



2023 ANNUAL REPORT

BM
OFFSHORE



2.1 PERFORMANCE REVIEW

This section explains how SBM Offshore has dealt with potential and actual impacts on the environment and society, focusing on Material Topics. Impacts on the UN Sustainable Development Goals and local impacts are explained in section 2.2.

The execution of this work is delegated to the business and functions as mentioned in this section, with performance management supervised by the Management Board, explained in chapter 3. An overview of policies and key processes governing each material topic is provided in section 5.1.2.

Going forward, SBM Offshore will further enhance the relevance, transparency, comprehensiveness and comparability of information disclosed about its material impacts, risks and opportunities, in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) requirements, which are due to be complied with in the 2024 Annual Report. The ESG table in section 5.4 contains references to ESRS, whilst GRI remains the reporting framework applied over 2023.

2.1.1 ETHICS AND COMPLIANCE

MANAGEMENT APPROACH

In all the communities in which it operates, SBM Offshore is committed to conducting its business honestly, ethically and lawfully. Integrity is vital to maintaining the trust and confidence of stakeholders in SBM Offshore's long-term value creation. SBM Offshore does not tolerate bribery, corruption, fraud, or violations of trade sanctions, anti-money laundering or anti-competition laws, or any other illegal or unethical conduct in any form.

SBM Offshore's aim is to enable its employees and business partners to make the right decisions, with commitment to integrity at all levels. Therefore, all employees, and those working for or on behalf of SBM Offshore, must embrace and act in accordance with the Core Values of SBM Offshore (see section 1.3.1), the Code of Conduct and SBM Offshore's compliance policies and procedures. The Code of Conduct, which builds on SBM Offshore's Core Values, is a guide for behavior and reflects the commitment of SBMers to lead the business responsibly, beyond compliance with rules.

For further details on SBM Offshore's management approach, its purpose and its assessment, refer to sections 1.4.1, 3.5.2 and 5.2.5.

SBM Offshore uses a single and integrated platform to manage compliance tasks. All staff, including the

Management Board and Executive Committee, are required to complete their assigned compliance tasks. The platform is continuously improved and uses data to predict and avoid compliance risks. It allows SBM Offshore to standardize and automate processes where possible, aiming for a high level of quality, effectiveness and efficiency.

The compliance platform includes the following tools:

- Compliance e-Learning, with training hours and completion ratio data available by employee target group.
- Automated continuous monitoring of third parties (due diligence process).
- Registration and approval of charitable contributions and sponsorships.
- Gifts, hospitality and entertainment registration and approval.
- Annual compliance statements of designated staff.

As part of performance management processes, SBM Offshore sets, monitors and reports on compliance KPIs. Quarterly compliance reports – including follow-up to action for improvement – are discussed with the Management Board and the Audit Committee of the Supervisory Board.

2023 PERFORMANCE

In 2023, SBM Offshore continued to promote a speak-up culture and adherence to the Code of Conduct through:

- Code of Conduct e-Learning for all staff (including Management Board), including speak up and non-retaliation.
- Tailored speak up and investigation training for HR leaders.
- Psychological safety part of the Executive Leadership Program.
- Tailored training for functions with higher exposure to compliance risks, such as Supply Chain Management.

Other notable developments and achievements in 2023

- Improvement of global geographical presence of the compliance team.
- Organization and focus on business needs and priorities.
- Expanded reach offshore through the Compliance Ambassadors Program.
- No confirmed instances of corruption occurred during 2023.

More on how SBM Offshore manages ethics and compliance can be found on its website and for further information about its performance, refer to section 5.2.5.

2 PERFORMANCE REVIEW AND IMPACT

Metrics

The number of employees eligible to file the Annual Compliance Statement in 2023 was lower than in 2022 (4,625 employees in 2023 versus 4,936 in 2022). The number of compliance training courses completed in 2023 decreased comparing with 2022, due to less face-to-face trainings was done (7,613 training courses in 2023 versus 11,960 in 2022).

Annual Compliance Statements	Designated Staff ¹
Number of employees per year-end	4,625
Onshore Completion ratio	89%
Offshore Completion ratio	87%

¹ Designated Staff reflects all onshore staff and offshore leadership.

Compulsory Compliance Task Completion ¹	All Staff
Number of employees per year-end	6,911
Onshore Completion ratio	91%
Offshore Leadership Completion ratio	70%
Offshore non-Leadership Completion ratio	71%

¹ Including Code of Conduct, theme based e-Learning courses and annual compliance statements.

Overall number of Compliance Trainings conducted in 2023 worldwide	Trainings	Training hours
Face-to-face trainings ¹	1,229	1,172
e-Learnings ²	6,384	4,749
Total	7,613	5,921

¹ An employee can have attended multiple face-to-face trainings.

² An employee can have completed multiple Compliance e-Learning courses.

Face-to-face training categories	Trainings	Training hours
Annual Code of Conduct training	34	51
Targeted Compliance topic training ¹	1,195	1,121
Training of third parties	0	0
Total	1,229	1,172

¹ Training on relevant Compliance topics for risk based target audiences.

Speak Up Line reports	Total
Reports received under SBM Offshore's Speak Up Policy	194

FUTURE

In 2024, SBM Offshore aims to continue to drive initiatives to establish, develop and promote a compliance culture as well as policies and procedures with respect to business conduct matters.

- Promoting a speak-up culture and responsible business conduct.
- Updating compliance policies and processes.
- Upgrading digital tools.
- Increase monitoring and reporting capabilities by progressing to data-driven compliance.

- Applying a risk-based approach to third-party due diligence and monitoring.

2.1.2 EMPLOYEE HEALTH, SAFETY AND SECURITY

MANAGEMENT APPROACH

Due to the nature of its business, SBM Offshore is committed to safeguarding the health, safety and security of its employees, contractors, subcontractors and assets, as well as minimizing the impact of SBM Offshore's activities on local ecosystems and proactively protecting the environment.

In line with SBM Offshore's HSSE Human Rights and Process Safety Policy statement endorsed by the Management Board, SBM Offshore defines its HSSE requirements related to its hazard exposure in compliance with applicable legal requirements and ISO standards, as well as international oil and gas practices.

SBM Offshore is continuing the journey towards 'Target Excellence', with the objectives of No Harm, No Defects, No Leaks. For the No Harm goal, SBM Offshore expects employees and contractors to intervene in unsafe acts, unsafe conditions and non-compliance with the Life Saving Rules, to stop work if they feel anything is unsafe and report any interventions and incidents.

To manage, prevent and mitigate potential negative health and safety impacts, SBM Offshore applies controls and safeguards based on a lifecycle hazard management process and an integrated management system, the Global Enterprise Management System (GEMS). The hazard management process applicable to all SBM Offshore projects consists in, first, working in the hazard identification, then selecting and conducting actions to eliminate the hazard or, if elimination is not reasonably practicable, reducing risks to acceptable levels following the hierarchy of controls approach and, later, monitoring, reviewing and recording the lessons learned. SBM Offshore delivers specialized training to ensure process effectiveness.

Promoting and supporting employee health and wellbeing is at the heart of SBM Offshore, being part of one of SBM Offshore's core values, 'Care'. At SBM Offshore, Health and Wellbeing is managed as a Group function, reporting directly to the Group HSSEQ & Sustainability Director. This ensures the embedding of the topic in day-to-day operations and culture. More on employee wellbeing is explained in section 2.1.5.

2023 PERFORMANCE

SBM Offshore assesses company HSSE performance through a set of indicators. The following table provides the **targets** set for 2023 and the performance achieved:

Indicator	2023 Target	2023 Performance	Details
Total Recordable Injury Frequency Rate (TRIFR)	<0.14	0.08 ¹	section 5.3
Significant Injuries and Fatalities (SIF)	na	0 ¹	section 5.3
Tier 1 PSE with more than 3 severity weight points as per API 754	< or equal to 3	1	section 5.3
Occupational Illness Frequency Rate (OIFR) ²	na	0.01	section 5.3
Security incidents	na	9	na

1 In November 2023 a fatality happened on FPSO KIKEH. Until the disclosure of this annual report, the incident was still under investigation to define the work or non-work relatedness. As such, the TRIFR results presented in this report do not include this event. Regardless of the outcome of the investigation, interim actions and recommendations were defined and implemented.

2 For employees.

- SBM Offshore continued to expand HSSE initiatives in 2023, including:
- Implemented the Serious Injuries and Fatalities (SIF) Prevention program and its related initiatives.
 - Continued rolling out the Hazards and Effects Management Process (HEMP) in operation and execution scopes. The HEMP is the name of SBM Offshore’s approach to managing the risk of Major Accident Hazards (MAHs) and their associated potential Major Accident Events (MAEs) associated with the operations of the fleet. The HEMP runs throughout the lifecycle of an asset.
 - Completed the roll-out of the Incident Management/ Corrective Action Preventive Action (IM/CAPA) module in the new Company ERP system, to upgrade the existing system.
 - Maintained security controls on SBM Offshore’s activities.
 - Maintained compliance with certification requirements on shore bases and offshore units. Organized the company-wide Life Day.
 - Continued the implementation of the MedFit Program, a medical examination program administered by SBM Offshore in partnership with International SOS.
 - Increased health and wellbeing awareness, training and health programs, including on preventable diseases.

Following the 2022 Health and Wellbeing Survey that served to understand baseline wellbeing levels and risks, SBM Offshore kicked off the Wellbeing Matters Program. The program addresses feedback from the survey and is focused around mental health, presentism, work-life balance, job stress and workplace injury/illness. The Wellbeing Matters Program offers various sources of support for employees’ physical and mental health and wellbeing, such as Employee Assistance Program (EAP), occupational health services and company instructions and training in fatigue management and mental health.

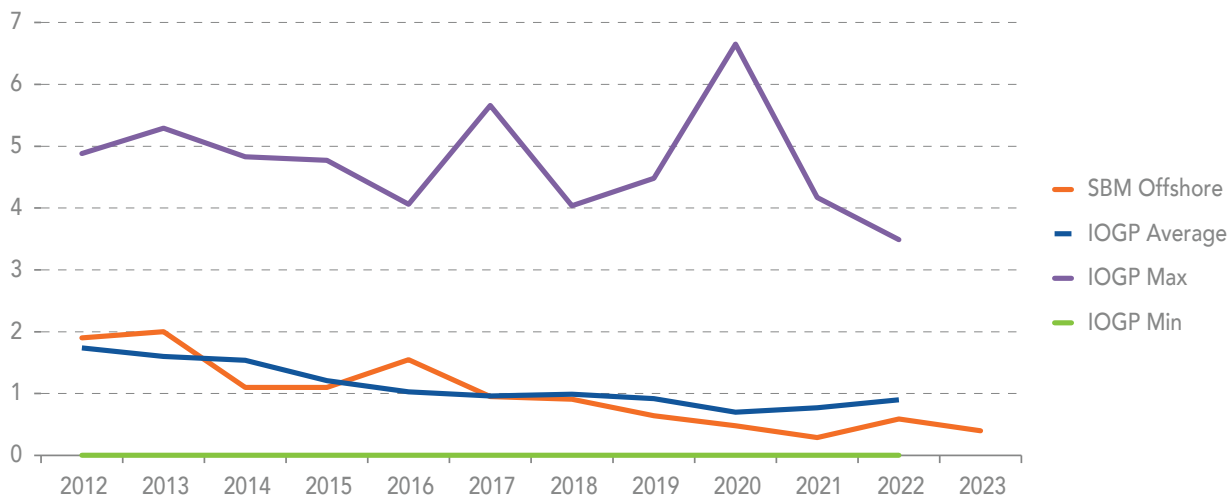
In the journey to Target Excellence, SBM Offshore has engaged with workers and representatives to improve HSSE standards and ways of working – through Inherent Safety Design, a solid Permit to Work system and the Safety Leadership program across SBM Offshore.

The following graph shows that SBM Offshore’s Total Recordable Injury Frequency Rate has remained below the International Association of Oil and Gas Producers’ (IOGP) average since 2018⁵. This is part of SBM Offshore’s journey towards its aim to be top 10% in the IOGP benchmark by 2030.

⁵ For this graph normalized per 1 million exposure hours; includes IOGP Contributing Members (maximum, average, minimum).

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TOTAL RECORDABLE INJURY FREQUENCY RATE (normalized per 1 million exposure hours)



FUTURE

SBM Offshore has defined the following 2024 targets:

- Zero serious injuries or fatalities.
- TRIFR < 0.12.
- Number of PSE Tier 1 with more than 3 severity points equal or below 2.

SBM Offshore has planned the following key initiatives for 2024:

- Progress in Occupational Safety with the SIF prevention program and its related initiatives.
- Drive improvements on Process Safety tools, procedures and practices.
- Maintain security controls on SBM Offshore's activities.
- Maintain compliance with certification requirements on shore bases and offshore units.
- Organize the company-wide Life Day.
- Continue increasing health and wellbeing awareness, training and related programs, with a special focus on supporting employee mental health and addressing workplace stress.

As part of the Wellbeing Matters Program, SBM Offshore will focus in 2024 on:

- Establishing wellbeing champions in each company location, and train and communicate to support employees and the wellbeing agenda.
- Developing training material (e-Learning) on fatigue management and mental health.
- Roll out the Wellbeing Survey to continuously improve in supporting employees' health and wellbeing.

2.1.3 HUMAN RIGHTS

MANAGEMENT APPROACH

SBM Offshore uses United Nations Guiding Principles on Business and Human Rights (UNGPs), International Labour Organization (ILO) Conventions and best practices as a guide to embed human rights within SBM Offshore to achieve no harm to its own workforce and workers in the value chain.

