2022 ANNUAL REPORT

SBM OFFSHORE

TRUE.
BLUE.
TRANSITION.

review in the RAC results in heat-maps of risks, which are presented in a quarterly Risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board alongside the measurement of SBM Offshore's Risk Appetite Statements and the latest Risk profile.

SCENARIO PLANNING

SBM Offshore has defined two Climate Change scenarios to future-proof current strategy and take subsequent action based on IEA and IPCC data:

1. A **Steady** Climate Change Scenario based on the IEA's Stated Policy Scenario (STEPS) and the IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have a positive impact on climate change, but falls short of meeting Paris Agreement goals.
2. A **Bold** Climate Action Scenario based on theIEA's net-zero Emissions (NZE) scenario and the IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for strong commitment towards targets as per the Paris Agreement.

5.1.5 EU TAXONOMY DISCLOSURE

The following disclosures are excluded from auditor assurance.

At this point, EU regulation is effective for objectives on climate change mitigation and climate change adaptation, with further delegated acts to be published at a later stage. SBM Offshore is strongly committed to facilitating the Energy Transition. This is evidenced by the Material Topics of Energy Transition, Emissions and Innovation. Objectives and performance for these topics are explained in sections 2.1.7 , 2.1.9 and 2.1.10. The following disclosures are excluded from independent auditor assurance.

EU TAXONOMY ELIGIBILITY

The evaluation of the eligibility of SBM Offshore's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and numerator of the 3 KPIs, which are Turnover, CAPEX and OPEX. It was performed through a methodological approach consisting of:

1. extracting the total denominator for the 3 KPIs from the financial reporting and consolidation system used to prepare 2022 IFRS consolidated financial statements,
2. identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
3. documenting and assessing for each of those economic activities their 'eligibility' for the first two environmental objectives: 'Climate Change Mitigation' and 'Climate Change Adaptation' included in the EU taxonomy, in order to determine the numerator of each of the 3 KPIs.

- **Turnover** considered for this analysis covers all the business activities of SBM Offshore as at December 31, 2022 and the denominator can be reconciled with the 2022 IFRS Total revenue recognized pursuant to IAS1 and disclosed in note 4.3.2 of the consolidated financial statements. It consists of the Revenues from Turnkey and Lease and Operate activities. A considerable part of this business relates to services to the industry of oil and gas extraction. Even if this part of SBM Offshore's business is addressing the net-zero path – e.g. through decarbonization and digitalization – it cannot be considered eligible for the EU Taxonomy as it is today. The only eligible part of the Turnover therefore relates to SBM Offshore's renewable energy products and services (EU Taxonomy activity: Manufacture of renewable energy technologies).
- **CAPEX** consists of additions to tangible and intangible assets during the financial year 2022 considered before depreciation, amortization and any re-measurements recognized by SBM Offshore pursuant to IAS16, IFRS16 and IAS38. The denominator can be reconciled with the sum of the lines 'Additions' disclosed in notes 4.3.13 and 4.3.14 of the consolidated financial statements. The majority of CAPEX is associated with services to the industry of oil and gas extraction and is therefore non-eligible for the EU Taxonomy – even if part of the CAPEX improves the energy efficiency and emissions profiles of these activities. The eligible part of CAPEX comes mainly from capitalized cost of the Wave Energy Converter, explained in section 2.1.9 and sustainability investments in offices (EU Taxonomy activities: Close to market research, development and innovation and installation, maintenance and repair of energy-efficient equipment).
- **OPEX,** according to the EU Taxonomy, is determined by the direct non-capitalized costs of research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third-party outsources that are necessary to ensure the continued and effective functioning of such assets (EU Taxonomy activity: Close to market research, development and innovation).

The economic activities identified currently contribute to one environmental objective being climate change mitigations, but would they contribute to several environmental objectives than the numerator would only

take into account the allocation of revenues and expenditures to one environmental objective so that double counting is avoided.

Maintenance and repair costs covering operating leased FPSOs is a service provided by SBM Offshore to its lessees. These expenses are direct 'cost of sales' (reported as such in the Consolidated Income Statement under IFRS) related to services already included in Turnover KPI as revenue from contracts with customers. To avoid double counting, these 'cost of sales' are therefore not included in the OPEX KPI.

The eligible part of OPEX relates mainly to R&D activities into non-carbon solutions as explained in section 2.1.9. Other items are non-capitalized investments into increased energy efficiency of office buildings.

Table 1 provides the basis for the numerator and denominator of EU Taxonomy eligibility and alignment for respectively Turnover, CAPEX and OPEX, whereas Table 2 shows the actual KPI related to the EU Taxonomy eligible activities.

