SBM OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

2 PERFORMANCE REVIEW & IMPACT

2.1 PERFORMANCE REVIEW

This section gives an overview of SBM Offshore's performance on the Material Topics as presented in section 1.2.2, categorized in Optimize, Transform and Innovate sections, as visualized in section 1.3.2.

The execution of this work is delegated to the business and functions as mentioned in this section, with performance management supervised by the Management Board. For further details on governance, refer to chapter 3.

2.1.1 ETHICS & COMPLIANCE

MANAGEMENT APPROACH

In all communities in which SBM Offshore operates, SBM Offshore is committed to conducting its business honestly, ethically, and lawfully, which is vital to maintain the trust and confidence of stakeholders in SBM Offshore's long-term value creation. SBM Offshore does not tolerate bribery, corruption, fraud, or violations of trade sanctions, anti-money laundering or anti-competition laws, or any other illegal or unethical conduct in any form by anyone working for, or on behalf of, SBM Offshore.

All employees, and those working for or on behalf of SBM Offshore, must embrace and act in accordance with the core values of SBM Offshore (see section 1.3.1), the Code of Conduct and SBM Offshore's internal policies and procedures.

SBM Offshore fosters a culture of trust and fairness, where dilemmas are openly addressed. SBM Offshore's aim is to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. SBM Offshore is an active member of International Chambers of Commerce Nederland and Transparency International NL.

For further details on SBM Offshore's management approach, its purpose and its assessment, refer to sections 1.4.1, 3.6 and 3.6.2.

How SBM Offshore measures performance

SBM Offshore uses a single and integrated platform to manage compliance tasks. This platform is continuously improved and uses data to predict and avoid compliance risks. It allows SBM Offshore to standardize and automate processes where possible, aiming for a high level of quality, effectiveness, and efficiency.

The compliance platform includes the following tools:

- Compliance e-Learning, with training hours and completion ratio data available by employee target group.
- Automated continuous monitoring of third parties (due diligence process).
- Registration and approval of charitable contributions and sponsorships.
- Gifts, hospitality and entertainment registration and approval.
- Annual compliance statements of designated staff.

As part of performance management processes, SBM Offshore sets, monitors and reports on compliance KPIs. Integrated quarterly group risk and compliance reports are discussed with the Management Board and the Audit and Finance Committee of the Supervisory Board.

2021 PERFORMANCE

Notable developments and achievements in 2021

- CGU officially released SBM Offshore from reporting duties in Brazil, ending the monitoring period.
- Revamped Speak Up Policy and Speak Up Line.
- Team organized in accordance with business needs and priorities.
- Annual (virtual) training for all staff (including offshore).
- Tailored training for high-risk functions embedded in business programs.
- Expanded reach through nomination of offshore compliance ambassadors.
- Target group for annual compliance statement expanded to cover all onshore staff.

Metrics

The number of employees eligible to file the Annual Compliance Statement was in 2021 substantially higher than in 2020 (4,357 employees in 2021 versus 1,083 in 2020). The number of Compliance training courses completed in 2021 is substantially higher than in 2020 (11,011 training courses in 2021 versus 7,380 in 2020).

Annual Compliance Statements	Designated Staff[1]
Number of employees per year-end	4,357
Onshore Completion ratio	96%
Offshore Leadership Completion ratio	76%

1 Designated Staff reflects all onshore staff and offshore leadership

Compulsory Compliance Tasks Completion[1]	All Staff
Number of employees per year-end	4,188
Onshore Completion ratio	96%
Offshore Leadership Completion ratio	79%
Offshore non-Leadership Completion ratio[2]	40%

1 Including Code of Conduct, theme based e-Learning courses and annual compliance statements

2 New audience, completion ratio impacted by reachability, subject to continuous improvement

Overall number of Compliance Trainings conducted in 2021 worldwide	Trainings	Training hours
Face to face trainings[1]	1,839	1,998
e-Learnings[2]	9,172	6,804
Total	**11,011**	**8,802**

1 An employee can have attended multiple face to face trainings
2 An employee can have completed multiple Compliance e-Learning courses

Face to face training categories	Trainings	Training hours
Annual Code of Conduct training	33	58
Targeted Compliance topic training[1]	1,713	1,851
Training of third parties[2]	93	89
Total	**1,839**	**1,998**

1 Training on relevant Compliance topics for risk based target audiences
2 Mainly strategic vendors, contracted yards and manpower agencies

Speak Up Line reports	Total
Reports received under SBM Offshore's Speak Up Policy	88

No confirmed instances of corruption occurred during 2021.

FUTURE

In 2022, SBM Offshore aims to continuously strengthen compliance management and control by focusing on the importance of the right behavior and through continuous alignment with business needs and priorities. SBM Offshore will continue to embed Compliance by:

- Promoting a speak up culture and responsible business conduct.
- Further developing digital tools.
- Increasing monitoring and reporting capabilities by progressing to data-driven compliance.
- Applying a risk-based approach to third-party screening.

2.1.2 EMPLOYEE HEALTH SAFETY & SECURITY

MANAGEMENT APPROACH

SBM Offshore is committed to safeguarding the health, safety and security of its employees, subcontractors and assets, as well as to minimizing the impact of SBM Offshore's activities on local ecosystems and proactively protecting the environment. SBM Offshore applies controls and safeguards based on a lifecycle hazard management process and an integrated management system, the Global Enterprise Management System (GEMS), underpinned by SBM Offshore's Health, Safety, Security & Environment (HSSE) culture development program. In line with SBM Offshore's HSSE Human Rights and Process Safety Policy statement endorsed by the Management Board, SBM Offshore defines its HSSE requirements relative to its hazard exposure in compliance with applicable legal requirements and ISO standards, as well as international oil and gas practices.

SBM Offshore is continuing the journey towards Target Excellence (see section 2.1.3), with the objectives of No Harm, No Defects, No Leaks. For the No Harm goal, SBM Offshore expects employees and contractors to intervene on unsafe acts, unsafe situations and non-compliance with the Life Saving Rules, stop the work if they feel anything is unsafe and report any interventions and incidents. The Life365 program, an integral part of the Target Excellence journey, frames the development of the HSSE leadership and culture development in SBM Offshore.

SBM Offshore:

- Follows ISO17776 guidance on hazard management.
- Follows the best practices outlined in Center for Chemical Process Safety (CCPS) and Energy Institute (EI) guidance documents.
- Investigates incidents and identifies the immediate and root causes to prevent re-occurrence.
- Values proactive consultation and open communication with employees, encouraging participation in HSSE-related initiatives, campaigns and Life Day.
- Has a health-control framework, which includes a fitness-to-work process, medical check-ups, health surveillance and medical emergency arrangements.
- Provides HSSE training covering the full range of Company activities.

2021 PERFORMANCE

SBM Offshore assesses Company HSSE performance through a set of indicators. The following table provides the **targets** set for 2021 and the performance achieved:

2 PERFORMANCE REVIEW & IMPACT

Indicator	Target	Performance	Details
Total Recordable Injury Frequency Rate (TRIFR)	<0.18	0.06	Section 5.3
High-consequence work-related Injury Frequency Rate	na	0	Section 5.3
Tier 1 + Tier 2 PSE	< or equal to 3	4[1]	Section 5.3
Occupational Illness Frequency Rate (OIFR)[2]	na	0.00	Section 5.3
Security incidents[3]	na	6	na

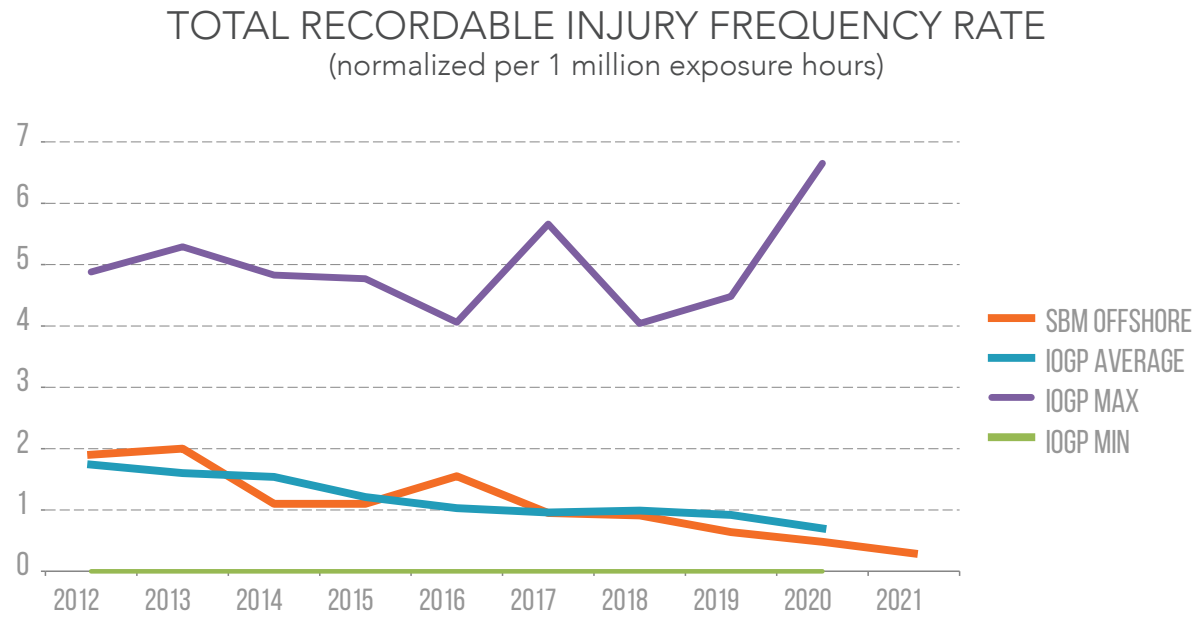
1 E.g.relating to marine systems releases with no impact to HSSE
2 For employees
3 None of these security incidents resulted in any actual injury or physical harm to SBM Offshore personnel

SBM Offshore continued to expand HSSE initiatives in 2021, including:

- Further rolling out the Hazards and Effects Management Process (HEMP) in operation and execution scopes, including standardization, as part of Fast4Ward®. The HEMP is the name of SBM Offshore's approach to manage the risk of Major Accident Hazards (MAHs) and their associated potential Major Accident Events (MAEs) associated with the operations of the fleet. The HEMP runs throughout the life cycle of an asset.
- Piloted the SBM Offshore live barrier project.
- Developed and began using the IFS Incident Management/Corrective Action Preventive Action (IM/CAPA) module to replace the Single Reporting System (SRS).
- Continued to manage the COVID-19 response worldwide effectively.
- Increased health and welfare awareness with a health-related program on specific topics.
- Maintained security controls on SBM Offshore's activities, and preparation of measures in a new country.
- Strengthened the ownership of safety culture among leaders and supervisors in projects and offshore operations.
- Organized the company-wide Life Day.
- Maintained compliance with certification requirements on shore bases and offshore units.

The following graph shows that SBM Offshore's Total Recordable Injury Frequency Rate has remained below the International Association of Oil and Gas Producers' (IOGP) average since 2018[1].

[1] For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum)



FUTURE

SBM Offshore has defined the following 2022 targets:

- To achieve a TRIFR better than 0.15.
- To have fewer than 3 Tier 1&2 PSE.

SBM Offshore has planned the following key initiatives for 2022:

- Start rolling out the Serious Injury/Illness and Fatality (SIF) Prevention program.
- Continue rolling out HEMP in operation and execution scopes.

- Reinforce implementation of Process Safety Fundamentals (PSF) while preparing the transition to the recently issued IOGP PSF 2023.
- Maintain security controls on SBM Offshore's activities, and preparation of measures in a new country.
- Increase health and welfare awareness and health-related programs.
- Maintain compliance with certification requirements on shore bases and offshore units.
- Organize the company-wide Life Day.

2.1.3 HUMAN RIGHTS

MANAGEMENT APPROACH

SBM Offshore is committed to respecting human rights and conducting business in accordance with the United Nations Guiding Principles for Business and Human Rights (UNGPs). SBM Offshore is also committed to adhering to the Organization for Economic Co-operation and Development (OECD)'s Guidelines for Multinational Enterprises (MNE), of which human rights are an important element.

SBM Offshore's human rights commitments are embedded in SBM Offshore's corporate values, SBM Offshore's Code of Conduct, SBM Offshore's Policy on Health Safety, Security & Environment (HSSE), Human Rights and Process Safety and SBM Offshore's Human Rights Standards. These documents set out the commitments and principles to be upheld by SBM Offshore's employees, suppliers and partners.