Human Rights targets and performance align with SBM Offshore's adoption of the United Nations Sustainable Development Goals (SDGs) and are in line with SBM Offshore's risk appetite (section 1.4.1). Potential human rights risks are captured in SBM Offshore's risk management system.

SBM Offshore has published Human Rights Standards and a Modern Slavery Statement since 2020, in which SBM Offshore expresses its commitment on issues such as – amongst others – forced labor, working and living conditions, living wage and freedom of association. In 2023, SBM Offshore updated its Human Rights Standards, further strengthening commitments on access to grievance mechanisms and subsequent grievance resolution.

The above commitments and standards are embedded in SBM Offshore's corporate values, Code of Conduct, Health Safety, Security and Environment (HSSE), Human Rights and Process Safety policy, and its Supply Chain Charter. Policies and standards set out the principles that SBM Offshore expects to be upheld by its employees, contracted workers, suppliers of any tier and business partners wherever in the world SBM Offshore operates.

During 2023, governance of human rights fell under the Group HSSEQ & Sustainability Director, part of the Executive Committee. The functional ownership of human rights sits within the group sustainability team, which is responsible for the:

- Continuous improvement of internal procedures and guidelines;
- Engagement with internal and external stakeholders;
- Assessment and addressing of human rights risks in the operations, yards and supply chain;
- Planning, implementation and monitoring of response actions;
- Setting of targets and assessment of the effectiveness of the results.

Key to SBM Offshore’s approach to human rights is the due dilligence process, as shown in the illustration below, which is supported by a performance management process with action trackers, dashboards and reporting to senior management.

Human rights actions and targets aim to address the impacts, risks and opportunities identified, in accordance with SBM Offshore’s human rights risk appetite defined in section 1.4.1. Regular assessments, due diligence and reports of potential human rights violations are the main sources of impacts, risks and opportunities identification. These are captured in SBM Offshore’s risk management system. In its regular assessment and due diligence processes SBM Offshore strives to include direct consultations with own workers and workers in the value chain.

PERFORMANCE

Due diligence outcomes

SBM Offshore acknowledges that, despite having firm human rights policies, some activities carried out by some of its subcontractors have sometimes not met the desired

standard, especially in places where local regulations differ from international standards. To uncover and remedy such activities, SBM Offshore conducts human rights assessments and due diligence in its own operations and within its supply chain, aligning with its risk appetite.

SBM OFFSHORE’S HUMAN RIGHTS SALIENT ISSUES


FORCED LABOR


OVERTIME, PAY AND FINES

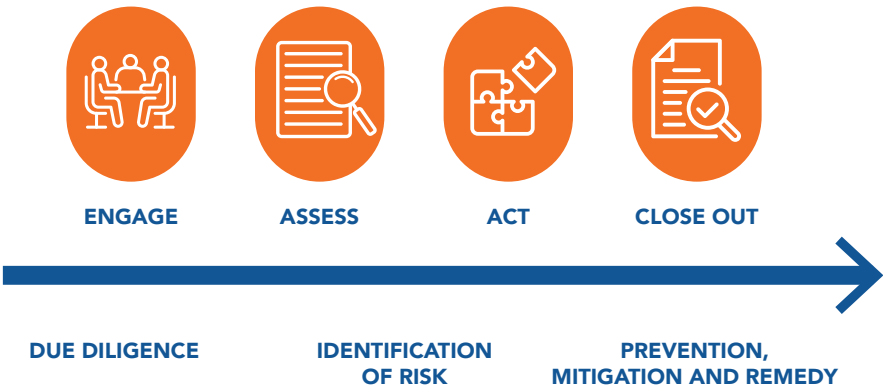

ACCOMMODATION


MENTAL HEALTH & WELLBEING

SBM Offshore’s due diligence approach on human rights leads to an understanding of salient issues and their recording in a company-wide tool for risk management, mitigation and prevention. As part of human rights assessments, SBM Offshore tracks progress on corrective actions of the identified human rights issues through specific action plans. SBM Offshore has identified and maintained its four salient issues: forced labor; overtime, pay and fines; accommodation; mental health and wellbeing.

HUMAN RIGHTS PROGRAM: DUE DILIGENCE

Making an impact on human rights issues



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Due diligence screening, as part of significant investments in its construction and supply chain activities, resulted in the following key outcomes in 2023.

Construction:

- 8 yards, with whom SBM Offshore is considering pursuing commercial activities, underwent desktop due diligence screening.
- 9 ESG audits against the IFC Performance Standards were conducted by a third-party assessment consultancy related to the financing of several projects. The resulting social action was merged with the ongoing worker welfare action plans.
- SBM Offshore is currently monitoring worker welfare action plans for 5 yards with ongoing construction activities and no new worker welfare due diligence assessments were completed this year. The findings from the assessment were aligned with SBM Offshore's Salient Issues and Human Rights Standards including:
 - indicators of forced labor (as defined by ILO) mostly in relation to payment of recruitment fees, excessive overtime, and limited rest periods;
 - substandard living conditions.
- Following the assessments and audits, SBM Offshore worked collaboratively with the yards to develop action plans related to prevention, mitigation and remedy, to close out on issues. Some examples of topics identified and closed out include:
 - identification of recruitment fees in the Asia-Pacific area of SBM Offshore's supply chain. As a result, corresponding action plans have been developed in collaboration with construction yards with the aim of preventing or eliminating the risks of this type of forced labor;
 - identification that yard workers had to pay for their own medical checks, as a result the yard agreed to cover the initial health check for all workers on the yard;
 - findings that workers' contracts and offer letters were not provided in the workers' native language: the

yard now translates all offer letters and contracts in a language understandable to workers;

- some subcontractors retained passports of the workers. The yards now ensure that all workers including workers in their supply chain possess their personal ID and passports.

Supply Chain:

During 2023, 100% of suppliers signed the SBM Offshore Supply Chain Charter. As part of embedding human rights into business, SBM Offshore developed qualification questionnaires in four languages (English, French, Portuguese and Chinese).

SBM Offshore performs a desktop human rights risk assessment for all new suppliers from criticality D and above, based on SBM Offshore's Human Rights Standards. Based on the outcome, SBM Offshore engages with suppliers for understanding, to raise awareness, aiming for improvement. In case of potential risks, identified during qualification, SBM Offshore reaches out to individual suppliers. Non-qualification will be a result of continued potential high risk to and if it considers there is a continued potential high risk to human rights.

In 2023, 90.4% of new suppliers underwent screening based on forementioned procedures. 460 new suppliers were assessed, using the desktop human rights questionnaire, of which:

- 83% were categorized as potential low-risk;
- 14% were categorized as potential medium-risk;
- 3% were categorized as potential high-risk;
- 0% were confirmed as actual high risk, and therefore 0 terminated agreements.

After detailed assessment and engagement took place, two suppliers remain categorized as potential high risk temporarily. SBM Offshore is engaging with them on the implementation of an action plan.

Furthermore, SBM Offshore undertook an impact assessment for Guyana (see textbox).

Practice example – Human Rights Impact Assessment (Guyana)

SBM Offshore executed a Human Rights Impact Assessment on operations in Guyana, in association with an independent third party. SBM Offshore's own workforce and suppliers – including their workers and subcontractors – local communities, and indigenous groups were consulted.

SBM Offshore contributes to direct job creation and workforce upskilling, with opportunities available for local recruits to access supervisory or managerial positions through developmental programmes such as the graduate engineering programme and the trainee technician programme. SBM Offshore is directly employing over 120 Guyanese employees, including workers at the shore base, and through subcontractors. Indirect jobs have also been created, providing economic benefits. SBM Offshore has developed a training centre, enabling a Guyanese workforce to operate and maintain its FPSOs in Guyana.

Adverse impacts caused, contributed, or are directly linked to SBM Offshore's subcontractor contracts' terms and conditions and a lack of gender diversity in offshore supervisory roles. Local community members expressed concerns about pollution related to emissions, wastewater, storage of waste on land and risks of oil spills. Follow up actions from this assessment are ongoing.

Grievance Mechanism

SBM Offshore's Speak Up Line, managed by an independent third party, is available 24 hours a day, 365 days a year, supports multiple languages and allows anonymous and confidential reporting and any appropriate follow-up. This process is foundational to SBM Offshore's grievance mechanism. SBM Offshore tracks and monitors progress on corrective actions through specific action plans. Furthermore, SBM Offshore tracks the awareness, trust and effectiveness of its measures and grievance mechanisms based on progress and the feedback that SBM Offshore receives from stakeholders.

One of the actions taken, based on feedback, was the improvement of the accessibility of grievance mechanisms to subcontracted workers, who may not use or distrust conventional channels. In 2023, SBM Offshore continues to use alternative channels at a yard site, such as hotlines, available to all workers.

Another issue raised through the grievance mechanism at a yard was related to workers paying fees to a third party to procure visas for their relatives. The visas, however, were not procured. After engagement by SBM Offshore, the yard's management intervened and ensured repayment to the workers.

Remedy

In early 2021, SBM Offshore took action when a third-party assessment of one of its suppliers in South America revealed issues related to indicators of forced labor. As part of the due diligence process, SBM Offshore engaged with the supplier, and a third-party human rights expert. The team communicates regularly to guide and oversee the implementation of a remediation plan.

By mid 2023, most remediation activities were completed. This included assisting the supplier in establishing competence and training procedures, implementing scheduling policies, digital time recording, and payment systems to ensure both wellbeing and training opportunities for their workers. To close the assessment, a close-out audit was conducted to gather feedback from the workers. This project provided valuable insight into SBM Offshore's supply chain and demonstrated its approach of effective remediation practices.

SBM Offshore set a target for 2023 to deliver two worker welfare initiatives per region that contribute to remedying human rights impacts aligned with SBM Offshore's Human Rights Standards, including current salient issues. SBM Offshore is pleased to report that it was able to achieve the target. Some examples of results include: removal of abusive termination procedures in Brazil;

provision of paid health checks in China; and improved personal protection equipment distribution in Singapore.

Capacity Building and Training

SBM Offshore actively promotes human rights training and awareness through classroom sessions, webinars, and safety moments. In 2023, SBM Offshore provided a specialized awareness session on human rights as part of Life Day, with 1,695 SBMers attending this online session worldwide. Additionally, 91% of target employees have completed online training on business and human rights. In December, 348 own workforce, value chain workers attended the Worker Welfare Day training.

Industry Collaboration

SBM Offshore teams up with others to make a meaningful contribution, with the following initiatives being key:

- Active member of *Building Responsibly*, to raise the bar in promoting the rights and welfare of workers across the industry.
- Continuous dialogue with its customers, other contractors, and suppliers to ask for collaboration and support in addressing human rights issues.
- In 2023, SBM Offshore worked with other companies to improve the rights and welfare of migrant workers in its supply chains, which is central to responsible business conduct and a just transition. As a first step, the companies drafted a set of principles and guidelines in consultation with suppliers and civil society organizations. The aim is to improve accommodation and transport for migrant workers, drive the 'employer pays' principle and implement effective grievance mechanisms. The next step is to pilot the principles and guidelines in fabrication yards in Singapore.

FUTURE

SBM Offshore continues to progress on its human rights journey and the need to strengthen certain parts of its internal work processes. This includes performing further due diligence on medium-risk suppliers, in-depth analysis for regional suppliers and developing professionals within different disciplines that have the competency and confidence to communicate SBM Offshore's human rights expectations in a compelling way.

SBM Offshore will prepare for any requirements in the light of the Corporate Sustainability Due Diligence Directive (CSDDD) which is expected to become effective in 2026.

2.1.4 OPERATIONAL EXCELLENCE AND QUALITY

SBM Offshore recognizes that in order to be a high-performance company, it must strive for excellence. SBM Offshore maintains a dedicated Operational Excellence organization at Group level, incorporating

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resources with diverse expertise in operational, technical and process fields.

performance of the supply chain, costs of non-quality and certifications.

Key performance indicators for Operational Excellence and Quality include: uptime of the fleet, delivery of projects,



2.1.4.1 OPERATIONAL EXCELLENCE AND QUALITY

Operational Excellence and Quality includes themes such as 'Operational Governance' (section 3.7) and 'Target Excellence' focusing on 'No Harm, No Defects, No Leaks'. This creates an environment to share SBM Offshore's experiences by leveraging collective knowledge, improving organizational learning and fostering collaboration.

MANAGEMENT APPROACH

The topic of Operational Excellence is embedded in SBM Offshore's projects, supply chain and fleet operations, and supported by the Operational Excellence Function and the Quality and Regulatory Function.

SBM Offshore remains committed to full compliance with all applicable laws and regulations. SBM Offshore delivers products and services meeting regulatory requirements and applicable specifications and requirements imposed by relevant stakeholders, by:

- Promoting a quality and compliance culture.
- Maintaining SBM Offshore's certification to the ISO 9001:2015 Standard.
- Providing systematic identification of applicable regulatory requirements and ensuring their implementation.
- Achievement and maintenance of conformity, compliance and acceptance of SBM Offshore's products and services.
- Supporting continuous improvement of business processes and ways of working.

A key aim of the Operational Excellence function is to create a culture of continuous improvement within SBM Offshore. The function works in close collaboration

with the Product Lines, Global Resources and Services and Operations organizations – for instance on the analysis of past performance and definition of lessons learned. These feed improvement of business processes and tools within the organization.

