



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

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

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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.