Human Rights targets and performance align with SBM Offshore's adoption of the United Nations Sustainable Development Goals (SDGs) and in line with SBM Offshore's risk-appetite SBM Offshore's long-term target is to fully embed human rights and social performance within its business undertakings.

SBM Offshore's performance on human rights is monitored by the Human Rights Steering Committee. The steering committee comprises Management Board and Executive Committee members. During 2021, the steering committee met five times to consider key issues:

- The definition and endorsement of the Human Rights Program.
- The validation of SBM Offshore's Human Rights salient issues.
- Updates on the due diligence cycle, with identification of key focus points for resolution.

2021 PERFORMANCE

Due diligence

SBM Offshore's due diligence approach on human rights leads to an understanding of salient issues and recording them in a company-wide tool for continuous risk management, mitigation and prevention. From the various due diligence activities undertaken, four salient issues have been defined. These are: Forced Labour; Overtime, Pay and Fines; Accommodations; and Mental Health & Well-being.

Screening as part of significant investments, e.g. yard and vendor qualification, resulted in the following key outcomes:

- 97% of a pool of high-risk vendors were screened, compared with a 90% target. Based on the outcome and previous screening activities, SBM Offshore follows up with supplier engagement for further understanding, education and potential termination of relationships or removal from qualification processes, where necessary.
- 99.5% of vendors signed the SBM Offshore Supply Chain Charter.
- SBM Offshore took further action to address human rights impacts defined earlier, for example, working with yards in China to remove fine-related deductions from workers' wages and improving on-site access to grievance mechanisms.
- SBM Offshore agreed upon a due diligence cycle for existing and new construction yards. To ensure progress in times of travel-restriction, SBM Offshore performed desktop screenings of those yards and additional prospective yards.
- On-site due diligence was carried out at a yard, led by a local SBM Offshore multi-disciplinary team, following the above-mentioned training.
- SBM Offshore completed the on-site assessment of a yard associated with decommissioning, finding an overall good performance. SBM Offshore is engaging on non-compliance related to overtime and wages, mainly driven by the nature of the work and local industry practice.

Grievance Mechanism

SBM Offshore's Speak Up policy forms the basis of an effective operational-level grievance mechanism. SBM Offshore's reporting channels and Speak Up Line enable the leadership to carefully listen to employees and partners in SBM Offshore's value chain about their concerns regarding human rights or other topics addressed in SBM Offshore's Code of Conduct. In 2021, SBM Offshore improved the accessibility of the Speak Up Line (see section 2.1.1.). An example of an allegation raised via the Speak Up Line related to the potential misuse of overtime in a yard location. SBM Offshore followed up with an internal investigation and issued management guidance to local yard operations.

Industry Collaboration

SBM Offshore teams up with others to make a meaningful contribution, with the following initiatives being key:

- *Building Responsibly* – SBM Offshore is an active member of Building Responsibly, a group of leading engineering and construction companies working together to raise the bar in promoting the rights and welfare of workers across the industry. In 2021, SBM Offshore used the human rights questionnaire developed by Building Responsibly to screen suppliers.
- Outreach to clients, competitors and suppliers to ask for collaboration and support in addressing human rights issues.

Other developments

SBM Offshore expanded its reach by adding human rights resource capacity, both at group level and locally. A company-wide human rights e-Learning course was rolled out and completed by 94% of the targeted workforce. Senior management engagement work was carried out, to ensure the embedding of human rights targets and actions in the various parts of the business. Further embedding of human rights was achieved through inclusion of human-rights-related clauses in company contracts with business partners, including suppliers and yards.

COVID-19 Impact

SBM Offshore is aware of the COVID-19 impact on above areas and the limitations it brings to the due diligence process. The pandemic leads to potential risks to workers' welfare in the supply chain, for instance, exposure to the COVID-19 virus, increased workloads and the impact of extended remote working periods with limited or no opportunity to return home. During the year, SBM Offshore has contacted yard management to request they pay attention to these factors. Some yards have been proactive in seeking to address the human impacts COVID-19 has had on its workforce by providing additional food distribution, regular additional physical and mental health checks and incentives. Travel restrictions during the global pandemic have also delayed on-site assessments, including accommodation visits, of human rights impacts. This has been mitigated in part by training local employees to take on human rights observation activities & listening tours and by planning remote worker-lead interviews.

FUTURE

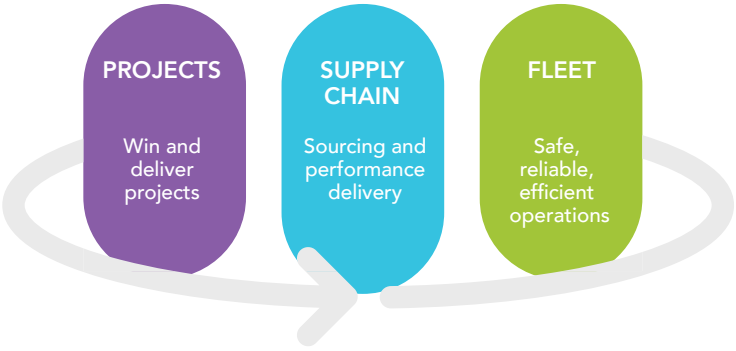
In 2022, SBM Offshore will follow up its due diligence and supply-chain screening, with planned actions to include management engagement with suppliers with specific risk indicators, and education sessions and mutual sharing of best practices. SBM Offshore is on a journey to fully embed human rights and social performance within SBM Offshore to achieve 'no harm'. In 2022, SBM Offshore plans to increase training and awareness on human rights and to continue due diligence within the supply chain, as specified in the target explained in section 2.2. This will further expand the focus within SBM Offshore and mitigate the potential lack of on-site visibility on human rights in times of travel restriction, which may continue into the coming year.

2.1.4 OPERATIONAL EXCELLENCE & QUALITY

SBM Offshore recognizes that in order to be a high-performance company, it must strive for excellence. As explained in previous sections, key activities are the execution of projects, delivery of floating production systems, together with vendors and supply chain partners, and the operation of these systems to the highest standards.

To support this approach, SBM Offshore maintains a dedicated Operational Excellence organization at Group level, incorporating resources with diverse expertise in operational, technical and process fields.

Key performance indicators for Operational Excellence & Quality include: uptime of the fleet, delivery of projects, performance of the supply chain, costs of non-quality and certifications.



2.1.4.1 OPERATIONAL EXCELLENCE FUNCTION

MANAGEMENT APPROACH

The scope of SBM Offshore's Operational Excellence Function is to continually oversee core business activities across their lifecycle (from 'Win' to Execute' to 'Operate') and drive SBM Offshore towards high performance, not only from an economic perspective (covered in section 2.1.6) but also through effective risk management, quality/ compliance assurance and continuous improvement.

Among the various aspects of Operational Excellence within SBM Offshore, are the following main themes:

- Leadership and Culture: with the ambition to 'Target Excellence', the complementary Life365 and Right365 programs frame the development of SBM Offshore's leadership and culture, focusing on the combined objectives of 'No Harm, No Defects, No Leaks'.
- Operational governance: as described in section 3.8.
- Process Safety Management and Risk Management: described in sections 2.1.2 and 3.6.1 respectively.
- Management Review: building on International Standards such as ISO 9001, SBM Offshore has established a set of internal processes ensuring a regular, structured review of its management and control framework against its latest strategy and actual performance.
- Knowledge Management and Continuous Improvement: ensuring that lessons are effectively learned, also building on internal knowledge and experience as well as industry best practices.
- New ways of working under Fast4Ward® and Digitalization – explained in sections Fast4Ward® and 2.1.8.
- Quality and Regulatory Management described below.

Quality & Regulatory Management

SBM Offshore is committed to performing its business in full compliance with all applicable laws and regulations and to delivering products and services meeting all related regulatory requirements, as well as any applicable specifications and requirements imposed by relevant stakeholders.

As part of the Operational Excellence organization, the combined Quality & Regulatory Management function is dedicated to ensuring that such objectives are consistently met in SBM Offshore's core business, notably through:

- Promoting a quality and compliance culture.
- Maintaining SBM Offshore's certification to the ISO 9001:2015 Standard.
- Providing systematic identification of applicable regulatory requirements and ensuring their implementation.
- Ensuring that conformity, compliance and acceptance of SBM Offshore's products and services are effectively achieved and maintained.
- Supporting continuous improvement of business processes and ways of working.

Regarding Operational Excellence & Quality overall, SBM Offshore is focused on reducing and mitigating risks to its business activities, notably:

- Significant risks related to project execution, process safety, human capital and changes in laws and regulations – as mentioned in section 1.4.
- Other operational risks such as loss of integrity of aging assets, loss of certificate of class and disruption to the supply chain.

2021 PERFORMANCE

SBM Offshore is proud to note the following key achievements:

- Active promotion of 'Target Excellence' principles through diverse initiatives.
- Maintenance of SBM Offshore's ISO 9001:2015 certification, including scope extension to the Terminal systems activity.

- Further development of an integrated Product and Regulatory Assurance approach, building notably on project/operational experience to upgrade our processes including 'Cost of Non-Quality' processes.
- Strengthening of the Right365 program under the banner of 'Target Excellence', with a specific focus on 'Doing the Right Thing, Right First Time' with the deployment of mandatory Quality Rules e-Learnings for project personnel.
- Development of a new version of SBM Offshore's enterprise management system GEMS ('Sapphire project') to align GEMS structure and content with the new ways of working brought by the Enterprise Resource Planning project 'Integra'.
- Lessons Learned Initiatives performed to improve SBM Offshore's projects and operations.
- Development of a digital version of technical standards (GTS) that will be available through a Requirement Management Software in 2022.
- Effective use of independent third parties for inspection, verification and assurance services related to Execute and Operate activities.

Importantly, all company offshore facilities were duly accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and kept valid. Offshore facilities have also remained in class at all times as required from both statutory and insurance perspectives. No significant operational fine was paid in 2021.

FUTURE

For 2022, SBM Offshore will be focusing on the following subjects:

- Process Safety Management objectives as described in section 2.1.2.
- Further development of a Knowledge Management framework to grow in-house expertise and support continuous improvement.
- Roll out of a new version of GEMS, 'Sapphire'.
- Deployment of digital version of the GTS.
- Development and deployment of digital solutions supporting Operational Excellence, including a tool to execute technical assurance.
- Development of technical assurance framework beyond engineering phase.
- Transition from Cost-of-Non-Quality to Quality incidents to improve effectiveness and prevent reoccurrences.
- Maintenance of an effective regulatory watch and interface with regulators.

2.1.4.2 PROJECTS

MANAGEMENT APPROACH

SBM Offshore continues to focus on the development of its portfolio of floating solutions to deliver the best projects aligned with customer needs, building on SBM Offshore's technology expertise and track record. The success of projects is determined by performance against a budgeted schedule, cost and quality within the HSSE and Target Excellence approaches mentioned in sections 2.1.2 and 2.1.4. KPIs are set accordingly and managed through SBM Offshore's Project Directorate and Project Dashboards.

The management approach remains based on (i) an early engagement with customers; (ii) standardization in product design and execution in order to improve competitiveness, quality, time to market and reduced emissions; and (iii) an increasing focus on the energy transition, using SBM Offshore's core competencies to develop affordable, low carbon solutions in the FPSO as well as in the LNG-to-power and renewable markets.

2021 PERFORMANCE

Throughout the year, SBM Offshore continued to meet the additional challenge of the COVID-19 pandemic whilst ensuring business continuity in all projects. The project teams maintained their focus on project delivery and safe operations, while working together virtually, across time zones, with customers, yards and suppliers with the aim of limiting delivery delays. Projects continued to operate in a new environment where readiness for, and mitigations of the risks of, the ongoing pandemic is factored into daily project execution. SBM Offshore is grateful to all the project stakeholders for making this happen.