Through the above, SBM Offshore mitigates risks related to project execution, process safety, human capital, changes in laws and regulations and operational risks such as loss of integrity of aging assets, loss of certificate of class and disruption to the supply chain.

2023 PERFORMANCE

During 2023, all SBM Offshore's offshore facilities were accepted by all relevant authorities and regulators, with all related permits, licenses, authorizations, notifications and certificates duly granted and maintained. Offshore facilities have also remained in Class at all times, as required from both statutory and insurance perspectives. SBM Offshore incurred one operational fine that exceeded the threshold for the category of fines considered 'significant' (see section 5.2.5).

Furthermore, SBM Offshore actively promoted 'Target Excellence' through – amongst others – workfront engagements, stand downs at yards, vessels and offices. SBM Offshore is proud of:

- Renewal of SBM Offshore's ISO 9001:2015 certification.
- Effective use of independent third parties for inspection, verification and assurance services related to Execute and Operate activities.
- Development and launch of the 'Quality Journey' program.
- Organization of a global 'World Quality Week'.

- The further improvement of the Learning from Performance process within Projects, and Fleet Operations.
- Implementation of applicable lessons learned in the tendering and the set-up for future FPSO projects.
- Further digitalization of project and function performance dashboards.

The outcomes in SBM Offshore's projects, supply chain and fleet are described in the following sections. In 2024, SBM Offshore will build on this and put focus on the delivery of the 'Quality Journey' program.

2.1.4.2 PROJECTS

MANAGEMENT APPROACH

SBM Offshore continues to focus on the development of its portfolio of floating solutions to deliver the best projects aligned with customer needs, building on SBM Offshore's technology expertise and track record. The success of projects is determined by performance against a budgeted schedule, cost and quality within the HSSE and Target Excellence approaches mentioned in sections 2.1.2 and 2.1.4. KPIs are set accordingly and managed through SBM Offshore's Project Directorate and Project Dashboards.

The management approach remains based on (i) an early engagement with customers; (ii) standardization in product design and execution in order to improve competitiveness, quality and time to market and to reduce emissions; and (iii) an increasing focus on the energy transition, using SBM Offshore's core competencies to develop affordable, low-carbon solutions in the FPSO as well as in the renewable and other alternative energy markets.

2023 PERFORMANCE

In early 2023, the COVID-19 pandemic situation improved, with the lifting of all restrictions in China.

The main challenges in 2023 for SBM Offshore were the high workload of the main vendors (equipment and bulk) and construction yards leading to increased schedule pressure from the yards. Project teams maintained their focus on project delivery and safe operations, while working together, across time zones, with customers, yards and suppliers, to limit delivery delays. SBM Offshore is grateful to all the project stakeholders for making this happen.

FPSOs

- *FPSO Sepetiba* – The FPSO safely produced first oil at the end of 2023 with a zero-flaring target in less than 60 days, which has still to be achieved. The FPSO was formally on hire as of January 2, 2024. Petrobras will

lease the FPSO for 22.5 years, under a contract signed in 2019.

- *FPSO Prosperity* – The vessel is the first that SBM Offshore is delivering under the long-term FPSO supply agreement signed with ExxonMobil in 2019. The FPSO safely started production in November 2023 with gas-injection start-up in an industry record time. Awarded the SUSTAIN-1 notation by the American Bureau of Shipping.
- *FPSO Almirante Tamandaré* – The topsides modules lifting campaign is progressing along with their integration. The FPSO delivery continues to be on track for 2024 and the client is expecting first oil from the field in early 2025.
- *FPSO Alexandre de Gusmão* – Detailed engineering and supply chain activities are almost complete. The hull has been outfitted with riser balconies and mooring porches and left drydock end-June 2023 for final outfitting and topsides integration. Topsides fabrication in Brazil is complete and under completion in China. First oil is expected in 2025.
- *FPSO ONE GUYANA* – Detailed engineering and supply chain activities are under completion in the Schiedam office. The hull has been outfitted with riser balconies and mooring porches and will leave drydock beginning-2024 for final outfitting and topsides integration. Topsides fabrication in Singapore and China is on-going and will be completed by mid-2024.
- *FPSO Jaguar* – SBM Offshore started the Front-End Engineering Design (FEED) phase for ExxonMobil Guyana on the Whiptail development project, ExxonMobil Guyana's sixth FPSO. This project is subject to Guyana government approvals and project sanction and release of the second phase of work by the client. SBM Offshore will design and construct the FPSO using its industry-leading Fast4Ward® program, allocating SBM Offshore's seventh new-build MPF hull combined with several standardized topsides modules. The FPSO will be designed to produce 250,000 barrels of oil per day, will have associated gas treatment capacity of 540 million cubic feet per day and water injection capacity of 300,000 barrels per day. First oil is expected in 2027.

Fast4Ward® MPF hulls

- In 2023, two Fast4Ward® MPF hulls were delivered: MPF B in CMHI for *FPSO Almirante Tamandaré* and MPF 4 at SWS for *FPSO Alexandre de Gusmão*.
- Two MPF hulls are under fabrication: MPF 5 at SWS for *FPSO Jaguar* and MPF C in CMHI for a future potential FPSO project.

Turret Mooring Systems

Following successful installation of the Turret Mooring System (TMS) modules on to the Johan Castberg FPSO, SBM Offshore has been supporting its client Equinor to

2 PERFORMANCE REVIEW AND IMPACT

progress the turret integration activities in Norway, and this year has seen the successful installation of the swivel stack, a specialized product developed by SBM Offshore to transfer fluids from the wells to the production facility onboard.

In addition to supporting SBM Offshore's own FPSO Projects, providing expertise on mooring system designs, the TMS product line also started a FEED for a turret moored FSO for the Trion project.

New Energies

Provence Grand Large

SBM Offshore has installed its first pilot project in floating offshore wind. The three floaters for the Provence Grand Large project, jointly owned by EDF Renewables and Maple Power, will account for approximately 10% of the globally installed floating wind electricity generation capacity in 2023. This is the first floating offshore wind project installed in France and the first project worldwide using tension leg mooring technology, which has minimal motion and seabed footprint. This technology enhances electricity generation and reduces maintenance costs. It is also the first floating wind project financed by commercial banks. Lessons learned have been integrated into SBM Offshore's Float4Wind® concept, which is optimized for mass production and competitiveness for large offshore floating wind farms.

Installation

As part of its offshore installation services, SBM Offshore successfully and safely concluded several offshore operations, including the Coral FLNG hook-up, the mooring installation campaign for FPSO *Prosperity* for ExxonMobil Guyana, the installation three floaters for the Provence Grand Large project and other projects.

FUTURE

SBM Offshore will continue to standardize its products in line with the Fast4Ward® program while seeking to produce environmentally friendlier solutions in line with its emissionZERO® program. In addition, SBM Offshore will continue to fine-tune its product offering to offer competitive and industrialized solutions to the floating offshore wind and other alternative energy markets. SBM Offshore is in the energy transition business and will continue to develop new products to serve its mission by leveraging SBM Offshore's unique capabilities in floating solutions.

2.1.4.3 SUPPLY CHAIN

MANAGEMENT APPROACH

SBM Offshore's supply chain activities are a key contributor to Quality and Operational Excellence in its projects and

operations. The Supply Chain department's ambition is to provide the best value to SBM Offshore's overall goals and objectives. SBM Offshore expects its suppliers to act responsibly, in line with the Code of Conduct and its Supply Chain Charter. The latter provides expectations and guidance to address environmental, social and governance related impacts – in line with SBM Offshore's material topics. The supplier qualification process adopts a risk-based approach in assessing suppliers for SBM Offshore's business needs as well as screening for environment and social risks such as climate targets and human rights.

In order to achieve these ambitions and standards, SBM Offshore has set the following targets for its supply chain activities.

- Strengthen the performance of the Supply Chain function on a global scale to include all areas of business.
- Incorporate a strategic mindset into tendering activities.
- Optimize resource management and include regional talent to retain a Product Lifecycle approach.
- Continually seek environmentally sound solutions.
- Digitize and modernize ways of working using current tools/systems.

To address the above, SBM Offshore defined six pillars in 2022 that enable Supply Chain to continue to address the above topics. The supply chain organization contributes to SBM Offshore's strategy as described in section 1.3.2 and is part of the Global Resources and Services organization explained in section 1.3.3.

2023 PERFORMANCE

The supply chain organization has continued developing further around six strategic pillars described below to enhance the resilience of the function as a whole.

Supply Chain Excellence

Strengthened the performance of the function on a global scale to include Projects, Operations and non-Project-related business with the following activities:

- Implemented a new inspections process for main and sub-suppliers on projects for effective quality control to minimize non-conformity and carry-over work in the construction yards.
- Implemented new global supplier qualification process to reduce time taken to qualify while adopting a global risk-based approach towards the qualification of new suppliers.
- Diagnosis of a global supplier performance assessment methodology and process which will drive SBM Offshore towards a more automated and efficient solution.
- Implemented revamped post-order management processes to remove inefficiencies and address the three key aspects of cost, quality and schedule.

- Driven key global issues such as data capabilities, human rights and sustainability goals within the Supply Chain community.

Strategic Sourcing

- Strategic early engagement with suppliers combined with development and implementation of new ways of working during the proposal phase of SBM Offshore's projects to enable a structured, transparent and strategic approach to Supply Chain inputs into its tenders.
- Joint product workshops with key suppliers on supply chain efficiencies, new technology and energy transition initiatives.

Product and Lifecycle Focus

- Optimized resource management on SBM Offshore's projects to maximize utilization of skill-sets, for example by using its piping procurement hub in India and incorporating in-house quality control personnel into project organization.
- Further alignment with the Product Line organization with dedicated capabilities for FPSOs, and renewable projects, and strengthening post-order management capabilities.
- Partnership with an industry leader in predictive inventory management to achieve >90% inventory accuracy in warehouses supporting SBM Offshore's operating fleet.

SUPPLY CHAIN ORGANIZATION PRINCIPLES



Supply Chain Excellence

Continuing to strengthen performance of the function on a global scale to include Projects, Operations and non-Project related business by implementing new processes for inspections, supplier qualification, supplier performance assessment, post order management.



Strategic sourcing

Strategic early engagement with suppliers combined with development and implementation of new ways of working during proposal phase of SBM Offshore's projects.



Product & Lifecycle focus

Optimizing resource management to maximize utilization of internal and external skill sets for effective post order execution and inventory management.



Energy transition

Assessing current scope 3 emission levels from product manufacturers to set basis for collaborative work towards development of new designs and technologies to reduce GHG emissions whilst continuing to support renewable energy projects.



Regional Supply Chain Development

Diversifying and developing the supply chain talent pool across all SBM Offshore's centers to integrate regional skills and expertise into SBM Offshore's core business activities.



Digital transformation

Modernizing data management and reporting tools to increase reporting accuracy for effective performance monitoring along with migration to the new ERP system.

Energy Transition

- Worked with key suppliers to co-develop technologies for carbon capture.
- Analyzed scope 3 emissions disclosures from product manufacturers for SBM Offshore's FPSOs and worked with them to explore avenues to reduce GHG emissions.
- Supported renewable product focus for development of new energy projects.
- Tracked CO₂ emissions for international freight shipments for SBM Offshore's operating fleet.

Regional Development

- Utilized regional supply chain skills and market knowledge by continuing to develop local talent in Bangalore (India), Rio de Janeiro (Brazil) and Shanghai (China).

Digital Transformation

- Major contribution to the design and implementation of SBM Offshore's global ERP system.
- Worked with the external supply chain community to support digital-twin objectives.

2 PERFORMANCE REVIEW AND IMPACT

- Modernized data management and reporting tools to increase reporting accuracy and monitor performance across all aspects of Supply Chain's support to the business.

Performance Measurements:

- 884 new suppliers were qualified in 2023 of which 100% have signed SBM Offshore's Supply Chain Charter.
- 90.4% of the new suppliers qualified were screened for Human Rights.
- Approximately 68% of reduction in supplier qualification duration since October 2022 using the new supplier qualification process and modernized digital tools.

FUTURE

Supply Chain will continue its evolution towards a value-added globalized function to achieve and maintain high standards of performance across all areas of its business including, but not limited to, supporting human rights, climate change measures, digitalization, quality assurance and quality control, resource and talent management across all SBM Offshore's centers, enterprise management systems, supplier performance and qualification assessments, and energy transition measures.

2.1.4.4 FLEET

MANAGEMENT APPROACH

The 'Ocean Infrastructure' value platform encompasses a fleet of 15 FPSOs and 1 semi-submersible unit, geographically distributed across the globe. To support the energy transition, the fleet aims to provide traditional hydrocarbon energy with the lowest possible carbon emissions during the production phase. The fleet adheres to, and applies, the management approach of the wider SBM Offshore organization. Key to this are policies, commitments and mechanisms described in sections 2.1.2 and 2.1.4. There is a sharp focus on continuous improvement. This is achieved by identifying learning opportunities and embedding the resultant lessons into SBM Offshore's corporate memory; the Group Enterprise Management System (GEMS) and Group Technical Standards (GTS).

An experienced workforce comprising of more than 3,600 personnel ensures the safe, reliable and efficient operation of SBM Offshore's offshore assets, generating predictable and sustainable revenue and operating cash-flows for the business.

The SBM Offshore fleet had the following historic performance:

- Over 7.2 billion barrels of production cumulatively to date.
- 10,840 oil offloads cumulatively to date.

- 388.4 cumulative contract years of operational experience⁶.