Table 1 – KPI definitions

	Turnover	CAPEX	OPEX
Eligible Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU Taxonomy-eligible economic activities.	Capital expenditure that is related to assets or processes associated with the EU Taxonomy-eligible activities.	Operating expenditure that is related to assets or processes associated with the EU Taxonomy-eligible activities.
Aligned Numerator	Part of the net turnover derived from products or services, including intangibles, associated with EU Taxonomy-aligned economic activities.	Capital expenditure that is related to assets or processes associated with the EU Taxonomy-aligned activities, part of the 'CAPEX-plan' below, or related to the purchase of output from EU Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, provided that such measures are implemented and operational within 18 months.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS related to assets or processes associated with the EU Taxonomy-aligned activities, including training and other human resources adaptation needs and direct non-capitalized costs that represent research and development, part of the 'CAPEX-plan' or related to the purchase of output from EU Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual renovation measures, provided that such measures are implemented and operational within 18 months.
Denominator	Revenues recorded in the Consolidated Income Statement under IFRS as per Revenue Accounting policy described in section 4.2.7 of the consolidated financial statements.	Additions to tangible and intangible assets recorded in the Consolidated Statement of Financial Position under IFRS during the financial year, considered before depreciation, amortization and any re-measurements.	Direct non-capitalized costs recorded in the Consolidated Income Statement under IFRS that relate to R&D, building renovation measures, short-term lease, maintenance and repair (excluding expenses reported as Cost of Sales), and any other direct expenditures relating to the day-to-day servicing of assets of PP&E.

There is no CAPEX or OPEX related to the purchase of output from Taxonomy-aligned economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures included in numerator of CAPEX or OPEX.

Table 2 – EU Taxonomy Eligibility

	Turnover		CAPEX		OPEX	
	2022	2021	2022	2021	2022	2021
Taxonomy-Eligible Activities (%)	0.5	1.0	0.5	0.2	43	30.5
Taxonomy-Non-Eligible Activities (%)	99.5	99.0	99.5	99.8	57	69.5
Total (in millions of US$)	4,913	3,747	151	59	41	41

The key changes between 2022 and 2021 are explained by an increase in overall turnover reducing the relative eligible turnover. Increases in eligible CAPEX and OPEX improved the absolute and relative KPI's for eligible activities.

EU TAXONOMY ALIGNMENT

The above-mentioned activities have been screened for alignment with the EU Taxonomy along the following topics:

1. Significant contribution to environmental objectives
2. Do No Significant Harm Principles (DNSH)
3. Minimum Social Safeguards (MSS)

Significant contribution to environmental objectives

As per Taxonomy – Annex 1 – Climate Change Mitigation – the activity 'Manufacture of renewable energy technologies' is mentioned to comply, stating 'The economic activity manufactures renewable energy technologies'.

For the associated R&D activities (Close to market research, development and innovation) – SBM Offshore considered the following relevant as the R&D:

- Provides for products dedicated to one or more economic activities defined in Annex 1 – Climate Change Mitigation.
- Enables renewable energy solutions to meet the criteria for substantial contribution to climate change mitigation, while doing no significant harm to other environmental objectives. This has been assumed for the R&D that enables and improves products currently under construction and/or with turnover – i.e. Floating Offshore Wind and Wave Energy.
- Delivers products that allow new energy solutions to substantially improve their technological and economic feasibility in order to facilitate their scaling up.
- Is focused on the development of equally low- or lower-emission products at lower cost. This is the case as SBM Offshore is investing in leaner versions of Floating Offshore Wind and Wave Energy Converters that have zero mechanical parts, hence lowering the cost of maintenance and failure offshore.
- Enables activities for which SBM Offshore or its clients already have permits from competent authorities – i.e. the Floating Offshore Wind project and the Wave Energy Converter demonstrator currently under construction.

The activity 'installation, maintenance and repair of energy efficient equipment' (Activity 7.3) has a significant contribution due to installation of low water and energy use kitchen and sanitary water fittings, which comply with technical specifications set out in Appendix E of Annex 1, Climate Change Delegated Act.

Do No Significant Harm Principles (DNSH)

For the manufacture of renewable energy technologies, SBM Offshore has assessed the DNSH principles of its eligible activities, analyzing impacts and mitigations for Climate Change Adaptation, Water and Marine Resources, Biodiversity and Ecosystems, Transition to Circular Economy and Pollution Prevention and Control. Whilst SBM Offshore feels confident it meets the requirements for alignment, action needs to be taken to further engage with clients and the supply chain to fully understand the quality of mitigating measures for pollution; for example, the certification of sourced products to meet certain requirements under Pollution Prevention.
As the 'Close to market research, development and innovation' activity is looking to improve the technologies currently deployed in FOW and WEC projects, SBM Offshore assumes this activity meets the DNSH principles, and is aiming to align any EU Taxonomy-eligible products currently in R&D stages.

