



ANNUAL REPORT 2021

- ii. Misalignment between accounting and accountability for emissions reductions on downstream leased assets (FPSO):
 1. **Previous Emissions accounting approach:** considers all FPSO emissions under direct control of SBM Offshore.
 2. **Emissions accountability as per current emissions approach:** considers emissions related to leased FPSOs not under direct control, including control to reduce those emissions – as the technical specification and operational requirements for these FPSOs are driven by hydrocarbon reservoir characteristics and client criteria.
- iii. Reduction of unnecessary double count based on engagement with clients, suppliers & financiers on the topic of emissions accounting regarding downstream leased assets.

Above is aligned with IFRS treatments of leased assets, reflected as finance lease receivables in the Consolidated Statement of the Financial Position of this Report (sections 4.1 and 4.2).

- c. **Further adjustments to its emissions calculations** as part of continuous improvement.
 - a. Applying Global Warming Potentials from the IPCC fifth assessment report.
 - b. Reducing previous double count in CO₂ from flaring.
 - c. Using data from the SBM Offshore Operations Emissions Dashboard launched in 2021 – This removed the manual extraction step from daily reports. To ensure data accuracy in this year's transition period SBM Offshore decided to use 2020 average gas density figures.

Updates in calculation and reporting methods

As a result of the above the following elements have been updated in 2021:

1. Additional disclosure on Scope 3 – e.g. Purchased Goods & Services and Capital Goods – in section 2.1.7 and below table for 2020.
2. The emissions from assets operated on behalf of clients are described under Scope 3 GHG Emissions (downstream leased assets), compared to Scope 1 in previous years, explained in section 2.1.7. – which leads to inclusion of Thunderhawk in the disclosed emissions data.
3. The Global Warming Potential factors have been updated in line with IPCC's Fifth Assessment Report.
4. Part of the CO₂ flared in downstream leased assets was removed from the calculations. Deeper analysis with technical teams led to the conclusion that CO₂ flared was already included in the daily total flaring figure. This affects the following assets: *FPSO Cidade de Ilhabela*, *FPSO Cidade de Paraty*, *FPSO Cidade de*

Marica, *FPSO Cidade de Saquarema* and *Liza Destiny* (FPSO).

Items 1 and 2 lead to subsequently an addition and re-categorization in the table in section 5.3.2 including emissions data for Thunderhawk. Items 3 and 4 lead to respectively:

- 0.15% decrease on the total GHG emissions expressed in tons of CO₂ eq: 5,653,549.52 vs 5,662,163.37 originally.
- 0.7% decrease of total CO₂ emissions (Tons): 5,211,452.14 vs 5,248,326.35 originally.

Furthermore, SBM Offshore Operations launched the Emissions Dashboard to even better monitor and steer on insight from the assets SBM Offshore operates on behalf of its clients. This lead to:

- Time-saving due to no manual input in emissions calculations.
- Removing potential human error at calculation level.
- More time for trend analysis.

To ensure data accuracy in this year's transition period SBM Offshore decided to use 2020 average gas density figures. Using one density figure reduced the complexity whilst running two systems – old and new – in parallel at the same time validating the calculations between the two systems.

5.2.3 PROCESS SAFETY REPORTING

A Loss of Primary Containment (LOPC) is defined as an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air).

A Tier 1 or Tier 2 PSE is defined as an LOPC from a process system that meets criteria defined in API RP 754.

LOPC events are reported in SBM Offshore's Reporting System as highlighted in sections 2.1.2 and 5.3. This system includes a built-in calculation tool to assist the user in determining the release quantity of LOPC events. All LOPCs are analysed to identify those considered to be PSEs as per API RP 754. Process Safety KPIs used by SBM Offshore include the number of Tier 1 and the number of Tier 2 PSEs.

5.2.4 HUMAN RESOURCES REPORTING

SBM Offshore's Human Resources (HR) data covers the global workforce and is broken down by region (continents) and employment type. The performance indicators report on the workforce status at year-end December 31, 2021. They include all staff assigned on unlimited or fixed-term contracts, employee new hires and departures, total number of locally-employed staff from agencies, and all