SBM Offshore employs a proactive, risk-based approach to asset management, leveraging digital reliability and integrity solutions to automate surveillance, enabling a more optimized deployment of resources and increased efficiency and availability of safety, production and marine systems. To ensure that SBM Offshore's activities have a positive and sustainable impact on the local communities in which SBM Offshore is present, the fleet has several programs, aligned to the UN Sustainable Development Goals, focused on wellbeing and personnel development, emission reduction and protecting the environment.

FLEET PERFORMANCE

HSSE and Process Safety Performance

There has been an exceptionally high volume of activity in 2023 due to a number of integrity campaigns performed across the fleet. These campaigns leveraged a large external workforce and this, combined with the type of activities performed, has, in part, led to higher incident rates in the fleet this year.

The majority of these incidents have been relatively minor in nature and the number of events with potential for significant injury or Process Safety consequence have reduced as a result of ongoing focus on leading activities targeting areas of most risk.

Initiatives and developments to enhance operational safety, process safety, quality and efficiency were progressed throughout the year:

- Ongoing deployment of the health and wellbeing program.
- Maintained focus on Process Safety Management, barrier management and enhanced Marine Safety.
- Development and piloting of an enhanced Operational Assurance Program.
- Implementation of a revised online Competence Assurance System.

Development of Operations

- In 2023, two new units were delivered:
 - FPSO *Prosperity* joined the fleet in Guyana, achieving first oil on November 14, 2023.
 - FPSO *Sepetiba* joined the fleet on January 2, 2024, achieving first oil on December 31, 2023.
- In Brazil, decommissioning of FPSO *Capixaba* continued, the unit is scheduled to depart Brazilian waters early in 2024.

⁶ The cumulative contract years of operational experience is calculated based on the number of days in operations from first oil for each unit until the last day that SBM Offshore has operated and continue to operate, divided by 365.


- In Angola, SBM Offshore signed two Share Purchase Agreements with its partner Sonangol EP for the acquisition of Sonangol's equity shares in the lease and operating entities related to *FPSOs N'goma, Saxi Batuque and Mondo*.
- In Guyana, SBM Offshore and ExxonMobil Guyana implemented a new integrated operating model:
 - On May 2, 2023, SBM Offshore announced it has signed a 10-year Operations and Maintenance Enabling Agreement with Esso Exploration & Production Guyana Ltd. for the operation and maintenance of the fleet of FPSOs in Guyana.
 - A transformation program was established to develop and implement an integrated operating model supported by fully defined and sustainable organization construct, processes and tools.
 - This strategy supports SBM Offshore's long-term business vision in Guyana, enabling SBM Offshore to perform local and sustainable investments in people and infrastructure as well as to deploy its digital and operational technologies to the Guyana fleet.
- In Porto, the Operations tactical center, implemented in 2022, became more established in 2023 with continued growth and increased remote support capabilities.
- The Digital Function has been consolidated to facilitate development of digital solutions and to unlock synergies in IT and Digital Ecosystem across the full product life-cycle.
- The deployment of SBM Offshore's new ERP system continued in Guyana. The system is now generating structured data that is used to identify further efficiency and performance improvement opportunities.
- SBM Offshore's 5-year Robotics Program, initiated in 2022, now has a dedicated team that has worked on three initiatives this year, of which one is in co-development with its client. The program aims to create a new technical discipline that will develop and deploy robotics technology in the fleet, following three key objectives: improve human safety, optimize working practices and enhance asset integrity.
- A new Brownfield Project Services (BPS) product line was formed to provide the following services in support of SBM Offshore's and its clients' fleets:
 - Brownfield project execution
 - Fleet support services
 - Production optimization feasibility studies
 - Shutdown management and planning
 - Decommissioning and responsible recycling services

BPS will leverage SBM Offshore's project execution expertise to serve the needs of its growing fleet. Benefits already realized include significant production increases on FPSOs *Liza Destiny* and *Liza Unity* through debottlenecking assessments and upgrades. BPS is also conducting tank repair works onboard *FPSO Cidade de Anchieta*.

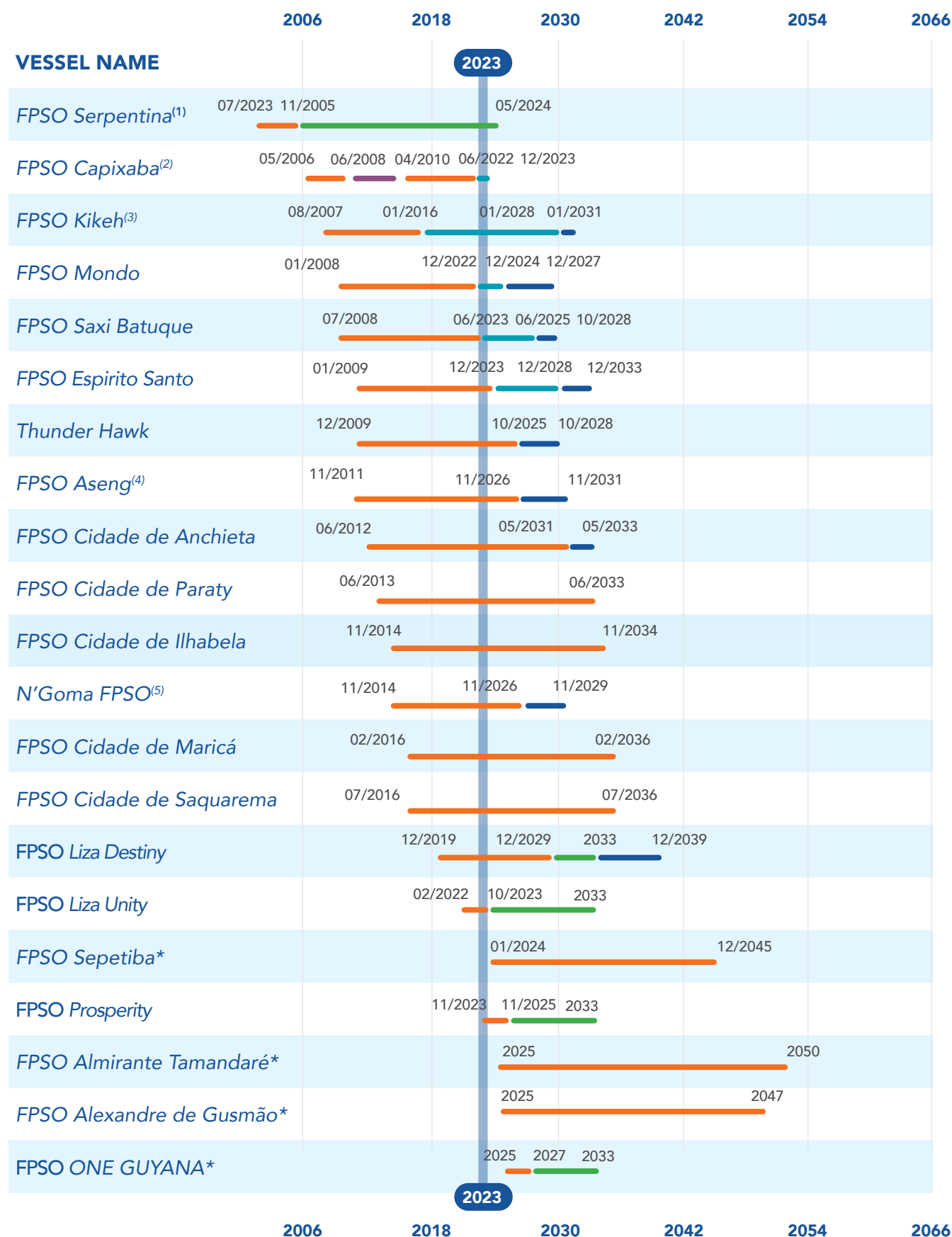


OPERATIONS FLEET

VESSEL NAME	CLIENT	COUNTRY	1 ST OIL/GAS DATE
<i>FPSO Serpentina⁽¹⁾</i>	MEGI	E.GUINEA	2003
<i>FPSO Capixaba ⁽²⁾</i>	PETROBRAS	BRAZIL	2006
<i>FPSO Kikeh⁽³⁾</i>	PTTEP	MALAYSIA	2007
<i>FPSO Mondo</i>	EXXONMOBIL	ANGOLA	2008
<i>FPSO Saxi Batuque</i>	EXXONMOBIL	ANGOLA	2008
<i>FPSO Espirito Santo</i>	SHELL	BRAZIL	2009
<i>Thunder Hawk</i>	QUARTERNORTH/DAA	USA	2009
<i>FPSO Aseng⁽⁴⁾</i>	CHEVRON	E.GUINEA	2011
<i>FPSO Cidade de Anchieta</i>	PETROBRAS	BRAZIL	2012
<i>FPSO Cidade de Paraty</i>	PETROBRAS	BRAZIL	2013
<i>FPSO Cidade de Ilhabela</i>	PETROBRAS	BRAZIL	2014
<i>N'Goma FPSO⁽⁵⁾</i>	AZULE ENERGY	ANGOLA	2014
<i>FPSO Cidade de Maricá</i>	PETROBRAS	BRAZIL	2016
<i>FPSO Cidade de Saquarema</i>	PETROBRAS	BRAZIL	2016
<i>FPSO Liza Destiny</i>	EXXONMOBIL	GUYANA	2019
<i>FPSO Liza Unity</i>	EXXONMOBIL	GUYANA	2022
<i>FPSO Sepetiba*</i>	PETROBRAS	BRAZIL	2024
<i>FPSO Prosperity</i>	EXXONMOBIL	GUYANA	2023
<i>FPSO Almirante Tamandaré*</i>	PETROBRAS	BRAZIL	2025
<i>FPSO Alexandre de Gusmão*</i>	PETROBRAS	BRAZIL	2025
<i>FPSO ONE GUYANA*</i>	EXXONMOBIL	GUYANA	2025



— Initial Lease Period
 — Contractual Extension Option
 — Confirmed Extension
 — Operations & Maintenance only
 — Conversion



* Under construction.

(1) FPSO Serpentina is owned by the client and is operated by Gepsing – a subsidiary between SBM Offshore (60%) and GEPetrol (40%).

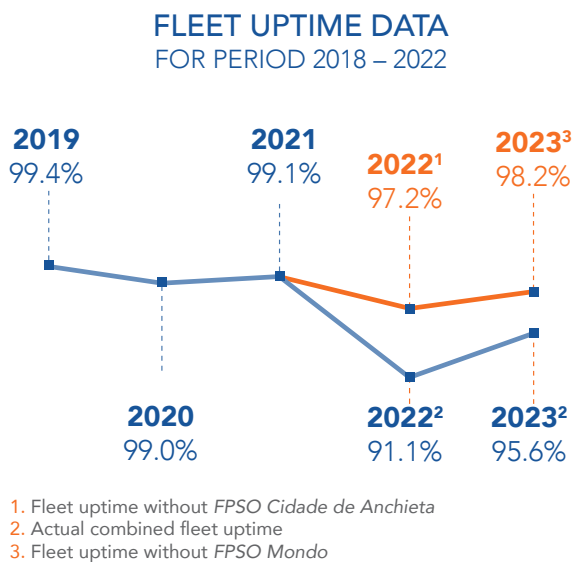
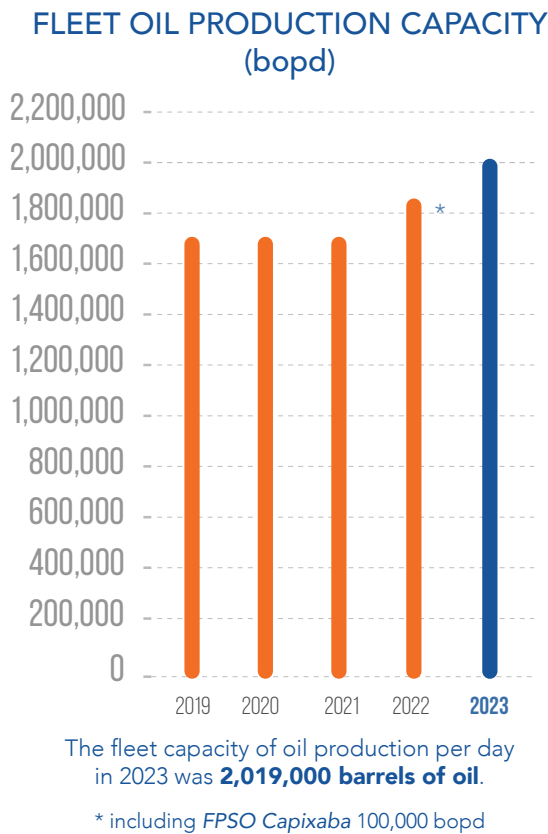
(2) Decommissioning of FPSO Capixaba continued in 2023 and the unit is scheduled to depart Brazilian waters early in 2024.

(3) Conditional contractual extension options until 2031.

(4) Noble Energy EG Limited is now a wholly-owned indirect subsidiary of Chevron Corporation.

(5) ENI Angola SpA merged with BP to form a new Incorporated Joint Venture in Angola ('Azule Energy').

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Asset Management

As offshore installations age, the original coating systems become less effective, leading to an increase in the integrity scope over time. Capacity to accommodate resources onboard is limited and maintaining the integrity of aging assets is a major challenge for the industry. Production on FPSO Mondo was shut in for 5 months to perform integrity inspections and repair scope that had accumulated through the COVID-19 period.

SBM Offshore is implementing the Pro-active Integrity Program for the fleet to avoid reoccurrence and to instill a strong integrity culture in which SBM Offshore prioritizes compliance with inspection schedules, implementation of new technologies and corrosion prevention.

