



ANNUAL REPORT 2021

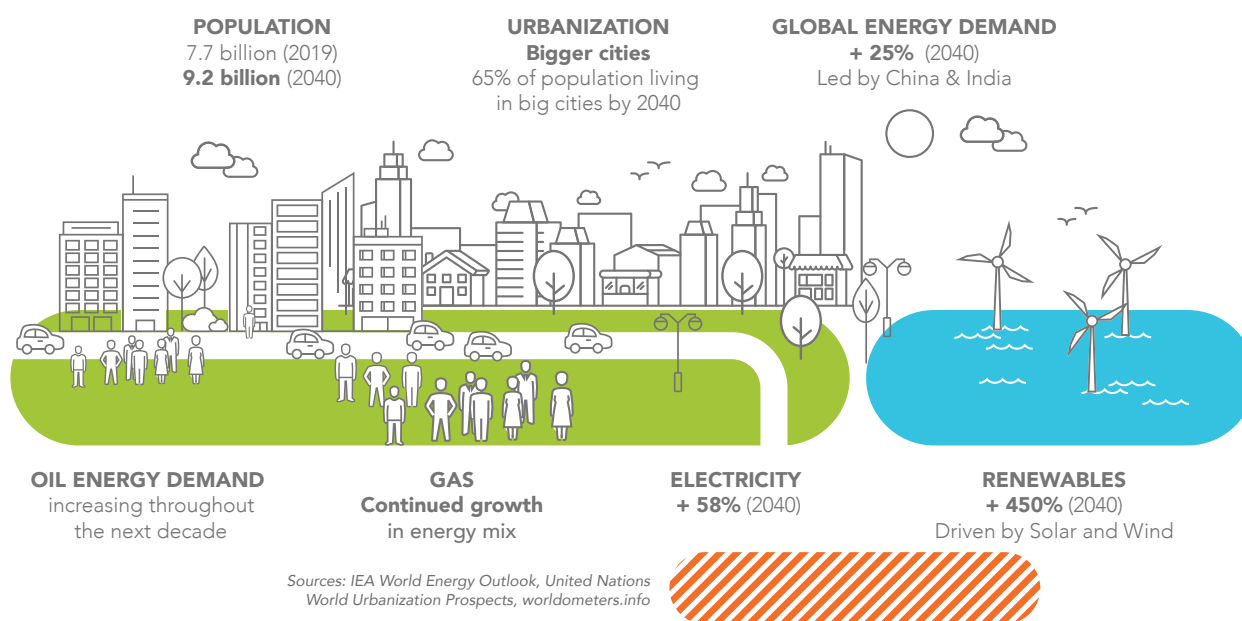
1 BUSINESS ENVIRONMENT

CURRENT, NEAR-TERM AND FUTURE IMPACTS ON SBM OFFSHORE'S ACTIVITIES

Almost two years after the COVID-19 pandemic changed the world, the demand for oil recovered to near pre-COVID-19 levels and oil prices reached multi-year highs. Whereas in 2020, there were only three FPSOs awarded in the market, in 2021 this figure increased to nine FPSOs. Most of these projects are in SBM Offshore's key regions of Brazil and Guyana.

During 2021, the energy transition and the demand for lower-emission solutions have been accelerating, with clients repositioning and adjusting their strategies towards operating in a carbon-neutral environment. In addition, there is an increasing focus across most sectors on Environmental, Social and Governance (ESG) targets.

OUTLOOK OF WORLD ENERGY DEMAND



MACRO TRENDS

According to the United Nations' world population projection, by 2040, the world population will surpass 9 billion people, with 65% of the total population living in big cities close to the oceans. Global energy demand is set to grow by more than 25% in the coming decades. While oil and natural gas will still play a significant part in the primary energy mix, renewable energy is increasing its share. The demand for oil is expected to continue to grow in the coming years, after which it should plateau towards the end of the decade. Despite this, field depletion plays an important role for new greenfield projects to be sanctioned. Supply gaps are probable and offshore deep water oil production will continue in the years to come. Geopolitical events make energy supply and demand inherently volatile. Section 1.4.3 presents climate change scenarios which provide insight into various possible developments relating to decelerated and accelerated energy transition paths.

