

2022 ANNUAL REPORT



TRUE.
BLUE.
TRANSITION.

5 NON-FINANCIAL INFORMATION

- GHG emissions per hydrocarbon production from flaring and energy generation.
- Non-Greenhouse Gases which are CO (Carbon Monoxide), NO_x (Nitrogen Oxides), SO₂ (Sulphur Dioxide) and VOCs (Volatile Organic Compounds).
- Gas flared per hydrocarbon production.
- Energy consumption per hydrocarbon production.
- Oil in Produced Water per hydrocarbon production.

The calculation of air emissions from offshore operations units uses the method as described in the EEMS-Atmospheric Emissions Calculations (Issue 1.810a) recommended by Oil & Gas UK. SBM Offshore reports some of its indicators as a weighted average, calculated pro rata over the volume of hydrocarbon production per region. This is in line with the IOGP Environmental Performance Indicators. The GHG-intensity figures in sections 2.1.7. and 5.3.2. use hydrocarbon production as a denominator, being the standard metric used in the industry.

OFFSHORE ENERGY CONSUMPTION

The energy used to produce oil and gas covers a range of activities, including:

- Driving pumps producing the hydrocarbons or reinjecting produced water.
- Heating produced oil for separation.
- Producing steam.
- Powering compressors to reinject produced gas.
- Driving turbines to generate electricity needed for operational activities.

The main source of energy consumption of offshore units is fuel gas and marine gas oil: the calculation of their volumes in Gigajoules being a function of calorific values and conversion factors from Oil and Gas UK. The energy intensity figures in section 5.3.2. use hydrocarbon production as a denominator, being the standard metric used in the industry.

OIL IN PRODUCED WATER DISCHARGES

Produced water is a high volume liquid discharge generated during the production of oil and gas. After extraction, produced water is separated and treated (de-oiled) before discharge to surface water. The quality of produced water is most widely expressed in terms of its oil content. Limits are imposed on the concentration of oil in the effluent discharge stream or discharge is limited where reinjection back into the reservoir is permitted.

The overall efficiency of the oil in water treatment and, as applicable, reinjection can be expressed as tonnes of oil discharged per million tonnes of hydrocarbon produced.

Incidental environmental releases to air, water or land from the offshore operations units are reported using the data

recorded in the SBM Offshore Incident Management tool. SBM Offshore has embedded a methodology for calculating the estimated discharge and subsequent classification within the Incident Management tool.

CHANGES IN REPORTING

As part of continuous improvement, SBM offshore regularly reviews and updates as required its environmental emissions calculations methodology. In 2022, the following updates were made which are contributing to increased accuracy in emissions monitoring:

- Gas density updates for each vessel's gas stream, where available.
- Fuel Gas Calorific Value update (required for energy consumption calculation in GJ).
- Global Warming Potential updates (GWP) to align with IPCC's Sixth Assessment Report (2022).

5.2.3 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air).

A Tier 1 or Tier 2 PSE is defined as an LOPC from a process system that meets criteria defined in API RP 754.

LOPC events are reported in SBM Offshore's Reporting System as highlighted in sections 2.1.2 and 5.3. This system includes a built-in calculation tool to assist the user in determining the release quantity of LOPC events. All LOPCs are analysed to identify those considered to be PSEs as per API RP 754. Process Safety KPIs used by SBM Offshore include the number of Tier 1 and the number of Tier 2 PSEs.

SBM Offshore encourages employees and contractors to report the PSE Tier 3 (minor LOPC, precursors, etc.), using them as a basis for leading initiatives aiming at minimizing the probability of major events occurring.

5.2.4 HUMAN RESOURCES REPORTING

SBM Offshore's Human Resources (HR) data covers the global workforce and is broken down by region (continents) and employment type. The performance indicators report on the workforce status at year-end December 31, 2022. They include all staff assigned on unlimited or fixed-term contracts, employee new hires and departures, the total number of locally-employed staff from agencies and all crew working on board the offshore operations units and shore bases.

