SBM OFFSHORE

ENERGY. COMMITTED.

ANNUAL REPORT 2021

MATERIAL TOPICS DEFINITIONS

Digitalization	Develop secure digital applications to generate new business, improve operational excellence and reduce cost base through process redefinition, IT integration, IT infrastructure and development of digital services.
Economic performance	Economic value generated by considering total life cycle and operating costs in order to be able to distribute to stakeholders including employees, shareholders and capital providers.
Emissions	Manage Scope 1, 2 and 3 emissions (GHG and Non-GHG emissions, like methane, NOx, SOx emissions, etc.) to reduce as much as possible.
Employee health, safety and security	Providing a safe, secure and reliable work environment for all employees, promoting good health, adequately protecting from infection diseases and providing a secure work environment.
Energy transition	Maintain leading market position throughout the energy transition through portfolio management, sustainable development and adaptation to external trends.
Ethics and compliance	Being a trustworthy organisation by complying to rules, regulations and SBM Offshore's code of conduct, including anti-corruption policy, procedures and mechanisms.
Human Rights	Providing a work environment for employees in which basic human rights for all employees are respected and maintained. Ensure social dialogue with regards to labor conditions and impacts on communities
Innovation	Development of new technologies, particularly low and non-carbon technologies to maintain a leading position and support the energy transition.
Market positioning	SBM Offshore's position in the market and global presence, engaging in emerging markets, adapt to present and future market developments and product differentiation.
Operational excellence and quality	Achieving operational excellence and deliver projects and operations safely, on time and of high quality in all areas of SBM Offshore's business and it's supply chain.
Retaining and developing employees	Providing a healthy work environment for employees, provide training and education, regular performance feedback and enable them to grow through SBM Offshore with meaningful employment.

5.1.3 STAKEHOLDER ENGAGEMENT

SBM Offshore maintains open and active engagement with its external stakeholders through regular business interactions, including the Annual General Meeting, analyst and investor roadshows/meetings, analyst webcast presentations, press releases, website updates, surveys and desktop research.

The feedback obtained during the Materiality Analysis explained in section 1.2 forms a key element of the backbone of SBM Offshore's stakeholder engagement program. The program is complemented by other interactions with stakeholders, in order to validate findings and the feedback received feeds into management's approach to Materiality and long-term value creation.

Would you like to participate in SBM Offshore's 2022 Stakeholder Engagement or provide feedback for the 2022 Stakeholder Engagement? Please write to SBM Offshore at sustainability@sbmoffshore.com.

5.1.4 TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

MANAGEMENT APPROACH

Mitigating the impacts of climate change while meeting the needs of the future by facilitating the energy transition are key for SBM Offshore. The Climate Change Risk & Opportunity assessment is embedded in the portfolios of the CEO and CGCO. The Global Sustainability Director – who reports to the CSO in the CEO portfolio – prepares Climate Change scenarios whereas the Group Risk Manager – reporting to the CGCO – facilitates expert sessions to identify Risks & Opportunities for each scenario. This has been done with risk management professionals and SBM Offshore's Group Strategy team first, followed by validation with business owners and the Risk Assurance Committee.

Frameworks from the TCFD have been used to structure the assessment, more specifically the TCFD's Technical Supplement. SBM Offshore has applied the following steps:

1. Ensuring Governance to integrate Climate Change Scenario analysis into Strategic planning and Enterprise Risk Management (ERM).
2. Assessment of the Materiality of Climate Change related risks and opportunities with business- and functional experts.
3. Identification and definition of range of Climate Change scenarios.
4. Evaluation of business impact per scenario together with business owners.
5. Identification of potential responses.
6. Documentation in a Climate Change outcome presentation and embedding in SBM Offshore's ERM system as well as Disclosure as per this Annual Report and internal presentations.

The outcome is used to future proof the current strategy against Physical & Transitional Climate Change related Risks and Opportunities. Identified risks and opportunities are embedded in SBM Offshore's Risk Management approach explained in section 3.6 and SBM Offshore's Strategic Planning processes.