The new Asset Management Philosophy introduced in 2022 was further developed in 2023 based on initial feedback. The main purpose is defined as providing maximum availability of the Production, Marine and Safety systems on SBM Offshore's assets, by ensuring reliability and integrity through the lines of defense model as follows:

1. Predict: leveraging digital and artificial intelligence solutions to perform surveillance and early identification of potential anomalies.
2. Prevent: enriched asset management tools to improve the quality and efficiency of maintenance and inspection activities.
3. Recover: robust anomaly management and response to ensure that recovery from events is addressed and in the shortest possible time.
4. Improve: continuous improvement through feedback of operational experience into the design process for new builds and the operating fleet.

The main strategic focus in 2023 was to optimize the maintenance and inspection workload offshore in order to free up resources to perform hull and piping integrity inspection and fabric maintenance campaigns on all assets. The optimization resulted in a 30% reduction in maintenance work orders and a positive trend of compliance with the class hull inspection program can be observed.

Responsible Recycling

SBM Offshore commits to the safe and environmentally sound recycling of assets at the end of their lifecycle, performed in full compliance with SBM Offshore's Responsible Recycling Policy, applying – amongst others – the principles of the EU Ship Recycling Regulation 1257/2013 or equivalent.

During 2023, two projects were in progress; the decommissioning and preparing for recycling of FPSO Capixaba and the recycling of the Deep Panuke MOPU PFC. Details on these projects and the management approach to decommissioning are provided in section 2.1.12.

FUTURE

New Fast4Ward® assets will join the fleets in Brazil and Guyana, leading to growth offshore and onshore:

- In Guyana, FPSO Prosperity has arrived and preparations are ongoing for the arrival of FPSO ONE GUYANA in 2025. SBM Offshore continues to expand and embed its

presence in-country, working with the local community on several social and environmental projects.

- In Brazil, the three new assets (*FPSO Sepetiba*, *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*) will be supported from the Rio office and preparations are already in place for *FPSO Sepetiba* in 2023.

SBM Offshore will continue to develop digital solutions to enhance its surveillance and predictive capabilities. These digital solutions are being utilized to reduce the scope required to maintain the reliability of SBM Offshore's assets. This will enable more resources to be deployed on integrity inspection, fabric maintenance and repair scopes. In parallel, proactive actions are being taken to reduce corrosion on SBM Offshore's assets and consequently reduce the overall fabric maintenance and repair scopes.

SBM Offshore has set long-term targets for emission reduction in downstream leased assets that will support SBM Offshore's contributions to climate change mitigation and path to net zero, as explained in sections 1.4.3 and 2.1.7. One of the commitments is to engage with clients and joint venture partners to ensure the fleet is aligned with a path towards net zero, as per SDG 7 commitment explained in section 2.2.

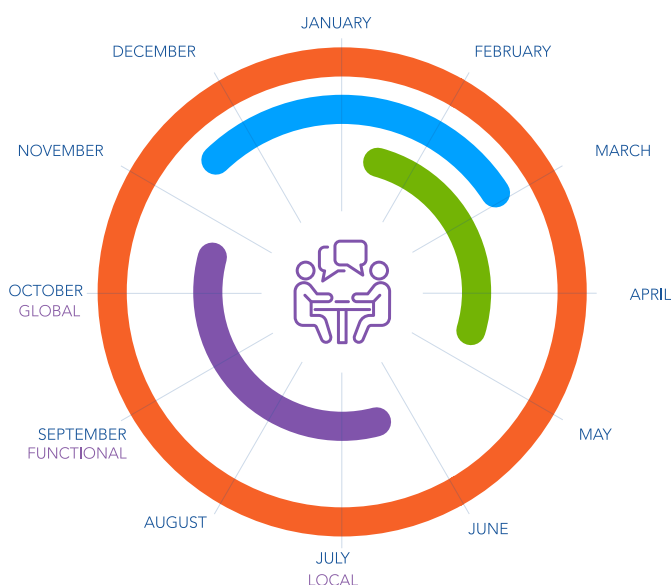
2.1.5 EMPLOYEE WELLBEING

MANAGEMENT APPROACH

SBM Offshore sees the wellbeing of its workforce as a core driver for personal growth and business performance. Skill retention and the professional growth of employees are required to deliver against the energy transition. At the same time, SBM Offshore is aware that its activity has inherent risks and impacts on health, safety and wellbeing. Moreover, in times of uncertainty and volatility, it is key to ensure the competitiveness of SBM Offshore's workforce through efficient management of its geographical footprint. SBM Offshore strives to understand and manage its impacts – both positive and adverse – on SBM Offshore's employees' wellbeing through the application of the following key levers:

- The HR cycle.
- Strategic workforce planning.
- Measuring employee engagement and perception through employee surveys.
- HSSE management.
- Running a diversity and inclusion (D&I) program.
- Participation in a health check program and actions taken for mental health and wellbeing.

HR CYCLE



In 2023, SBM Offshore focused on talent acquisition and continuous employee development. With its mission to decarbonize oil and gas production and develop new technologies for future solutions, SBM Offshore is working hard to attract, retain and develop employees who are motivated to contribute to the energy transition.

Committed to training its leaders, SBM Offshore is preparing employees for the challenges ahead and ensuring their skills match the competencies needed to fulfil ambitions through functional and leadership training programs. With an emphasis on managing capacity, through both permanent employment and an increasing

2 PERFORMANCE REVIEW AND IMPACT

percentage of flexible workforce, SBM Offshore is adopting an agile way to adapt to business needs. The Corporate Business Solutions Center (CBSC) opened in 2023 to increase the efficiency and productivity of part of the enabling functions.

SBM Offshore recognizes that a company's working environment and culture contribute to organizational success and has included employee wellbeing as a materiality topic in 2023. The Wellbeing Matters Program, also deployed in 2023, is a holistic framework to support employees' physical and mental health and wellbeing, further explained in section 2.1.2.

SBM Offshore listens to the voice of its employees through the enablement of continuous feedback and the building of follow-up plans throughout the employment lifecycle on topics such as wellbeing, diversity and inclusion, career perspective and personal development.

2023 PERFORMANCE

SBM Offshore was able to recruit 1,178 new staff, particularly in Brazil, Guyana, and Portugal. New joiners are successfully prepared for their jobs through local onboarding. Digital and in-person leadership training courses were held to improve management skills, based on SBM Offshore's 'RISE' leadership program. Further learning programs were developed and introduced, focused on increasing functional competencies in key business functions. Sustainability programs continued to be a focus area, in line with SBM Offshore's commitment to sustainability and providing valuable insights into climate action.

The creation of the CBSC resulted in a total decrease of around 120 supporting positions in Monaco, the Netherlands and Switzerland. SBM Offshore made sure both the severance package and the psychological support given to the affected individuals would minimize as much as possible the impact it had on their wellbeing.

SBM Offshore's global community of Diversity and Inclusion Ambassadors organized a number of events, both specific to the context of their location and as part of the quarterly global campaigns, driving awareness on topics such as gender equity, sexual orientation (LGBTQIA+) and cultural celebrations. The Diversity and Inclusion Policy was promoted throughout the employee experience, as

SBM Offshore is explicitly committed to providing equal opportunities for all and does not tolerate discrimination. SBM Offshore views and experiences its diverse workforce as a competitive advantage, enabling SBM Offshore to attract the best talent and integrate different views into its global operations. In this regard, SBM Offshore recruits, employs and promotes people solely on the basis of their qualifications and competence for the position. In 2023, SBM Offshore developed and piloted an initiative to promote women in engineering disciplines and to encourage younger generations to take an interest in the energy transition business, as part of SBM Offshore's SDG 10, Reducing Inequalities for All. SBM Offshore will scale up this initiative in 2024 and will continue to prioritize the Diversity and Inclusion (D&I) program, dedicated to cultivating an inclusive workplace.

Key Highlights

- Workforce increased by 5% to 7,416.
- 158,227 online applications for jobs reviewed: 8,709 retained for the recruitment process.
- Proportion of flexible workers in the workforce at 23% in 2023.
- 40 average training hours per employee.
- SBM Offshore had a turnover rate of 13%.
- SBMers achieved an overall engagement score of 81% in the engagement survey 2023. 82% of SBM Offshore's own workforce that responded to the survey expressed satisfaction in their job.
- The gender pay gap SBM Offshore achieved is 0.96 globally in 2023.
- 112 people engaged in local Unconscious Biases Awareness sessions.

FUTURE

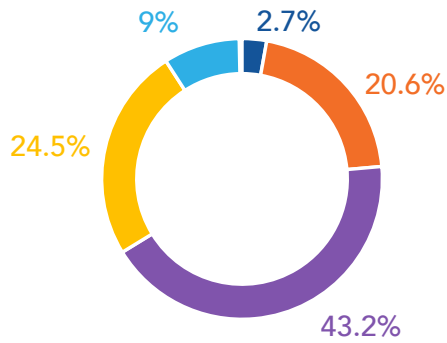
With the continuing digitalization of people management systems, the aim will be to reinforce workforce planning and better anticipate and prepare for future demands. Digital tools will be further rolled out to support virtual reality and e-Learning training programs, leveling up SBM Offshore's approach to both onshore and offshore employees, and garnering employee experience insights to further aid recruitment and retention efforts. SBM Offshore will further its ambitions to gather the voice of employees to strengthen feedback processes, in particular from candidates, recently onboarded staff and personnel exiting the organization.

2023 HR HIGHLIGHTS (direct hires)

GLOBAL HEADCOUNT BY AGE RANGE

AGE AVERAGE

41.6

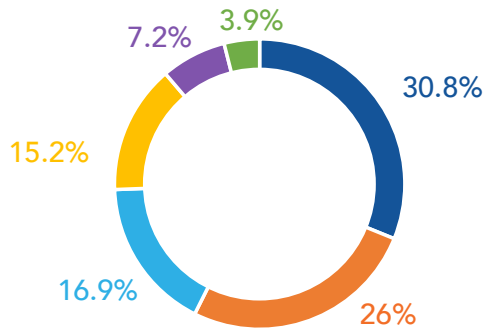


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GLOBAL HEADCOUNT BY SENIORITY RANGE

SENIORITY AVERAGE

6.4

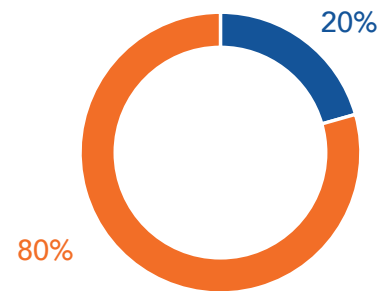


■ <2 ■ 2 - 5 ■ 5 - 10 ■ 10 - 15 ■ 15 - 20 ■ >20

GLOBAL HEADCOUNT PER GENDER

FEMALE RATIO

20%



■ female ■ male

GLOBAL HEADCOUNT BY NATIONALITY

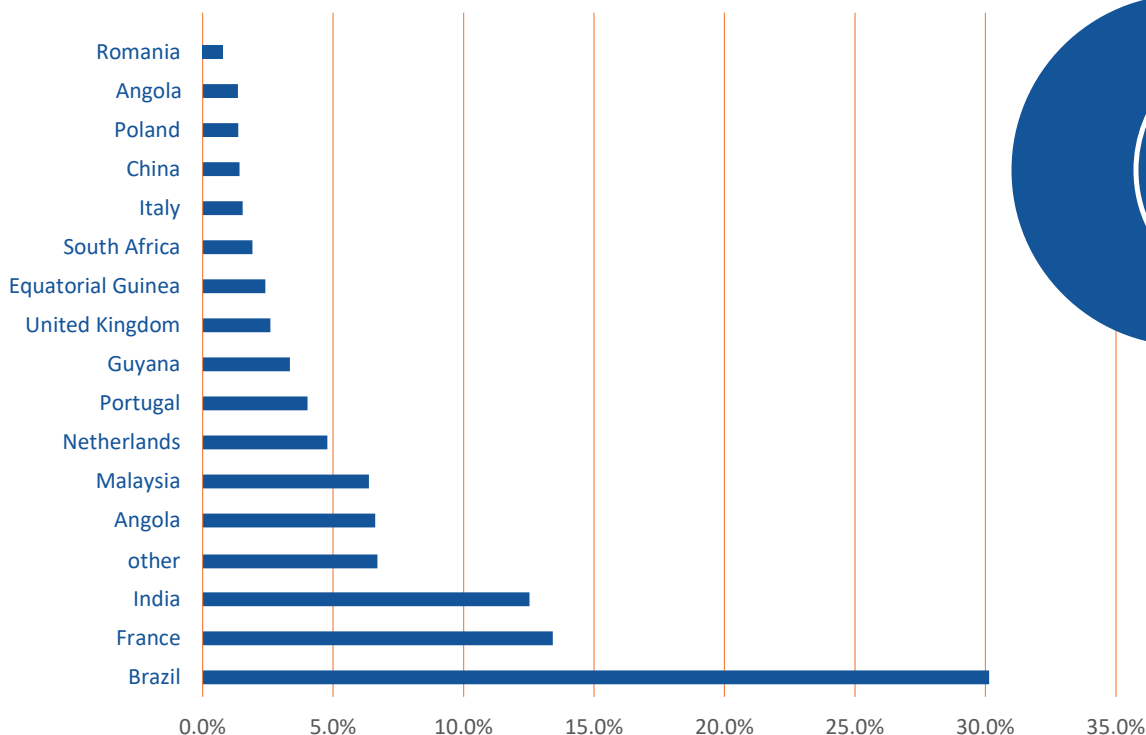
23.3%

OF EMPLOYEES WORK
IN A FOREIGN COUNTRY

48

LANGUAGES SPOKEN
(self-declared)

NATIONALITIES



2 PERFORMANCE REVIEW AND IMPACT

2.1.6 ECONOMIC IMPACT

MANAGEMENT APPROACH

SBM Offshore's primary business segments are: Lease and Operate; and Turnkey. Although financial results are presented per segment, activities between business segments are closely related. In addition to reporting under International Financial Reporting Standards (IFRS) guidelines, SBM Offshore's Directional reporting methodology was introduced to reflect Management's view of SBM Offshore and how it monitors and assesses financial performance. This chapter of the Annual Report presents numbers based on directional reporting.

