SBM OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

- 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		