

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

5 NON-FINANCIAL INFORMATION

5.1 SCOPE OF NON-FINANCIAL INFORMATION

5.1.1 REPORTING ABOUT NON-FINANCIAL INFORMATION

This annual report has been prepared in accordance with the latest GRI Standards, the revised 2021 Universal Standards. SBM Offshore has used the GRI Standards to determine material aspects for this year's Annual Report. SBM Offshore has expanded the number of KPIs from 'text claim' to limited assurance, most notably related to Human Rights and Retaining and Developing Employees.

5.1.2 MATERIALITY METHODOLOGY

SBM Offshore conducts a materiality analysis according to the GRI Standards in order to include the topics in the Annual Report that can reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders.

For SBM Offshore, it is critical to understand the context of the Company and the interest SBM Offshore's stakeholders take and the impact SBM Offshore has on them, the environment and society. This understanding is raised through continuous dialogue and through SBM Offshore's Materiality Analysis. Insight is obtained through materiality interviews and risk identification, which aim to validate SBM Offshore's strategy and derive an updated overview of topics with high stakeholder interest and impacts (Material Topics).

UPDATE MATERIAL TOPICS

SBM Offshore conducted the following steps to assess the material topics, in order to ensure that the Annual Report contains the level of information required by stakeholders.

- Step 1: Stakeholder Map and Long Listing of Topics
- Step 2: Short Listing of Topics with SBM Offshore Stakeholder Group Owners
- Step 3: Stakeholder Interviews and Surveys
- Step 4: Analysis and Reporting
- Step 5: Action for Strategy and Planning

As part of Step 1, SBM Offshore considered frameworks such as GRI and SASB and looked at peers, clients and best practice. The basis for identifying and selecting stakeholders for engagement during this process resides in the importance of these stakeholders to SBM Offshore and their interest in the SBM Offshore's activities. Above includes Management Board approval process as part of Step 4.

PROCESS

Every four years, SBM Offshore executes a revision of its Materiality Analysis. This was done in 2020. In the years in between, SBM Offshore conducts interviews based on the same list of key and material topics, asking stakeholders for changes in rankings and for any potential additional topics emerging.

In 2022, SBM Offshore applied GRI 2021 guidance to ensure even better understanding of the context surrounding the company, including economic, environmental and societal impacts. The following steps were taken to ensure this.

- Understanding of SBM Offshore's context – as per strategic planning process, leveraging external economic sources and leveraging existing guidance on potential environmental and societal impacts inherent to the industry.
- Engagement with key stakeholders and senior management to revalidate areas of impact (as per materiality process).
 - For stakeholders this was done through video calls with the same stakeholders as in 2021. In these meetings, topic rankings from 2021 were discussed to feed prioritization. Stakeholders were asked for any additional topics emerging in the past year, which was not the case.
 - Senior engagement was performed in two meetings, discussing and validating the list of areas and mapping them based on impact on economics, environment and society.
- A workshop with risk management to validate the potential positive and adverse impacts with identified risks for each of the material topics.
- Validation of disclosures with senior management as part of the Annual Report.

The outcomes of these steps are explained in section 1.2.2 .
As in previous years, material topics are key inputs to

strategy planning and target setting for the business –
definitions and indicators are explained in the tables below.

Material Topics definitions (alphabetical order)