FPSOs

- *Liza Unity* (FPSO) – SBM Offshore's first Fast4Ward® FPSO has safely arrived in Guyana in line with customer ExxonMobil's planning. *Liza Unity* (FPSO) was awarded the SUSTAIN-1 notation, the world's first FPSO to achieve this recognition. After a fast-track mooring hook-up operation, the FPSO is safely moored and SBM Offshore is currently carrying out offshore commissioning, with FPSO start-up scheduled for early 2022. SBM Offshore will then lease and operate the FPSO for a period of up to two years before handing it over to ExxonMobil.
- *FPSO Sepetiba* – Following the Fast4Ward® MPF hull arrival at the Topside yard in China, the topsides modules lifting campaign has begun for this FPSO which Petrobras will lease for 22.5 years, under a contract signed in 2019. First oil is targeted for 2023.
- *Prosperity* (FPSO) – The Fast4Ward® MPF hull for this FPSO entered dry dock in Singapore and the topsides' fabrication is progressing in line with the project schedule. The vessel is the first that SBM Offshore is delivering under the long-term FPSO supply agreement signed with ExxonMobil in 2019. The project is

progressing in line with the client's schedule, with planned completion in 2024.

- *FPSO Almirante Tamandaré* – The engineering activities are progressing, reaching the 60% model review milestone, and topside construction activities have started in China & Brazil. In parallel, the keel-laying milestone has been achieved for the Fast4Ward® MPF hull. The vessel will operate in the Buzios field, part of the Santos basin, offshore Brazil.
- *FPSO Alexandre de Gusmão* – Detailed engineering and supply chain activities have started in our Kuala Lumpur office. The Fast4Ward® MPF hull construction has reached the 'first steel cut' as well as the 'keel-laying' milestones. Topsides yards selection are completed both in China and Brazil.
- FPSO for Yellowtail development project – SBM Offshore started to carry out a Front-End Engineering Design (FEED) phase for ExxonMobil on the Yellowtail development project, ExxonMobil's fourth FPSO offshore Guyana. Subject to Guyana government approvals and project sanction and release of second phase of work by the client, SBM Offshore will design and construct the FPSO using its industry-leading Fast4Ward® program allocating the Company's sixth new build, MPF hull combined with several standardized topsides modules. The FPSO will be designed to produce 250,000 barrels of oil per day, will have associated gas treatment capacity of 450 million cubic feet per day and water injection capacity of 300,000 barrels per day. First oil is expected in 2025.

Fast4Ward® MPF hulls

- This year, two Fast4Ward® MPF hulls have been delivered and arrived in their respective integration locations (the second MPF hull in Singapore & the third one in China).
- In parallel, major milestones have been achieved for the fourth and fifth MPF hulls at respective Chinese shipyards: 'hull launching at end of dry-dock' in SWS for the fourth one; and 'keel-laying' in CMIH for the fifth one, both in line with SBM Offshore's execution plan. These two hulls are now allocated to projects, respectively the FPSO for Yellowtail development project and *FPSO Almirante Tamandaré*.
- In 2021, the Fast4Ward® program also welcomed a sixth hull, the fourth one ordered to SWS, which is already reaching the 'first steel cut' and 'keel-laying' milestones and has been allocated to *FPSO Alexandre de Gusmão.*

Turret Mooring Systems

Following successful completion and 2020 delivery of all the Turret Mooring System modules for Equinor's Johan Castberg FPSO, SBM Offshore was supporting its client Equinor to progress the preparation of Turret-Hull integration activities in Singapore.

In addition to supporting the SBM Offshore internal FPSO Product Line, providing expertise on mooring system designs, the TMS Product Line also carried out a pre-Front-End Engineering Design (pre-FEED) phase for BHP Trion FSO.

Renewables

SBM Offshore is now constructing three floating offshore wind substructures for the Provence Grand Large project for EDF Renouvelables. The three 8.4MW floaters with mooring systems will be installed offshore Marseille, France. Leveraging the experience gained from this pilot project will enable SBM Offshore to further fine-tune its technology and execution model and to scale up for future wind farm projects.

Installation

As part of its offshore installation services, SBM Offshore successfully and safely concluded several offshore operations, including subsea tie-in for the ALEN gas export facility offshore Equatorial Guinea, the soft yoke repair works on the FPSO Sea Eagle offshore Nigeria and Dussafu project SURF installation and subsea tie-in works offshore Gabon. More recently, SBM Offshore completed the Coral ENI FLNG Mooring System installation and pre-lay offshore Mozambique followed by the fast-track mooring hook-up of *Liza Unity* (FPSO) offshore Guyana.

In parallel, SBM Offshore concluded the sale of its diving support and construction vessel (DSCV) SBM Installer on January 19, 2022.

FUTURE

SBM Offshore will continue to standardize its products in line with the Fast4Ward® program while seeking to produce environmentally friendlier solutions in line with its emissionZERO® program. In addition, SBM Offshore will continue to fine-tune its product offering to offer competitive and industrialized solutions to the floating offshore wind and wave energy market. Development in the LNG-to-power market is also key to contributing to lower carbon intensity. These developments add to SBM Offshore's Ambition 2030, i.e. the addition of 2+ FPSO contracts per year on average and the achievement of >2GW Floating Offshore Wind installed or under construction by 2030.

2.1.4.3 SUPPLY CHAIN

MANAGEMENT APPROACH

The current business and health environment is driving major changes, with risk resilience and new market and environmental standards requiring that the supply chain organization adapts and evolves. To continue the drive towards energy transition with the highest level of safety, performance and quality, the supply chain management is

evolving into a strategic globalized organization. Leveraging long-term relationships with key supply chain partners will also contribute to accelerating the time-to-market objective and performance in the Win phase.

With efficient execution of projects remaining essential, SBM Offshore supply chain management is continuing its efforts to support projects locally by developing capability hubs, for example in China, India and Brazil.

The pandemic has demonstrated the value of 'framing global, acting local' and aligning supply chain strategy with the product life-cycle. The supply chain organization contributes to SBM Offshore's strategy as described in section 1.3.2.

2021 PERFORMANCE

The supply chain organization has been developed further around six strategic pillars to enhance the resilience of the function as a whole:

Supply Chain Excellence

- Strengthening the performance of the function on a global scale and include all areas of SBM Offshore's business ie. Projects, Operations and non-Project related business.
- Enhancing Quality Assurance and Quality Control within Supply Chain.
- Enhancing the effectiveness of SBM Offshore's enterprise management processes.
- Effective vendor performance and vendor qualification assessment to include current topics such as climate change measures, human rights and cybersecurity.
- Set function-wide KPI's and enhance data-driven reporting and visibility into the performance of the entire function against these KPI's.
- Drive key global issues such as human rights and sustainability goals within the Supply Chain community.

Strategic sourcing

- Enhanced strategic focus during the proposal phase of SBM Offshore's projects.
- Increased cost-competitiveness and time-to-market by leveraging on global synergies with key vendors.
- Co-development with key vendors on major energy transition initiatives and new technology.
- Globalization of SBM Offshore's strategic activities to achieve direct benefits from the strategic work done with key vendors for project tenders.
- Enhance business alignment between SBM Offshore and its supply chain community by holding dedicated workshops and global events such as an annual Global Vendor Day.

Product focus in Supply Chain

- Enhanced resource management on SBM Offshore's projects to maximize utilization of skill sets.
- Dedicated section for FPSOs and FLNGs to strengthen key post-order management activities.

Energy Transition

- Work with key vendors to enhance technologies for carbon capture.
- Assess Scope 3 emissions for key components on SBM Offshore's FPSOs and work with key vendors to explore avenues to reduce emissions.
- Enhance renewable product focus to support development of renewable energy projects.

Regional Supply Chain development

- Leverage regional supply chain skills in centers such as Brazil (Rio de Janeiro), India (Bangalore) and China (Shanghai).
- Diversify supply chain resources and develop talents across all regions.

Digital Transformation

- Play a major role in the design and implementation of SBM Offshore's migration to the new global ERP system.
- Work with the external supply chain community to support digital-twin objectives.
- Support the data-migration activities to enhance automated data-driven reporting and performance measurement of the function.

Performance measurements:

- 9 Steering committee meetings organized with strategic vendors.
- 1,599 vendors qualified under the revised qualification process since 2017, including more than 120 Chinese vendors.
- 99.5% of vendors have signed the Supply Chain Charter.
- 90 vendors have had their qualification renewed following satisfactory performance.
- 65 vendors have responded to SBM Offshore supply chain organization's new human rights assessment (more detail in section 2.1.2).

FUTURE

Next year, Group Supply Chain will continue its evolution towards being a resilient function to enhance and maintain high standards of performance across all areas of its business including, but not limited to, supporting human rights, climate change measures, digitalization, quality assurance and quality control, resource and talent management across all SBM Offshore's centers, enterprise management systems, vendor performance and qualification assessments, and energy transition measures.

SUPPLY CHAIN ORGANIZATION PRINCIPLES

Supply Chain Excellence

Driving a multi-faceted global approach to strengthen the function's performance and measurement of key performance indicators across all aspects of our business and across all our regional centers

Strategic sourcing

Developing and fostering a climate of collaborative partnerships with our key suppliers to enhance cost competitiveness, time to market and co-development initiatives

Product focus

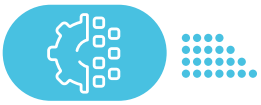
Enhancing product based post order management capabilities by effective adherence to our processes and resource management tools and techniques to maximize utilization of skills to deliver defect free fit for purpose products

Energy transition

Assessing current Scope 3 emission levels to set baselines for future collaborative work with our suppliers towards reducing emissions whilst supporting our renewable energy projects

Regional development

Diversifying and developing the supply chain talent pool across all our centers to integrate regional skills and expertise into our core business activities



Digital transformation

Transforming supply chain into a data driven function whilst retaining traditional execution expertise across all supply chain activities

2.1.4.4 FLEET

MANAGEMENT APPROACH

The fleet that SBM Offshore operates on behalf of its clients form the Value Platform 'Ocean Infrastructure'. They are key value drivers for SBM Offshore and generate predictable and sustainable revenue and operating cash-flows. The expertise and experience of almost 3,000 offshore crew and onshore staff ensures value creation through the safe, reliable and efficient operation of SBM Offshore's offshore fleet.

The Fleet adheres to and applies the management approach of the wider SBM Offshore organization. Key to this are policies, commitments and mechanisms mentioned under sections 2.1.2 and 2.1.4. In addition, SBM Offshore's Fleet also focuses on:

- Supporting SBM Offshore's Target Excellence program: the Fleet runs an 'Excellent Days' program which measures and rewards safe operational performance by offshore units and crew.
- Uptime: a key indicator for SBM Offshore measures the percentage of time the unit is available to produce. SBM Offshore aims to maintain its industry-leading levels of uptime, at or above 99%.
- Emissions: further increase in the stability of gas handling systems and improved data-analytics leading to reduction of flaring in most of the assets SBM Offshore operates on behalf of its clients. Further details can be found in section 2.1.7.
- Local content and knowledge transfer targets in SBM Offshore's countries of operations: which are accompanied by social development initiatives, as mentioned in section 2.2.
- A company-wide Responsible Recycling Policy: for the sustainable end-of-life disposal of offshore units, applying the principles of the EU Ship Recycling Regulation 1257/2013 or equivalent.

