and prawns.

In Brazil, SBM Offshore volunteers give educational and psychological assistance at a children's shelter in Rio de Janeiro, as part of the Semente project, which aims to prepare children not only for their academic life, but also for their life in society when they leave the institution. Furthermore, for SDG 4 'Quality Education', SBM Offshore volunteers mentored students from public schools in the State of Rio de Janeiro via the Entrepreneurial Trail program.

The Monaco office took part again in the annual Monaco Energy Boat Challenge, competing in the Energy Class. SBM Offshore runs a green hydrogen-powered boat and continues to develop this and aims to contribute, with its research, to the development of clean energy, as highlighted in SDG 7 'Affordable and Clean Energy'.

For SDG 12 'Responsible Production and Consumption', SBM Offshore has spent time, in partnership with

Earthwake, to innovate and develop a machine which uses plastic waste to generate fuel. Subsequently, the produced fuels are donated to local communities to provide electricity.

To contribute to SDG 10 'Reduced Inequalities', SBM Offshore has partnered with Refugee Talent Hub to provide opportunities to refugees in the Netherlands, who join SBM Offshore in various roles and disciplines.







Various initiatives were taken on SDGs 13 'Climate Action' and 14 'Life Below Water'. SBM Offshore Malaysia has partnered with Reef Check Malaysia and researchers to introduce new coral reef rehabilitation sites around Tioman Island on the east coast of Malaysia. SBM Offshore volunteers and divers collected damaged coral fragments, which were replanted under water and are being monitored. SBM Offshore has carried out habitat assessments for 3 FPSO projects located in the same area. SBM Offshore is also supporting a mangrove restoration project in Guyana, in partnership with NAREI, to increase coastal protection, enhance ecosystem resilience and foster biodiversity.

Worldwide more than 30 charitable donations were made, across the various locations where SBM Offshore is active. These include contributions to local education, literacy projects, sustainable fishing and an ocean protection expedition.

FUTURE

SBM Offshore has formulated SDG-linked targets for 2023 and will continue to structure SDG-projects. SBM Offshore will further focus and act on biodiversity moving forward in 2023. Generally, as part of an iterative and reflective process, SBM Offshore continues to assess SDGs and its (potential) impacts on the environment, economy and society.

SUSTAINABLE DEVELOPMENT GOALS: LONG-TERM TARGETS, 2022 TARGETS AND RESULTS

SDG	TARGET AREA	LONG-TERM COMPANY TARGETS ¹	2022 COMPANY TARGETS	2022 RESULTS
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> Health & Well-being 	<ul style="list-style-type: none"> A leader on Employee Health & Well-being 	<ul style="list-style-type: none"> >70% participation in Health Check Program >50% participation in Mental Health survey 	<p>72%</p> <p>59%</p>
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> Education for Sustainable Development 	<ul style="list-style-type: none"> Co-develop climate change & energy transition awareness program for developing regions 	<ul style="list-style-type: none"> Climate change & energy transition awareness program for offshore community 	<p>86.5%</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> Access to Energy Energy Efficiency 	<ul style="list-style-type: none"> Approved investment plans in support of net-zero by no later than 2050 (Downstream Leased Assets installed base) Project offices consume 100% of green energy 	<ul style="list-style-type: none"> Operational Excellence on Gas Flared. Fleet average: 1.7 wmmcsf/d² 100% Completed Office Sustainability Actions 	<p>1.42</p> <p>91%</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> Human Rights Occupational Safety & Process Safety 	<ul style="list-style-type: none"> Fully embed human rights & social performance within SBM Offshore to achieve no harm Top 10% performer in Occupational Safety & Process Safety Events 	<ul style="list-style-type: none"> 95% of Project Key Resources trained on Human Rights awareness and responsibilities Total Recordable Injury Frequency Rate 0.15 or below 	<p>99%</p> <p>0.12</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> Energy Transition & Decarbonization 	<ul style="list-style-type: none"> >2GW FOW installed or under construction by 2030 Offer the market with near zero emissions FPSO 	<ul style="list-style-type: none"> Min 50% of R&D budget allocated to EU Taxonomy eligible technologies Design of all electrical-drive FPSO as part of emissionZERO® portfolio 	<p>59%</p> <p>96.3%</p>
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> Diversity & Inclusion 	<ul style="list-style-type: none"> Reduce inequality within and among countries 	<ul style="list-style-type: none"> SDG added to commitments for 2022, target set for 2023 	<p>NEW⁴</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> Circularity 	<ul style="list-style-type: none"> Ensure sustainable consumption and production patterns 	<ul style="list-style-type: none"> SDG added to commitments for 2022, target set for 2023 	<p>NEW⁴</p>
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> Climate Change Management 	<ul style="list-style-type: none"> Run a strategy and action plan compatible with a transition to net-zero by no later than 2050 	<ul style="list-style-type: none"> Internal validation of targets in line with net-zero ambition, applying a science-based approach 	<p>100%</p>
 <p>14 LIFE BELOW WATER</p>	<ul style="list-style-type: none"> Ensure Ocean Health & Protect Ecosystems 	<ul style="list-style-type: none"> Reduce Oil in Water Discharge Intensity to zero Develop Marine Diversity Intelligence & Improvement Framework, including target management 	<ul style="list-style-type: none"> Manage Oil in Water Discharge to 50% below IOGP average Launch of an environmental data observation pilot program with identified partners 	<p>70%</p> <p>74%</p>