SBM Offshore provides Directional Revenue and Directional EBITDA guidance, which is updated in the event of material change, if any. Economic performance is a result of all company activities, governed as per sections 3.1 and executed as per the Management Approach sections in chapter 2.

2023 PERFORMANCE

Economic performance is measured through profitability, cashflow, backlog and the financial position of SBM Offshore.

Profitability – Directional

Directional revenue for full-year 2023 came in at US\$4,532 million, an increase of 38% compared with 2022. This increase is mainly driven by the Turnkey segment increasing to US\$2,578 million (US\$1,525 million in 2022) mostly due to the sale of FPSO *Liza Unity*, completed in November 2023 and the start of FPSO FEED work for the Whiptail development project partially offset by the partial divestment on two projects at the beginning of 2022 (*FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*), which allowed SBM Offshore to recognize Directional revenue for all the EPCI related work performed on these projects up to divestment date in the year 2022 to the extent of the partners' ownership in lessor related SPVs and the completion of FPSO *Liza Unity* project in February 2022. Directional Lease and Operate revenue was US\$1,954 million an increase versus US\$1,763 million in the prior period. This reflects mainly FPSO *Prosperity* joining the fleet upon successful delivery of the EPCI project during the last quarter 2023, an increase in reimbursable scopes and an improved performance of the fleet, partially offset by *FPSO Capixaba*, which finished production in 2022.

Directional EBITDA amounted to US\$1,319 million in 2023 compared with US\$1,010 million in 2022. This increase is driven by the Turnkey segment with the sale of FPSO *Liza Unity* (completed in November 2023 with recognition of associated margin on the asset sale) partially offset by:

- (i) some prior-period positive one-off impacts;
- (ii) the completion of FPSO *Liza Unity* project in February 2022;
- (iii) a reduced level of progress on *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão* during the current year, consistent with the commencement of topsides' integration; and
- (iv) impacts linked to pressure on the global supply chain and the consequences of the pandemic.

As a result, Directional Turnkey EBITDA increased from US\$7 million in the year-ago period to US\$296 million in the current year

Directional Lease and Operate EBITDA increased from US\$1,080 million in 2022 to US\$1,124 million in 2023 mostly explained by the same drivers as for the Directional Lease and Operate revenue, partially offset by additional non-recurring maintenance costs on the fleet under operation and some prior-period positive one-off impacts including some insurance recoveries.

The other non-allocated costs charged to Directional EBITDA amounted to US\$(101) million in 2023, a US\$(24) million increase compared with the US\$(77) million in the year-ago period, which is mainly explained by the implementation of an optimization plan related to the SBM Offshore's support functions' activities (including US\$11 million of restructuring costs), and continuing investment in the SBM Offshore's digital initiatives.

2023 Directional net income attributable to shareholders stood at US\$524 million, an increase compared with US\$115 million in the previous year mainly driven by the strong operating performance translated in the increase of Directional EBITDA.

Directional Cash Flow/Liquidities

Thanks to the strong contribution of the fleet and the proceeds received from FPSO *Liza Unity* sale, SBM Offshore generated US\$1,616 million of Directional net cash flows from operating activities over 2023.

These operating cash flows, drawdowns on project financing, the RCF, the MPF RCF hull financing, the settlements of interest rate swaps related to the financing of *FPSO Almirante Tamandaré* and *FPSO Alexandre de Gusmão*, the funding loan agreement received from CMFL in relation to *FPSO Cidade de Ilhabela*, together with some of the SBM Offshore's existing cash was primarily used to: (i) invest in the five FPSOs under construction over the period, and some initial scope for the FPSO for the Whiptail development project and the two Fast4Ward® new build multi-purpose hulls, (ii) repay the project loan following the FPSO *Liza Unity* sale, (iii) pay dividends to shareholders;

and (iv) service the SBM Offshore's non-recourse debt and interest in accordance with the respective repayment schedules.

As a result, Directional cash and cash equivalents decreased from US\$615 million at year-end 2022 to US\$563 million at year-end 2023.

Pro-forma Directional Backlog

The Pro-forma Directional backlog, which is presented on a pro-forma basis in section 4.1.4, slightly decreased to US\$30.3 billion at December 31, 2023, compared with US\$30.5 billion at year-end 2022.

This slight decrease was mainly the result of (i) the signed 10-year OMEA for the Guyana FPSO fleet and (ii) the awarded initial scope to begin FEED activities and secure a Fast4Ward® hull for the FPSO for the Whiptail development project partially offset by the turnover for the period, which consumed US\$4.5 billion of backlog. SBM Offshore's pro-forma Directional backlog provides cash flow visibility of 27 years, up to 2050.

Statement of Financial Position – Directional

SBM Offshore's Directional financial position has remained strong as a result of the cash flow generated by the fleet and the successful adaptation of the Turnkey segment to a more competitive and unpredictable market.

Directional shareholders equity increased from US\$1,078 million at year-end 2022 to US\$1,448 million at year-end 2023. This was primarily due to (i) a positive net result of US\$524 million in 2023; (ii) an increase of the hedging reserves; partially offset by (iii) dividends distributed to the shareholders decreasing equity by US\$197 million.

It should be noted that under Directional policy, the contribution to profit and equity of the substantial FPSO program under construction will largely materialize in the coming years, subject to project execution performance, in line with the generation of associated operating cash flows.

Directional net debt increased to US\$6,654 million from US\$6,082 million at year-end 2022. While the Lease and Operate segment continues to generate strong operating cash flow together with the net cash proceeds from the sale of FPSO *Liza Unity*, SBM Offshore drew on project financing, the Revolving Credit Facility RCF, and the new Revolving Credit Facility for MPF hull financing to fund continued investments in growth.

Almost half of SBM Offshore's debt as of December 31, 2023 consisted of non-recourse project financing (US\$3.3 billion) in special purpose investees. The remainder (US\$3.8 billion) mainly comprised of (i) borrowings to support the

on-going construction of four FPSOs, which will become non-recourse following project execution finalization and release of the Parent Company Guarantee, (ii) SBM Offshore's Revolving Credit Facility (RCF) which was drawn for c.US\$550 million as at December 31, 2023, and (iii) the new US\$210 million Revolving Credit Facility for MPF hull financing, completed and fully drawn in December 2023. Cash and undrawn committed credit facilities amount to US\$2,276 million at December 31, 2023.

To diversify its sources of debt and equity funding and to accelerate equity cash flow from the backlog, the Company finalized the funding loan agreement with CMFL and received US\$125 million in relation to *FPSO Cidade de Ilhabela*.

For a total overview of SBM Offshore's financials under IFRS, please refer to section 4.2 Consolidated Financial Statements of the Annual Report.

2.1.7 EMISSIONS

MANAGEMENT APPROACH

SBM Offshore is committed to a strategy and actions compatible with its ambition to achieve net zero by no later than 2050, including emissions in scope 1, scope 2 and scope 3 – downstream leased assets. SBM Offshore's Sustainability Policy is explicit about a path towards zero emissions. Associated targets and transition levers are explained in section 1.4.3.

The topic of emissions is dealt with in various parts of the organization, as explained under the HSSE and Environmental Reporting approaches in sections 2.1.2, 5.2.1 and 5.2.2.

Emissions management and the mission to structurally bring emissions down builds on years of action. For example, gas flaring intensity in 2023 is 14% lower than in 2019, mainly due to target-setting and increased production efficiency and 55% lower compared to 2016. As in previous years, in 2023 SBM Offshore set annual targets to reduce flare emissions on its activities, continue to develop low- and non-carbon solutions and aim to have zero oil spills.

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The table below shows the status on greenhouse gas emissions versus baseline and targets, as per end of 2023.

	Baseline (2016)	Actual (2023)	Ambition	Status 2023
Scope 1	222	489	100% Green energy by 2030 ¹	Solar panels installed in Guyana; 38% of energy is purchased under green contracts
Scope 2	3,582	1,257	100% Green energy by 2030 ¹	
Scope 3 Downstream Leased Assets – GHG Intensity	202.11	98.95	50% reduction by 2030	51% lower compared to baseline

¹ Applicable to emissions related to offices, and subject to availability of green energy for the scope.

SBM Offshore reports on CDP and uses IOGP statistics to steer its ambitions, effectiveness of actions and performance. SBM Offshore strives to outperform industry benchmarks on the following indicators:

- GHG emissions⁷, gas flare⁸, energy consumption⁹.
- Oil in produced water¹⁰, oil spill per production¹¹.

SBM Offshore focuses on GHG emissions while also addressing other emissions – such as emissions to water

⁷ 128 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2022 IOGP environmental performance indicators, Report p.16.

⁸ 8.4 tonnes of gas flared per thousand tonnes of hydrocarbon produced as reported by companies participating in the 2022 IOGP environmental performance indicators, Report p.26.

⁹ 1.5 gigajoules of energy for every tonne of hydrocarbon produced as reported by companies participating in the 2022 IOGP environmental performance indicators, Report p.24.

¹⁰ 9.5 tonnes of oil discharged to sea per million tonnes of hydrocarbon produced as reported by companies participating in the 2022 IOGP environmental performance indicators, Report p.28.

¹¹ 0.4 oil spills greater than one barrel per million tonnes of hydrocarbon produced as reported by companies participating in the 2022 IOGP environmental performance indicators, Report p.38.

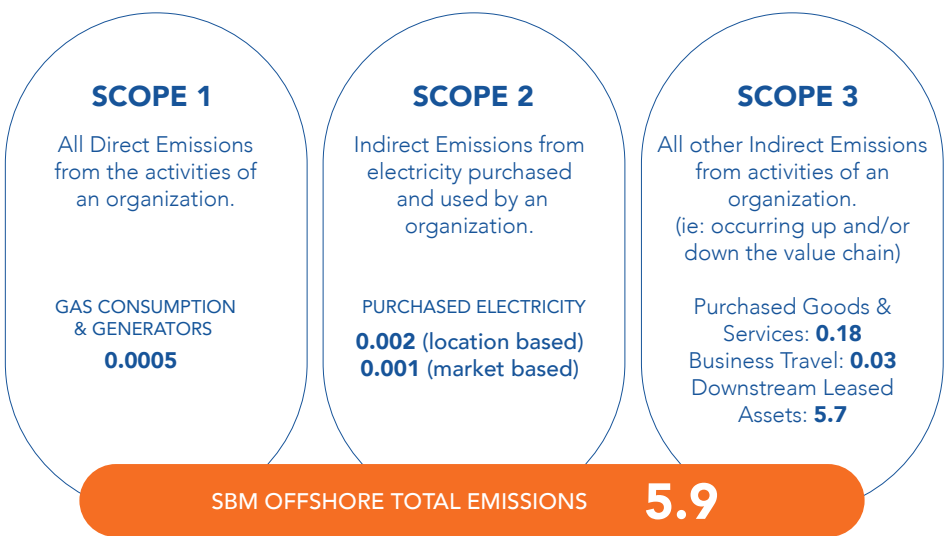
and non-GHG emissions. Further information can be found in sections 2.2 and 5.3.2. No emissions in this report are subject to regulated trading schemes and no carbon credits have been applied during 2023.

The above supports the management risks in the light of climate change and social license to operate, as mentioned in section 1.4.2.

2023 PERFORMANCE

During 2023 a total of 5.9 million tonnes of GHG emissions are reported, 99% of this being scope 3 emissions. The total is 1.7% lower than in 2022, mainly due to lower emissions in Scope 3 – Purchased Goods and Services. During 2023, around 1 million tonnes of CO₂ was removed from fuel gas and export gas streams.

GHG EMISSIONS (MILLION TONNES CO₂ EQUIVALENT)



Scope 1 – Direct Emissions

Compared to 2022, reported Scope 1 emissions have been expanded with emissions in SBM Offshore's laboratory and the use of generators deployed as electricity back-up. Therefore, Scope 1 emissions in 2023 represented a total of 489 tonnes of CO₂e, a decrease of 8.9% compared to the same scope in 2022 – considered to be due to lower gas use in the Netherlands due to better steering on data and a milder winter in 2023.

The intensity, tonnes GHG CO₂e per employee is 0.07.

Scope 2 – Purchased Electricity

Purchased electricity in offices accounts for 1,811 tonnes of GHG CO₂ equivalent, based on the average energy mix of each location, which is 11.2% lower compared to 2022. There has been consolidation of office space in the USA and Monaco, leading to lower levels of energy use and maintenance to elevators for a longer period. The effects of this was higher than the effect of business activity growth in Portugal and Guyana. Accounting for the electricity actually purchased through green contracts, the amount is 1,257 tonnes, a decrease of 6.9% mainly driven by consolidation of office space in the USA.

The intensity, tonnes GHG CO₂e per employee is 0.17.