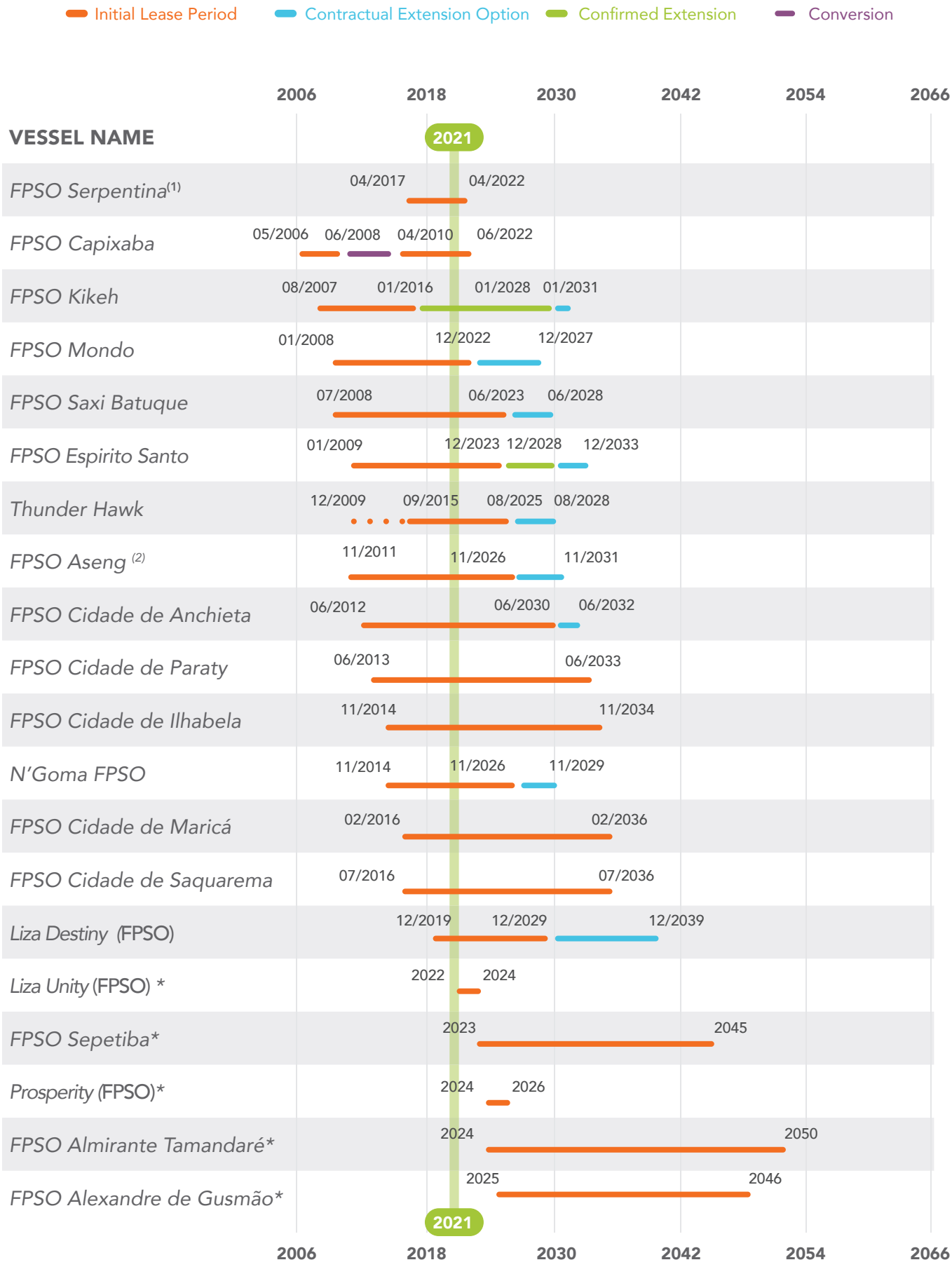
At the end of 2021, SBM Offshore was responsible for performing operation & maintenance services on 14 FPSOs across the globe and had a non-operating stake in 1 Semi-submersible unit.

With the following historic performance:

- over 6.5 billion barrels of production cumulated to date.
- 9,725 oil offloads cumulatively to date.
- 360 cumulative contract years of operational experience.

OPERATIONS FLEET

VESSEL NAME	CLIENT	COUNTRY	1ST OIL/GAS DATE
FPSO Serpentina[1]	MEGI	E.GUINEA	2003
FPSO Capixaba	PETROBRAS	BRAZIL	2006
FPSO Kikeh	PTTEP	MALAYSIA	2007
FPSO Mondo	EXXONMOBIL	ANGOLA	2008
FPSO Saxi Batuque	EXXONMOBIL	ANGOLA	2008
FPSO Espirito Santo	SHELL	BRAZIL	2009
Thunder Hawk	FIELDWOOD/MURPHY	USA	2009
FPSO Aseng [2]	NOBLE ENERGY	E.GUINEA	2011
FPSO Cidade de Anchieta	PETROBRAS	BRAZIL	2012
FPSO Cidade de Paraty	PETROBRAS	BRAZIL	2013
FPSO Cidade de Ilhabela	PETROBRAS	BRAZIL	2014
N'Goma FPSO	ENI	ANGOLA	2014
FPSO Cidade de Maricá	PETROBRAS	BRAZIL	2016
FPSO Cidade de Saquarema	PETROBRAS	BRAZIL	2016
Liza Destiny (FPSO)	EXXONMOBIL	GUYANA	2019
Liza Unity (FPSO)*	EXXONMOBIL	GUYANA	2022
*FPSO Sepetiba**	PETROBRAS	BRAZIL	2023
Prosperity (FPSO)*	EXXONMOBIL	GUYANA	2024
*FPSO Almirante Tamandaré**	PETROBRAS	BRAZIL	2024
*FPSO Alexandre de Gusmão**	PETROBRAS	BRAZIL	2025

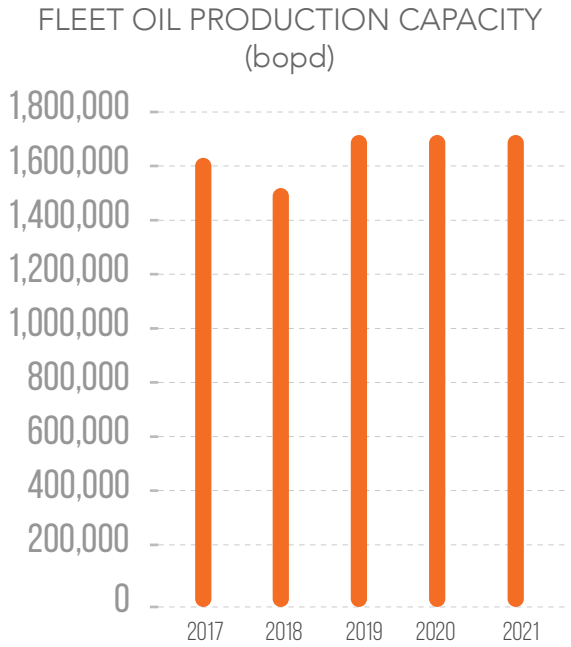


(1) *FPSO Serpentina* is owned by the client and is operated by Gepsing – a subsidiary between SBM Offshore (60%) and GEPetrol (40%)

(2) Noble Energy EG Limited is now a wholly-owned indirect subsidiary of Chevron Corporation

* Under construction.

2 PERFORMANCE REVIEW & IMPACT

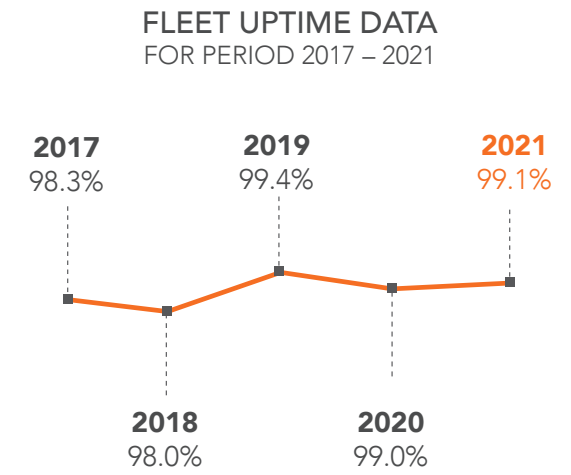


2021 PERFORMANCE

2021 represented another challenging, yet ultimately successful, year for SBM Offshore's operations, with the demands of the global COVID-19 pandemic continuing to impact the operational focus.

Continued strong management of the pandemic and its impact on crew health and safety, logistics and travel ensured business continuity and good performance in offshore operations. Solid results were achieved in terms of occupational and process safety, while maintaining historic production uptime of 99%.

In 2021, no units entered or exited the fleet operated by SBM Offshore.



Despite this, various initiatives and developments progressed and matured this year to enhance operational safety, quality and efficiency through:

- Training and Competency overhaul with focus on digitally driven educational platforms, Virtual Reality and remote learning for safe, efficient onboarding of new crew.
- Health and Fatigue Management programs and recruitment of additional personnel easing rotation planning and providing relief for offshore teams.
- Organizational enhancements and expanded Data Management for globally integrated, connected and date-driven operations.
- Maturing Fleet Support services capabilities through global network.
- Continued implementation of digital solutions and applications for enhanced operational intelligence, asset monitoring and predictive capability. Increased value creation from digitalization of mature Brazil operations, and establishment of same in Guyana.

SBM Offshore's approach is to target asset preservation with optimal lifecycle costing. In 2021, progress was made on:

- Expansion of the digital environment, data connection and management under the control of global operations monitoring centers and the deployment of predictive maintenance applications for equipment and asset optimization (see section 2.1.8).
- Continued focus on Process Safety Management, barrier management, and enhanced Marine Safety.
- Deployment of solutions and techniques based on Artificial Intelligence and new technologies such as remote work preparation and inspections, offshore mobility devices, drones, VR and equipment integrity programs reducing offshore manhours and shutdown durations.

Responsible Recycling of MOPU Deep Panuke

The MOPU Deep Panuke PFC, which was disconnected in 2020, was taken to a responsible recycling facility in Nova Scotia, Canada for the planned recycling phase. This is being carried out in full adherence to SBM Offshore's Responsible Recycling Policy, including the above-mentioned commitments to EU regulations. SBM Offshore is proud to have qualified a local yard meeting all requirements and through which SBM Offshore can ensure local economic development and reduction of logistic-related carbon emissions.

During 2021, the project addressed waste management streams, supported habitat creation through reef balls in the surrounding harbor, and invested in local community development, labor opportunities and contributions to

schools and First Nation projects. The responsible recycling project is expected to complete in 2022.

FUTURE

As a forward-looking operator, SBM Offshore leverages its unrivalled experience and industry-leading digital and technological solutions to deliver sustainable, ethical operations with the highest standards of safety, reliability and efficiency. SBM Offshore's core values and approach to responsible business underpin SBM Offshore's operational philosophy and prioritize the health and well-being of all offshore and onshore employees.

As part of SBM Offshore's Digital Transformation, 'Smart Operations' based on quality data, digital analytics and technology is rapidly accelerating the development and deployment of digital tools and technologies across SBM Offshore's fleet. This provides internal value creation, optimized client service offering and enhanced safety and efficiency.

Emission reduction in downstream leased assets will ensure SBM Offshore's contributions to Climate Change Mitigation and a subsequent path to net-zero, as explained in sections 1.4.3 and 2.1.7. SBM Offshore has set long-term targets for this. Key elements are:

- The development of the emissionZERO® FPSO for future projects.
- The development of investment proposals for clients and joint venture partners in the installed base of assets.

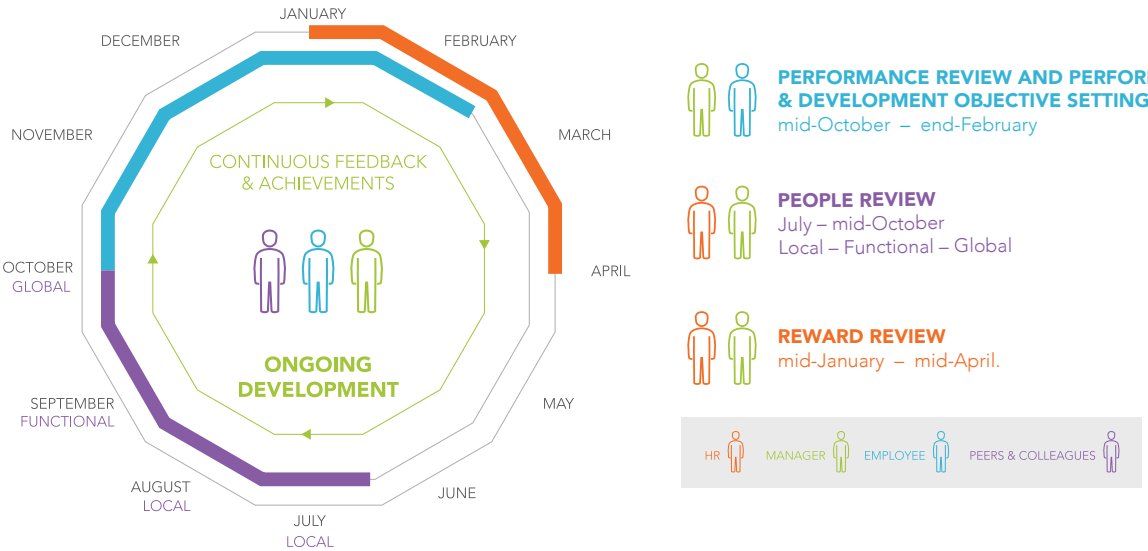
Company standardization programs such as Fast4Ward® also benefit Fleet Operations through the combination of standardized designs for new units and the integration of new digital, data-driven solutions. Operations in Brazil represent the mature frontrunner of this digital value creation, whereby products are tested, incubated and validated. Here structural preparations are also underway to receive the *FPSO Sepetiba*, a Fast4Ward® design, after its completion.