HEADCOUNT, TURNOVER, EQUAL REMUNERATION AND NATIONALIZATION

Human Resources considers:

- a 'Direct Hire' employee as a staff member holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Direct hires are recorded on the payroll, directly paid by one entity of SBM Offshore (including Joint Ventures). Direct Hires perform mainly managerial, engineering and support activities.
- a 'Contractor' as an individual performing work for or on behalf of SBM Offshore. A contractor is not recognized as an employee under national law or practice (contractors do not form part of any of SBM Offshore's companies' payroll. Contractors issue invoices for services rendered). Contractors work on projects using their expertise to perform engineering or technical activities, especially on site.
- a 'Subcontractor' as an individual excluded from the Headcount because subcontractors are not considered as staff in the HR headcount breakdown structure. Subcontractors are managed as a temporary service and are not covered by HR processes and policies. Yet, SBM Offshore has rigorous processes and procedures in place for subcontractors.

SBM Offshore includes the BRASA Yard in Brazil and the PAENAL Yard in Angola in its reporting scope, based on partial ownership and operational control, including human resource activities and social responsibility for the employees.

SBM Offshore's headcount figures are based on the count of the number of people, as individuals, that are working for SBM Offshore at a specific given time. Headcount includes all types of staff independently from their contract or their work schedule. The Annual Report figures are based on the headcount at December 31, 2022.

In principle, reporting on headcount includes the Contractors, while turnover only includes Direct Hires (no Contractors). Turnover has been calculated as the number of employees who have left SBM Offshore in 2022 (between January 1 and December 30, 2022) compared with the aggregate of the headcount on December 31, 2021 and December 31, 2022; divided by 2, with the result multiplied by 100.

Concerning Equal Remuneration, we only consider Direct Hires (excluding Joint Ventures and Internships) and the breakdown concerns Monaco, the Netherlands, Brazil, Malaysia, Switzerland and Porto. The Gender Pay Gap has been calculated as such: average compa-ratio female/average compa-ratio male.

For fleet operations, engagement and development of the local workforce are the main indicators for successful implementation of the local content development plan. SBM Offshore monitors the percentage of local workforce (excluding Contractors) – the percentage of nationalization per region (the majority of SBM Offshore's offshore population are located in Brazil, Angola and Guyana, as shown below) – and invests in training to increase or maintain the targeted level of nationals. For example, specific programs in the countries mentioned below focus on education and training of nationals to facilitate them entering the workforce with the required level of qualifications and knowledge.

- 89% of Brazilian direct hire workforce consists of Brazilian nationals.
- 82% of Angolan direct hire workforce consists of Angolan nationals.
- 48% of Guyanese direct hire workforce consists of Guyana nationals.

PERFORMANCE MANAGEMENT

In order to ensure personal development and the optimal management of performance within SBM Offshore, SBM Offshore conducts annual performance reviews for all employees. Globally, SBM Offshore uses a common system to rate and evaluate all employees. For the reporting on Performance Appraisals, SBM Offshore included all Permanent Staff, Temporary (only from Brazil and the Netherlands) and JV Staff (apart from *FPSO Kikeh*) of all employees that joined SBM Offshore before October 1, 2021 and that were still with SBM Offshore on December 31, 2021.

COLLECTIVE BARGAINING

Within SBM Offshore, three entities conduct a yearly bargaining process: Angola, Brazil and the Schiedam entity in the Netherlands. In the other entities of SBM Offshore, direct hire employees are commonly represented by internal representatives that are elected on yearly basis and according to the respective countries' labor practices. In the few places where employee representation is not organized, SBM Offshore considers the employee handbook as a valid labor agreement between the employee and the employer.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following threshold is considered (subject to final assessment by Management Board on a case-by-case basis): operational fines of a regulatory and/or administrative nature which exceed US\$500,000.