RISK MANAGEMENT

Climate Change risks & opportunities are inherently identified and assessed against SBM Offshore's strategy in SBM Offshore's risk breakdown structure as deployed throughout SBM Offshore. When relevant, these risks are included in the detailed risk review and analysis is done for all tenders, projects and FPSO (asset) fleet operations which are part of SBM Offshore's portfolio. The Group Risk Manager facilitates the process of bottom-up Climate Change risk reporting to the Risk Assurance Committee (RAC) for consolidation purposes. The outcome of the review in the RAC results in heat-maps of risks which are presented in in a quarterly Risk report. This covers proposal, projects and fleet individual risks, as well as Group Functions and Execution Centers, and includes actions and managing measures in place to mitigate risk. The report provides an overview to the Management Board and Supervisory Board with the measurement SBM Offshore's Risk Appetite Statements and the latest Risk profile.

SCENARIO PLANNING

SBM Offshore defined two Climate Change scenarios to future proof current strategy and take subsequent action based on IEA and IPCC data:

1. A **Steady** Climate Change Scenario based on IEA's Stated Policy Scenario (STEPS) and IPCC's Representative Concentration Pathway (RCP) 4.5 and 6.0. This scenario reflects the impact of announced country policies across the globe. This trajectory is said to have positive impact on climate change, however to fall short of meeting Paris Agreement goals.
2. A **Bold** Climate Action Scenario based on IEA's Sustainable Development Scenario and IPCC's RCP 1.9 and 2.6. This scenario reflects a trajectory consistent with countries' shared sustainable energy goals. The trajectory provides for strong commitment towards targets as per Paris Agreement.

5.1.5 EU TAXONOMY DISCLOSURE

In accordance with European Regulation 2020/852 of June 18, 2020, SBM Offshore is subject to the obligation to disclose the part of its 2021 revenue, its capital expenditures, and operating expenses eligible under the EU Taxonomy on sustainable activities. In the future eligibility to the EU Taxonomy will need to be complemented with disclosure on the alignment with the EU Taxonomy. Taxonomy-*eligible* economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation irrespective of whether that economic activity meets any or all of the technical screening criteria required for *alignment*.

The EU Taxonomy is geared towards six environmental objectives that sustainable activities should pursue as indicated in the European Regulation, which are as follows:

i. Climate change mitigation.
ii. Climate change adaptation.
iii. Sustainable use and protection of water and marine resources.
iv. Transition to a circular economy, waste prevention and recycling.
v. Pollution prevention and control.
vi. Protection and restoration of biodiversity & ecosystems.

At this point the EU regulation is effective for objectives i and ii with further delegated acts to be published at a later stage.
SBM Offshore is strongly committed to facilitating the Energy Transition. As such SBM Offshore has put Environmental objectives in place that help mitigate and adapt to the impacts of climate change. SBM Offshore's Value Platforms are geared towards environmental objectives i. and ii. This is evidenced by the Material Topics of Energy Transition, Emissions and Innovation. Objectives set for these topics are explained in section 2.1.7 , 2.1.9 And 2.1.10.

In order to identify its business activities covered by the nomenclature of the European Taxonomy, the Group relied on the Delegated Act on Climate supplementing Regulation (EU) 2020/852 of the European Parliament , and Annex 1 & 2 to this Delegated Act. Eligible activity classification was done through codes of the Nomenclature statistique des Activités économiques dans la Communauté Européenne (NACE).
The evaluation of the eligibility of SBM Offshore's business activities has been conducted on the basis of the Taxonomy and Delegated Regulation (Annex I – KPIs of non-financial undertakings) and its definition of the denominator and nominator of the 3 KPIs which are Turnover, CAPEX and OPEX. It was performed through a methodological approach consisting of:

1. extracting total denominator for the 3 KPIs from the financial reporting and consolidation system used to prepare 2021 IFRS consolidated financial statements,
2. identifying those activities that might fall within the list of economic activities covered in 'Delegated Acts',
3. documenting and assessing for each of those economic activities their 'eligibility' to the first two environmental objectives: 'Climate Change Mitigation'and 'Climate Change Adaptation' included in the EU taxonomy in order to determine the nominator of each of the 3 KPIs.