In Guyana, operations continue to experience strong growth, both offshore and onshore and take full benefit of enhanced products, programs and operational developments in the wider company. In 2021, SBM Offshore welcomed the second unit, *Liza Unity* (FPSO) offshore. As at year-end, commissioning activities were progressing towards first oil, targeted for early 2022. Preparations are also ongoing for the arrival of *Prosperity* (FPSO) in 2023. SBM Offshore continues to expand and embed its presence in-country with the opening of new purpose-built operational headquarters including an Integrated Operation Centre for offshore units. Operations are backed up by strong growth in personnel and investment in a wide range of social, environmental and educational initiatives focusing on local content and knowledge transfer.

SBM Operations has a strong role in managing annual and long-term targets in line with the UN Sustainable Development Goals, as explained in section 2.2.

2.1.5 RETAINING AND DEVELOPING EMPLOYEES

PEOPLE DEVELOPMENT CYCLE



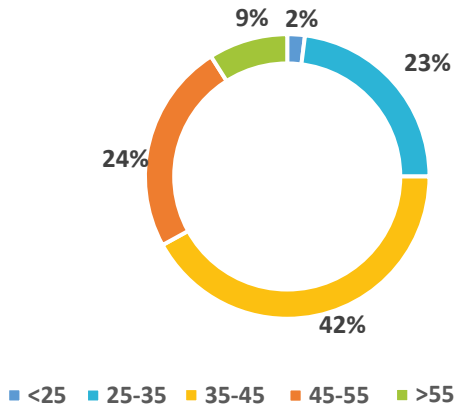
2021 HR HIGHLIGHT

AGE AVERAGE 41.15

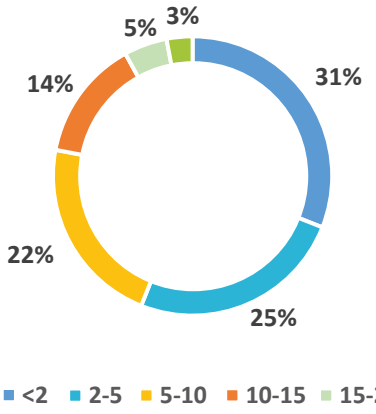
SENIORITY AVERAGE 8.13

FEMALE RATIO 19%

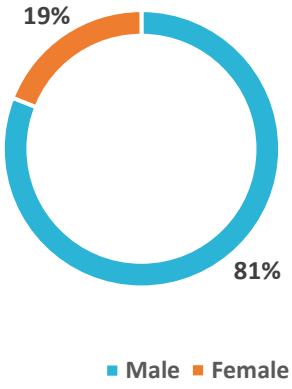
GLOBAL HEADCOUNTS BY AGE RANGE



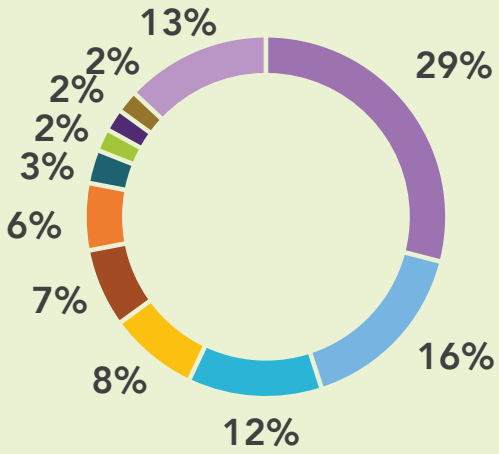
GLOBAL HEADCOUNT BY SENIORITY RANGE



GLOBAL HEADCOUNT PER GENDER



GLOBAL HEADCOUNT BY NATIONALITY



- Brazil
- France
- India
- Malaysia
- Angola
- Netherlands
- United Kingdom
- South Africa
- Guyana
- Italy
- Others

28% OF EMPLOYEES WORK IN A FOREIGN COUNTRY

46 LANGUAGES SPOKEN

MANAGEMENT APPROACH

In 2021, SBM Offshore's focus continued to be on retaining and developing staff, building and training current and future leaders and protecting employee health and well-being. SBM Offshore runs an HR cycle that contributes to the retention and development of employees. This process is managed under the Group HR function, which is part of the Executive Committee and the CEO-portfolio.

With the ongoing COVID-19 pandemic, and the consequent changes in working practices, SBM Offshore put increased effort into caring for employees, to minimize the effects of fatigue and stress on employees' physical and mental health. Recruiting, training and developing both our leaders and employees meant a switch to digital methods.

In addition, a particular focus was put on increasing employee headcount, in line with business needs, and increasing the flexible component of the workforce, to ensure the business can respond, in an agile way, to current and future demands. This means ensuring an efficient pipeline of new talent through strategic internal and external recruitment activities.

2021 PERFORMANCE

With the COVID-19 pandemic, SBM Offshore has made great efforts to ensure that its workforce is protected, balancing the needs to execute its projects and commitments against the impact on the workforce of working in the changed COVID-19 environment. For example, SBM Offshore recruited a further 132 people to ease the pressure on existing employees operating under extended offshore rotations and quarantine regimes.

Special care was paid to the mental health of employees working at home, with several online initiatives launched to help employees cope with home-working and social isolation. In addition, extra support was given to employees working away from home for extended periods, with measures put in place to allow them to work from their home countries where possible.

The pandemic also affected how SBM Offshore trains employees, with training now increasingly digitalized, using virtual reality and simulation to minimize interpersonal contact.

SBM Offshore continued to develop its leaders, with the new RISE Leadership Program launched, embodying all that is expected of a leader at SBM Offshore, and identified the technical expert community, to create a career reward and recognition path for senior engineers within SBM Offshore.

SBM Offshore was able to recruit new staff, particularly in China, India and Guyana, successfully onboarding them at events in several locations.

Key Highlights

- Workforce increased by 16% to 6,426.
- Diversity and Inclusion network created with ambassadors appointed in 12 countries.
- 4,000 voluntary digitalized training courses undertaken by employees.
- 2,179 employees assessed on their leadership or expert potential.
- Future leadership campaign: 38 Hogan assessments (development centers) and 39 Korn Ferry assessments conducted.

Other Highlights

- 72,345 online applications for jobs reviewed: 4,673 retained for the recruitment process.
- Proportion of flexible workers in the workforce increased from 20% to 26% in 2021.
- 42 e-Learning titles developed and made available on FPSO Units.
- 7 Virtual Reality training modules launched.
- 3 Process Simulator Training Centers put in place.
- 'Pulse' employee workplace survey conducted and benchmarked.
- 13 action plans developed to respond to employee workplace survey findings.
- New Learning Management System module of the HRIS (LUCY) created.
- RISE Leadership Program launched.
- Expert Program: Identified 337 Experts, Senior Experts and Master Experts in 31 Expertise Families.

FUTURE

In 2022, SBM Offshore will continue to digitalize HR data, adding further functionality to its LUCY reporting tool to allow automatic and tailored career paths to be proposed to employees.

It will continue to roll out the OSCAR digital 'Offshore Pass' for FPSOs and the 'Crew Self-Service' module alongside other digital tools.

SBM Offshore will finalize its Smart Ways of Working initiative to identify an optimized hybrid model for future working, balancing working from home and working in the office, based on better performance with increased efficiency, while safeguarding employee safety, well-being, and Company core values.

SBM Offshore will continue to give special attention to the 'employee experience', in particular taking care of those employees who have been away from home for longer than usual because of the pandemic. Such an emphasis is key to

employee retention. Recruitment will remain a significant challenge as the pandemic makes it more difficult to integrate new team members in the usual way. SBM Offshore will therefore improve onboarding, rolling out best practices to ensure that all new employees experience the same high-standard onboarding wherever they are recruited in the world, online or in person.

In 2022, SBM Offshore will continue to deepen its 'employee experience' knowledge to further improve all aspects of the organizational culture and nurture a strong sense of belonging.

On Training, SBM Offshore will further improve the content and catalogue of the Learning Management System, a training tool which enables SBM Offshore to become a learning organization where each SBM Offshore learner is an entrepreneur in their career development. In addition, SBM Offshore will make unconscious bias awareness sessions available to the Company at large and will also set ambitious diversity and inclusion targets.

2.1.6 ECONOMIC PERFORMANCE

MANAGEMENT APPROACH

SBM Offshore's primary business segments are: Lease and Operate and Turnkey. Although financial results are presented per segment, activities between business segments are closely related. In addition to reporting under International Financial Reporting Standards (IFRS) guidelines, SBM Offshore's Directional reporting methodology was introduced to reflect Management's view of SBM Offshore and how it monitors and assesses financial performance. This chapter of the Annual Report presents numbers based on directional reporting.

SBM Offshore provides Directional Revenue and EBITDA guidance, which is updated in the event of material change, if any. Economic performance is a result of all company activities, governed as per sections 3.1 Management Board and Supervisory Board and 3.2 Corporate Governance and executed as per the Management Approach sections in chapter 2 Performance Review & Impact.

2021 PERFORMANCE

Economic performance is measured through profitability, cashflow, backlog and the financial position of SBM Offshore.

Profitability

Adjusted for non-recurring items, Underlying Directional revenue for full-year 2021 came in at US$2,317 million, an increase of 1% compared with 2020. This increase is mainly driven by the Turnkey segment benefiting from the general ramp-up of Turnkey activities with five FPSO's under construction in 2021, the awarded limited scope on the FPSO for the Yellowtail development project and the higher contribution from the renewable and offshore services product lines. This was partially offset by the comparative impact of the Johan Castberg Turret Mooring System EPC project delivered in 2020. Underlying Directional Lease and Operate revenue was US$1,584 million almost stable versus US$1,622 million in the prior period.

Underlying Directional EBITDA amounted to US$931 million in 2021 compared with US$944 million in 2020. This resulted from a decrease of the Underlying Lease and Operate EBITDA by US$42 million. Despite an overall stronger operational performance of the fleet, this is mainly explained by (i) the net incremental costs from the implementation of additional safety measures linked to COVID-19 and (ii) repair costs incurred in 2021 on damaged mooring lines on one unit and (iii) higher maintenance and repair activities, including maintenance campaigns postponed to 2021 due to the COVID-19 new pandemic context in 2020. The 2020 EBITDA also benefited from the contribution of the Deep Panuke MOPU decommissioning activities. Underlying Directional Turnkey EBITDA increased from US$(9) million in the year-ago period to US$19 million in the current year. Reduced level of EPC activity in the Turret and Mooring product line, following the Johan Castberg Turret Mooring System project delivery was nearly offset by the general ramp-up of other Turnkey activities (including higher contribution from Offshore services). In addition, the Turnkey EBITDA benefited from positive project and risk close out in 2021, while it was impacted by US$(40) million of restructuring costs in 2020.

2021 Underlying Directional net income attributable to shareholders stood at US$126 million, a slight increase compared with US$125 million in the previous year. It should be noted that the ongoing EPC works on *FPSO Almirante Tamandaré, FPSO Alexandre de Gusmão, Liza Unity* (FPSO), *Prosperity* (FPSO) and the FPSO for the Yellowtail development project did not contribute to Directional net income over the period. This is because the contracts were 100% owned by the Company as of December 31, 2021 and are classified as operating leases as per Directional accounting principles. Therefore, the contribution of these five FPSO projects to the Directional profit and loss will largely materialize in the coming years, subject to project execution performance, in line with the operating cash flows.

The above Underlying figures adjust several non-recurring items described in 4.1.3 Financial Review Directional.

Cash Flow/Liquidities

Thanks to the strong contribution of the fleet, SBM Offshore generated US$715 million of net cash flows from operating activities over 2021.

The fact that the bridge loans related to *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* were drawn in full during the last quarter of 2021 for a total amount of US$1,255 million generated a significant excess of financing cash flow compared with actual investments to date on these two units (approximately US$800 million as of December 31, 2021). As a result, cash and cash equivalents increased from US$383 million at year-end 2020 to US$1,059 million at year-end 2021.

Backlog

The Directional backlog, which is presented on a pro-forma basis in note 4.1.3 Financial Review Directional, grew to a record total of US$29.5 billion at December 31, 2021, compared with US$21.6 billion at year-end 2020.