In 2023, 38% of energy was purchased through green contracts, whereas the target is to achieve 100% by 2030. From 2025 onwards SBM Offshore commits to balance office-related emissions, both scope 1 and 2, with offsets.

Scope 3 – Purchased Goods and Services

The emissions of purchased goods and services are from the FPSO project stage, considering MPF construction and topside equipment and bulks.

In 2023, SBM Offshore had two MPF under completion and one construction ongoing. Additionally, SBM Offshore had advanced in six topside projects, finishing one in 2023. The volume of GHG emissions associated with this activity amounted to 179,822 thousand tonnes. Compared with 2022, the level of associated emissions is 49.5% lower, explained by the fact that projects have moved from hull-related purchases to topsides-related purchases, which are typically less carbon intense from a purchased goods perspective.

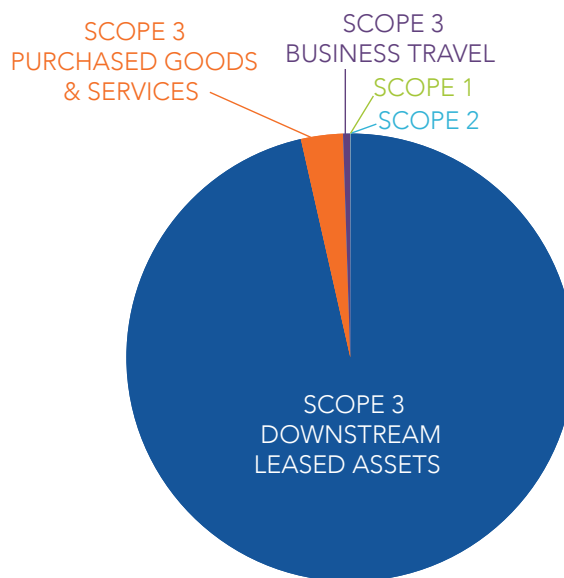
Scope 3 – Downstream Leased Assets

SBM Offshore provides operation and maintenance services for FPSOs on behalf of clients across the globe, on a finance-lease basis. Emissions from downstream leased assets mainly relate to the required production profile of the oil field and the subsequent energy production, e.g. from gas turbines (70%). The other key contributor is flaring (30%).

Emissions from downstream leased assets account for the majority of the carbon footprint reported by SBM Offshore. 5.7 million tonnes of GHG were emitted by downstream leased assets. This volume is 1% higher compared with 2022, due to the start-up of FPSO *Prosperity*. The carbon intensity of downstream leased assets is 98.95 tonnes of GHG emissions per thousand tonnes of hydrocarbon produced, which is 25% below the industry benchmark⁷ and 9% lower than last year.

Compared to SBM Offshore's ambition to see emission intensity reduced by 50% in 2030 compared to 2016, during 2023 these were already 51% lower. 2023, however, could be an outlier as start-up emissions were lower, production levels were higher than expected and there was a shutdown of an asset with a relatively high carbon intensity. SBM Offshore is learning lessons and is continuously tracking performance against 2030 ambitions on this key category of scope 3 emissions.

SBM Offshore Reported Emissions 2023 – based on CO₂e volumes



For 2023, SBM Offshore set a target to further optimize operational excellence on the FPSOs for which it provides operations and maintenance services. SBM Offshore targeted an absolute volume of gas flared below 1.48 million standard cubic feet per day (mmscft/d) as an overall FPSO fleet average during the year. This was set for a specific part of the volume over which SBM Offshore expects to have the largest control, despite it being a scope 3 category. SBM Offshore outperformed on this overall target, the actual being 1.18 million scft/d, which is 17% lower compared with 2022. This performance is mainly attributed to a reduced number of unplanned events on some FPSOs and historical issues having been fixed on

2 PERFORMANCE REVIEW AND IMPACT

some of the Guyana FPSOs. Overall, flaring ratio on downstream leased assets was 4% lower than the industry benchmark⁸.

To further reduce emissions from the power generation aspect of downstream leased assets in operation, SBM Offshore is dependent on investments by clients and partners in co-owned entities. This leads to risk of lock-in emissions and challenges on emissions set for this category. SBM Offshore is ready to lead, co-develop and deliver on such client requirements.

Scope 3 – Business Travel

Total air travel-related emissions were 30.6K tonnes in 2023, an increase of 33% over 2022 as a result of a higher number of employees and business activities.

Other performance items relating to emissions:

- In 2023, SBM Offshore achieved a B rating in CDP. Further climate change management disclosures are provided in section 1.4.3.
- SBM Offshore's energy intensity on downstream leased assets is 26% lower than the industry benchmark⁹. Energy consumption volumes can be found in section 5.3.2.
- The quantity of oil discharged to sea per hydrocarbon production on downstream leased assets was 3.74 tonnes per million tonnes of hydrocarbon produced, 66%¹² below the IOGP benchmark¹⁰ (see also section 2.2).
- Downstream leased assets had 0 spills as per IOGP definition¹¹. Further detail is given in section 2.1.4.4.
- SBM Offshore engaged in various projects that resulted in lower emissions. In Guyana, a local agricultural project leads to lower emissions from food logistics. More information can be found in section 2.2.

¹² Excluding Thunder Hawk, as SBM Offshore does not provide operational services.

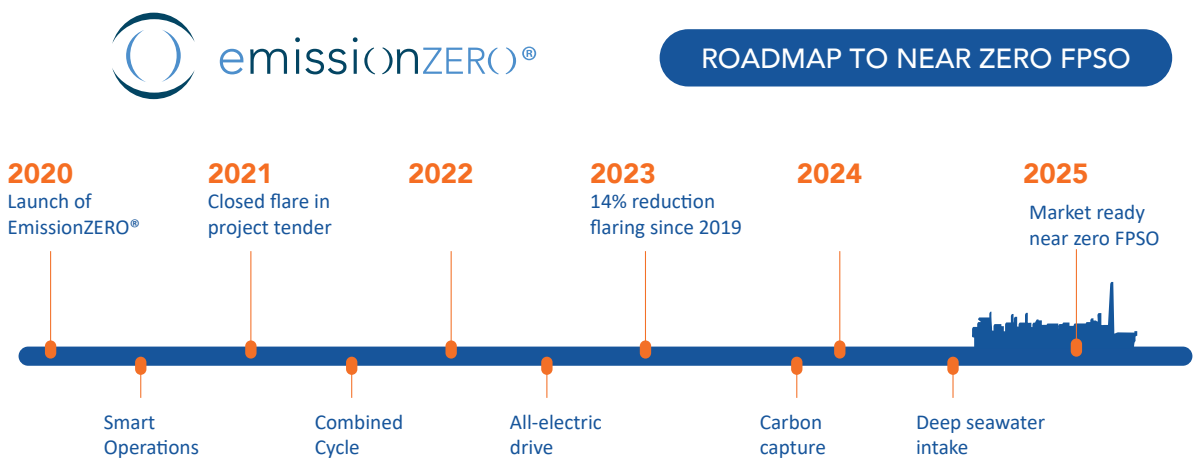
EMISSIONZERO®

In early 2020, SBM Offshore announced the emissionZERO® program targeting near-zero emissions. The development of a near zero FPSO is the first milestone and a key pillar of the emission zero road map. Proposing a near zero FPSO to the market requires a suite of systems at a high technology-readiness level, aiming for improved energy efficiency and emissions reduction. In 2023, the catalogues of available solutions has continued to grow to be able to produce lifecycle emissions projections for long-term operations and have a solution ready for the market in 2025.

SBM Offshore is actively developing solutions and working with its stakeholders to drive down emissions from downstream leased assets on a continuous basis. This is, for example, done with customers during the project lifecycle, with financiers of projects and with suppliers during qualification processes.

Key achievements on the emissionZERO® FPSO have been:

- The engagement with strategic and key client accounts and suppliers during the year.
- The collaboration agreement with Mitsubishi Heavy Industries on carbon capture and the statement of qualified technology.
- The qualification of a deep water suction system for the use of colder water on the topside.
- The use of digital technologies (advanced analytics and predictive maintenance) to optimize energy consumption, reduce equipment trips and associated flaring.
- The establishment of a portfolio of ideas and projects to further reduce the carbon footprint of SBM Offshore's activities.



This builds on progress in the past, such as the low-carbon modules delivery in 2021. Further planned milestones and achievements can be read in sections 1.4.3 and 2.2. The success of the program and the impact on the above stated ambitions is highly dependent on market acceptance. SBM Offshore is therefore open for business on emissionZERO® and welcomes engagement with its value chain.

FUTURE

SBM Offshore remains committed to the ramp-up of emissionZERO® in the coming years and to keep setting targets to reduce emissions, as explained in section 2.2.

For 2024, and in line with the ambition to reduce carbon intensity in its value chain, SBM Offshore has set a target to achieve 1.57 million standard cubic feet per day of flaring, for scope 3 downstream leased assets. This target factors in uncertainties in flaring due to two FPSOs that will still be in early phase of production. For scope 1 and 2 emissions, SBM Offshore will define an approach to balance emissions from office energy, which means SBM Offshore will prepare for investments into meaningful projects that offset emissions in scope 1 and 2.

SBM Offshore remains committed to achieve better environmental performance than the 2022 IOGP industry benchmark for energy consumption and oil spills per production; and 50% better than the 2022 IOGP industry benchmark for oil produced in water.

From 2024, SBM Offshore will investigate data regarding purchased goods and services during Operations and Decommissioning phases, so it can engage and influence suppliers to reduce their carbon footprint in the future. Also, energy consumption could be positively impacted by application of thermal film in office windows, stabilizing temperatures in the buildings.

In the coming period, SBM Offshore will keep monitoring its performance against long-term and intermediate climate targets. SBM Offshore is aware that some of its clients' current assets will potentially be in service in 2050, with associated emissions. For that purpose, engagement with clients and joint ventures – on investments and potential offsets – is performed as part of SBM Offshore's engagement targets.

2.1.8 DIGITALIZATION

MANAGEMENT APPROACH

The purpose of digitalization in SBM Offshore remains focused on improving the efficiency of the organization and leveraging data to learn from events. The related value creation is carefully monitored, and the benefits are

realized by the introduction of optimized work processes, the reduction of costs and emissions, the transformation of SBM Offshore's core products and ways of working and the creation of new digital services.

SBM Offshore organizes its IT and digital ecosystem through a more consolidated structure, leveraging four main pillars: Smart Enterprise, Smart Win and Execution, Smart Operations and Smart Services. The four pillars rely on a solid Information Technology infrastructure and dynamic Enterprise and Product Lifecycle Data Management.

Digitalization gives new skills to employees, new services to clients and new business for suppliers. New functions within the organization are filled by new hires and experienced SBMers receive education and on-the-job training. Management of any impacts associated with cyber security is described in section 1.4.2.

2023 PERFORMANCE

Smart Enterprise: A resilient and responsive organization operates efficiently while providing better customer and business services using the latest enterprise applications. It enables better workplace productivity and enables a workforce to respond promptly to changes. In 2023, the main achievements under this pillar were:

- Continued the deployment of the new ERP system in Brazil.
- Initiated progressive deployment of new ERP modules for Project Management to ongoing FPSO projects.

Smart Win and Execution: Increased Win and Execution data availability, quality and continuity from structured data and integrated digital solutions. The main achievements under this pillar in 2023 were:

- eConstruction program continued with 3D construction and workfront management now well deployed at construction yards for ongoing FPSO projects.
- Engineering collaborative environment continued with further developments to improve engineering productivity as well as data and deliverables quality.
- Cost-estimating solution optimizing Win phase and ensuring consistency through end-to-end processes with Execute phase now deployed on ongoing proposals.

Smart Operations: An Operational Intelligence and Performance Optimization Center staffed with industry experts. Digital surveillance as the first line of defense to reinforce operational excellence and contribute to net zero objectives. Remote monitoring, abnormal behavior detection, predictive operations and maintenance based on SBM Offshore-developed applications as well as industry standard solutions. The main achievements under this pillar in 2023 were:

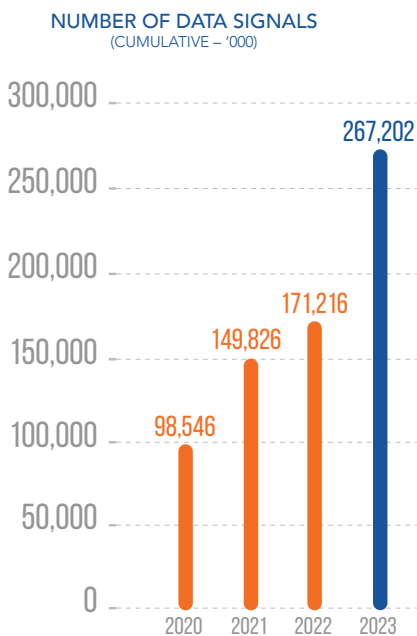
2 PERFORMANCE REVIEW AND IMPACT

- In addition to ongoing continuous improvement, the number of intelligent digital solutions (so-called Intelligent 'Agents') that have been deployed by end 2023 reaches a total of 16.
- Installation of integrated Operations Center at SBM Offshore Guyana offices.

Smart Services: the New Energy and Services Product Line has a portfolio of services maximizing the reliability, integrity and performances of offshore assets. Those services, such as ex-integrity services, are tested on the SBM Offshore fleet to demonstrate their value before being commercialized. The 2023 main achievements under this pillar were:

- Launched SBM Offshore's own digital solution platform, SBM+, designed for offshore asset management and which empowers clients to optimize the reliability and performance of their own assets.

