



OFFSHORE

ENERGY. COMMITTED.

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

5 NON-FINANCIAL INFORMATION

crew working on board the offshore operations units and shore bases.

HEADCOUNT, TURNOVER, EQUAL REMUNERATION & NATIONALIZATION

Human Resources considers:

- 'Direct Hire' employees as a staff member holding a labor contract for either an unlimited or a defined period (or an offer letter for an unlimited period in the USA). Direct hires are recorded on the payroll, directly paid by one entity of the SBM Offshore Group (including Joint Ventures).
- 'Contractors' as an individual performing work for or on behalf of SBM Offshore, but not recognized as an employee under national law or practice (not part of SBM Offshore companies payroll, they issue invoices for services rendered).
- 'Subcontractors' are not considered as staff in the HR headcount breakdown structure. This population is managed as temporary service and are not covered by HR processes policies. Yet, we have rigorous processes and procedures in place for this population.

SBM Offshore includes the BRASA Yard in Brazil and the PAENAL Yard in Angola in its reporting scope based on partial ownership and operational control including human resource activities and social responsibility for the employees.

In principle, reporting on headcount includes the Contractors while turnover only includes Direct Hires (no Contractors). Turnover has been calculated as the number of employees who have left SBM Offshore in 2021 (between January 1 and December 30, 2021) compared with the aggregate of the headcount on December 31, 2020 and December 31, 2021; divided by 2, with the result multiplied by 100.

Concerning Equal Remuneration, we only consider Direct Hires (excluding Joint Ventures and Internships) and the breakdown concerns Monaco, Netherlands, Brazil, Malaysia & Switzerland. The Gender Pay Gap has been calculated as such: average comparatio female / average comparatio male.

For fleet operations, engagement and development of the local workforce is the main indicator for successful local content development. In this perspective, SBM Offshore monitors the percentage of local workforce (excluding Contractors) – % of nationalization per regions (included below for Brazil, Angola and Guyana as they represent most of SBM Offshore's population offshore) – and invests in training to increase or maintain the targeted level. For example, specific programs in below countries focus on education and training of nationals to facilitate them

entering the workforce with the required level of qualifications and knowledge.

- 89% of Brazilian direct hire workforce consists of Brazilian nationals.
- 83% of Angolan direct hire workforce consists of Angolan nationals.
- 46% of Guyanese direct hire workforce consists of Guyana nationals.

PERFORMANCE MANAGEMENT

In order to ensure personal development and optimal management of performance within SBM Offshore, SBM Offshore conducts annual performance reviews for all employees. Globally, SBM Offshore uses a common system to rate and evaluate all employees. For the reporting on Performance Appraisals, we included all Permanent Staff, Temporary (only from Brazil and the Netherlands) and JV Staff (apart from *FPSO Kikeh*) of all employees that entered the Company before October 1, 2020 and that were still in the Company on December 31, 2020. All employees that left during social plans (even after December 31, 2020) are not included.

COLLECTIVE BARGAINING

Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers. Within SBM Offshore, it is considered as collective bargaining: all the Direct Hires employees of which the interests are commonly represented by external or internal representatives of a trade union to which the employees belong. In case trade unions are not present in a country, we consider the employee handbook as valid labor agreement between the employee and the employer.

5.2.5 COMPLIANCE REPORTING

SBM Offshore reports on significant fines paid by SBM Offshore and all affiliate companies. To define a significant fine the following thresholds are considered (subject to final assessment by Management Board on a case by case basis):

1. Operational fines of a regulatory and/or administrative nature which exceed US\$500,000.
2. Legal and compliance fines of a criminal nature which exceed US\$50,000.