This increase was mainly the result of (i) the awarded contracts for the *FPSO Almirante Tamandaré* project and the *FPSO Alexandre de Gusmão* project and (ii) the awarded initial scope to begin FEED activities and build a Fast4Ward® hull for the FPSO for the Yellowtail development project. SBM Offshore's backlog provides cash flow visibility of 29 years, up to 2050.

Statement of Financial Position

SBM Offshore's financial position has remained strong as a result of the cash flow generated by the fleet and the successful adaptation of the Turnkey segment to a more competitive and unpredictable market.

Directional shareholders equity decreased from US$858 million at year-end 2020 to US$604 million at year-end 2021. This was primarily due to the completion of the EUR150 million (US$178 million) share repurchase program and the dividend distribution to the shareholders for an amount of US$165 million partially offset by the net income of the year. It should be noted that under Directional policy, the contribution to profit and equity of the substantial FPSOs program under construction will largely materialize in the coming years, subject to project execution performance, in line with the generation of associated operating cash flows.

Directional net debt increased to US$5,401 million from US$4,093 million at year-end 2020. While the Lease and Operate segment continues to generate strong operating cash flow, SBM Offshore drew (i) on projects financing and (ii) on bridge loan facilities for *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* to fund continued investment in growth.

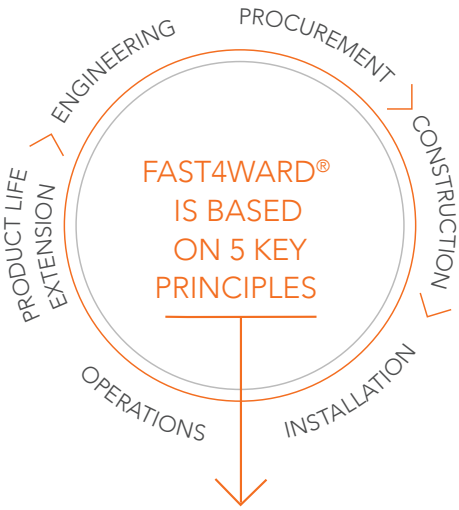
Almost half of SBM Offshore's debt as of December 31, 2021 consisted of non-recourse project financing (US$2.9 billion) in special purpose investees. The remainder (US$3.5 billion) mainly comprised of borrowings to support the on-going construction of five FPSOs which will become non-recourse following project execution finalization and release of the Parent Company Guarantee. SBM Offshore's Revolving Credit Facility (RCF) was undrawn at year end and cash and undrawn committed credit facilities amounted to US$2,981 million.

For a total overview of SBM Offshore's financials under IFRS, please see section 4.2 Consolidated Financial Statements of the Annual Report.

FAST4WARD®

FAST4WARD®
BETTER PERFORMANCE
DELIVERED FASTER

Fast4Ward® is SBM Offshore's program to transform the business by reducing cycle time to energy delivery, de-risking projects and improving quality and safety.



CLIENT FIRST

STANDARDIZATION

FLAWLESS EXECUTION

INTEGRATED SUPPLY CHAIN

ENABLING DIGITAL SOLUTIONS

REDUCING CYCLE TIME

UP TO 12 MONTHS FASTER

DE-RISKING PROJECTS

STANDARDIZED HULL AND TOPSIDES

ENABLING LOWER BREAK-EVENS

LOWER CAPEX AND OPEX

2.1.7 EMISSIONS

MANAGEMENT APPROACH

The topic of emissions is dealt with in various parts of the organization as explained under the HSSE and Environmental Reporting approaches in sections 2.1.4, 5.2.1 and 5.2.2. SBM Offshore is reporting to CDP and considering IOGP statistics to ensure the right benchmarking.

SBM Offshore's long-term emission reduction ambitions are explained in section 1.4.3. In 2021, SBM Offshore set targets to reduce flare emissions on its activities, develop low- and non-carbon solutions, to have zero oil spills and to reduce air-travel-related emissions. SBM Offshore added scope to its disclosures and further aligned scoping to the GHG-Protocol. This results in the reclassification of the majority of emissions formerly reported under Scope 1 to Scope 3 (see section 5.2.2 for detail).

Furthermore, SBM Offshore strives to outperform industry benchmarks on the following indicators:

- GHG emissions[2], gas flare[3], energy consumption[4].
- Oil in produced water[5], oil spill per production[6].

[2] 138 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.16

[3] 10.6 tonnes of gas flared per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.26

The efforts in emissions management build upon years of action taken to bring emissions down structurally. For example, gas flaring intensity in 2021 is 28% lower than in 2017. Through this approach, SBM Offshore is mitigating risks in the light of climate change and social license to operate, as mentioned in section 1.4.2.

SBM Offshore focuses on GHG emissions while also addressing other emissions – such as emissions to water and non-GHG emissions. Further information can be found in sections 2.2 and 5.3.

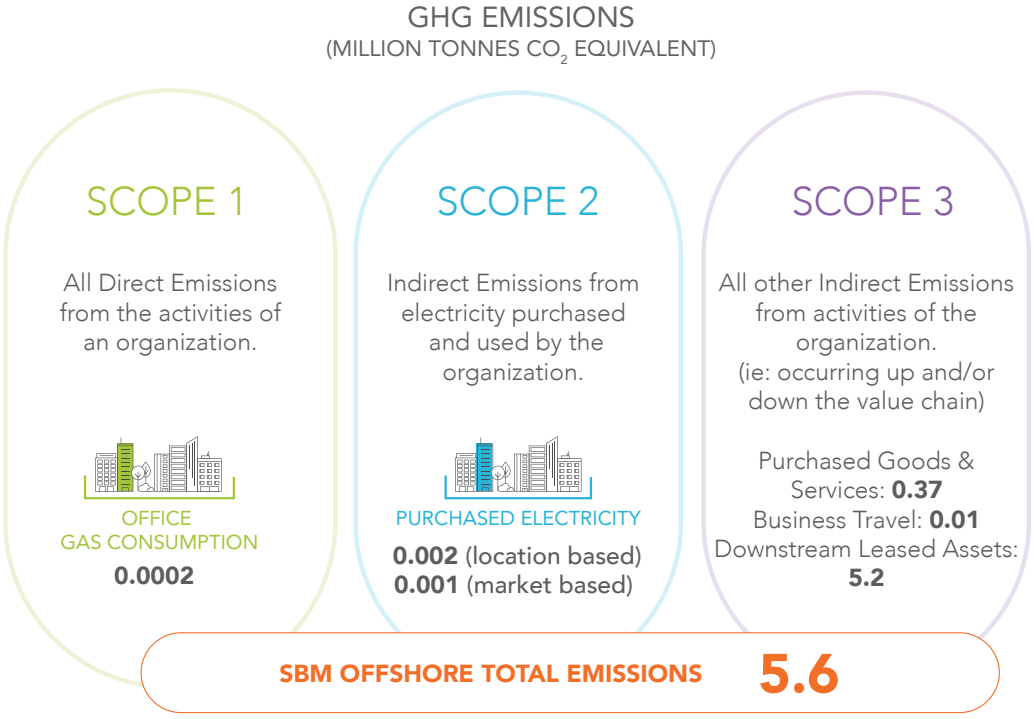
2021 PERFORMANCE

During 2021 a total of 5.6 million tonnes of GHG emissions are reported, 99% of this being Scope 3 emissions. The total is 2% lower than in 2020, despite an increase in voluntary disclosure – purchased goods and services – that adds 6% in reported GHG emissions volume compared to last year. Furthermore changes to scoping have been applied during 2021, for which details can be read in section 5.2.2. ('Changes in Reporting').

[4] 1.5 gigajoules of energy for every tonne of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.24

[5] 13 tonnes of oil discharged to sea per million tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.28

[6] 0.5 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.37



Scope 1 – Direct Emissions

Scope 1 emissions comprise the gas powered heating in offices where SBM Offshore is the sole renter of an office building. In 2021 these emissions amounted to 237 tonnes GHG CO_2 equivalent. This is an increase compared to 2020 due to higher project office activity.

Scope 2 – Purchased Electricity

Purchased electricity in offices account for 2,019 tonnes of GHG CO_2 equivalent, based on the average energy mix of each location. Accounting for the electricity actually purchased through green contracts, the amount is 752 tonnes. Prolonged remote working contribute to lower office energy related emissions compared to pre-COVID-19 levels, whilst growth in Guyana and India lead to increased consumption of office energy. The Company has expanded its sustainable energy purchasing, with the office in Rio de Janeiro now under a green energy contract as well.

Scope 3 – Purchased Goods & Services

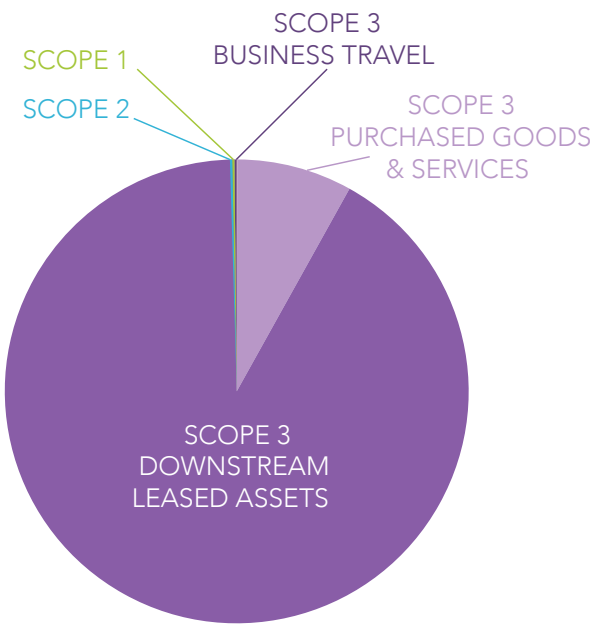
This year, SBM Offshore expands its voluntary emissions disclosure, through addition of this scope. SBM Offshore has calculated emissions resulting from goods procured on FPSO projects. These amount to 370.1K tonnes emissions. The emissions mainly come from steel that is processed for bulk materials and equipment. Based on the outcomes of the initial analysis, and in line with GHG protocol Scope 3 Corporate Value Chain Accounting & Reporting Standard, SBM Offshore will refine the data quality in the coming years and will improve the accuracy of its value chain GHG reporting. More importantly, this will provide a basis for engagement with suppliers.

Scope 3 – Downstream Leased Assets

SBM Offshore provides operation and maintenance services for FPSOs on behalf of clients across the globe, on a finance lease basis. The technical specification and operational requirements for these FPSOs are driven by reservoir characteristics and client criteria. Emissions from downstream leased assets mainly relate to the required production profile of the oil field and the subsequent energy production, e.g. from gas turbines (71%). The other key contributor is flaring (29%).

Emissions from downstream leased assets account for the majority of the carbon footprint reported by SBM Offshore. More than 90% of total emissions giving 5.2 million tonnes of GHG were emitted by downstream leased assets. This volume is 9% lower than in 2020. The carbon intensity of downstream leased assets is 110.99 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced, which is 20% better than the industry benchmark[2] and 8% better than last year.

SBM Offshore Reported Emissions 2021 – based on CO_2e volumes



SBM Offshore instituted a performance program measuring flare emissions following the launch of the internal CO_2 Challenge in 2015. For 2021, SBM Offshore set a target to further optimize operational excellence on the FPSOs it provides operations and maintenance services to.
SBM Offshore targeted an absolute volume of gas flared below 1.6 million standard cubic feet per day (scft/d) as an overall FPSO fleet average during year. This was done for a specific part of the volume to which SBM Offshore expects to have the largest form of control, despite it being a Scope 3 category. SBM Offshore nearly achieved this overall target, the actual being 1.66 million scft/d. The target achievement was mainly inhibited by flash gas compressor challenges on two FPSOs. In one case, it was an FPSO in ramp-up phase with inherent challenges and for the other, it was a change in gas compressor operating philosophy by a client. SBM Offshore has defined lessons learnt for improvement and is pleased to see clients taking additional redundancy in gas compression in their basis of design, which should have a lowering effect on future gas flaring.

For the downstream leased assets that (over-)achieved their targets, average reduction of above mentioned flaring scope was 42% compared with 2020. This was achieved mainly by improvement of gas system uptime. The performance was further supported by better insight owing to an improved online emission dashboard. This provides for data-analytics and the basis to the launch of future initiatives. Overall flaring on downstream leased assets was 9% better than the industry benchmark[3].

