



OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

2 PERFORMANCE REVIEW & IMPACT

2.2 SUSTAINABLE DEVELOPMENT AND LOCAL IMPACT

MANAGEMENT APPROACH

SBM Offshore is committed to sustainability, which contributes to SBM Offshore's vision of providing safe, sustainable and affordable Energy. SBM Offshore follows the Global Reporting Initiative (GRI) standards to report on non-financial performance, as well as on indicators for its material topics.

SBM Offshore has a Sustainability Policy which includes commitments and guiding principles for SBM Offshore and

its stakeholders. SBM Offshore is committed to alignment with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNE). Furthermore, to provide context for SBM Offshore's targets and performance, SBM Offshore leverages the UN SDG framework. SBM Offshore has identified seven SDGs that are most material to its business. Building on the long-term guidance presented in 2020, SBM Offshore has set specific time-bound long-term targets for the selected SDGs. These targets and underlying roadmaps are built with inputs and commitments from different business entities as part of business plans and budgets.

SUSTAINABLE DEVELOPMENT GOALS: LONG TERM TARGETS (BY 2030 UNLESS SPECIFIED OTHERWISE)

| SDG | TARGET AREA | LONG TERM COMPANY TARGETS |
|---|--|--|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <ul style="list-style-type: none"> Health and Well-being | <ul style="list-style-type: none"> A leader on Employee Health & Well-being |
|  <p>4 QUALITY EDUCATION</p> | <ul style="list-style-type: none"> Education for Sustainable Development | <ul style="list-style-type: none"> Co-develop climate change & energy transition awareness program for developing regions |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | <ul style="list-style-type: none"> Access to Energy Energy Efficiency | <ul style="list-style-type: none"> Approved investment plans in support of net-zero by no later than 2050 (Downstream Leased Assets installed base) Project offices consume 100% of green energy |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <ul style="list-style-type: none"> Human Rights Occupational Safety & Process Safety | <ul style="list-style-type: none"> Fully embed human rights & social performance within the company to achieve no harm Top 10% performer in Occupational Safety & Process Safety Events |
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <ul style="list-style-type: none"> Energy Transition & Decarbonization | <ul style="list-style-type: none"> >2GW FOW installed or under construction by 2030 Offer the market with near zero emissions FPSO |
|  <p>13 CLIMATE ACTION</p> | <ul style="list-style-type: none"> Climate Change Management | <ul style="list-style-type: none"> Run a strategy and action plan compatible with a transition to net-zero by no later than 2050 |
|  <p>14 LIFE BELOW WATER</p> | <ul style="list-style-type: none"> Ensure Ocean Health & Protect Ecosystems | <ul style="list-style-type: none"> Reduce Oil in Water Discharge Intensity to zero Develop Marine Diversity Intelligence & Improvement Framework, including target management |




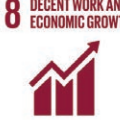



Sustainability is positioned in the portfolio of the CEO. In addition to a sustainability department, SBM Offshore has sustainability ambassadors in various business and functional divisions to drive the implementation of the sustainability strategy and embed it within the ways of working.

2021 PERFORMANCE

In 2021, SBM Offshore built on previous years' efforts and commitments to selected SDG targets. This performance

program is linked to SBM Offshore's Short-Term Incentive (STI) scheme. In 2021, SBM Offshore added a company target for SDG 4 and further developed its SDG-related company targets towards 2030. The table below demonstrates how SBM Offshore has performed on 2021 targets. SBM Offshore aims to achieve 100% completion of targets.

SUSTAINABLE DEVELOPMENT GOALS: COMPANY TARGETS FOR 2021

| SDG | 2021 COMPANY TARGETS | 2021 ACTUAL |
|---|---|----------------|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <ul style="list-style-type: none"> 70% of targeted employees participating in health checks | 75% |
|  <p>4 QUALITY EDUCATION</p> | <ul style="list-style-type: none"> Establish an Offshore Energy & Industry Training Centre in Guyana | 23% completion |
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | <ul style="list-style-type: none"> Mass of gas flared under SBM Offshore Account (1.6 MMscft/day) Average per unit | 1.66 |
| | <ul style="list-style-type: none"> 100% completed actions* based on 2020 sustainability reports | 98% |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <ul style="list-style-type: none"> 90% of identified high risk vendors responding to Human Rights screening | 97% |
| | <ul style="list-style-type: none"> Total Recordable Injury Frequency Rate 0.18 or below | 0.06 |
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <ul style="list-style-type: none"> Min. 50 % of the 2021 R&D budget allocated to non-carbon technologies | 60% |
| | <ul style="list-style-type: none"> 4 low carbon modules developed for Fast4Ward® catalogue | 6 |
|  <p>13 CLIMATE ACTION</p> | <ul style="list-style-type: none"> 20% reduction of air travel related CO₂ emissions versus 2019 | 61% |
|  <p>14 LIFE BELOW WATER</p> | <ul style="list-style-type: none"> Manage oil in water discharge to 50% below IOGP average | 66% |