TARGET AREA	2023 COMPANY TARGETS	SDG
<ul style="list-style-type: none"> Health & Well-being 	<ul style="list-style-type: none"> 70% participation health check programs 	3 GOOD HEALTH AND WELL-BEING 
<ul style="list-style-type: none"> Education for Sustainable Development 	<ul style="list-style-type: none"> Complete climate change & energy transition awareness program for targeted operations community 	4 QUALITY EDUCATION 
<ul style="list-style-type: none"> Access to Energy Energy Efficiency 	<ul style="list-style-type: none"> Operational excellence on gas flared: 1.48 mmscf/d average Validated investment for climate neutral office energy 	7 AFFORDABLE AND CLEAN ENERGY 
<ul style="list-style-type: none"> Human Rights Occupational Safety & Process Safety 	<ul style="list-style-type: none"> Deliver 2 human rights/worker welfare initiatives per region that contribute to remedy of human rights impacts aligned with SBM Offshore Human Rights Standards, including current salient issues TRIFR: 0.14 T1 Process Safety Events with > 3 in severity score: 3³ 	8 DECENT WORK AND ECONOMIC GROWTH 
<ul style="list-style-type: none"> Energy Transition & Decarbonization 	<ul style="list-style-type: none"> 50% of R&D budget allocated to EU Taxonomy eligible technologies Carbon Capture Module readiness for Pre-FEED 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 
<ul style="list-style-type: none"> Diversity & Inclusion 	<ul style="list-style-type: none"> Develop & pilot a school outreach to promote women in engineering and encourage younger generations to take interest in the energy transition business 	10 REDUCED INEQUALITIES 
<ul style="list-style-type: none"> Circularity 	<ul style="list-style-type: none"> Launch ZEROlandfill project in Brazil, action plan for one pilot vessel approved 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
<ul style="list-style-type: none"> Climate Change Management 	<ul style="list-style-type: none"> Launch GHG-emissions monitoring for construction phase 	13 CLIMATE ACTION 
<ul style="list-style-type: none"> Ensure Ocean Health & Protect Ecosystems 	<ul style="list-style-type: none"> Manage oil in water discharge to 50% below industry average Deliver ocean data sharing project, including fauna surveillance 	14 LIFE BELOW WATER 

1. By 2030 unless specified otherwise

2. Average per operational unit including FPSO *Liza Unity* from July 2022 onwards

3. Excl. commissioning

4. No results available since this SDG was added in 2022. For actions already in place see text in annual report section 2.2