SBM Offshore expects that, in the coming years, a combination of a robust technology portfolio, strong project management and engineering capabilities,

operations expertise and financing capabilities will be needed to deliver sizeable deep-water projects across the energy mix. In addition, its success will depend on partnering with other companies similarly committed to its energy transition strategy and activities, with a focus on lifecycle value of projects, from early client engagement until end of field recycling phases.

1.2.2 STAKEHOLDERS AND MATERIAL TOPICS

SBM Offshore values its stakeholder network, which consists of people and organizations with high standards in life and business. This network is the basis for a sustained and sustainable business.

The main stakeholders are SBM Offshore' clients, employees, business partners, suppliers, shareholders and banks (lenders). Other important stakeholders are regulators, class society organisations, yards, export credit agencies, local communities, non-governmental organizations (NGOs), industry associations, universities, researchers and potential investors. Throughout the year,

SBM Offshore engages with these stakeholders and listens to their feedback, as part of its daily business.

In 2021, engagement through digital means was key as the pandemic continued. The process is explained in section 5.1.2, with example engagement mentioned in below table.

Example engagements during 2021

Stakeholder Group	Engagement
All key stakeholders	Materiality update video-calls.
Employees	Pulse Survey, Management Calls & Virtual Townhalls.
Shareholders	Virtual Annual General Meeting. Engagement with representative groups – e.g. VBDO (Dutch Association of Investors for Sustainable Development).
Project lenders	Online ‘Sustainability Day’ addressing energy transition, the shift to renewable energy markets; emissionZERO® and recycling.

MATERIALITY ANALYSIS

In order to understand stakeholder interests and the impact SBM Offshore has, SBM Offshore conducts interviews with stakeholders to understand which topics are of importance to stakeholders. This assists in determining which topics become the Material Topics against which SBM Offshore measures and assesses its performance, with the outcome explained in this report. These are topics considered

a) to influence stakeholder decisions and b) to have significant economic, environmental and social impact. The interviews are carried out to reinforce SBM Offshore’s strategy and amend if necessary, in order to obtain an updated overview of the Material Topics. The below figure illustrates the process. Further explanation is given in section 5.1.2.



The **11 material topics** are Ethics & Compliance; Employee Health, Safety & Security; Human Rights; Energy Transition; Economic Performance; Market Positioning; Operational Excellence; Emissions; Innovation; Digitalization and Retaining & Developing Employees. Definition of these and other key topics are found in section 5.1.2. Compared with 2020, the material topics of Energy Transition and Emissions increased in importance and the key topic, Climate Change Management & Adaptation, increased in importance as well. Human Rights became a Material Topic, where previously it was addressed as part of the Employee Health, Safety & Security (HSS) topic. In interviews with some stakeholders at yards and client organizations, Human Rights was mentioned specifically when discussing employee health and safety. Furthermore, the management of SBM Offshore has evaluated this topic as having a higher economic and social impact, owing to increased construction activity and the effects of the COVID-19 pandemic (see section 2.1.3).

Ethics & Compliance and **Employee Health, Safety & Security** are seen as prerequisites to be in business. Vendors and partners especially rank both topics very highly and aspire to comply with SBM Offshore’s high standards. The regulatory and NGO institutions ranked Ethics & Compliance as the most important topic. Clients put Employee Health, Safety & Security first, with Ethics & Compliance in the top five. Clients see Process Safety Management as a critical topic in ensuring high safety standards and mitigating the risk of hazardous accidents. Employee Health remains a critical topic during the COVID-19 pandemic, with increased attention now needed for Mental Health & Well-being.

On **Human Rights**, SBM Offshore commits to high standards, the Company being aware of potential risks in its supply chain. SBM Offshore is carrying out a Human Rights Program, including supply chain screening and due diligence activities. Further detail is provided in section 2.1.3.

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A topic that has gained importance is the **Energy Transition**. Many stakeholders agree that it is one of the key challenges this industry faces, and is critical in dealing with climate change-related challenges, as well as providing a source of future economic value.

Stakeholders see a role for SBM Offshore in applying its experience, technology and capability to make the energy transition happen. Employees value the commitment of SBM Offshore as it allows them to work on renewable energy and other innovative, lower carbon solutions. Furthermore, investors and lenders are interested in working with industry players on the development of new energy solutions. Supply chain partners of SBM Offshore are typically involved in gas and renewable energy developments that contribute to cleaner energy supply.