In order to address future Scope 3 emissions, SBM Offshore has targets for Innovation, Technology and Infrastructure, in line with SDG 9. In 2021, SBM Offshore spent 60% of its Group Technology R&D budget on non-carbon technology, above the 50% target set. Also, SBM Offshore developed six low-carbon modules for FPSOs, so it can offer a lower carbon footprint to clients in the future.

To further reduce emissions from the power generation aspect of downstream leased assets in operation, SBM Offshore is dependent on investments by clients and partners in co-owned entities. SBM Offshore is ready to lead, co-develop and deliver on such investments. SBM Offshore has set a long-term engagement target for this as part of its SDG approach described in section 2.2.

Scope 3 – Business Travel

Total air travel related emissions were 10.9K tonnes in 2021. In 2021, SBM Offshore committed to 20% lower air-travel-related CO_2 emissions compared with 2019. Remote working and less travel, due to the continued COVID-19 pandemic, added significantly to the achievement of this target, with the actual reduction being 61% versus 2019. The target takes into account the fact that a portion of SBM Offshore's business travel relates to offshore operations, e.g. crew changes, where volumes are difficult to reduce significantly in short time-frames.

Other performance items relating to emissions:

- SBM Offshore is proud to have a B-score in CDP, meaning SBM Offshore is 'taking climate action'. Further explanation is given in section 1.4.3.
- SBM Offshore's energy intensity on downstream leased assets is 8% better than the industry benchmark[4]. Energy consumption volumes can be found in section 5.3.
- The quantity of oil discharged to sea per hydrocarbon production on downstream leased assets was 4.49 tonnes per million tonnes of hydrocarbon produced, 66% below IOGP benchmark[5] (see also section 2.2.)
- Downstream leased assets had 0 oil spills as per IOGP definition[6]
- SBM Offshore engaged in various projects that resulted in lower emissions. In Guyana a local agricultural project leads to lower emissions from food logistics and investments into a Mangrove project will contribute amongst others to additional sequestration of carbon. More information can be found in section 2.2.

EMISSIONZERO®

Early 2020, SBM Offshore announced the emissionZERO® concept, which has evolved into a program targeting near zero emissions. This ambition has also been made part of the sustainability policy.

EmissionZERO® aims to market floating energy production solutions with near zero emissions. SBM Offshore sets targets in line with the net-zero ambitions of key stakeholders, and calls for their active engagement. EmissionZERO® is a program for continuous product development, providing a platform for stakeholder engagement at the same time.

Key commitments:

- Strategy and actions compatible with net-zero by no later than 2050.
- Sourcing green energy to run the business (Scope 1 & 2 emissions).
- Working towards net-zero emissions from downstream leased assets (Scope 3).
- Taking a science-based approach towards emission reduction target setting (explained in section 1.4.3).

Development of an emissionZERO®-based FPSO is a key element of the program and is planned in three phases: Phase 1 consists of including existing low carbon solutions alternatives in tenders; Phase 2 focuses on an all-electric FPSO to maximize energy efficiency, feasibility of carbon capture technology integration and hybrid forms of power generation – for instance importing renewable energy from shore or floating renewable energy solutions; and Phase 3 will look at power from shore technologies and carbon-free fuel power generation.

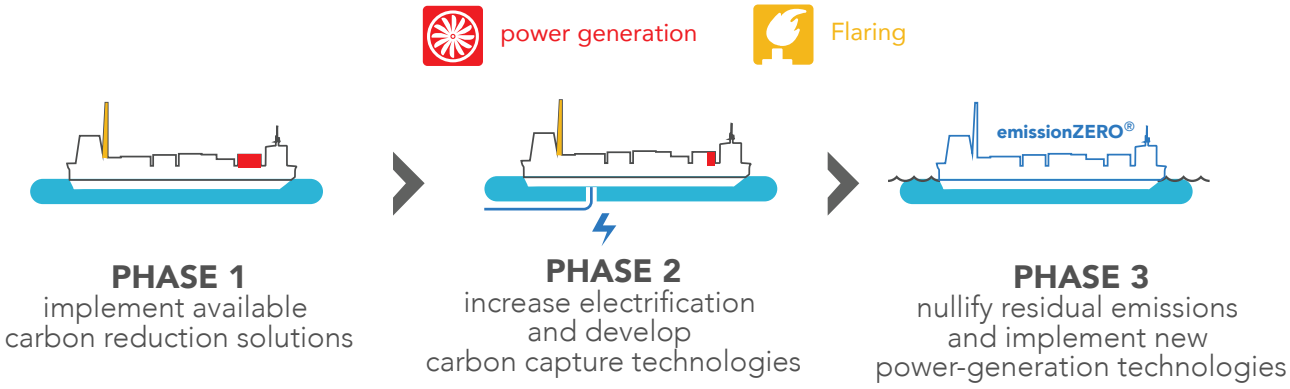
SBM Offshore is actively developing solutions and working with its stakeholders to drive down emissions from downstream leased assets on a continuous basis. Key achievements on the emissionZERO® FPSO have been:

- The engagement with strategic and key client accounts and suppliers during the year.
- The enrichment of SBM Offshore's Fast4Ward® product catalogue with low-carbon solutions.
- The qualification of new technologies, in particular combined-cycle power generation.
- The use of digital technologies (advanced analytics and predictive maintenance) to optimize energy consumption, reduce equipment trips and associated flaring.
- The establishment of a portfolio of ideas and projects to further reduce the carbon footprint of SBM Offshore's activities.

The success of the program and the impact on the above stated ambitions is highly dependent on market acceptance. SBM Offshore therefore is open for business on emissionZERO® and welcomes engagement with its value chain.

EMISSIONZERO® – THE PATH

With emissionZERO®, we want to bring to market floating energy production solutions with near zero emissions



FUTURE

SBM Offshore remains committed to the ramp-up of emissionZERO® in the coming years and to keep setting targets to reduce emissions, as explained in section 2.2. Furthermore, SBM Offshore continues to expand the work under TCFD (see section 1.4.3).

To reduce flaring in 2022, SBM Offshore has set a target for reduction in section 2.2. This target reflects the lessons learned from the achievements and challenges in 2021.

Furthermore, SBM Offshore remains committed to achieve better environmental performance than the 2020 IOGP industry benchmark for energy consumption and oil spills per production; and 50% better than the 2020 IOGP industry benchmark for oil in produced water.

2.1.8 DIGITALIZATION

MANAGEMENT APPROACH

The purpose of digitalization is to create value: better safety, emission reduction, cost savings or new revenues, for instance. With digitalization, SBM Offshore creates value through optimization of existing processes, transformation of SBM Offshore's core products and ways of working or creation of new digital services.

SBM Offshore has reinforced its organization and governance, with the creation of a Transformation Office, which provides the guidance, the framework and the support for SBM Offshore to become more digital. The Transformation Office is under the responsibility of the CEO. Digital solutions are brought to market through the Services function, described in section 1.3.3.

2021 PERFORMANCE

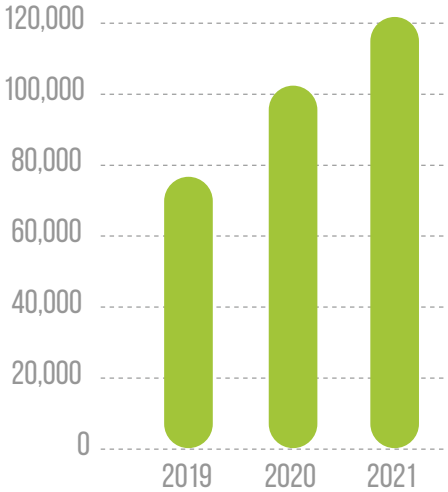
In 2021, SBM Offshore has continued to gain technical insight and has positioned digitalization as a key enabler of SBM Offshore's strategy and value platforms. SBM Offshore uses Digitalization to:

- Improve safety and enable remote control of SBM Offshore's assets, thanks to IoT (the 'Internet of Things'), the OIPOC (Operational Intelligence & Performance Optimization Center) or remote assistance tools.
- Reduce CO_2 emissions through improved work processes. For instance, Process Stability digital tools allow the reduction of equipment trips which, in turn, reduces emissions, thus contributing to the emissionZERO® program.
- The launch of the first pilot of the new ERP system, to further increase lifecycle value from its projects and operations through end-to-end data connection.
- Ease collaboration and allow SBMers to work together, regardless of their locations, through tools such as Microsoft Teams or collaborative platforms (e.g. the Engineering Collaborative Environment).
- Make better decisions through business intelligence software such as Power BI, enabling better insight of historical data.
- Boost learning and working experience through mobile apps or augmented reality.

- Optimize assets operations and utilize data science and artificial intelligence for predictive maintenance. This has led to operating cost savings in the FPSOs that SBM Offshore services on behalf of its clients.
- Optimize project execution through end-to-end process platforms (Integra), or visualization and planning of work fronts at the construction yards. This includes 3D Construction and Work Fronts Management or 'Robotic Process Automation' (RPA) technologies that allow the automation of repetitive tasks.
- Create new opportunities and diversify SBM Offshore's revenues by delivering high-value digital services to customers through Smart Services, a New Energy & Services Product Line.
- 18% increase in the cumulative number of operational signals, compared with 2020, to above 120k. This includes key process indicators such as pressure, temperature, etc. – stored and leveraged for remote monitoring of rotating equipment and process systems, troubleshooting and machine learning (see below graph).

DIGITAL TRANSFORMATION AT SBM OFFSHORE

NUMBER OF DATA SIGNALS
(CUMULATIVE – '000)



FUTURE

New technologies are rapidly evolving. SBM Offshore will benefit from these new technologies and will develop the skills and capacity necessary to adopt them.

Digitalization requires adopting an end-to-end approach and assessing value throughout the product lifecycle, with further roll out of the ERP system contributing. It also requires building foundational capabilities that support the entire structure. Hence, SBM Offshore will reinforce its organization with the creation of a central Data Office, responsible for the definition and governance of the Data Model. SBM Offshore will rationalize its digital applications landscape and develop a data platform enabling access and integration of data generated from multiple digital applications. This data platform will become the enabler of the Lifecycle Digital Twin and of the customer portal for new digital services.

2.1.9 INNOVATION

MANAGEMENT APPROACH

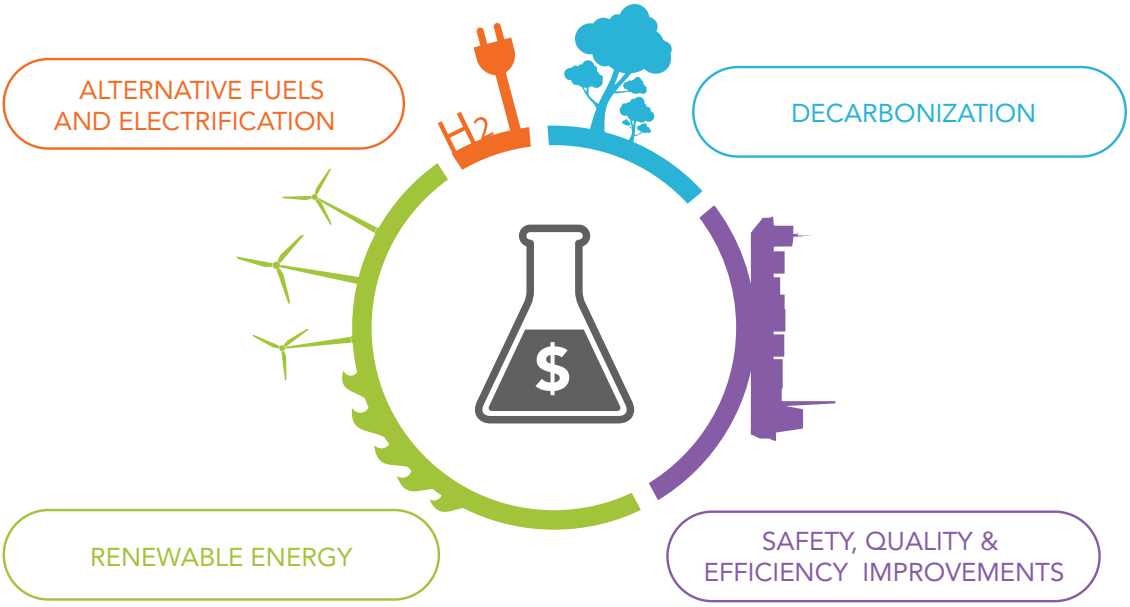
The key objective of innovation at SBM Offshore is to bring valuable solutions to market that are in line with SBM Offshore's strategy, in particular those related to the energy transition. All parts of the organization are

encouraged to contribute to innovations in their field of expertise, from ideation to final implementation.