Digitalization	Develop secure digital applications to generate new business, improve operational excellence and reduce cost base through process redefinition, IT integration, IT infrastructure and development of digital services.
Economic performance	Economic value generated by considering total lifecycle and operating costs in order to be able to distribute to stakeholders, including employees, shareholders and capital providers.
Emissions	Manage scope 1, 2 and 3 emissions (GHG and Non-GHG emissions, such as methane, NOx, SOx emissions, etc.) to reduce them as much as possible.
Employee health, safety and security	Providing a safe, secure and reliable work environment for all employees, promoting good health, adequately protecting them from infectious diseases and providing a secure work environment.
Energy transition	Maintain leading market position throughout the energy transition, through portfolio management, sustainable development and adaptation to external trends.
Ethics and compliance	Being a trustworthy organisation by complying with rules, regulations and SBM Offshore's code of conduct, including anti-corruption policies, procedures and mechanisms.
Human Rights	Providing a work environment for employees in which basic human rights for all employees are respected and maintained. Ensure social dialogue with regards to labor conditions and impacts on communities.
Innovation	Development of new technologies, particularly low and non-carbon technologies, to maintain a leading position and support the energy transition.
Market positioning	SBM Offshore's position in the market and global presence, engaging in emerging markets, adapting to present and future market developments and product differentiation.
Operational excellence and quality	Achieving operational excellence and delivering projects and operations safely, on time and at high quality in all areas of SBM Offshore's business and supply chain.
Retaining and developing employees	Providing a healthy work environment for employees, with training and education, regular performance feedback and enabling them to grow through SBM Offshore with meaningful employment.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Digitalization	1. % increase of data signals	1. The number of signals captured that are uploaded in SBM Offshore's Operational Intelligence and Performance Optimization Center, compared against previous year. The scope of this KPI includes active FPSOs and excludes projects under construction, Thunder Hawk (no operation services from SBM Offshore) and <i>FPSO Serpentina</i> (not a downstream leased asset).
Economic performance	1. Underlying EBITDA in US\$ million 2. Return to shareholders in US\$ million	1. US\$ million Earnings Before Interest, Tax, Depreciation and Amortization – Directional. 2. The amount of dividends and share repurchase amounts per year.
Emissions	1. MMSCF/D Average Flaring 2. Scope 1, 2 and 3 GHG emissions 3. GHG emissions intensity 4. GJenergy use 5. Other significant air emissions (<i>non-GHG emissions</i>) 6. Oil in water discharge to % below IOGP average	1. The volumes of gas flaring in scope 3 – Downstream Leased Assets – Standard Cubic Feet (per day). 2. Greenhouse Gas emissions for the various scopes in CO ₂ equivalents 3. GHG in tonnes per million tonnes of oil and gas production (scope 3 – Downstream Leased Assets). 4. Energy consumption in Gigajoules (GJ). 5. Non-Greenhouse Gas emissions, which are CO (Carbon Monoxide), NOx (Nitrogen Oxides), SO ₂ (Sulfur Dioxide) and VOCs (Volatile Organic Compounds), in tonnes per million tonnes. 6. Oil in Produced Water per hydrocarbon production in tonnes per million tonnes. (This KPI applies to the units operated by SBM Offshore which are part of the CSR scope (i.e. <i>FPSO Serpentina</i> and Thunder Hawk are excluded).

5 NON-FINANCIAL INFORMATION

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Employee health, safety and security	<ol style="list-style-type: none"> 1. Total Recordable Injury Frequency Rate (TRIFR) 2. Fatalities as a result of work-related injury 3. Rate of Lost Time Injuries (LTI) 	<ol style="list-style-type: none"> 1. Recordable work-related injuries/exposure hours. 2. Fatalities are cases that involve one or more persons who died as a result of a work-related incident. 3. An injury sustained by an employee that leads to loss of productive work in the form of absenteeism or delays.
Energy transition	<ol style="list-style-type: none"> 1. % EU Taxonomy eligible R&D 	<ol style="list-style-type: none"> 1. R&D expenditure by Group Technology on EU Taxonomy eligible activities, divided by the total R&D expenditure.
Ethics and compliance	<ol style="list-style-type: none"> 1. % completion of Compulsory Compliance Tasks 2. # of reports received under SBM Offshore's Integrity Reporting Policy 3. # of confirmed cases of corruption 	<ol style="list-style-type: none"> 1. The percentage of targeted employees that completed compulsory tasks (excl. Paenal workforce). 2. The number of reports received under SBM Offshore's Integrity Reporting Policy. 3. The number of corruption cases confirmed.
Human Rights	<ol style="list-style-type: none"> 1. % of key project personnel trained 2. % of vendors who have been screened on human rights questionnaire 3. % of vendors signing supply chain charter 4. # of yards that have completed desktop screening 5. # of worker welfare audits 6. % e-Learning completion 	<ol style="list-style-type: none"> 1. The total number of key project personnel trained divided by total key project personnel. Key Project Personnel are personnel with the following functions: Commissioning and Completions Manager, Contracts Manager, Delivery manager – Mooring, Delivery Manager – Topsides, Delivery Manager – Vessel, Delivery Manager Topsides Brazil, HSSE Manager, Project Construction Manager, Project Director, Project Manager, Topsides Construction Manager. Additional key positions included are any contractors for key personnel positions and additional members of the HSSE team. The total list of Key Project Personnel is based on the list provided by the GRS system and people who joined prior to October 31, 2022. 2. The percentage of vendors that have been screened with the human rights questionnaire. For high-risk vendors assessment of risk is based on specific criteria, e.g. country risk, as well as expert judgement from within SBM Offshore. 3. The percentage of vendors qualified that signed SBM Offshore's supply chain charter (qualified vendors between 1-1-2020 to 31-12-2022). 4. The number of yards that have completed desktop screening (desktop screenings have to be assessed by SBM Offshore in 2022 related to prospect yards). 5. The number of worker welfare audits (worker welfare audit has to be completed in 2022 and that it relates to yards with ongoing activities). 6. The percentage of targeted employees who have completed a human rights e-learning course (based on all onshore staff and offshore leadership staff employed at year-end).
Innovation	<ol style="list-style-type: none"> 1. # of Technology Readiness Level (TRL) qualifications 2. # of innovations reached TRL 4 	<ol style="list-style-type: none"> 1. The number of technologies that progressed in SBM Offshore's qualification process. 2. The number of innovations that have reached market readiness.
Market positioning	<ol style="list-style-type: none"> 1. # of FPSO Projects under construction 2. # of assets in the fleet 3. Directional pro-forma backlog in US\$ billion 4. Sustainability performance 	<ol style="list-style-type: none"> 1. The number of projects under construction. 2. The number of assets under lease and/or operation. 3. Backlog is the undiscounted revenue over the firm portion of the contracts. 4. Target achievement versus SDG-linked objectives and rankings in ESG ratings: S&P Global Rating.
Operational excellence and quality	<ol style="list-style-type: none"> 1. % Uptime 2. # of significant operational fines 3. Certifications 	<ol style="list-style-type: none"> 1. The percentage of hours an asset is operating compared with total hours of operation. This does not include planned maintenance and shutdown. The uptime for FPSO <i>Liza Unity</i> has been included from July onwards. 2. The number of significant operation fines of a regulatory and/or administrative nature which exceed US\$500,000. 3. The completion of certifications for assets and operations, including ISO9001, ISO14001, OHSAS 18001/ISO 45001, ISM, ISPS, CLASS.

