SBM OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

- 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