SBM Offshore has also consolidated the transformational digital development functions and innovation activities into a **Digital Factory**, encompassing competencies such as artificial intelligence, data science and digital solutions development. The growth of data science potential is demonstrated by the increased number of data signals below. This is mainly due to the addition of FPSO *Prosperity* as well as subsea data in Guyana.



FUTURE

New technologies are rapidly evolving. SBM Offshore will benefit from these new technologies and will develop the skills and capacity necessary to adopt them. SBM Offshore aims to further embed ownership in the business to realize value from investments in digitalization.

2.1.9 INNOVATION

MANAGEMENT APPROACH

The primary goal of fostering innovation at SBM Offshore is to introduce valuable new solutions to the market that align with the company's energy transition strategy. All segments of the organization are encouraged to contribute to innovations within their respective areas of expertise, spanning conceptualization to final implementation.

The management of new technology development falls under the responsibility of Group Technology. All innovation programs are aligned with the long-term strategies of the Product Lines, as well as key programs like emissionZERO®, Fast4Ward®, and Float4Wind®. Development roadmaps are regularly updated to incorporate technical and market advancements through systematic reviews.

SBM Offshore follows a structured stage-gate process to bring new technology to market, ensuring thorough validation before deployment. This Technology Readiness Level (TRL) process, rooted in American Petroleum Institute standards (API RP17N), involves prototype testing and comprehensive FEED-level definition of new systems as part of the qualification requirements.

SBM Offshore oversees its intellectual property (IP) holdings by engaging in the registration of patents and trademarks, along with the protection of trade secrets and know-how. Upholding the integrity of its IP, SBM Offshore takes charge of document classification and establishes non-disclosure agreements with partners to limit access to documents containing sensitive technology. Rigorous freedom-to-operate checks are conducted to respect the rights of third parties.

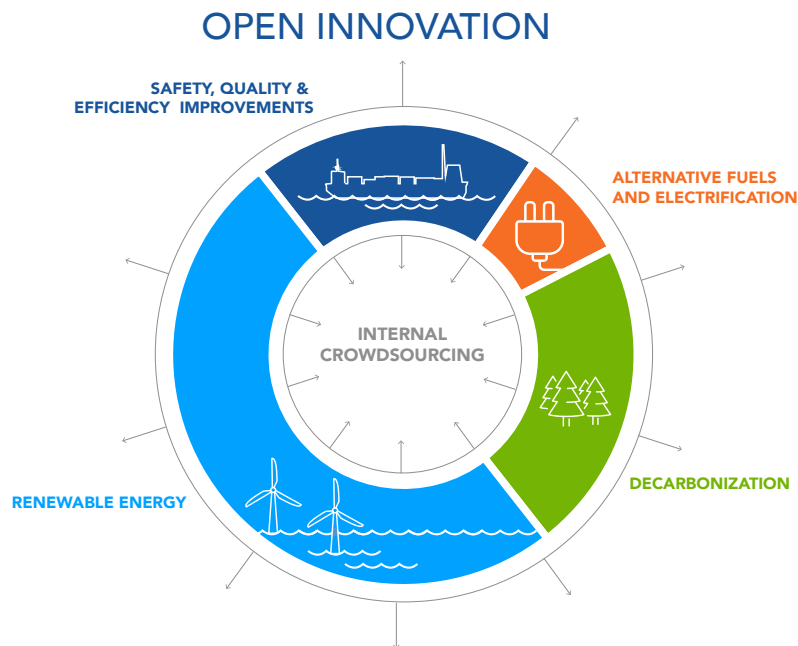
This strategic management approach stimulates innovation while simultaneously minimizing risks associated with the deployment of new technology (see section 1.4.2).

2023 PERFORMANCE

In 2023, SBM Offshore accelerated its development efforts towards emerging technologies associated with decarbonization and renewable energies, allocating 52.3% of the Group Technology R&D budget to EU-Taxonomy-eligible activities, based on eligibility KPI definitions explained in section 5.1.5.

SBM Offshore continues to build on its internal innovation platform, which has been visited by almost 40% of SBM Offshore's employees. SBM Offshore's innovation management processes have been further matured and two new corporate functions have been included in the innovation ecosystem. SBM Offshore also continued to

expand is collaboration with open innovation providers and explore new avenues of growth and innovation.



SBM Offshore filed 36 new patent applications to strengthen its existing portfolio of 122 patent families: in particular in the areas of renewables and electrification. Over the course of 2023, the TRL of 22 technology development projects has been increased, 9 of which reached TRL 4. This level demonstrates that reliability, function and performance criteria are met in the intended operating condition and the technology can be deployed.

Some of the main development projects undertaken in 2023 include:

- Progression of the SBM Offshore robotics initiatives to reduce high-risk human activities and to improve the efficiency of inspection and maintenance activities on the fleet. In total, four missions have been successfully executed during the year, taking place in several locations in the world (Brazil, France, Guyana).
- Bringing the post-combustion carbon capture module to TRL 3 with SBM Offshore's partner MHI as well as obtaining DNV's Statement of Qualified Technology. The technology can now be proposed and customized for specific projects and clients.
- Continued qualification of components and technologies under SBM Offshore's emissionZERO® program, demonstrating the potential for further carbon-intensity reduction based on near-market ready technologies.
- The continued development of components in SBM Offshore's floating offshore wind technology (Float4Wind®) to better adapt to market requirements.

- The development of new facilities in SBM Offshore's R&D Laboratory to build and test the key components of the S3® Wave Energy Converter at full scale.
- Completion of market studies and low TRL developments in the areas of offshore ammonia transfer and production, lithium extraction and deepwater mooring solutions for offshore photovoltaic concepts.

FUTURE

SBM Offshore is committed to directing a minimum of 70% of its development budgets towards decarbonization and renewable initiatives, as part of its focus on technology development for the energy transition.

This allocation aims to advance technologies that significantly decrease the carbon intensity of offshore oil and gas production, supporting the emissionZERO® program. Included in these efforts are investments in the early stages of offshore hydrogen, ammonia, and lithium production studies. Moreover, ongoing investments in robotics will enhance safety and efficiency within SBM Offshore's operational fleet.

A minimum of 50% of the research and development investment will be designated for EU-Taxonomy-eligible activities. SBM Offshore will persist in exploring alternative offshore renewable technologies, continuing to invest in its Float4Wind® program and seek to commercialize its Wave Energy Converter technology. Going forward, SBM Offshore focuses on co-development of new technologies, in collaboration with clients and other value chain partners.

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2.1.10 ENERGY TRANSITION

MANAGEMENT APPROACH

Key elements that enable SBM Offshore's success in the energy transition area are:

- The emissionZERO® program, explained in section 2.1.7.
- Product development for floating offshore wind, wave and other alternative energies.
- Technology development supporting these product developments, (see more detail in section 2.1.9).

Product development for new products to support the energy transition is addressed through SBM Offshore's Floating Production Systems and New Energies and Services business units, in collaboration with the Technology Department. An important step in this process is the development of concepts, prototypes and pilot projects, which can also be undertaken as co-development projects with partners and/or customers. SBM Offshore monitors its commercial pipeline to allow it to achieve its 2030 ambition.

With this management approach to 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 reports in line 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.

2023 PERFORMANCE

SBM Offshore has made the following achievements in 2023:

- The three Provence Grand Large floating foundations were successfully installed. These units stand tall as global pioneers, utilizing SBM Offshore's tension leg floater, developed in collaboration with IFP Energies Nouvelles.
- SBM Offshore signed a Partnership Agreement with Mitsubishi Heavy Industries Ltd. (MHI) that will offer a CO₂ capture solution for FPSOs. The agreement follows a successful engineering and design study conducted by both companies demonstrating the technical feasibility and commercial readiness of CO₂ capture technology offshore. The technology can reduce CO₂ emissions from overall FPSO operations by an estimated 70%, by capturing CO₂ from onboard gas turbines. The solution is being developed as part of SBM Offshore's emissionZERO® program using Fast4Ward® principles.
- SBM Offshore has made partnerships to pursue FOW opportunities globally. The Renewables Project Development organization formalized a new joint venture with DP Energy to develop the 300MW to

400MW Nova East Wind project offshore Canada. In addition to Nova East Wind, the portfolio of projects under development by SBM Offshore also includes 2 x 100MW Ljŕ, 60MW Cademo and 1,000MW North Channel Wind projects, with further development opportunities under investigation.

- The seawater intake riser program, bringing cold water from deep in the ocean to the FPSO to cool FPSO systems and reduce energy use, moved to phase 3 of project development with a client.
- SBM Offshore has invested 52.3% of the total 2023 Group Technology R&D budget in EU-Taxonomy-eligible¹³ renewable energy technology and product development. This includes further development of the next generation of Tension-Leg Platform (TLP) floater design, Wave Energy Converter products as well as studies in floating solar, energy storage and hydrogen and ammonia for offshore applications.
- WEC S3® achieved a major milestone with the start of fabrication of its first full-scale section. Once completed, it will be tested in the WEC test facility at SBM Offshore's R&D Laboratory in Carros, France.
- SBM Offshore continues to work 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 2023 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.

FUTURE

SBM Offshore will continue to build upon these achievements and is looking to develop 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. Floating Offshore Wind will remain a market that is going to take time to mature.

2.1.11 MARKET POSITIONING

MANAGEMENT APPROACH

Market positioning is about having a global presence, adapting to market developments and engaging in emerging markets. 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

¹³ Based on 2023 eligibility KPI definitions explained in section 5.1.5.

developments in the renewables market and SBM Offshore's ESG ratings performance. The effectiveness of actions related to these metrics is monitored through the regular business reporting cycle involving the Management Board.

SBM Offshore's strategy addresses material topics, aiming for a leadership position, from an economic, environmental and societal stand point. Through market positioning, SBM Offshore addresses the competitiveness risks mentioned in section 1.4.2.

2023 PERFORMANCE

Performance is detailed in subsections of 2.1. The following achievements were made in 2023:

- FEED contract award for FSO project: Trion.
- FEED contract award for FPSO project: *Whiptail*.
- The FPSO *Liza Unity* purchase option was exercised by ExxonMobil Guyana.
- A 10-year agreement with ExxonMobil Guyana for the operations and maintenance of the Guyana FPSO fleet. The lease terms and durations remain the same for all units. SBM Offshore will operate the units through an Integrated Operation Model, which encompasses an organization model including seconding ExxonMobil Guyana employees in some key onshore and offshore positions. This model will combine both companies' experience and resources to increase team efficiency and foster synergies.
- Fleet size of 16: 15 FPSOs and 1 Semi-submersible. (Including FPSO *Prosperity*).
- 388.4 years of cumulative operating experience.
- Five FPSO projects under construction and two Fast4Ward® multi-purpose floaters, including MPF #7 allocated to the Whiptail development project.
- Contract award for the marine installation for both Trion projects, the semisubmersible-based Floating Production Unit and the FSO, which will be SBM Offshore's largest ever installation scope.
- Launch of digital solution platform, SBM+, designed for offshore asset management. SBM+ delivers services based on solutions currently deployed and tested on SBM Offshore's fleet. It unlocks the full potential of data to transform offshore asset operations by empowering clients to optimize their assets' performance and leverages SBM Offshore's proven track record, industry expertise, operational framework and innovative digital solutions.
- Solid sustainability rankings – most notably in S&P Global, CDP and Sustainalytics (section 2.2).
- Part of Euronext's AEX® ESG Index, an index of shares of Dutch-listed companies with a strong ESG performance (25 best-in-class performer).

FUTURE

In 2024, SBM Offshore's focus remains the safe and reliable execution of its ongoing projects and operation of its fleet. SBM Offshore also continues to engage early with clients and vendors to make further progress on the emissionZERO® program and enable the energy transition by leveraging SBM Offshore's unique capabilities in floating solutions. To further advance the energy transition and SBM Offshore's role in this, SBM Offshore will continue to seek innovation in line with stakeholders' needs and offer digital solutions to the market.

2.1.12 DECOMMISSIONING

MANAGEMENT APPROACH

SBM Offshore is committed to the safe and environmentally sound recycling of assets at the end of their lifecycle, performed in compliance with SBM Offshore's Responsible Recycling Policy, applying the Hong Kong Convention rules and the principles of the EU Ship Recycling Regulation 1257/2013 or equivalent.

The processes surrounding the end-of-life recycling of products are vital to sustainability and SBM Offshore works to ensure that responsible recycling is carried out and that internationally-recognized regulations are followed. SBM Offshore has a 'Vessel Decommissioning and Recycling Process', which details the key steps in conducting the responsible recycling of an offshore production facility.

SBM Offshore works with recycling facilities that have suitable infrastructure, an adequate management system, including health and safety procedures in place, and trained staff. SBM Offshore's process includes inspecting all vessels for hazardous materials identification and ensuring a controlled removal and disposal of such materials as part of the decommissioning and recycling of the vessel. SBM Offshore considers the environmental and social impacts related to the decommissioning and recycling activities of each vessel, with the objective of minimizing adverse impact while pursuing maximization of the circular economy.

2023 PERFORMANCE

During 2023, two projects were in progress; the decommissioning and preparing for recycling of *FPSO Capixaba* and the recycling of the Deep Panuke MOPU PFC.

The recycling of Deep Panuke is being performed locally in Nova Scotia, Canada. Recycling is progressing as per plan and nearing 100% by end of 2023. Of the total mass of the Deep Panuke facility, 97% has been recycled, reused, or repurposed. The remaining 3% consists of waste, which was safely disposed of, meeting the environmental