



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

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.

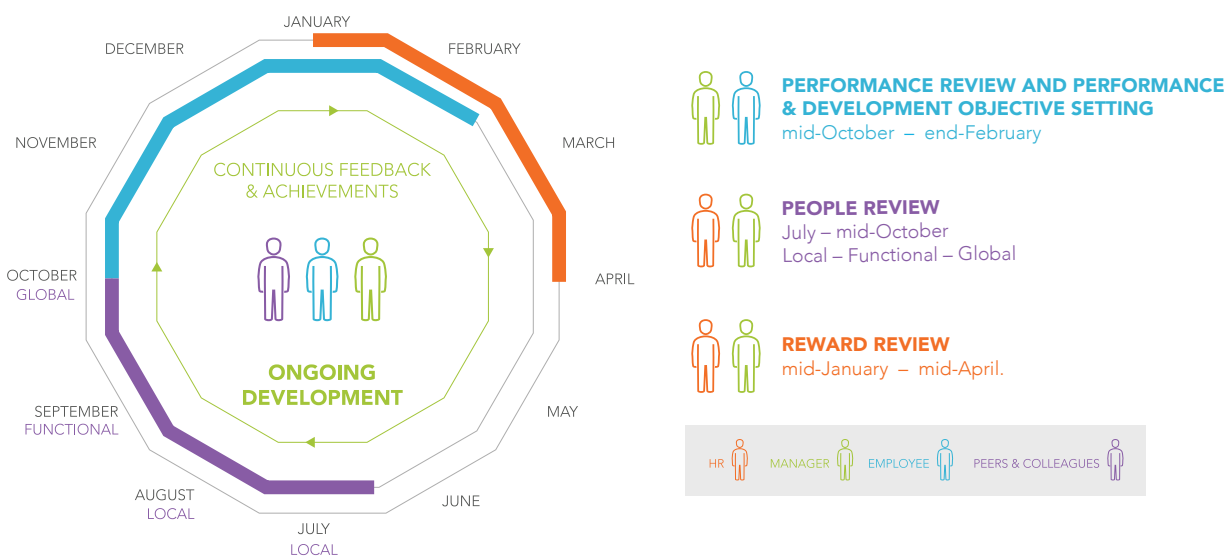
Company standardization programs such as Fast4Ward® also benefit Fleet Operations through the combination of standardized designs for new units and the integration of new digital, data-driven solutions. Operations in Brazil represent the mature frontrunner of this digital value creation, whereby products 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

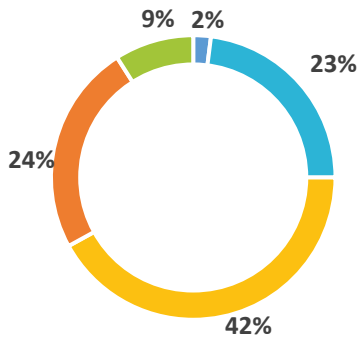
PEOPLE DEVELOPMENT CYCLE



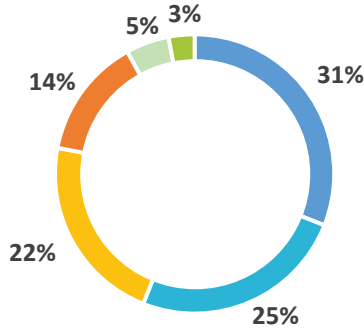
2021 HR HIGHLIGHT



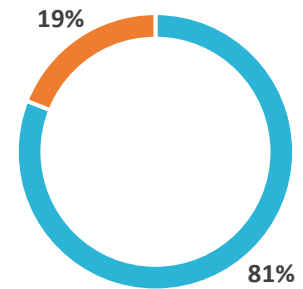
GLOBAL HEADCOUNTS BY AGE RANGE



GLOBAL HEADCOUNT BY SENIORITY RANGE



GLOBAL HEADCOUNT PER GENDER

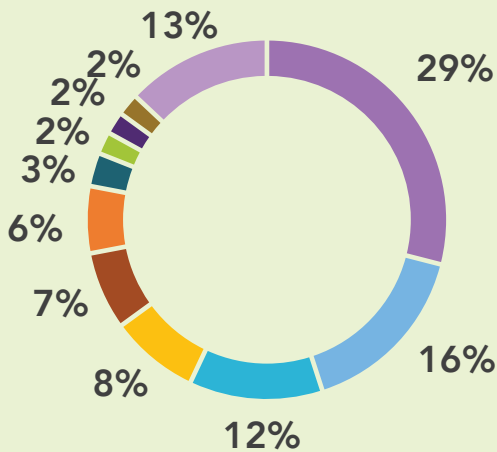


■ <25 ■ 25-35 ■ 35-45 ■ 45-55 ■ >55

■ <2 ■ 2-5 ■ 5-10 ■ 10-15 ■ 15-20 ■ >20

■ Male ■ Female

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

2 PERFORMANCE REVIEW & IMPACT

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.