For the activity 'Installation, maintenance and repair of energy efficient equipment', SBM Offshore has accepted non-alignment at this stage, due to the complexity of the assessment compared to the materiality of the topic. CAPEX in this field represents a small portion of the subsequent KPI, at the same time, procurement is done with reputable suppliers, leading to a low risk of doing significant harm to the topics mentioned above.

Minimum Social Safeguards (MSS)

There are no convictions or ongoing cases in 2022.
SBM Offshore has policies, processes and systems in place that focus on compliance with human rights, labor rights, taxation, fair competition and anti-corruption. This is explained further in sections 2.1.1, 2.1.3 , 5.2.4 and on SBM Offshore's ESG website. As part of EU Taxonomy alignment, an assessment has been conducted of these processes on:

1. The embedding of responsible business conduct in policies, management systems and due diligence processes.
2. The management of adverse impacts.
3. The process of grievance, remediation and follow-up.

Further work will be needed to further document the processes, as explained under 'Future'. Table 3 provides the basis for the numerator and denominator of EU Taxonomy alignment for, respectively, Turnover, CAPEX and OPEX, whereas tables 4-6 show the complete KPI disclosure the EU Taxonomy. For comparability with the previous year, refer to table 2.

FUTURE

SBM Offshore takes pride in being able to demonstrate eligibility and partial alignment on its activities, due to strong policies, systems, processes and capabilities.
SBM Offshore welcomes technical guidance to further grow its sustainable business and manage targets for the energy transition. Expectation is that maturation is needed – internally and externally – to completely validate and audit the alignment to the Taxonomy. Therefore SBM Offshore will manage a 'CAPEX plan' to ensure alignment, within a

period of five years, of its eligible activities as explained above. The following actions will be key, with an associated budget estimate of US$300,000:

- Executing climate change risk and vulnerability assessment for all eligible activities
- Embedding regulatory compliance against EU Taxonomy on projects – mainly assessing and documenting on Do No Significant Harm principles, most notably:
  - Circularity
  - Biodiversity mitigations
  - Demonstrating 'no harmful substances' being brought to market via eligible activities
- Training for EU Taxonomy on R&D & project staff
- Reporting and IT implementation

The CAPEX plan aims either to expand the undertaking's Taxonomy-aligned economic activities or to upgrade Taxonomy-eligible economic activities to render them Taxonomy-aligned. The plan is disclosed above and approved by the management body.

Table 3 – EU Taxonomy Alignment

	Aligned			Eligible (not-aligned)			Total denominators		
Values in millions of US$	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX	Turnover	CAPEX	OPEX
ACTIVITY									
3.1 Manufacture of renewable energy technologies	-	-	-	25	0.0	-	4,913	151	41
7.3 Installation, maintenance and repair of energy efficient equipment	-	-	-	-	0.05	-	4,913	151	41
9.1 Close to market research, development and innovation	-	-	-	-	0.67	18	4,913	151	41
Total	**-**	**-**	**-**	**25**	**0.73**	**18**	**4,913**	**151**	**41**

Table 4 – EU Taxonomy Alignment – Turnover

Turnover			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute Turnover	Proportion of Turnover	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
3.1 Manufacture of renewable energy technologies	25	0.5	0.5	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**25**	**0.5**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
Turnover of Taxonomy-non-eligible activities (B)	4,888	99.5											
Total (A + B)	**4,913**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

Table 5 – EU Taxonomy Alignment – CAPEX

CAPEX			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute CAPEX	Proportion of CAPEX	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
7.3 Installation, maintenance and repair of energy efficient equipment	0.05	0.04	0.04	0	N	N	N	N	N	N	Y	E	
9.1 Close to market research, development and innovation	0.67	0.4	0.4	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**0.73**	**0.5**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
CAPEX from Taxonomy-non-eligible activities (B)	150	99.5											
Total (A + B)	**151**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

Table 6 – EU Taxonomy Alignment – OPEX

OPEX			Substantial contribution to:		DNSH criteria (Does Not Significantly Harm)								
SBM Offshore activity	Absolute OPEX	Proportion of OPEX	CCM[1]	CCA[2]	CCM[1]	CCA[2]	CE[3]	W&MR[4]	P[5]	B&E[6]	Minimum safeguards	Category (enabling activity)	Category (transitional activity)
	in millions of US$	in %	in %	in %	Y/N[7]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES													
A.1 Taxonomy-aligned actitivities													
A.2 Taxonomy-eligible but not -aligned activities													
9.1 Close to market research, development and innovation	18	43	43	0	Y	Y	Y	Y	N	Y	Y	E	
Total (A.1 + A.2)	**18**	**43**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES													
OPEX from Taxonomy-non-eligible activities (B)	24	57											
Total (A + B)	**41**	**100**											

