



ANNUAL REPORT 2021

- 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:

2 PERFORMANCE REVIEW & IMPACT

- *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.