Definitions of indicators per Material Topic

Material Topic	KPI	Definition
Retaining and developing employees	1. Gender pay gap	1. The average compa-ratio female/average compa-ratio male.
	2. % under collective bargaining	2. The percentage of SBM Offshore employees (direct hires, no contractors) covered by collective bargaining agreements.
	3. # of new hires	3. Total number and rate of new employee hires during the reporting period, by age group, gender and region.
	4. # of average training hours	4. The average number of total training hours per employee in the current year.
	5. Employee turnover rate (%)	5. The number of employees who have left SBM Offshore in the current year (between January 1 and December 31 of the current year) compared with the aggregate of the headcount on December 31 of the previous year and December 31 of the current year; divided by 2, with the result multiplied by 100.
	6. % of performance appraisals completion	6. The percentage of performance appraisals completed for permanent, temporary (only from Brazil and the Netherlands) and JV staff (apart from <i>FPSO Kikeh</i>) of all employees that joined SBM Offshore before October 1, 2021 and were still with SBM Offshore on December 31, 2021 (5.2.4).

5.1.3 STAKEHOLDER ENGAGEMENT

SBM Offshore maintains open and active engagement with its external stakeholders through regular business interactions, including the Annual General Meeting, analyst and investor roadshows/meetings, analyst webcast presentations, press releases, website updates, surveys and desktop research.

The feedback obtained during the Materiality Analysis, explained in section 1.2, forms a key element of the backbone of SBM Offshore's stakeholder engagement program. The program is complemented by other interactions with stakeholders, in order to validate findings, and the feedback received feeds into management's approach to Materiality and long-term value creation.

Would you like to participate in SBM Offshore's 2022 Stakeholder Engagement or provide feedback for the 2022 Stakeholder Engagement? Please write to SBM Offshore at sustainability@sbmoffshore.com.

5.1.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

MANAGEMENT APPROACH

Mitigating the impacts of climate change while meeting the needs of the future by facilitating the energy transition are key for SBM Offshore. The Climate Change Risk and Opportunity assessment is embedded in the portfolio of the COO and CFO. The Global Sustainability Director – who reports into the COO-line – prepares Climate Change scenarios and the Group Risk & Control Manager – ultimately reporting to the CFO – embeds Climate Risks and Opportunities into SBM Offshore's risk management processes and systems. This has been done with risk management professionals and SBM Offshore's Group Strategy and Sustainability teams first, followed by validation with business owners and the Risk Assurance

Committee. Any financial impacts identified in the process are disclosed in chapter 4 of this report.

Frameworks from the TCFD have been used to structure the assessment, more specifically, the TCFD's Technical Supplement. SBM Offshore has applied the following steps:

1. Ensuring Governance to integrate Climate Change Scenario analysis into Strategic Planning and Enterprise Risk Management.
2. Assessment of the Materiality of Climate Change-related risks and opportunities with business and functional experts.
3. Identification and definition of the range of Climate Change scenarios.
4. Evaluation of business impact per scenario together with business owners.
5. Identification of potential responses.
6. Documentation in a Climate Change outcome presentation and embedding in SBM Offshore's ERM system as well as Disclosure as per this Annual Report and internal presentations.

The outcome is used to future-proof the current strategy against Physical and Transitional Climate Change-related risks and opportunities. Identified risks and opportunities are embedded in SBM Offshore's Risk Management approach, explained in section 3.6 and SBM Offshore's Strategic Planning processes.

RISK MANAGEMENT

Climate Change risks and opportunities are identified and assessed against SBM Offshore's strategy in SBM Offshore's risk breakdown structure. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations that are part of SBM Offshore's portfolio. The Group Risk Manager facilitates the process of bottom-up Climate Change risk reporting to the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the