1 Climate Change Mitigation
2 Climate Change Adaptation
3 Circular Economy
4 Water & Marine Resources
5 Pollution
6 Biodiversity & Ecosystems
7 Y = considered aligned with DNSH, N = considered not yet aligned with DNSH

5.2 REPORTING BOUNDARIES

SBM Offshore not only reports on impacts it causes, but also on impacts it contributes to, and impacts that are linked to its activities. In each of the following paragraphs, SBM Offshore elaborates in detail on the boundaries of SBM Offshore's material topics, which are consistent with the boundaries in the previous year. The boundary of a material topic relates to the parts of the organization and supply chain covered in the figures.

5.2.1 HEALTH, SAFETY AND SECURITY REPORTING

SBM Offshore's people work in demanding roles and conditions, with different risks to manage. The Health, Safety and Security (HSS) performance indicators boundaries take into account:

- Employees, which include all direct hires, part-time employees, locally-hired agency staff ('direct contractors') in the fabrication sites, offices and offshore workers, i.e. all people working for SBM Offshore.
- Contractors, which include any person employed by a contractor or contractor's subcontractor(s) who is directly involved in execution of prescribed work under a contract with SBM Offshore.

Until 2021, HSS incidents were reported and managed through SBM Offshore's incident management tool (SRS – Single Reporting System), which is a web-based reporting system that is used to collect data on all incidents occurring in all locations where SBM Offshore operates. In 2021, SBM Offshore developed and began using the IFS Incident Management/Corrective Action Preventive Action (IM/CAPA) module for Brazil operations. In 2022, the IFS IM/CAPA module was rolled out to Guyana, Angola and Malaysia operations as well as projects. It will be further rolled out to the remaining company locations to replace SRS.

Safety incidents are reported based on the incident classifications as defined by the IOGP Report 2021s-June 2022. Health incidents are reported based on the occupational illnesses classification given in IOGP Report Number 393-2007. The main type of work-related injury categories are related to manual handling injuries and slips, trips and falls – e.g. walking at same level and stairs. Investigations, based on the type, criticality and severity of the event, are performed by specifically identified personnel using methods such as TapRoot® and 5 Whys.

Employees are provided with HSS training to familiarize themselves with SBM Offshore's health, safety, and security rules and regulations. The training topics are based on the hazards identified through the above identification process as well as the regulatory requirements. The promotion of a speak-up culture – as described in section 2.1.1 – contributes to the identification process. Inclusion and non-retaliation are part of the Speak Up Policy.

5.2.2 ENVIRONMENTAL REPORTING

ATMOSPHERIC EMISSIONS

Emissions reported in SBM Offshore's records include:

- Scope 1 – Direct Emissions
- Scope 2 – Purchased Electricity
- Scope 3 – Business Travel
- Scope 3 – Purchased Goods and Services
- Scope 3 – Downstream Leased Assets

For all reported emissions goes that CO_2 equivalency is a quantity that describes, for a given mixture and amount of greenhouse gas, the amount of CO_2 that would have the same Global Warming Potential (GWP), when measured over a specified timescale (generally, 100 years).

Scope 1 – Direct Emissions

For the Natural Gas consumed in offices, SBM Offshore takes an operational control view and uses conversion factors from the Dutch Emission Authority and the website Co_2emissiefactoren.nl.

Scope 2 – Purchased Electricity

Scope 2 comprises GHG emissions from energy purchased for offices (market-based and location-based).

The reporting scope includes all locations where the headcount is over 10 and yards over which SBM Offshore has full operational control. SBM Offshore reports onshore emissions data for the following locations: Amsterdam, Houston, Kuala Lumpur, Marly, Monaco, Rio de Janeiro, Schiedam, Shanghai, Carros lab, Georgetown, Bangalore, Brazil Shorebases, Luanda Shorebase and Malabo Shorebase. The Singapore office is excluded as SBM Offshore has no visibility on energy breakdown usages as the energy is included in the lease.

For the purchased electricity usage, SBM Offshore uses conversion factors to calculate CO_2 equivalents from energy consumed (kWh). Sources used for these conversion factors are, amongst others, the European Environmental Agency, the European Investment Bank and the Association of Issuing Bodies.

Scope 3 – Business Travel

This scope entails GHG emissions from flights invoiced and paid for via SBM Offshore's standard travel system in 2022 and the data covers all operating companies. Data accuracy increased due to better information from travel agencies for multi-legged flights. Business travel is determined based on flight data communicated by travel agencies, including mileage per invoice date and a calculated extrapolation of data for the last two weeks of the year. In a