* Excl. Liza Destiny (FPSO)

SBM Offshore takes pride in reporting on SDG-linked targets, and the results achieved during 2021, and in taking action for improvement.

On SDG 3, Good Health and Well-being, SBM Offshore is pleased to see it reached 75% of targeted employees taking part in health check programs, above the target set.

Furthermore, additional tutorials were rolled out on mental health and well-being during the ongoing pandemic.

SDG 4 target achievement was inhibited by later than expected stakeholder agreement and remained at 23% completion at year-end. Still SBM Offshore was able to train local Guyanese talent for future offshore careers and is pleased with the stakeholder decisions reached before

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year-end to invest in a local training center. This enables a catch-up on this target during the first half of 2022.

Regarding SDG 7, Affordable and Clean Energy, an explanation of the flare emissions performance is given in detail under section 2.1.7. SBM Offshore is pleased with nearly meeting the target and learned lessons from challenges described in section 2.1.7. On office certification, SBM Offshore finished 98% of its action plan for 2021. In one of the office buildings a gas consumption reduction action was completed to 75%, inhibiting an overall 100% completion on this specific SDG-linked target.

On SDG 8, Decent Work and Economic Growth, SBM Offshore over-achieved on its target on occupational safety, a recordable injury rate of 0.06 was achieved compared to a target of 0.18. Further detail is explained under section 2.1.2. On Human Rights, 97% of high risk vendors were screened, above the set target of 90%. Engagement with SBM Offshore's supply chain in yards remains a critical element in ensuring respect for human rights in areas where SBM Offshore engages in business.

For SDG 9, Industry, Innovation and Infrastructure, SBM Offshore has invested 60% of its Group Technology R&D budget in non-carbon technologies to facilitate the energy transition and decarbonization (target was 50%). Furthermore, SBM Offshore added 6 low carbon modules to its product catalogue, better than the target of 4 and in line with its ambitions to significantly reduce Scope 3 emissions as explained in section 2.1.7. SBM Offshore takes pride in the SUSTAIN-1 notation as a world's first on one of the FPSOs delivered this year.

Regarding SDG 13, Climate Action, SBM Offshore achieved air-travel-related emissions reduction of 61%, compared with 2019, which was supported by remote working during the continued pandemic.

With regard to SDG 14, Life Below Water, there were zero hydrocarbon spills exceeding one barrel in volume, while the industry benchmark¹⁰ is 0.5. SBM Offshore takes pride in beating the oil in water discharge benchmark by 66%, well above the target set (50%).

SBM Offshore has applied the lessons learned from performance on these targets for further improvement. SBM Offshore takes pride in its continuous improvement approach and will apply the knowledge gained from its performance in future target setting. This has led to positive and improving ratings in sustainability benchmarks, as per the following table.

Ranking of SBM Offshore in Sustainability Benchmarks

| Benchmark | 2021 | 2020 | Comment |
|----------------------------|------|------|-----------------------------|
| CDP | B | B | 'Taking Climate Action' |
| S&P Global, percentile | 95 | 93 | Very High data availability |
| Sustainalytics, percentile | 93 | 91 | #1 amongst peers |

Local impact

Across the world SBMers took action in the spirit of the SDGs. A few examples are highlighted below.

On SDG 3, employees took part in the global Mental Health & Well-being campaign that was rolled out via e-Learning. In Kuala Lumpur employees distributed meals to local communities during Hari Raya and donated to provide COVID-19 protection equipment. In Guyana, SBM Offshore further supported its partnership with Plympton Farms, an innovative agricultural project that is turning barren earth into lucrative farmland, creating stable jobs for residents in more remote areas of the country.