The development of new technology is managed by the Group Technology Department, which ensures that all innovation programs are aligned with the long-term strategies of the Product Lines and with key programs such as emissionZERO® and Fast4Ward®. Development roadmaps are kept up to date with technical and market developments through regular reviews.

SBM Offshore brings new technology to market through a structured stage-gate process to ensure that the technology is properly validated before being offered for sale or introduced into projects. This Technology Readiness Level (TRL) process is based on American Petroleum Institute standards (API RP17N) and includes prototype testing and full FEED level definition of new systems as part of the qualification requirements.

SBM Offshore manages its IP portfolio by registering patents and trademarks, as well as through securing trade secrets and know how. To ensure IP integrity, SBM Offshore manages the classification of documents and non-disclosure agreements with partners and ensures restricted access to technology-sensitive documents. Freedom-to-operate checks are conducted to ensure respect for third-party rights. Through this approach, risks associated with technological developments are mitigated (see section 1.4.2).



2021 PERFORMANCE

In 2021, SBM Offshore continued to increasingly diversify its development efforts in emerging technologies associated with gas, power and renewable energies, allocating 60% of the Group Technology R&D budget to non-carbon technology. Some of the main development projects undertaken in 2021 include:

- SBM Offshore's unique Floating Offshore Wind TLP concept has been adopted by the PGL floating wind farm development project and is progressing through the EPC phase. In parallel, the next generation of this TLP Floating Offshore Wind foundation, achieving lower cost in mass production, is under development.
- The innovative S3® Wave Energy Converter (WEC) project at SBM Offshore's R&D Laboratory has made significant advances. Site work and components qualification are under way to deliver the prototype. The project schedule for completion has been extended, owing to the COVID-19 pandemic.
- SBM Offshore's emissionZERO® program is on track to deliver the phase 1 emissionZERO® FPSO concept. As part of this roadmap, the design of a topside module to capture CO_2 emitted from gas turbine exhaust has been further developed and is expected to be available by 2023.
- In close collaboration with the newly established gas product line, new technologies and concepts have been developed related to blue and green ammonia and hydrogen.
- The first Virtual Reality training for offshore personnel has been delivered and rolled out in the fleet, featuring SBM Offshore's own accumulated operational experience.
- The Large Diameter High Pressure swivel test bench has been completed in the R&D laboratory. The test bench has been designed and commissioned by SBM Offshore and enables the qualification of new swivel and seal designs.

- Following the Ocean Code Hackathon last year, work has begun in collaboration with a newly created start-up company to produce an artificial intelligence-based system to detect corrosion in FPSO topsides.
- Progress was made to diversify and democratize innovation sourcing within SBM Offshore. Main achievements were the hosting of the first Technology Conference open to the entire SBM Offshore community, and the deployment of a crowd-sourced collaborative innovation management platform.
- SBM Offshore has begun working with external open-innovation platforms to identify promising new technologies under development and potential partnerships with start-up companies, universities, and technology institutes.

Out of the 44 technology development projects that aim to increase Technology Readiness Levels (TRL), 35 have been completed successfully, 3 have been delayed for completion in 2022 and 6 have been cancelled and replaced by more promising non-carbon technology developments.The Company filed 31 new patent applications to strengthen its existing portfolio of 142 patent families; in particular in the area of renewables and digital applications. Over the course of 2021, eleven innovation projects reached TRL 4.This level demonstrates that reliability, function and performance criteria are met in the intended operating condition and the solution can be integrated into a complete system.

FUTURE

SBM Offshore will continue to focus its technology development activities on the energy transition by allocating more than half of its technology development budgets to EU Taxonomy Eligible technology[7]. This will ensure sustainability of innovations, attractiveness to investors and contribute to a responsible energy transition required to mitigate climate change impact. In addition, SBM Offshore will invest in topside technologies to deliver the ambitions of SBM Offshore's emissionZERO® FPSO program and developments in alternative energy storage and generation. SBM Offshore will also continue to invest in research and development for its innovative S3® Wave Energy Converter and Floating Offshore Wind solutions.

2.1.10 ENERGY TRANSITION

MANAGEMENT APPROACH

Key elements that enable SBM Offshore's success in the energy transition area are:

- Product Development for Floating Offshore Wind and Wave Energy.
- Technology Development supporting these product developments (see more detail in section 2.1.9).
- The emissionZERO® program explained in section 2.1.7.
- SBM Offshore commits to a strategy and action plan that is compatible with the transition to net-zero by no later than 2050, as explained in section 2.2.

Product development for energy transition is addressed through SBM Offshore's New Energies & Services business unit, in collaboration with the Technology Department. An important step in this process is the development of prototypes and pilot projects, which can also be done as co-development projects with partners and/or clients. SBM Offshore monitors its commercial pipeline to allow SBM Offshore to achieve its envisioned growth goals in line with its 2030 ambition.

With this management approach for energy transition, SBM Offshore is addressing the significant risks of oil price dependency, portfolio risks and climate change described in section 1.4.2.

SBM Offshore complies with the EU taxonomy regulation and leverages the framework to set targets for and report on the energy transition. Disclosures are found in section 5.1.2.

2021 PERFORMANCE

SBM Offshore has made significant achievements in 2021:

- The newly established New Energies and Services entity is accelerating in building up the organization, expertise and culture for the Renewables, Gas, Terminals and Digital Service markets.
- SBM Offshore has further articulated a clear ambition to have >2GW Floating Offshore Wind installed or under construction by 2030. This ambition statement provides a directly measurable target.
- The project execution of EDF Renouvelables Provence Grand Large 25.2MW Floating Offshore Wind is in full swing with detailed engineering, structure fabrication and assembly activities ongoing.
- SBM Offshore moved forward as a co-developer in the offshore wind industry with the newly established joint venture, Floventis Energy Limited. The first development project Llŷr in the UK, comprising 2 offshore sites each up to 100MW, has received the Crown Estate's intention to grant lease subject to a Habitats Regulations Assessment.
- Manufacturing for the WEC S3® prototype is in progress in SBM Offshore Carros-based laboratory.
- Seawater intake riser program is underway with Shell in Brazil to cool FSPO systems and reduce energy use.
- SBM Offshore has invested in renewable energy technology and products development, with 60% of the total 2021 Group Technology R&D budget applied to non-carbon[8] technologies. This includes further development of next generation of

[7] Based on 2021 eligibility KPI definitions explained in section 5.1.5.

[8] Non-carbon technologies have the potential to replace fossil based technologies with non CO2 emitting alternatives or to capture/reuse CO2

Tension-Leg Platform (TLP) floater design, and Wave Energy Converter products, as well as studies in energy storage, desalination, hydrogen and ammonia for offshore applications.
- SBM Offshore is working on projects that address emissions reduction along the lifecycle of its business, as part of its emissionZERO® portfolio (see section 2.1.7).

The revenues, CAPEX and OPEX associated with these projects and initiatives add to EU Taxonomy eligible business, as reported in section 5.1.5. SBM Offshore's commitments should lead to higher revenues from eligible business in the future, with 2021 R&D investment already reflected in the EU Taxonomy eligible OPEX KPI stated. Above-mentioned R&D investments are visible in the OPEX KPI reported. These activities support the mitigation of and/or adaptation to climate change impacts.

or to significantly reduce emissions in SBM Offshore's normal/future fleet operation.

FUTURE

SBM Offshore will continue to build upon these achievements and is looking at developing from renewable energy pilots to commercial scale energy infrastructure, as well as increasing its role in the supply chain with the aim of creating more value. For 2022, SBM Offshore has set a target of investing 50% of its R&D budget into EU Taxonomy eligible[9] technologies, as can be read in section 5.1.5.

2.1.11 MARKET POSITIONING

MANAGEMENT APPROACH

[9] Based on 2021 eligibility KPI definitions explained in section 5.1.5.

Market positioning is about global presence and engaging in emerging markets in order to adapt to market developments. The size of the business, new business development and sustainability benchmarks are seen as strong indicators of a successful management approach. Examples of metrics are the performance of the fleet, the revenue backlog, the number of projects won, the new developments in the renewables market, and SBM Offshore's ESG ratings performance.

SBM Offshore aims to provide for 'double resiliency', meaning achieving a cost-competitive and low-carbon footprint for its products, which will be the choice of the clients. SBM Offshore's strategy to Optimize, Transform and Innovate, combined with addressing material topics, leads to a market positioning for future success. Through market positioning, SBM Offshore addresses the competitiveness risks mentioned in section 1.4.2.

2021 PERFORMANCE

Performance is detailed in subsections of 2.1. The following table provides the key items of SBM Offshore's market positioning.

Market positioning – SBM Offshore performance

	Optimize	Transform	Innovate
SBM Offshore performance	▪ Fleet size of 15 ▪ Directional Proforma Backlog of US$29.5 billion ▪ 6 FPSO projects under construction ▪ 360 years of cumulative operating experience	▪ 5 Fast4Ward® FPSO projects under execution, 1 additional Fast4Ward® MPF under construction ▪ Industry leader in sustainability ranking ▪ emissionZERO®	▪ 60% R&D spend on non-carbon technology ▪ FOW Project in execution and formation of new Joint Venture
Benchmarking	▪ A leader in its market ▪ A leader on occupational safety ▪ First among peers to launch branded platform for emissions reduction ▪ First among peers with EPC floating offshore wind ▪ Industry first with a S3® type Wave Energy converter ▪ First among peers in sustainability ▪ 95th Percentile S&P Global ESG rating		

FUTURE

SBM Offshore is committed to safe, sustainable and affordable energy for generations to come. SBM Offshore aspires to industry leadership, by understanding stakeholder interests and increasing the size and value of the business. In 2022, SBM Offshore's focus remains the safe and reliable execution of its ongoing projects and operation of its fleet. SBM Offshore also continues to engage early with clients and vendors to make further progress on the emissionZERO® program and grow its renewables business. SBM Offshore will continue innovating along the energy transition. There will also be more focus on digitalization and offering digital solutions to the market. Finally, sustainability performance is key to long-term market positioning. See section 2.2 for future developments in that area.

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

SBM Offshore is committed to sustainability, which contributes to SBM Offshore's vision of providing safe, sustainable and affordable Energy. SBM Offshore follows the Global Reporting Initiative (GRI) standards to report on non-financial performance, as well as on indicators for its material topics.

SBM Offshore has a Sustainability Policy which includes commitments and guiding principles for SBM Offshore and its stakeholders. SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). Furthermore, to provide context for SBM Offshore's targets and performance, SBM Offshore leverages the UN SDG framework. SBM Offshore has identified seven SDGs that are most material to its business. Building on the long-term guidance presented in 2020, SBM Offshore has set specific time-bound long-term targets for the selected SDGs. These targets and underlying roadmaps are built with inputs and commitments from different business entities as part of business plans and budgets.

SUSTAINABLE DEVELOPMENT GOALS: LONG TERM TARGETS
(BY 2030 UNLESS SPECIFIED OTHERWISE)

SDG	TARGET AREA	LONG TERM COMPANY TARGETS
3 GOOD HEALTH AND WELL-BEING	• Health and Well-being	• A leader on Employee Health & Well-being
4 QUALITY EDUCATION	• Education for Sustainable Development	• Co-develop climate change & energy transition awareness program for developing regions
7 AFFORDABLE AND CLEAN ENERGY	• Access to Energy • Energy Efficiency	• 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
8 DECENT WORK AND ECONOMIC GROWTH	• Human Rights • Occupational Safety & Process Safety	• Fully embed human rights & social performance within the company to achieve no harm • Top 10% performer in Occupational Safety & Process Safety Events
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Energy Transition & Decarbonization	• >2GW FOW installed or under construction by 2030 • Offer the market with near zero emissions FPSO
13 CLIMATE ACTION	• Climate Change Management	• Run a strategy and action plan compatible with a transition to net-zero by no later than 2050
14 LIFE BELOW WATER	• Ensure Ocean Health & Protect Ecosystems	• Reduce Oil in Water Discharge Intensity to zero • Develop Marine Diversity Intelligence & Improvement Framework, including target management