When it comes to **Economic Performance**, SBM Offshore's integrated business model is seen as a strength. Clients and lenders see strong benefits in an integrated contractor that can manage complex projects and risks plus offer financing solutions to enable large offshore developments. A robust business model is critical in navigating shorter market cycles and increased volatility. **Market Positioning** is seen as driver for future economic performance and is referred to as key enabler in attracting and retaining talent. Strong ranking in ESG ratings is seen as a positive contributor to market positioning.

For most stakeholders, **Operational Excellence & Quality** drive predictability, which is especially sought after in CAPEX- and resource-intensive projects with a global footprint. The same applies for fleet operation services and managing a global supply chain. Class society companies – providers of classification and certification services – take a specific interest in this area. Joint venture partners of SBM Offshore also value operational excellence & quality as they enable predictable benefits from their stake in the asset.

Emissions, both air- and ocean-related emissions, and particularly greenhouse gas (GHG) emissions, dominate concerns on this topic. Clients and vendors are increasingly committing to net-zero ambitions, in line with the Paris Agreement, with programs in place to reduce CO₂ and methane emissions.

Innovation matters to SBM Offshore's stakeholders as a source of future value. Stakeholders refer generally to technology development – although innovation is seen as broader. For instance, stakeholders see business model transformation – such as SBM Offshore's Fast4Ward® program – as innovation. Regarding **Digitalization**, stakeholders see strong potential in leveraging data and digital technology to define new businesses and ways of

working, as well as partially mitigating the challenge of attracting talent to the industry.

Retaining & Developing Employees is a material topic for multiple reasons, most importantly because large resource-intensive projects such as offshore field developments rely heavily on best practices and past experience. Experienced staff increase efficiency and reduce risk in projects.

SBM Offshore's ongoing engagement with stakeholders, as well as the interviews, has reinforced SBM Offshore's vision, values and strategy. It also confirms some of the risk mitigations undertaken by SBM Offshore, as highlighted in section 1.4.

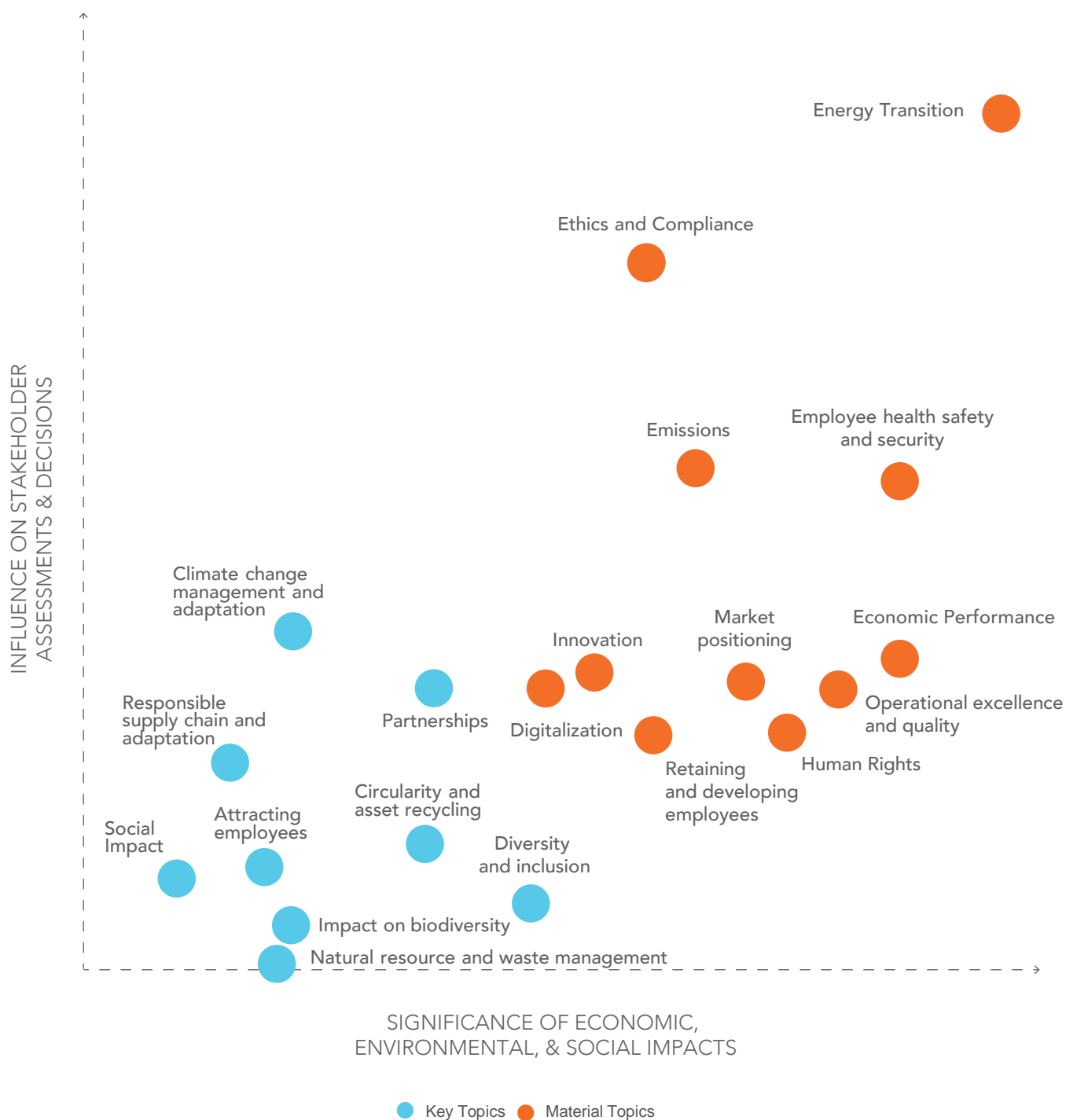
Above all, the Material Topics indicate potential conflicting dilemmas, the key ones being:

1. The trade-offs between *safe, sustainable* and *affordable* in developing energy projects, especially the continued need for increasingly sustainable hydrocarbon-based energies against global ambitions on climate change. The trade-offs are carefully balanced in taking a course compatible with net-zero by no later than 2050.
2. The trade-offs within and between different stakeholders as interests differ between groups, but also at times, within same stakeholder groups.

Having the right vision and values provides a strong framework for balancing these trade-offs, setting objectives, defining a strategy and managing performance accordingly.



MATERIALITY MATRIX



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1.3 STRATEGY AND VALUE CREATION

1.3.1 VISION AND VALUES

OUR VISION

Through its vision and subsequent actions, SBM Offshore helps societies and other stakeholders to accomplish the energy transition. **Safe, sustainable and affordable energy for generations to come** will require renewable energy and cleaner forms of fossil energy – provided by leading companies with the right ethics. SBM Offshore is

committed to this, by addressing climate change without interrupting the essential supply of energy needed to support societies. The contribution and participation of global energy companies and service providers such as SBM Offshore are essential to achieve a responsible energy transition. Many people, especially in less developed economies, depend on the relevant experience and resources of those companies. This is where SBM Offshore's products can play a role. SBM Offshore is partnering with others for this purpose, **sharing experience to make it happen.**

SBM Offshore believes the oceans will provide the world with safe, sustainable and affordable energy for generations to come.

We share our experience to make it happen.



OUR VALUES

SBM Offshore's core values reflect its long history of industry leadership. They are the essence of SBM Offshore, defining who each SBMer is and how SBM Offshore works. The values create the company culture, which guides each employee to help achieve SBM Offshore's vision wherever SBM Offshore operates around the world.

Integrity

SBMers act professionally and in an ethical, honest and reliable manner. Transparency, doing the right thing and consistency are essential to the way SBM Offshore behaves towards all of its stakeholders.

Care

SBMers respect and care for each other and for the community. Employees value teamwork and diversity. SBM Offshore listens to all its stakeholders. Health, safety, security and the environment are paramount in everything SBM Offshore does.

Entrepreneurship

SBMers have an entrepreneurial mindset in everything they do. They deliver innovative and fit-for-purpose solutions with passion. In doing so, SBM Offshore aims to exceed its clients' expectations and proactively achieve sustainable growth through balancing risks and rewards.

Ownership

SBMers are all accountable for delivering on their commitments and pursuing SBM Offshore's objectives with energy and determination. Quality is of the essence. SBMers say what they do and do what they say.