In Brazil, action was taken on SDG 4 through the Entrepreneurial Trail program. The initiative provides entrepreneurial education for students from public schools in the State of Rio de Janeiro. The remote format enabled an increase in the number of students trained by the project from nearly 4,000 to over 6,000 in 2021.

The Schiedam and Monaco offices took part in the Monaco Energy Boat Challenge, competing in the Energy Class. Running a green hydrogen-powered boat, SBM Offshore is contributing to the development of clean energy (SDG 7).

Across the globe, SBM Offshore launched its Diversity & Inclusion (D&I) program this year, which includes local ambassadors to address D&I throughout the employment journey. Through this, the Company aspires to have an impact on inclusive economic growth (SDG 8). SBM Offshore will further grow its commitment to D&I through SDG 10 'Reduced Inequalities' as explained below.

Various initiatives were taken on SDGs 13 (Climate Action) and 14 (Life Below Water). The agreement signed for Mangrove Development in Guyana and the deployment of Reefballs in Canada ensure a meaningful contribution for both these SDGs. Other examples are tree planting initiatives in Malaysia and the USA, net-zero commutes in China, internships on marine research and circularity in Monaco and Amsterdam and a 'Zero First-Use Plastic' program in India. In the Monaco office, renovations were carried out to improve energy efficiency, cut waste and support sustainable products.

¹⁰ 0.5 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2019 IOGP environmental performance indicators, Report p.37

On June 8, SBM Offshore celebrated World Oceans Day, including a company-wide photo contest and local activities. During Life Day 2021 nearly 700 SBMers participated in a workshop addressing SDGs 13 & 14 whereas other SBMers attended workshops around Speaking Up, Mental Health & Well-being and Work-Life Balance.

Worldwide over 30 charitable donations were made, in line with the SDGs, across the various locations where SBM Offshore is active. These include contributions to local education and scholarships, children’s health and well-being, women’s inclusion in business, sustainable fishing, an ocean protection expedition and COVID-19 support in various countries.

FUTURE

SBM Offshore has formulated SDG-linked targets for 2022 as per below graph. Furthermore, the Company is adding two additional SDGs to its program – in order to further drive performance on diversity & inclusion (SDG 10) and circularity (SDG 12). Explanations of the action and performance for these SDGs are given in the section ‘Retaining & Developing Employees’ and the update on Deep Panuke decommissioning under section 2.1.4. Long-term and annual targets for the additional SDGs will be developed and disclosed at a later stage.

During 2022, SBM Offshore will continue to assess SDGs, to see where additional action can be taken in the future.

SUSTAINABLE DEVELOPMENT GOALS: COMPANY TARGETS FOR 2022

| SDG | TARGET AREA | 2022 COMPANY TARGETS |
|---|---|---|
|  | <ul style="list-style-type: none"> Employee Health and Well-being | <ul style="list-style-type: none"> >70% participation in Health Check Program* and >50% participation in Mental Health survey |
|  | <ul style="list-style-type: none"> Education for Sustainable Development | <ul style="list-style-type: none"> Climate change & energy transition awareness program for offshore community |
|  | <ul style="list-style-type: none"> Scope 3 Emission Reduction Energy Efficiency | <ul style="list-style-type: none"> Operational Excellence on Gas Flared. Fleet average: 1.7 mmscf/d (Average per operational unit including FPSO Unity from July 2022 onwards) 100% Completed Office Sustainability Actions |
|  | <ul style="list-style-type: none"> Social Performance Occupational Safety | <ul style="list-style-type: none"> 95% of Project Key Resources trained on human rights awareness and responsibilities Total Recordable Injury Frequency Rate 0.15 or below |
|  | <ul style="list-style-type: none"> Energy Transition & Decarbonization | <ul style="list-style-type: none"> Min 50% of R&D budget allocated EU Taxonomy eligible activities Design of all electrical-drive FPSO as part of emissionZERO® portfolio |
|  | <ul style="list-style-type: none"> Climate Change Management | <ul style="list-style-type: none"> Internal validation of targets in line with net-zero ambition, applying a science-based approach |
|  | <ul style="list-style-type: none"> Ensure Ocean Health & Protect Ecosystems | <ul style="list-style-type: none"> Manage Oil in Water Discharge to 50% below IOGP average Launch of an environmental data observation pilot program with identified partners |

* 70% of an employee base that is larger than in 2021
+ an updated roadmap for SDG 3 to be delivered and approved in 2021

